

TOOL AND METHODOLOGY FOR THE ASSESSMENT OF LOCAL FINANCE BENCHMARKING IN SPAIN

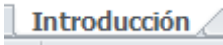



STARTING FRAME

In order to detect and identify best practices in local funding, the Council of Europe has developed the document “**LOCAL FINANCE BENCHMARKING TOOLKIT. Draft version, 14 June 2013**” with the aim to establish a process of evaluation, assessment and diagnosis, which in the case of Spain taken as reference cities, Santander and Valladolid, waiting on the decision Galdakoa.

To proceed to collect the necessary information in the case of Spain, it was considered that should develop a translation into spanish, not only to have a better understanding of the objectives and elements of analysis, but also to identify those documents needed to support the data collection process. Therefore there has been a translation which we called "Version Valladolid, July 2013", for which it has had the invaluable help of Juan Manuel Guimerans Rubio. And second tool is designed to facilitate the process of identifying, verifying and certifying the different activities, as well as a methodology has been developed specifically to address the information collection, for which he also has had the valuable help of Juan Baza Ramon. Finally I must thank the collaboration and criteria provided by Ignacio Gomez and Rafael Delgado, auditors of Santander and Valladolid.

DATA COLLECTION TOOL

o proceed with the collection of the indicators and verification of test documents with which detect and establish best practices for local funding, we proceeded to develop a Microsoft Excel tool that facilitates the process of collecting information , which is structured containing the following sections:

- 1.-  **Introducción** Provides a brief description of the Microsoft Excel sheets that compose the tool and how it works.
- 2.-  **Indice general** Allows a direct access to each of the sections and subsections of the document.
- 3.-  **I.1. I.2 I.3 I.4** Includes 19 Microsoft Excel sheets, to filled in: Indicators, activities and documents.
- 4.-  **Estado** Reports through a summary table the process of filling the data.



Introduction.

It is the initial explanatory document with which we want to give an overview of the tool.

Index.

Provides the access to each one of the groups and subgroups that compose the tool, so that when clicked on each of them it leads you to any of the 19 groups and 80 subgroups from which you access the 305 activities or indicators (Act / Ind) and 194 test documents (Docs).

Clicking on the text of each of the groups and subgroups, provides direct access to data form filling.

| | | | |
|----|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 1 | | | |
| 2 |  | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | Centre of Expertise for Local Government Reform | | |
| 8 | Centro de Especialización para la Reforma del Gobierno Local | | |
| 9 | | | |
| 10 | | Índice general |  |
| 11 | | | |
| 12 | | I. Principios de política fiscal local | |
| 13 | | 1. Diseño de las políticas tributarias locales | |
| 14 | | 1.1. Las políticas de Ingreso Local serán aprobadas por Órganos Electos. | |
| 15 | | 1.2. La evaluación de las políticas municipales sobre ingresos debe hacerse pública. | |
| 16 | | 1.3. Los ingresos municipales procedentes de la fiscalidad sobre la renta y sobre la propiedad de empresas y personas deben estar equilibrados. | |
| 17 | | 1.4. Los incrementos de tipos en los impuestos sobre empresas no serán superiores a los incrementos en los tipos impositivos sobre personas físicas. | |
| 18 | | | |

Filling form.

It has been developed from the document “**LOCAL FINANCE BENCHMARKING TOOLKIT. Draft version, 14 June 2013**” which we has created the questionnaire that will allow us to collect the information indicated in the initial document.

In this way we have tried to create a document-questionnaire to facilitate the visualization of all the activities and documents that are referenced in each of the subsections specified in the proposed work. So at first we have ordered numerically the activities and Indicators. While in a second block, arranged alphabetically, we may include the checking documents.

Also, in all cases, we can make observations.

| | | |
|---------------------------------------------------------------------------------|------|---------------|
| I. Principios de política fiscal local. | | |
| 1. Diseño de las políticas tributarias locales. | | Observaciones |
| 1.1. Las políticas de Ingreso Local serán aprobadas por Órganos Electos. | | |
| Actividades / Indicadores | | |
| Acuerdos del Ayuntamiento sobre: | | |
| 1. Tipos de los impuestos locales | --- | |
| 2. La delegación de competencias en materia de exenciones fiscales | SI | |
| 3. Precio de los Servicios | No | |
| 4. Autorización de bonificaciones en las tasas y precios públicos | Obs. | |
| 5. Endudamiento Municipal | --- | |
| 6. Concesión de garantía por el Ayuntamiento y sus distintos Organismos | SI | |
| Documentos de verificación | | |
| a. Ley de Bases de Régimen Local | --- | |
| b. Ley General Presupuestaria | --- | |
| c. Ley de Haciendas locales | --- | |
| d. Informes de auditoría e intervención | --- | |
| e. Reglamento Orgánico Municipal | --- | |
| f. Organigramas y procedimientos de organización | --- | |

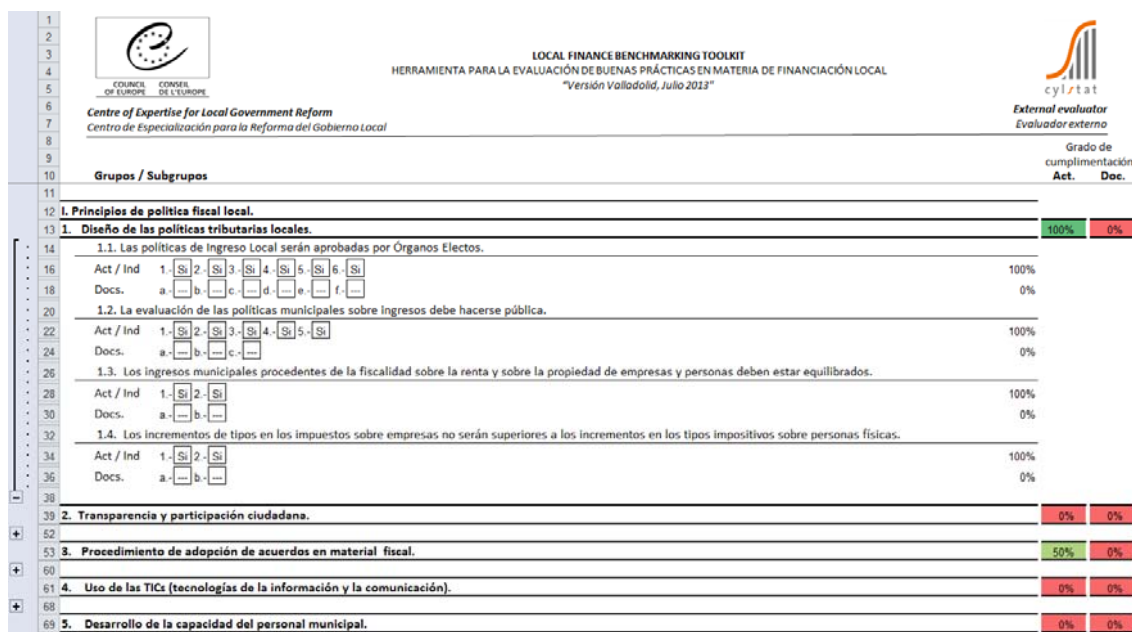
To complete the data we have enabled a dropdown that allows in each case, three possible answers, and a score by default "---" that shows if you have to respond to it, as you can see in the chart accompanies above.

By the answers "Yes" or "No" we assess the degree of implementation of the activities or indicators identified in each case. While, through the response "Remarks", we evaluate those cases where you want to make clarifications. Although when the answers are affirmative or negative, you can make comments.

With verification documents, we want to confirm the performance of the activities and indicators.

Degree of responses

In order to facilitate control of the filling process, due to the large number of questions to be answered, we have prepared a spreadsheet of Microsoft with linked cells, so you can always have a precise control of the degree of filling, both level groups as subgroups.



| Grupos / Subgrupos | | Grado de cumplimiento | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------|
| | | Act. | Doc. |
| I. Principios de política fiscal local. | | | |
| 1. Diseño de las políticas tributarias locales. | | 100% | 0% |
| 1.1. Las políticas de Ingreso Local serán aprobadas por Órganos Electos. | | | |
| Act / Ind | 1. <input type="checkbox"/> 2. <input type="checkbox"/> 3. <input type="checkbox"/> 4. <input type="checkbox"/> 5. <input type="checkbox"/> 6. <input type="checkbox"/> | 100% | |
| Docs. | a. <input type="checkbox"/> b. <input type="checkbox"/> c. <input type="checkbox"/> d. <input type="checkbox"/> e. <input type="checkbox"/> f. <input type="checkbox"/> | | 0% |
| 1.2. La evaluación de las políticas municipales sobre ingresos debe hacerse pública. | | | |
| Act / Ind | 1. <input type="checkbox"/> 2. <input type="checkbox"/> 3. <input type="checkbox"/> 4. <input type="checkbox"/> 5. <input type="checkbox"/> | 100% | |
| Docs. | a. <input type="checkbox"/> b. <input type="checkbox"/> c. <input type="checkbox"/> | | 0% |
| 1.3. Los ingresos municipales procedentes de la fiscalidad sobre la renta y sobre la propiedad de empresas y personas deben estar equilibrados. | | | |
| Act / Ind | 1. <input type="checkbox"/> 2. <input type="checkbox"/> | 100% | |
| Docs. | a. <input type="checkbox"/> b. <input type="checkbox"/> | | 0% |
| 1.4. Los incrementos de tipos en los impuestos sobre empresas no serán superiores a los incrementos en los tipos impositivos sobre personas físicas. | | | |
| Act / Ind | 1. <input type="checkbox"/> 2. <input type="checkbox"/> | 100% | |
| Docs. | a. <input type="checkbox"/> b. <input type="checkbox"/> | | 0% |
| 2. Transparencia y participación ciudadana. | | 0% | 0% |
| 3. Procedimiento de adopción de acuerdos en material fiscal. | | 50% | 0% |
| 4. Uso de las TICs (tecnologías de la información y la comunicación). | | 0% | 0% |
| 5. Desarrollo de la capacidad del personal municipal. | | 0% | 0% |

With this reference, at subgroup level you must always refer to the answer given, and the degree of filling, both of activities and indicators, such as verification of documents, of which we know well the percentage of responses made.

At group level we can see the evolution through the gradation of color, from red for those that have not been completed, to reach the green in those who have been entirely completed.

METHODOLOGY

From the documentation collected by this tool, we have established a methodology that allows an overview of different phases to the scheme: Assessment - Assessment - Diagnosis, understand:

A partir de la documentación recogido mediante esta herramienta, se ha establecido una metodología diseñada por Juan Baza, que permite realizar un resumen de las distintas fases con el esquema: **Evaluation – Rating - Diagnosis**

1. **Evaluation:** Phase to be made by the existing tool, which tries to answer YES/NO depending on the degree of implementation of the activities or indicators, as well as the observations which is a brief explanation or documentation to show the activities referenced indicators. This phase is performed by each municipality.
2. **Rating:** In this phase the expert valued (0 to 10) one by one, all assessed activities and indicators above, asking all the information needed to support their work, and scoring according to the following table

TABLE OF RATINGS

| Activity / Indicator | to Develop | | Poor | | Normal | | | Good | | Excellent | |
|------------------------------------------------------------------------------------|------------|---|------|---|--------|---|---|------|---|-----------|----|
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Unimplanted | 0 | | | | | | | | | | |
| <i>Partially implemented and approved by delegate body or subcommittee.</i> | | | | | | | | | | | |
| -No Published | | 1 | | | | | | | | | |
| -Publication | | | 2 | | | | | | | | |
| -Web | | | | 3 | | | | | | | |
| <i>Partially implemented and approved by elected deliberative body.</i> | | | | | | | | | | | |
| -No Published | | | | | 4 | | | | | | |
| -Publication | | | | | | 5 | | | | | |
| -Web | | | | | | | 6 | | | | |
| <i>Implemented and approved by delegate body or subcommittee.</i> | | | | | | | | | | | |
| -No Published | | | | | | 5 | | | | | |
| -Publication | | | | | | | | 7 | | | |
| -Web | | | | | | | | | 8 | | |
| <i>Implemented and approved by elected deliberative body.</i> | | | | | | | | | | | |
| -No Published | | | | | | | | 7 | | | |
| -Publication | | | | | | | | | | 9 | |
| -Web | | | | | | | | | | | 10 |

- No published: There is a document prepared, consulted by elected representatives.
- Published: A document prepared, consulted by elected representatives.
- Web: Se puede consultar de forma abierta por los ciudadanos.

Table 1: Resumen of Evaluation, Raiting and Diagnosis

| Nº | EVALUATION | | | RAITING | | | | | DIAGNOSIS | | | | |
|-----|------------|----|-------|---------|-----|-----|-----|------|-----------|------|--------|------|-------|
| | SI | NO | Obsv. | 0-1 | 2-3 | 4-6 | 7-8 | 9-10 | To Dev. | Poor | Normal | Good | Excel |
| 1.1 | | | | | | | | | | | | | |
| 1.2 | | | | | | | | | | | | | |
| 1.3 | | | | | | | | | | | | | |
| 1.4 | | | | | | | | | | | | | |

3. Diagnosis: In this phase, together (Council and Spanish consultant) will establish a qualitative diagnosis weighing the importance of different "Yes" or "No" and "Remarks" within each block. So that it can become a tool for the improvement and not just a statistical ranking, with which contribute to introducing improved processes of local finance in each of the respective municipalities.

Valladolid, September 10, 2013.