

*Centre of Expertise for Local
Government Reform*



LOCAL FINANCE BENCHMARKING TOOLKIT

Draft version, 14 June 2013

2. Benchmarks of financial resources of local and regional authorities: local authorities

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>I. General principles of local fiscal policies</i>			
1. Local tax policies design			
1.1. Local revenue policies should be approved by elected bodies (R1)	Decisions made by council on <ul style="list-style-type: none"> • local tax rates • delegation of powers to set exemptions, tax relieves • prices of services • authorisation of allocating subsidies for user charges • municipal borrowing • issuing guarantees by the local governments and service organisations 	Act on local governments Budget law Law on local finances Audit reports Local statutes Organizational charts and procedures	0-10
<p><i>R1. Major decisions such as the establishment of taxation rates, charges payable by users for services provided and recourse to loans should be taken by the elected deliberative body (council or assembly) at a plenary meeting, and not delegated to the executive or a committee or other body subordinate to the elected deliberative body.</i></p> <p><i>R1. Las decisiones más importantes como el establecer los tipos impositivos, las cantidades a pagar por los usuarios de los servicios prestados y el recurso a los préstamos deben ser adoptadas por el órgano deliberativo elegido (consejo o asamblea) a una sesión plenaria y no delegar en el ejecutivo, en un comité u otro órgano subordinado al órgano decisorio elegido.</i></p>			
	<p>INDICATOR 1.1.1. APPROVAL BY THE PLENARY MEETING OF TAX RATES AND USER CHARGES RELATING TO LOCAL TAXES</p> <p>Local taxes are regulated by means of regional parliamentary legislation (provisions passed into law issued by the General Assemblies - <i>Juntas Generales</i>, a regional legislative body in the Basque Country-).</p> <p>Local councils can levy 5 taxes, three of which are mandatory (Property Tax, Business Tax and Vehicle Road Tax) and two optional (Tax on the Increase in Urban Land Value and Tax on Buildings, Installations and Works).</p> <p>Municipal authorities cannot create taxes but can set the tax rates and user charges within the limits set by the legislation-taking precedence.</p> <p>Setting the tax rates and user charges of local taxes is the jurisdiction of the plenary meeting of the Local</p>		

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<i>I. General principles of local fiscal policies</i>			
1. Local tax policies design			
	<p>Council.</p> <p>DOCUMENTS. Regional Parliamentary Tax Laws, Regional Parliamentary Laws on Taxation, municipal ordinances</p>		
	<p>INDICATOR 1.1.2. APPROVAL OF LOCAL TAX EXEMPTIONS AND TAX RELIEFS BY THE PLENARY MEETING</p> <p>Local tax exemptions and tax reliefs are regulated by legally-binding regulations. Local councils cannot create new exemptions or tax reliefs. They must apply the existing ones. If they are optional, they must be approved by the plenary meeting.</p> <p>DOCUMENTS. Regional Parliamentary Tax Laws, Regional Parliamentary Laws on Taxation, municipal ordinances</p>		
	<p>INDICATOR 1.1.3. APPROVAL OF THE USER CHARGES RELATING TO FEES</p> <p>Apart from the local taxes, the local councils can establish fees for the services that they provide. The amount of the fees should aim to meet the cost of the service. The plenary meeting is responsible for setting the amount of the fees.</p> <p>As regards the public prices, they do not necessarily have to be set by the plenary meeting.</p> <p>DOCUMENTS. Regional Parliamentary Tax Laws, municipal tax ordinances.</p>		
	<p>INDICATOR 1.1.4. ESTABLISHING SUBSIDIZED USER CHARGES IN THE FEES</p> <p>The plenary meeting is responsible for setting certain subsidized user charges in the fees, aimed at benefitting the most disadvantaged groups.</p> <p>DOCUMENTS. Regional Parliamentary Tax Laws, municipal tax ordinances.</p>		
	<p>INDICATOR 1.1.5 ARRANGING MUNICIPAL BORROWING</p> <p>Municipal borrowing must be included in the annual budget approved by the plenary meeting. The Mayor may arrange municipal borrowing when it does not exceed 10% of the regular resources.</p> <p>DOCUMENTS. Regional Parliamentary Tax Laws, Local Regime Regulatory Law.</p>		
	<p>INDICATOR 1.1.6. ISSUING GUARANTEES BY THE LOCAL GOVERNMENT AND SERVICE ORGANISATIONS</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>I. General principles of local fiscal policies</i>			
1. Local tax policies design			
1.2. Impact assessment of local revenue policies should be made public (R3)	<ul style="list-style-type: none"> • Social and economic impact of local decisions on taxes and user charges are regularly assessed • Public access to local budget documents • Public is involved in local budget design • Forms of local budget presentation support easy access to relevant information on revenues • Diversity of methods for disseminating information on local budgets 	Rules and procedures of local government operation Municipal budget document Channels for informing the general public	0-10
<p><i>R.3 The consequences of local authority decisions concerning sources of revenue should be made public. Budgetary documents should include overviews that are easy to understand on this topic.</i></p> <p><i>R3. Las consecuencias de las decisiones de las autoridades locales relativas a las fuentes de ingresos deben ser hechas públicas. Los documentos presupuestarios deben incluir descripciones que sean fáciles de entender en relación con la cuestión adoptada.</i></p>			
	<p>INDICATOR 1.2.1. REGULAR ASSESSMENT OF THE SOCIAL AND ECONOMIC IMPACT OF LOCAL DECISIONS REGARDING TAXES AND USER CHARGES</p> <p>An economic impact assessment is performed at the time of updating the tax ordinances during the last quarter of the financial year.</p> <p>That assessment, which is usually very generic, is used to prepare the budget revenue estimates.</p> <p>No additional regular assessments of the social and economic impact are performed during the financial year.</p> <p>DOCUMENTS. Municipal Budget, Reporting in the media.</p>		
	<p>INDICATOR 1.2.2. PUBLIC ACCESS TO LOCAL BUDGET DOCUMENTS</p> <p>Pursuant to budgetary regulations, interested parties can access a copy of the budget at the municipal offices (Economic Division).</p> <p>DOCUMENTS. Regional Parliamentary Legislation on Local Government Budgets, Budgetary Implementation Legislation</p>		

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<i>I. General principles of local fiscal policies</i>			
1. Local tax policies design			
	<p>INDICATOR 1.2.3 THE PUBLIC IS INVOLVED IN LOCAL BUDGET DESIGN AND PREPARATION</p> <p>The public had the opportunity to take part in designing the budget by means of a form sent out to all the residents of the municipality.</p> <p>DOCUMENTS. Questionnaire sent to the residents of Galdakao</p>		
	<p>INDICATOR 1.2.4 FORM OF LOCAL BUDGET PRESENTATION SUPPORTS EASY ACCESS TO THE KEY INFORMATION ON REVENUES</p> <p>The revenue budget is structured pursuant to the budgetary classification established by current regulations. Galdakao Local Council breaks it down to four levels: chapter, article, concept and sub-concept.</p> <p>The sub-concept breakdown of the revenue shows the envisaged yield from each of the local taxes and user charges, along with the variation on the previous financial year.</p> <p>DOCUMENTS. Budgetary Regulations, Budgetary Implementation Legislation, Report, Documents on Revenues.</p>		
	<p>INDICATOR 1.2.5. DIVERSITY OF METHODS FOR DISSEMINATING INFORMATION ON LOCAL BUDGETS</p> <p>The budget, as already stated in INDICATOR 1.2.1, is available to the public throughout the budgetary period.</p> <p>The most important information on the budget is regularly disseminated by means of the local media.</p> <p>At no time is the budget disseminated through the municipal website.</p> <p>DOCUMENTS. Reporting in the media.</p>		

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<i>I. General principles of local fiscal policies</i>			
1. Local tax policies design			
1.3. The mix of local revenues from income and property of business enterprises and persons/residents should be balanced.	<ul style="list-style-type: none"> • changes in the composition of locally controlled taxes by type (of tax base) and by groups of taxpayers • use of permitted maximum rates of local taxes types and major groups of taxpayers (businesses; residents) 	Local tax regulations Local reports on tax revenues	0-10
	<p>INDICATOR 1.3.1 CHANGE IN THE COMPOSITION OF LOCALLY CONTROLLED TAXES BY TYPE (OF TAX BASE) AND BY GROUPS OF TAXPAYERS</p> <p>The variation recorded of the relative weight of each local tax out of the total in recent years will be assessed.</p> <p>There will be a benchmark per taxpayer group as far as possible.</p> <p>DOCUMENTS. Tax statistics to be prepared.</p>		
	<p>INDICATOR 1.3.2. USED OF PERMITTED MAXIMUM RATES OF LOCAL TAXES AND USER CHARGES AND THE MAIN GROUPS OF LOCAL TAXPAYERS</p> <p>The degree of use of the maximum rates of local taxes and user charges set by current legislation will be assessed.</p> <p>DOCUMENTS. Regional Parliamentary Laws on Local taxes; Statistics to be prepared.</p>		

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<i>I. General principles of local fiscal policies</i>			
1. Local tax policies design			
1.4. Tax rate increases imposed on business enterprise are no higher than on private individuals.	<ul style="list-style-type: none"> • changes of tax regulation on the rates of locally controlled taxes by types of tax base and by groups of taxpayers • annual changes in the effective tax rates of locally controlled taxes by type and by groups of taxpayers;? 	Local tax regulations Local reports on tax revenues	0-10
	<p>INDICATOR 1.4.1. CHANGES OF REGULATION OF LOCAL TAX RATES AND USER CHARGES, BY TAX RATE (TAX BASE) AND BY GROUPS OF TAXPAYERS</p> <p>The percentage change in the local tax rates and user charges will be assessed.</p> <p>In general, the changes in the tax rates and user charges are the same, irrespective of the type of taxpayer in question (individual or companies).</p> <p>DOCUMENTS. Amendments of the tax ordinances, Statistics to be prepared.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>I. General principles of local fiscal policies</i>			
2. Transparency and involvement of the public			
2.1. Budgetary and financial discussions should be made at open meetings (R2)	<ul style="list-style-type: none"> • Participation at public (committee, council) meetings • Intervention at public meetings • Media reporting on local budgets • Forms of targeting specific groups (e.g. large taxpayers, vulnerable groups) • Channels of communication with the public 	Minutes of meetings Media reviews	0-10
<p><i>R2. Financial and budgetary discussions should take place and the relevant decisions should be taken at meetings of the elected deliberative body that are open to the public.</i></p> <p><i>R2. Los debates sobre cuestiones financieras y presupuestarias deben realizarse en reuniones de los miembros del cuerpo deliberativo elegido, abiertos a los ciudadanos.</i></p>			
	<p>INDICATOR 2.1.1. PARTICIPATION OF THE PUBLIC AT COMMITTEE MEETING AND PLENARY DISCUSSIONS TO APPROVE TAX ORDINANCES AND ANNUAL BUDGETS.</p> <p>The discussions and, where applicable, approval of the tax ordinances regulating local taxes and annual budgets, take place in plenary meetings that are open to the public.</p>		
	<p>INDICATOR 2.1.2. PARTICIPATION OF THE PUBLIC AT PLENARY DISCUSSIONS TO APPROVE TAX ORDINANCES AND ANNUAL BUDGETS.</p> <p>The public cannot take part in plenary discussions. They may raise questions at the end of the Plenary meeting when so authorised by the Mayor.</p>		
	<p>INDICATOR 2.1.3 MEDIA REPORTING ON LOCAL BUDGETS</p> <p>The extent to which information relating to local budgets is disseminated through the media will be assessed.</p> <p>DOCUMENTS. Reporting in the media.</p>		
	<p>INDICATOR 2.1.4.4. SPECIFIC TARGETING OF CERTAIN GROUPS (LARGE TAXPAYERS, VULNERABLE GROUPS)</p> <p>The extent to which certain groups are specifically targeted will be assessed.</p> <p>DOCUMENTS. Reporting in the media.</p>		

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<i>I. General principles of local fiscal policies</i>			
2. Transparency and involvement of the public			
	INDICATOR 2.1.5. CHANNELS OF COMMUNICATION WITH THE PUBLIC The breadth and diversity of the channel of communication with the public (media, website, correspondence, etc.) will be assessed. DOCUMENTS. Reporting in the media.		

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<i>I. General principles of local fiscal policies</i>			
2. Transparency and involvement of the public			
2.1. Local government associations should be involved in drafting local tax regulations (R5)	<ul style="list-style-type: none"> • Timing and stages of legislation allows public involvement • National government invites associations at all stages of developing local tax regulations • Policy design capacity of local government associations 	Regulations on legislative drafting Act on local governments	0-10
<p><i>R5. Associations of local authorities can play an important role in finding solutions that strike a balance between the various tiers of authority when national economic policy is framed; the same is true with regard to helping local authorities to draw up local tax regulations, for example.</i></p> <p><i>R5. Asociaciones de autoridades locales pueden desempeñar un papel importante en la búsqueda de soluciones que logren un equilibrio entre los distintos niveles de poder en el marco la política económica; lo mismo será cierto en lo que respecta a ayudar a las autoridades locales a que elaboren normas tributarias locales, por ejemplo.</i></p>			
	<p>INDICATOR 2.2.1. LEGISLATION ALLOWS LOCAL ASSOCIATIONS TO BE INVOLVED IN DESIGNING TAX LEGISLATION.</p> <p>The extent to which this point is included in the regulations to design local tax regulations will be assessed.</p> <p>DOCUMENTS.</p>		
	<p>INDICATOR 2.2.2. NATIONAL (REGIONAL) GOVERNMENT INVITES LOCAL ASSOCIATIONS TO BE INVOLVED AT ALL STAGES OF DEVELOPING LOCAL TAX REGULATIONS.</p> <p>The extent to which this point is effectively included in the regulations to design local tax regulations will be assessed.</p> <p>DOCUMENTS.</p>		
	<p>INDICATOR 2.2.3. TAX POLICY (TAX ORDINANCES) DESIGN CAPACITY OF LOCAL GOVERNMENT ASSOCIATIONS</p> <p>The extent to which local government associations (EUDEL) take part in the design of tax ordinance models that act as benchmark for the local municipalities will be assessed.</p> <p>DOCUMENTS.</p>		

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<i>I. General principles of local fiscal policies</i>			
3. Timing of fiscal decisions			
3.1 Decisions on revenues should be made parallel to expenditure (R.4.)	<ul style="list-style-type: none"> National tax laws are known (approved) by the start of local budgeting Tax sharing and grant allocation rules are announced by the start of local fiscal planning Local deficit is not allowed by the legislation on public finances Local budget amendments are made by elected bodies 	Budget law Law on local finances Municipal budget document	0-10
<p><i>R4. In areas in which local authorities enjoy discretionary powers, major financial decisions should be grouped together and taken at specific intervals. In general, decisions concerning revenues and those concerning expenditure should be taken together when the budget is adopted and revised.</i></p> <p><i>R4. En zonas donde las autoridades locales gozan de facultades discrecionales, las principales decisiones financieras deberían agruparse y ser tomadas en intervalos específicos. En general, las decisiones referidas a los ingresos y los relativos a los gastos deberán tomarse a la vez que se adopta y revisa el presupuesto.</i></p>			
	<p>INDICATOR 3.1.1 NATIONAL TAX LAWS ARE APPROVED (PUBLISHED) BY THE START OF THE LOCAL BUDGETING PROCESS</p> <p>Checks will be carried out to ensure that Regional Parliamentary Tax laws and the budgetary material have been approved by the start of the local budget process.</p> <p>DOCUMENTS. Updating the Budgetary and Tax Laws.</p>		
	<p>INDICATOR 3.1.2. TAX SHARING AND GRANT ALLOCATION RULES ARE ANNOUNCED BY THE START OF LOCAL FISCAL PLANNING</p>		
	<p>INDICATOR 3.1.3. LOCAL DEFICIT IS NOT ALLOWED BY THE LEGISLATION ON PUBLIC FINANCES</p> <p>The Regional Parliamentary Budgetary Laws do not allow budgets to be approved with an initial deficit. In turn, the Budgetary Stability Act does not allow a deficit in terms of the European Accounting System to exist when approving, implementing and settling the budgets.</p> <p>DOCUMENTS. Regional Parliamentary Budgetary Laws, Budgetary Stability Act.</p>		
	<p>INDICATOR 3.1.4. LOCAL BUDGET AMENDMENTS ARE MADE BY ELECTED BODIES</p> <p>DOCUMENTS. Regional Parliamentary Budgetary Laws.</p>		

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<i>I. General principles of local fiscal policies</i>			
4. Use of IT			
4.1 Managerial efficiency should be improved by IT in (R6): <ul style="list-style-type: none"> • Information processing • Preparing decisions • Following-up to decisions • Connecting with other systems (local or central) • Using electronic payments 	<ul style="list-style-type: none"> • Accounting software is used by the finance department • Service organisations are linked to municipal accounting systems electronically • Local treasury is in operation • Number of electronic datasets available/used by the local administration • Local databases are connected and integrated • Councillors have email address and access to internet • Local government has a website • Draft council documents are put on the website • Traffic on local government website is measured and analysed 	Local IT procedures, equipment	0-10
<p><i>R6 Local authorities should use information technologies to improve managerial efficiency (collection and processing of information, preparation of decisions, follow-up to decisions). Priority should be given to "real-time", open, evolutive systems that are, where possible, interoperable with the authority's other systems and with systems established centrally or as a result of horizontal co-operation. Opportunities for payment by electronic means at a distance should be increased.</i></p> <p><i>R6 Las autoridades locales deben utilizar las tecnologías de la información para mejorar su eficiencia gestora (recogida y tratamiento de información, preparación de las decisiones, el seguimiento de las mismas). Se debe dar prioridad en lo posible a sistemas abiertos de seguimiento en "time real", compatibles con los de las autoridades, con otros sistemas centralizados o como resultado de la cooperación horizontal. Así como incrementar las oportunidades de pago a distancia, por medios electrónicos.</i></p>			
	<p>INDICATOR 4.1.1. ACCOUNTING SOFTWARE IS USED BY THE FINANCE DEPARTMENT</p> <p>The use of accounting software in the Finance Department of the Local Council will be assessed. In turn, the degree of coverage of the whole budgetary and accounting operations (preparing the budget, budget management, invoice recording and management, cash management, accountability, etc.) will be assessed.</p> <p>DOCUMENTS. Procurement contract for the accounting and budgetary management computer system, Report by the Economic Division and by the Local Council computer services.</p>		
	<p>INDICATOR 4.1.2. THE SERVICE ORGANISATIONS (SUBSIDIARY BODIES) ARE LINKED TO THE ACCOUNTING SYSTEMS ELECTRONICALLY</p> <p>The extent to which municipal department have access to the municipal accounting system will be</p>		

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<i>I. General principles of local fiscal policies</i>			
4. Use of IT			
	<p>assessed.</p> <p>The possibility of the municipal division to perform different budget implementation operations (credit holds, etc.) shall in turn be assessed.</p> <p>DOCUMENTS. Report by the Economic Division and by the Local Council computer services.</p>		
	<p>INDICATOR 4.1.3. THE MUNICIPAL TREASURY IS IN OPERATION</p> <p>The use of information technologies to manage the municipal treasury and to perform electronic payments will be assessed.</p> <p>DOCUMENTS. .</p>		
	<p>INDICATOR 4.1.4. NUMBER OF ELECTRONIC DATABASES AVAILABLE/USED BY THE LOCAL ADMINISTRATION</p> <p>The degree of use of electronic databases to carry out the action inherent to the different municipal areas will be assessed.</p> <p>DOCUMENTS. Report from the Local Council computer services.</p>		
	<p>INDICATOR 4.1.5. LOCAL DATABASES ARE CONNECTED AND INTEGRATED</p> <p>The degree of connection and integration of the local databases will be assessed.</p> <p>DOCUMENTS. Report from the Local Council computer services.</p>		
	<p>INDICATOR 4.1.6. COUNCILLORS HAVE EMAIL ADDRESS AND INTERNET ACCESS.</p> <p>Each councillor having an email account and the possibility of accessing Internet will be assessed.</p> <p>DOCUMENTS. Report from the Local Council computer services.</p>		
	<p>INDICATOR 4.1.7. THE LOCAL GOVERNMENT HAS A WEBSITE</p> <p>The existence of a municipal website will be assessed.</p> <p>DOCUMENTS. Website URL.</p>		
	<p>INDICATOR 4.1.8 DRAFT COUNCIL AGREEMENTS ARE PUBLISHED ON THE WEBSITE</p> <p>The publication on the website of the documents relating to draft agreements to be adopted by the local council will be assessed.</p> <p>DOCUMENTS. Documents relating to the publications</p>		
	<p>INDICATOR 4.1.9 TRAFFIC ON THE LOCAL GOVERNMENT WEBSITE IS MEASURED AND ANALYSED.</p> <p>The extent to which the traffic on the local government website is regularly measured and analysed will</p>		

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<i>I. General principles of local fiscal policies</i>			
4.Use of IT			
	<p>be assessed.</p> <p>DOCUMENTS. Report from the Local Council computer services.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>I. General principles of local fiscal policies</i>			
5.Capacity development of local staff			
5.1. Training in various forms are needed for the local staff (R7)	<ul style="list-style-type: none"> • Number of training courses organised locally for civil servants • Staff days spent at training courses in a year • Number of training courses organised locally for staff of the service organisations • Number of training courses organised locally for elected local officials and councillors • Budget for training in percentage of labour costs • Subjects of training courses (legal, financial, fiscal, management, other skill development) 	Human resource department Local budget	0-10
<p><i>R7. Local authorities should make sure to provide their staff with the various forms of training they are likely to need (legal, financial, fiscal, organizational, etc.) and regularly update key technical skills.</i></p> <p><i>R7. Las autoridades locales deben asegurarse de proporcionar a su personal, los diferentes tipos de formación que puedan necesitar (legal, financiera, fiscal, de organización, etc) y actualizar periódicamente sus habilidades técnicas fundamentales.</i></p>			
	<p>INDICATOR 5.1.1. NUMBER OF TRAINING COURSES ORGANISED BY THE LOCAL COUNCIL FOR CIVIL SERVANTS</p> <p>The number of training actions organised by the Local Council (individually or in conjunction with other authorities) for local civil servants will be quantified.</p> <p>DOCUMENTS. Training Plan, Report from the Human Resources Division of the Local Council.</p>		
	<p>INDICATOR 5.1.2. NUMBER OF STAFF DAYS SPENT ON TRAINING IN A YEAR</p> <p>The number of days used annually to organise training for local staff, both in absolute values and in average values by worker will be quantified.</p> <p>DOCUMENTS. Training Plan, Report from the Human Resources Division of the Local Council.</p>		
	<p>INDICATOR 5.1.3. NUMBER OF TRAINING COURSES ORGANISED FOR STAFF OF THE SUBSIDIARY BODIES (SERVICE ORGANISATION)</p> <p>The number of training actions organised (individually or in conjunction with other authorities) for the staff of subsidiary bodies will be quantified.</p> <p>DOCUMENTS. Training Plan, Report from the Human Resources Division of the Local Council.</p>		

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<i>I. General principles of local fiscal policies</i>			
5.Capacity development of local staff			
	<p>INDICATOR 5.1.4. NUMBER OF TRAINING COURSES ORGANISED BY THE LOCAL COUNCIL FOR COUNCILLORS AND EXECUTIVE STAFF</p> <p>The number of training actions organised by the Local Council (individually or in conjunction with other authorities) for councillors will be quantified.</p> <p>DOCUMENTS. Training Plan, Report from the Human Resources Division of the Local Council.</p>		
	<p>INDICATOR 5.1.5. BUDGET FOR TRAINING IN PERCENTAGE OF LABOUR COSTS</p> <p>The budget earmarked for training local council staff and as a percentage of labour costs will be quantified.</p> <p>DOCUMENTS. Municipal budget reports.</p>		
	<p>INDICATOR 5.1.6. SUBJECTS OF TRAINING COURSES (LEGAL, FINANCIAL, FISCAL, MANAGEMENT, etc.)</p> <p>The subjects covered by the different training courses (legal, financial, fiscal, management) will be assessed.</p> <p>DOCUMENTS. Training Plan, Report from the Human Resources Division of the Local Council.</p>		

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<i>I. General principles of local fiscal policies</i>			
5.Capacity development of local staff			
5.2. Systems should be set up to enhance professionalism in financial and fiscal matters (R8)	<ul style="list-style-type: none"> • Meeting national employment standards of fiscal staff • Meeting internal rules of qualifications for finance departments • Fiscal experts available at line departments • Access to fiscal information by all units of local administration 	Municipal employment statistics Organizational charts	0-10
<p><i>R8. Local authorities should set up systems to enhance the professionalism and ethics of staff dealing with financial and, in particular, fiscal matters. They are invited to take note of the best practices pinpointed by the CDLR in the Public Ethics at Local Level Handbook, adopted at the Conference on Ethical Standards in the Public Sector, Noordwijkerhout (31 March-1 April 2004).</i></p> <p><i>R8 Las autoridades locales deben establecer métodos para incrementar la ética y profesionalidad del personal encargado en temas financieros y, fiscales en particular. Se les invita a que tomen nota de las mejores prácticas señaladas por la CDLR en el Manual Ética Pública a Nivel local, adoptados en la Conferencia sobre Normas de Ética en el Sector Público. Noordwijkerhout (31 Marzo-1 Abril 2004).</i></p>			
	<p>INDICATOR 5.2.1. MEETING NATIONAL EMPLOYMENT STANDARDS OF FISCAL STAFF Compliance of the provisions relating to the contracting process of fiscal staff (selection process, configuration of the subject matter inherent to the fiscal division, qualifications of the state-authorised officials, etc.) will be assessed. DOCUMENTS. Governing regulations.</p>		
	<p>INDICATOR 5.2.2. MEETING INTERNAL RULES OF QUALIFICATIONS FOR FINANCE DEPARTMENTS The existence and compliance of the internal rules relating to the qualification of the finance departments will be assessed. DOCUMENTS. Governing rules</p>		
	<p>INDICATOR 5.2.3. FISCAL EXPERTS AVAILABLE AT LINE DEPARTMENTS The availability of fiscal experts at line department, either council employees or workers sub-contracted to provide the service will be assessed. DOCUMENTS. Job descriptions for the economic division staff, associate contracts.</p>		

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<i>I. General principles of local fiscal policies</i>			
5.Capacity development of local staff			
	INDICATOR 5.2.4. ACCESS TO FISCAL INFORMATION BY ALL UNITS OF LOCAL ADMINISTRATION The possibility of accessing fiscal information by all units of local administration will be assessed. DOCUMENTS. Report by the computer services.		

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<i>I. General principles of local fiscal policies</i>			
5.Capacity development of local staff			
5.3. Systems should be set up to enhance ethics of staff in financial and fiscal matters (R8)	<ul style="list-style-type: none"> • Code of conduct for councillors on managing conflict of interest • Code and procedures for administrative staff for managing conflict of interest • Local regulations are harmonised with national rules • Cases registered for following/breaking rules of conflict of interest • Internal rules of financial management are in place for setting limits to authorisation of payments • Internal rules of financial management are in place to separate authorization of payments and actual transfers 	Internal regulations Code of conducts Laws and national regulations on public procurement, conflict of interest	0-10
	INDICATOR 5.3.1. EXISTENCE OF A CODE OF CONDUCT FOR COUNCILLORS ON MANAGING CONFLICTS OF INTEREST The existence of a code of conduct for councillors on managing conflicts of interest will be assessed. DOCUMENTS. Code of Conduct for councillors.		
	INDICATOR 5.3.2. EXISTENCE OF A CODE AND PROCEDURES FOR ADMINISTRATIVE STAFF FOR MANAGING CONFLICTS OF INTEREST The existence of a code and procedures for administrative staff for managing conflicts of interest will be assessed. DOCUMENTS. Code of conduct and procedures for administrative staff.		
	INDICATOR 5.3.3. LOCAL REGULATIONS ARE HARMONISED WITH NATIONAL RULES The extent to which local regulations regarding managing conflicts of interests are harmonised with the legislation taking precedence. DOCUMENTS. Legislation governing conflicts of interest.		
	INDICATOR 5.3.4. CASES REGISTERED FOR FOLLOWING/BREAKING RULES OF CONFLICT		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>I. General principles of local fiscal policies</i>			
5.Capacity development of local staff			
	OF INTEREST The cases of breaches of the rules governing conflicts of interest will be quantified. DOCUMENTS. .		
	INDICATOR 5.3.5. INTERNAL RULES OF FINANCIAL MANAGEMENT ARE IN PLACE FOR SETTING LIMITS TO AUTHORISATION OF PAYMENTS The extent to which local financial regulations establish authorisation limits (payment orders) will be assessed. DOCUMENTS. Budgetary legislation; Local Regime Regulatory Law, Budgetary Implementation Legislation.		
	INDICATOR 5.3.6. INTERNAL RULES OF FINANCIAL MANAGEMENT ARE IN PLACE TO SEPARATE PAYMENT AUTHORISATIONS (ORDER) AND TRANSFERS TO BE MADE The extent to which internal rules of financial management establish a separation between the payment order and its actual transfer will be assessed. DOCUMENTS. Budgetary legislation; Local Regime Regulatory Law, Budgetary Implementation Legislation.		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
6. Local tax policy design			
6.1. Local taxes should be based on the principle of fairness (ability to pay) (R9)	<ul style="list-style-type: none"> • local tax regulations interpret exemptions set by law • differences between nominal and actual tax rates • effective tax rates compared to national averages 	Local tax regulation Municipal fiscal statistics	0-10
<p><i>R9. The basic principles for determining local taxation should be fairness (taxation should be commensurate with each taxpayer's ability to pay) and efficiency (a high yield and a low collection cost).</i></p> <p><i>R9. Los principios básicos para determinar los impuestos locales deben ser equidad (fiscalidad debe ser proporcional con la capacidad de cada uno de los contribuyentes a pagar) y eficiencia (alto rendimiento y bajo coste de recogida).</i></p>			
	<p>INDICATOR 6.1.1. LOCAL TAX REGULATIONS (TAX ORDINANCES) APPLY EXEMPTIONS SET BY LAW</p> <p>The extent to which the local tax ordinances apply exemptions and discounts established by law (regional parliamentary law) will be assessed.</p> <p>DOCUMENTS. Regional Parliamentary Tax Laws, tax ordinances.</p>		
	<p>INDICATOR 6.1.2. DIFFERENCES BETWEEN NOMINAL AND ACTUAL TAX RATES?</p> <p>DOCUMENTS.</p>		
	<p>INDICATOR 6.1.3. EFFECTIVE TAX RATES COMPARED TO NATIONAL (REGIONAL) AVERAGES</p> <p>The effective tax rates applied in the Local Council compared to the other municipalities of the province will be compared.</p> <p>DOCUMENTS. Financial-economic indicators of Bizkaia Provincial Council (Udalnet).</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
6. Local tax policy design			
6.2. Local taxes should produce high yield (R9)	<ul style="list-style-type: none"> • Tax yield compared to total costs of tax administration (for all taxes) • Tax yield compared to total cost of tax administration (by local taxes) • Local tax revenues in percentage of local own source revenues • Local tax revenues in percentage of total/current budget • Total tax administration costs in percentage of local expenditure on administration 	Municipal fiscal statistics Local budgets	0-10
	<p>INDICATOR 6.2.1. LOCAL TAX YIELD PERCENTAGE IN TERMS OF THE ADMINISTRATION COSTS (TOTAL)</p> <p>The local tax yield percentage in terms of the administration costs will be quantified.</p> <p>DOCUMENTS. Municipal Budget, Cost Report.</p>		
	<p>INDICATOR 6.2.2. LOCAL TAX YIELD PERCENTAGE IN TERMS OF THE ADMINISTRATION COSTS (BY TAX)</p> <p>The local tax yield percentage of each of the local taxes in terms of the administration costs will be quantified.</p> <p>DOCUMENTS. Municipal Budget, Cost Report.</p>		
	<p>INDICATOR 6.2.3. LOCAL TAX YIELD PERCENTAGE IN TERMS OF THE OWN SOURCE REVENUE OF THE LOCAL COUNCIL (TOTAL)</p> <p>The local tax yield percentage in terms of the total own source revenue of the Local Council will be quantified.</p> <p>DOCUMENTS. Municipal Budget</p>		
	<p>INDICATOR 6.2.4. LOCAL TAX YIELD PERCENTAGE IN TERMS OF THE TOTAL BUDGET OF THE LOCAL COUNCIL</p> <p>The local tax yield percentage in terms of the total budget of the Local Council will be quantified.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
	DOCUMENTS. Municipal Budget		
	<p>INDICATOR 6.2.5. TOTAL TAX ADMINISTRATION COSTS AS A PERCENTAGE OF TOTAL EXPENDITURE OF THE LOCAL COUNCIL The total tax administration costs as a percentage of total expenditure of the Local Council will be quantified.</p> <p>DOCUMENTS. Municipal Budget, Cost Report.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
6. Local tax policy design			
6.3. Real value of property tax yields should be preserved by effective administration and regular rises in tax rates	<ul style="list-style-type: none"> • frequency of tax rate variation • occurrence of amending local tax regulations • trends in property tax collection 	Local tax regulations Local reports on tax revenues	0-10
	INDICATOR 6.3.1. FREQUENCY OF TAX RATE VARIATION The frequency of the tax rate variation (updating) of the local taxes will be analysed. <i>DOCUMENTS. Amendment of tax ordinances.</i>		
	INDICATOR 6.3.2. AMENDING LOCAL TAX REGULATIONS <i>DOCUMENTS. Amending the Regional Parliamentary Tax Laws, Amending the tax ordinances.</i>		
	INDICATOR 6.3.3. TRENDS IN PROPERTY TAX COLLECTION The trend in property tax collection (Property Tax and Vehicle Tax) will be analysed. <i>DOCUMENTS. Municipal Budget</i>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
6. Local tax policy design			
6.4. Number of local taxes should be kept low (R12)	<ul style="list-style-type: none"> • Number of local taxes • Changes in number of local taxes • Number of local taxes in percentage of total number of potential local taxes 	Local tax regulations	0-10
<p><i>R12. Local authorities should avoid introducing too many taxes, as this inevitably increases administration and is liable to increase the cost of collection, grounds for litigation, etc.</i></p> <p><i>R12. Las autoridades locales deben evitar la introducción de impuestos excesivos, dado que aumenta inevitablemente los costes de administración y recogida, motivos de litigio, etc</i></p>			
	<p>INDICATOR 6.4.1. NUMBER OF LOCAL TAXES</p> <p>The number of taxes established by the local authority will be quantified.</p> <p>DOCUMENTS. Tax ordinances.</p>		
	<p>INDICATOR 6.4.2. CHANGES IN NUMBER OF LOCAL TAXES</p> <p>Changes in the number of taxes established by the local authority will be quantified.</p> <p>DOCUMENTS. Tax ordinances.</p>		
	<p>INDICATOR 6.4.3. NUMBER OF LOCAL TAXES AS PERCENTAGE OF TOTAL NUMBER OF POTENTIAL LOCAL TAXES</p> <p>The number of taxes established by the local authority as a percentage of the total number of potential taxes established by current legislation will be calculated.</p> <p>DOCUMENTS. Regional Parliamentary Tax Laws, Tax ordinances.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
6. Local tax policy design			
6.5. Changes in level of local taxation should be adjusted to variation in local preferences and objectives (R11, R13)	<ul style="list-style-type: none"> Variation in local fiscal policies and budget targets Amendment of local tax regulations Comparison of increase in budget appropriations and local tax revenues 	Local budget Local tax regulations	0-10
<p><i>R 11. Local authorities should vary the level of taxation only in order to adapt the level of services to local needs and preferences.</i></p> <p><i>R 13. Although the incentive purpose of local taxation should not be overlooked, it should not render impossible activities that are otherwise lawful. Any incentive should respect the principle of the equality of citizens before the law. In such cases, the determination of the tax base, taxation rate and exemptions should be consistent with the objective pursued.</i></p> <p><i>R 11. Las autoridades locales deben variar el nivel de tributación únicamente con el fin de adaptar el nivel de los servicios a las necesidades y preferencias locales.</i></p> <p><i>R 13. Aunque el propósito que estimula de impuestos locales no debe ser pasado por alto, no debe impedir que se puedan hacer de otras formas legales. Cualquier incentivo debe respetar el principio de la igualdad de los ciudadanos ante la ley. En estos casos, la determinación de la base, la tasa de tributación de impuestos y exenciones debe ser coherente con el objetivo perseguido.</i></p>			
	INDICATOR 6.5.1. APPROPRIATENESS OF THE VARIATION IN LOCAL FISCAL POLICY AND BUDGET TARGETS DOCUMENTS.		
	INDICATOR 6.5.2. AMENDMENT OF LOCAL TAX REGULATIONS DOCUMENTS.		
	INDICATOR 6.5.3. COMPARISON OF INCREASE IN BUDGET APPROPRIATIONS AND LOCAL TAX REVENUE DOCUMENTS.		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
6. Local tax policy design			
6.6. Changes in local tax framework should be made in a timely manner (R14)	<ul style="list-style-type: none"> Preparation, approval and announcement of major amendments of local tax regulations: tax rate, tax base, exemptions 	Local tax regulations	0-10
<p><i>R14. Untimely changes in the local tax framework that could cause excessive disruption to economic operators or households should be avoided.</i></p> <p><i>R14. Cambios atemporales, en el marco de impuestos locales, deben ser evitados porque podrían causar alteración excesivas a los agentes económicos y hogares.</i></p>			
	<p>INDICATOR 6.6.1 PREPARATION, APPROVAL AND ANNOUNCEMENT OF MAJOR AMENDMENTS TO LOCAL TAX REGULATIONS</p> <p>The extent to which the most important aspects of tax ordinances, such as the tax base, tax rate and exemptions are amended in a timely manner, so that they do not cause excessive disruption to economic operators.</p> <p>DOCUMENTS. Regional Parliamentary Tax Laws, Tax ordinances.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
7. Tax policy			
7.1. Local tax bands should be simple and fair (R18)	<ul style="list-style-type: none"> • Number of tax bands is matched to differences in tax base • Changes in number of tax bands follow the modification of tax base • Progressivity of local taxes are ensured by refinement of tax bands 	Local tax regulations Local tax statistics	0-10
<p><i>R 18. In the case of exclusive local taxes, the authorities should pay particular attention:</i></p> <ul style="list-style-type: none"> - to ensuring that tax bands are both simple and fair; - to the quality of the drafting of tax regulations, particularly in small municipalities; - to tax avoidance and evasion mechanisms that may be prompted by local regulations. <p><i>R 18. En el caso de impuestos locales exclusivos, las autoridades deberán prestar especial atención en:</i></p> <ul style="list-style-type: none"> - Garantizar que las bandas de impuestos son a la vez simple y justas; - La calidad de la redacción de las normas tributarias, en particular de pequeñas municipalidades; - La evasión fiscal y los mecanismos de evasión que pueden ser motivadas por las normas locales. 			
	INDICATOR 7.1.1. THE NUMBER OF LOCAL TAX BANDS IS MATCHED TO DIFFERENCES IN THE TAX BASE? DOCUMENTS. Regional Parliamentary Tax Laws, Tax ordinances.		
	INDICATOR 7.1.2. CHANGES IN NUMBER OF LOCAL TAX BANDS FOLLOW THE MODIFICATION OF THE TAX BASE? DOCUMENTS. Regional Parliamentary Tax Laws, Tax ordinances.		
	INDICATOR 7.1.3. PROGRESSIVITY OF LOCAL TAXES IS ENSURED BY REFINEMENT OF TAX BANDS? DOCUMENTS. Regional Parliamentary Tax Laws, Tax ordinances.		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
7. Tax policy			
7.2. Local taxes should be based on stable tax base (R20)	<ul style="list-style-type: none"> • Composition of local taxes • Annual changes in local tax base • Number of tax payers by major types of local taxes 	Local tax regulations Local tax statistics	0-10
<p><i>R20. The bulk of local taxation should rest on a relatively stable tax base.</i></p> <p><i>R20. La mayor parte de los impuestos locales debe descansar sobre bases fiscales relativamente estables.</i></p>			
	<p>INDICATOR 7.2.1. COMPOSITION OF LOCAL TAXES</p> <p>The extent to which local taxes are based on a stable tax base will be assessed. Therefore, the evolution of the tax bases and the relative weight out of the total of the different local taxes over time will be analysed.</p> <p>DOCUMENTS. Tax statistics.</p>		
	<p>INDICATOR 7.2.2. ANNUAL CHANGES IN LOCAL TAX BASES.</p> <p>The extent to which the local tax bases are stable over time will be assessed.</p> <p>DOCUMENTS. Tax statistics.</p>		
	<p>INDICATOR 7.2.3. NUMBER OF TAXPAYERS BY MAIN TYPES OF LOCAL TAXES</p> <p>The number of taxpayers of the main local taxes and their stability over time will be assessed.</p> <p>DOCUMENTS. Tax statistics.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
7. Tax policy			
7.3. Tax avoidance and evasion should be prevented (R18)	<ul style="list-style-type: none"> Ratio of potential and actual tax base/tax revenues Total amount of delinquencies in local tax collection Composition of arrears by time Number of court cases and litigations stabilised (kept at the same ratio to total number of taxpayers, to total tax revenues) 	Local tax regulations Local tax statistics	0-10
	INDICATOR 7.3.1. RATIO OF THE POTENTIAL? AND ACTUAL TAX BASE/ TAX REVENUES The ratio that the local tax base represents of the tax revenues will be quantified in real and potential terms. DOCUMENTS. Tax ordinances, Tax statistics		
	INDICATOR 7.3.2. QUANTIFICATION OF DEFAULTING IN LOCAL TAX COLLECTION The amount pending collection of the local taxes and its evolution over time will be quantified. DOCUMENTS. Tax statistics.		
	INDICATOR 7.3.3. COMPOSITION OF ARREARS (PENDING COLLECTION) IN TIME The arrears for each of the accrual years of the tax liabilities will be analysed. DOCUMENTS. Tax statistics.		
	INDICATOR 7.3.4. NUMBER OF PENDING COURT CASES AND LITIGATION (IN RATIO TO THE TOTAL NUMBER OF TAX PAYERS TO TOTAL TAX REVENUES) The number of pending court cases, along with the percentage they represent with respect to the total number of tax payers and total tax revenue, will be analysed. DOCUMENTS. Tax statistics.		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
7. Tax policy			
7.4. Quality of tax regulations should be improved (R18)	<ul style="list-style-type: none"> • Local revenue policy goals are translated to tax regulations • Taxes collected through tax audit • Litigation cases won, compared to total number of cases • Litigation cases won, compared to number of tax payments • Litigation cases won, compared to total local tax revenues • Arrears accumulated annually • Internal audit of tax administration 	Local tax regulations Municipal fiscal strategy Statistics on local tax administration	0-10
	INDICATOR 7.4.1. LOCAL REVENUE POLICY GOALS ARE TRANSLATED TO TAX REGULATIONS (TAX ORDINANCES) The extent to which the local revenue policy targets are translated to tax regulations will be analysed. <i>DOCUMENTS. Tax ordinances, Municipal fiscal strategy</i>		
	INDICATOR 7.4.2. TAXES COLLECTED THROUGH TAX AUDIT The amount of local taxes collected through tax audit, along with the percentage they represent of the total, will be quantified. <i>DOCUMENTS. Tax statistics.</i>		
	INDICATOR 7.4.3. NUMBER OF LITIGATION CASES WON, COMPARED TO TOTAL NUMBER OF CASES The number of court cases won by the local authority, along with the percentage they represent of the total number of cases, will be quantified. <i>DOCUMENTS. Tax statistics.</i>		
	INDICATOR 7.4.4. NUMBER OF LITIGATION CASES WON, COMPARED TO TOTAL NUMBER OF TAXPAYERS The number of court cases won by the local authority, along with the percentage they represent of the total number of taxpayers, will be quantified. <i>DOCUMENTS. Tax statistics.</i>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
7. Tax policy			
	<p>INDICATOR 7.4.5. NUMBER OF LITIGATION CASES WON, COMPARED TO TOTAL TAX REVENUE</p> <p>The number of court cases won by the local authority, along with the percentage they represent of the total tax revenue, will be quantified.</p> <p>DOCUMENTS. Tax statistics.</p>		
	<p>INDICATOR 7.4.6. ARREARS (DEBTS) ACCUMULATED ANNUALLY</p> <p>DOCUMENTS. Tax statistics.</p>		
	<p>INDICATOR 7.4.7. INTERNAL AUDIT OF THE LOCAL TAX ADMINISTRATION</p> <p>The existence of internal audits of the local tax administration will be assessed.</p> <p>DOCUMENTS. Audit reports.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
7. Tax policy			
7.5. Information on tax base should be updated and has to be founded on legally available sources (R19)	<ul style="list-style-type: none"> • Shared information bases by various units of local administration • Local cooperation with horizontal partners on information (e.g. police, utility companies) • Cooperation with higher authorities collecting information, relevant for local tax administration: national tax office, business registry, cadastre, vehicle registration 	National and local IT systems	0-10
<p><i>R 19. Information on the tax base should be regularly updated and founded on factors that do not lend themselves to contestation. Cooperation between local authority departments should be arranged in order to obtain the necessary information (police, registry of births, marriages and deaths, etc). Cooperation with the higher authorities may enable local authorities to obtain the information needed to establish the tax base.</i></p> <p><i>R 19. La información contenida en la base imponible debería actualizarse regularmente y basarse en elementos que no se presten a la impugnación. La cooperación entre departamentos locales debería organizarse con el fin de generar la información necesaria (policía, registro de nacimientos, matrimonios y defunciones, etc.) La cooperación con instancias superiores facilitaría a las autoridades locales obtener la información necesaria para establecer la base imponible.</i></p>			
	<p>INDICATOR 7.5.1. DATABASES SHARED BY DIFFERENT LOCAL AUTHORITY UNITS The extent to which tax databases are shared by different units of the local authority thus fostering their updating and debugging will be assessed. The tax bases of the Property Tax and the Business Tax are set by Bizkaia Provincial Council. In some cases, the local authority works with other authorities (Vehicle Registration Department) and private entities (Notaries Public). DOCUMENTS.</p>		
	<p>INDICATOR 7.5.2. LOCAL COOPERATION WITH HORIZONTAL PARTNERS REGARDING INFORMATION The extent to which information is shared with horizontal partners (police, service companies, etc.) will be assessed. DOCUMENTS.</p>		
	<p>INDICATOR 7.5.3. LOCAL COOPERATION WITH HIGHER AUTHORITIES TO COLLECT</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
7. Tax policy			
	<p>RELEVANT INFORMATION FOR LOCAL TAX ADMINISTRATION</p> <p>The extent to which there is cooperation with higher authorities to manage relevant information for local tax administration (Vehicle Registration Department, Provincial Tax Office, etc) will be assessed.</p> <p>The tax bases of the Property Tax and the Business Tax are set by Bizkaia Provincial Council.</p> <p>DOCUMENTS.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
7. Tax policy			
7.6. Reserves should be set aside for litigation (R24)	<ul style="list-style-type: none"> • Litigation cases compared to total number of tax payments • Average costs of court cases • Litigation cases won, compared to total number of cases 	Local budget Statistics on local taxes	0-10
<p><i>R 24. Given the delays involved in court proceedings and the uncertainty surrounding such proceedings, it is desirable that litigation be reduced to a minimum. It is therefore recommended that every effort be made to limit it: laws and regulations should be clear, with few exemptions and special cases; it should be easy to obtain information; social situations in which easy payment terms are desirable should be identified, etc. Tax documents should mention the deadline for lodging a complaint, the method of doing so and the time-limit within which a decision should be taken and the possibility of appeal. Budgetary reserves should, where appropriate, be set aside to take account of trends in litigation.</i></p> <p><i>R 24. Teniendo en cuenta los retrasos que implican los procedimientos judiciales y la incertidumbre que los acompaña, es conveniente que los litigios se reduzcan al mínimo. Es por ello recomendable que se haga todo lo posible para limitarlos: las leyes y reglamentos deben ser claros, con pocas excepciones y casos especiales, facilitar la obtención de información y la identificación de situaciones sociales en las dar facilidades de pago, etc. Los documentos fiscales deberán mencionar la fecha límite para la presentación de una queja, el método para hacerlo y el plazo dentro del cual se debe tomar una decisión y la posibilidad de apelación. Se deberán consignar reservas presupuestarias, teniendo en cuenta las tendencias en la litigación.</i></p>			
	<p>INDICATOR 7.6.1. NUMBER OF LITIGATION CASES COMPARED TO TOTAL NUMBER OF TAXPAYERS</p> <p>The number of local tax litigation cases, along with the percentage they represent of the total number of taxpayers, will be quantified.</p> <p>DOCUMENTS. Tax statistics.</p>		
	<p>INDICATOR 7.6.2. AVERAGE COST OF THE LITIGATION</p> <p>The average cost of the local tax litigation will be quantified.</p> <p>DOCUMENTS. Tax statistics.</p>		
	<p>INDICATOR 7.6.3. (7.4.3.) NUMBER OF LITIGATION CASES WON, COMPARED TO TOTAL NUMBER OF CASES</p> <p>The number of court cases won by the local authority, along with the percentage they represent of the total number of cases, will be quantified.</p> <p>DOCUMENTS. Tax statistics.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
8. Information and publicity			
8.1. Local tax policy should be designed in an open, transparent way (R10)	<ul style="list-style-type: none"> • Publishing, posting draft tax policies • Disseminating drafts on local tax policy options • Documents justifying local tax decisions should be transparent 	Local legal procedures Regulation of local budgeting Budget documents	0-10
<p><i>R 10. When they establish the level of local taxes, local authorities should do so as openly as possible, so that their decisions are clear to the public. Measures ensuring the transparency of fiscal decisions should include publishing (in paper and electronic version), posting up and possibly disseminating all draft fiscal decisions, the documents needed to understand them and the decisions actually taken.</i></p> <p><i>R 10. Al establecer el nivel de los impuestos locales, las autoridades locales deben hacerlo lo más abierto posible, para que sus decisiones sean claras para el público. Medidas que garanticen la transparencia de las decisiones fiscales, deben incluir la publicación (en papel y en versión electrónica), posibilitando la difusión de todas las decisiones de proyectos fiscales, los documentos necesarios para entenderlos y las decisiones realmente tomadas.</i></p>			
	<p>INDICATOR 8.1.1. PUBLICATION OF THE DRAFT LOCAL TAX POLICIES The extent to which the draft local tax policies (amendment of tax ordinances) are published, (in paper and electronic version) will be assessed. <i>DOCUMENTS. Media reporting indicators.</i></p>		
	<p>INDICATOR 8.1.2. DISSEMINATING DRAFTS ON LOCAL TAX POLICY OPTIONS The extent to which different options regarding local tax policies are disseminated will be assessed. <i>DOCUMENTS. Media reporting indicators.</i></p>		
	<p>INDICATOR 8.1.3. TRANSPARENCY OF THE DOCUMENTS JUSTIFYING LOCAL TAX DECISIONS The extent to which documents justifying local tax decisions are made available to the public in an understandable way will be assessed. <i>DOCUMENTS. Media reporting indicators.</i></p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
8.2. Information and explanation on local taxes and tax regulations should be made public (R15, R17)	<ul style="list-style-type: none"> • Diverse means of information sharing (electronic, posters, direct mailing, telephone) • Public hearings and consultation before and after the tax regulations are approved • Citizen charter on local taxes (availability, quality) 	Local channels of communication with the general public	0-10
<p><i>R 15. The local authority should provide the public with information and explanations concerning any taxes in addition to tax levied by a higher authority. If they are exclusive taxes, it is up to the municipality to draw up its fiscal regulations and bring them to the attention of the public.</i></p> <p><i>R 17. The means used to inform the public about local taxation should take account of specific local features: electronic publication, posters, direct mailing, telephone service, etc. Certain methods of prior consultation may also be useful, as may public meetings after the council has adopted regulations.</i></p> <p><i>R 15. Los municipios deben proporcionar información y explicaciones acerca de los impuestos, además de impuestos recaudados por una autoridad superior. Si son impuestos exclusivos, le corresponde a la municipalidad para elaborar sus reglamentos fiscales y llevarlos a la atención del público.</i></p> <p><i>R 17. Los medios utilizados para informar al público sobre los impuestos locales deben tener en cuenta las especificidades locales: publicación electrónica, carteles, correo directo, servicio telefónico, etc Algunos métodos de consulta previa también puede ser útil, ya que se pueden sesiones públicas cuando el Consejo haya adoptado regulaciones.</i></p>			
	INDICATOR 8.2.1. DIVERSE MEANS OF INFORMATION SHARING The extent to which the public are informed on the local tax decisions adopted along with the diversity of means used to do so (electronic publications, leaflets, email, telephone, etc.) will be assessed. DOCUMENTS. Media reporting indicators.		
	INDICATOR 8.2.2. PUBLIC HEARINGS BEFORE AND AFTER TAX REGULATIONS ARE APPROVED The extent to which public hearing procedures are used before and after the approval of local tax regulations will be assessed. DOCUMENTS.		
	INDICATOR 8.2.2. AVAILABILITY AND QUALITY OF THE CITIZEN CHARTER ON LOCAL TAXES The existence of the citizen charter on local taxes, along with its quality, will be assessed. DOCUMENTS. Citizen charter on local taxes.		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
8.3. Public information on utilisation of local tax revenues should be comprehensive, understandable (R16)	<ul style="list-style-type: none"> • Reporting on the implementation of local budgets • Explanation of general purpose local tax revenues • Reporting on earmarked local taxes • Public information by types of major local taxes 	Budget reports Local channels of communication	0-10
<i>R16. Local authorities should provide the public with comprehensive, readable information about the use made of tax revenues by the authority. R16. Las autoridades locales deben ofrecer al publico una información completa y entendible sobre el uso que las autoridades hagan de los ingresos fiscales.</i>			
	INDICATOR 8.3.1 REPORTING ON THE IMPLEMENTATION OF LOCAL BUDGETS The extent to which the public are informed in an understandable way of the implementation of local taxes will be assessed. <i>DOCUMENTS. Media reporting indicators.</i>		
	INDICATOR 8.2.2. EXPLANATION OF THE GENERAL PURPOSE OF LOCAL TAX REVENUES <i>¿?</i> <i>DOCUMENTS.</i>		
	INDICATOR 8.3.3. REPORTING ON EARMARKED LOCAL TAXES <i>¿?</i> <i>DOCUMENTS.</i>		
	INDICATOR 8.3.4. PUBLIC INFORMATION ON MAIN TYPES OF TAXES The extent to which the public is information on the main types of local taxes will be assessed. <i>DOCUMENTS. Media reporting indicators.</i>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
9. Tax administration			
9.1. Tax registration and timely collection should support smooth cash flow (R21)	<ul style="list-style-type: none"> • Taxpayers registry is regularly updated • Inflow of local taxes is equally distributed throughout the budget year • Delays and unpaid taxes are followed by the tax information system • Notification, warning practice on non-payments are in place • Internal legal procedures for non-payment are regulated and publicly known 	Local tax regulation Tax administration Reports on local revenues	0-10
<p><i>R 21. Registration and collection of local taxes right at the start of the financial year enable the municipality to have financial resources at its disposal earlier in the year and therefore to improve its cash flow. Steps should be taken to avoid delays that could lead to subsequent adjustments obliging taxpayers to pay, in the course of the same year, tax due in respect of several years. A system for following up unpaid taxes should be set up, both to protect the interests of the community and to take account of social situations.</i></p> <p><i>R 21. Registro y la relación de impuestos locales justo en el inicio del ejercicio permiten que el Ayuntamiento tenga a su disposición recursos financieros a principios de año y por tanto mejorar su flujo de caja. Se deben tomar medidas para evitar retrasos que puedan conducir a ajustes posteriores obliguen a los contribuyentes a pagar, en el curso del mismo año, el impuesto adeudado por diversos años. Deberá crearse un sistema de seguimiento de los impuestos impagados, tanto para proteger los intereses de la comunidad, como para tener en cuenta situaciones sociales.</i></p>			
	<p>INDICATOR 9.1.1. REGULAR UPDATING OF THE TAXPAYERS REGISTRY The extent to which the taxpayer registry for the different local taxes is regularly updated will be assessed. <i>DOCUMENTS. Tax Division report.</i></p>		
	<p>INDICATOR 9.1.2. INFLOW OF LOCAL TAXES IS EQUALLY DISTRIBUTED THROUGHOUT THE BUDGET YEAR The extent to which there is a regular distribution of the inflow of local taxes throughout the budget year, thus facilitating a working cash flow and avoiding liquidity problems, will be assessed. <i>DOCUMENTS. Collection statistics.</i></p>		
	<p>INDICATOR 9.1.3. DELAYS AND UNPAID LOCAL TAXES ARE MONITORED USING THE TAX MANAGEMENT SYSTEM The extent to which the tax management system allows the delays and unpaid local taxes to be monitored</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
9. Tax administration			
	<p>will be assessed.</p> <p>DOCUMENTS. Reports from the Treasury Collection Division.</p>		
	<p>INDICATOR 9.1.4. NOTIFICATIONS TO DEBTORS WITHIN THE TIME LIMIT</p> <p>The extent to which the measures of constraint and other enforcement procedures are notified to the debtors within the established timeframe will be assessed.</p> <p>DOCUMENTS. Reports from the Treasury Collection Division.</p>		
	<p>INDICATOR 9.1.5. REGULATION AND PUBLICATION OF LEGAL PROCEDURES FOR ENFORCEMENT COLLECTION</p> <p>The extent to which the enforcement collection procedure to recover amounts not paid during the voluntary period is regulated and publicly known will be assessed.</p> <p>DOCUMENTS. Regulations governing the enforcement collection procedures, Reports from the Treasury Collection Division.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
9. Tax administration			
9.2. Tax administration should be simple: few formalities, least administrative efforts by tax payers (R22)	<ul style="list-style-type: none"> • Public information on local tax regulations • Billing: timely call for tax payment • Specific justification of taxes due • Diverse forms of payment • Information on complaint and appeal is publicised 	Local tax regulation Tax administration	0-10
<p><i>R 22. Local taxes should require the least possible effort and the fewest possible formalities on the part of taxpayers, so that they do not inadvertently evade tax. Local taxation should not be based on taxpayers' prior tax returns.</i></p> <p><i>R 22. Los impuestos locales deben exigir el menor esfuerzo posible y el menor número posibles trámites por parte de los contribuyentes, para no evadir impuestos inadvertidamente. Fiscalidad local no debe estar basada en retornos fiscales del contribuyente.</i></p>			
	INDICATOR 9.2.1. PUBLIC INFORMATION ON LOCAL TAX REGULATIONS The extent to which public information is produced on local tax regulations in terms of the payment methods and means will be assessed. DOCUMENTS. Tax ordinances.		
	INDICATOR 9.2.2. COLLECTION PERIOD FOR ASSESSED LOCAL TAXES The extent to which the collection period for the assessed local taxes is correctly configured will be assessed. DOCUMENTS. Tax collection and settlement decrees.		
	INDICATOR 9.2.3. SPECIFIC JUSTIFICATION OF TAXES DUES (ASSESSED) The extent to which there is the appropriate specific justification of the local tax assessments will be assessed. DOCUMENTS. Tax assessments.		
	INDICATOR 9.2.2. DIVERSE FORMS OF PAYMENT The extent to which the taxpayer has a diversity of payment methods to pay local taxes will be assessed. DOCUMENTS. Tax assessments.		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
9. Tax administration			
	INDICATOR 9.2.5. IS INFORMATION ON COMPLAINTS AND APPEALS PUBLISHED? DOCUMENTS.		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
9. Tax administration			
9.3. Payment demands should provide information on tax levies (R23)	<ul style="list-style-type: none"> • Compulsory elements of local tax claims: <ul style="list-style-type: none"> - identification of taxpayer (property owner) - tax base, exemptions - tax rate, amount due - deadline for payments - forms of payment - consequences of delay or non-payment - options for appeal 	Tax forms	0-10
<p><i>R23. Payment demands should allow taxpayers to check the accuracy of the information on which the amount of tax payable is based: tax base, rate, any exemptions, etc. The procedure to be followed for lodging a complaint should also be clearly mentioned, as should the procedure for requesting easy payment terms in the case of a sizeable tax.</i></p> <p><i>R23. Las demandas de pago deben permitir que los contribuyentes verifiquen con precisión la cuantía de la base del impuesto a pagar con información de: base imponible, tarifa, exenciones, etc. El procedimiento a seguir para la presentación de una denuncia debe también indicarse claramente, al igual que la solicitar facilidades de pago en el caso de un impuesto considerable.</i></p>			
	<p>INDICATOR 9.3.1. COMPULSORY ELEMENTS OF LOCAL TAX ASSESSMENTS:</p> <p>The extent to which the local tax assessments include the following information will be assessed:</p> <ul style="list-style-type: none"> - Identification of the taxpayer. - Tax base and exemptions. - Tax rate (user charge) - Tax due. - Payment deadline. - Payment methods. - Consequences of non-payment in voluntary period. - Options for appeal <p>DOCUMENTS. Tax assessment forms.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
9. Tax administration			
9.4. Easypaymentsystems (R23)	Availability and use of various forms for paying local taxes: <ul style="list-style-type: none"> • Personal, through cashier • Bank transfer • Checks • Other 	Local tax regulations Tax administration	0-10
	INDICATOR 9.4.1. (9.2.4.) AVAILABILITY AND USE OF DIFFERENT METHODS FOR PAYING LOCAL TAXES The extent to which the taxpayer has a diversity of payment methods to pay local taxes (in cash, bank transfer, cheques, others, etc.) will be assessed. DOCUMENTS. Tax assessments.		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
9. Tax administration			
9.5. Complaint procedures should be clear (R23, R24)	<ul style="list-style-type: none"> • Deadlines for lodging a complaint are set reasonably • Methods of complaint: contact point, in writing • Decision/response on complaint are limited in time • Appealing procedures are set 	Local tax regulations	0-10
	INDICATOR 9.5.1. DEADLINES FOR LODGING A COMPLAINT ARE SET REASONABLY The extent to which the deadlines for lodging a complaint comply with current legislation will be assessed. <i>DOCUMENTS. Tax regulations.</i>		
	INDICATOR 9.5.2. COMPLAINT METHODS The extent to which there are different options to facilitate the lodging of complaints (contact points, in writing, etc.) will be assessed. <i>DOCUMENTS. Tax regulations.</i>		
	INDICATOR 9.5.3. TIME LIMITATIONS FOR PROCESSING COMPLAINTS. The extent to which periods for processing complaints are set will be assessed. <i>DOCUMENTS. Tax regulations.</i>		
	INDICATOR 9.5.4. APPEAL PROCEDURES ARE ESTABLISHED. The extent to which appeal procedures are established for after the response to the complaint will be assessed. <i>DOCUMENTS. Tax regulations.</i>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
10. Tax system audit (R25)			
10.1. Comparing collection costs with tax revenues	<ul style="list-style-type: none"> • Tax yield compared to total cost of tax administration (total) • Tax yield compared to total cost of tax administration (by local taxes) 	Local budget Tax administration	0-10
<p><i>R 25. Local authorities should carry out audits at regular intervals for each tax directly levied by the authority. Such audits should:</i></p> <ul style="list-style-type: none"> - compare collection costs (and changes in such costs) with the proceeds from the tax; - indicate whether, for example, all taxpayers have been identified and whether they all pay the tax; - assess the incentive and discouraging role of any taxes that have such an objective. <p><i>R 25. Las autoridades locales deben llevar a cabo auditorías a intervalos regulares para cada impuesto directamente percibidos por la autoridad. Estas auditorías deberían:</i></p> <ul style="list-style-type: none"> - Comparar gastos de recaudación (y los cambios en tales costos) con los fondos procedentes de los impuestos. - Indicar, por ejemplo, si todos los contribuyentes se han identificado y si todos han pagado el impuesto. - Evaluar el papel incentivador y desalentador de los impuestos que tienen este objetivo. 			
	<p>INDICATOR 10.1.1. LOCAL TAX YIELD PERCENTAGE COMPARED TO THE ADMINISTRATION COSTS (TOTAL)</p> <p>The extent to which the tax yield is regularly audited compared to the administration costs will be analysed.</p> <p>DOCUMENTS. Audit reports.</p>		
	<p>INDICATOR 10.1.2. LOCAL TAX YIELD PERCENTAGE COMPARED TO THE ADMINISTRATION COSTS (BY TYPE OF TAX)</p> <p>The extent to which the tax yield of each of the local taxes is regularly audited compared to the administration costs will be analysed.</p> <p>DOCUMENTS. Audit reports.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
10. Tax system audit (R25)			
10.2. Tax coverage: identification of tax payers and collection rate	<ul style="list-style-type: none"> • Regular update on tax payer registry • Cross-checking tax registries (tax base, tax payer) • Trends in collection rate • Percentage of complaints • Appeals solved before court procedure was started • Legal cases in percentage of tax payments made 	Tax administration	0-10
	INDICATOR 10.2.1. REGULAR UPDATING OF THE LOCAL TAXPAYER REGISTRY The extent to which the local taxpayer registry is regularly audited will be analysed. <i>DOCUMENTS. Audit reports.</i>		
	INDICATOR 10.2.2. CROSS-CHECKING TAX REGISTRIES The extent to which the local tax registries are audited by means of cross-checking information (tax base, taxpayers, etc.) will be analysed. <i>DOCUMENTS. Audit reports.</i>		
	INDICATOR 10.2.3. TRENDS IN COLLECTION RATES The extent to which the trends in local tax collection rates are regularly audited will be analysed. <i>DOCUMENTS. Audit reports.</i>		
	INDICATOR 10.2.4. PERCENTAGE OF COMPLAINTS The extent to the number of complaints about local taxes are audited, along with the percentage they represent, will be analysed. <i>DOCUMENTS. Audit reports.</i>		
	INDICATOR 10.2.5. APPEALS SOLVED PRIOR TO THE START OF COURT PROCEDURES The extent to which the number of appeals solved prior to the start of court procedures are audited, along with the percentage they represent, will be analysed.		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>II. Local taxation</i>			
10. Tax system audit (R25)			
	DOCUMENTS. Audit reports.		
	INDICATOR 10.2.6. LEGAL CASES AS THE PERCENTAGE OF THE TAX ASSESSMENTS The extent to which the percentage of legal cases in terms of the amount of the tax assessments carried out and the collections received will be analysed.	DOCUMENTS. Audit reports.	

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>III. Fees, charges and miscellaneous revenues</i>			
11.1. User charges should not exceed service costs (no profit on paper) (R26)	<ul style="list-style-type: none"> • Calculation of service costs include total current (direct and indirect) and capital investment costs • Two component user charges are matched with fixed and variable costs • Increase in user charges are calculated by a regulated formula, reflecting major factors of service costs (e.g. capital, labour, energy) • Difference between total revenues from user charges and operational/maintenance costs (surplus) is used for capital investments in the same sector 	Local budget Regulations on pricing Financial reports and business plans of service organisations	0-10
<p><i>R 26. As a rule, charges should not exceed the cost of services and the local authority should not seek to make a paper profit from the provision of public services.</i></p> <p><i>R 26. Como regla general, los gastos no deben exceder el costo de los servicios. Las autoridades locales no deben tratar de obtener beneficios de la prestación de servicios públicos.</i></p>			
	<p>INDICATOR 11.1.1. CALCULATION OF THE SERVICE COSTS INCLUDES TOTAL CURRENT COSTS (DIRECT AND INDIRECT) AND THE CAPITAL INVESTMENT COSTS (DEPRECIATION)</p> <p>The existence of cost studies of the municipal services and the extent to which these include all the costs (direct and indirect) linked to the provision of each service or activity (including depreciation) will be analysed.</p> <p>DOCUMENTS. Cost study</p>		
	<p>INDICATOR 11.1.2. TWO-COMPONENT USER CHARGES ARE MATCHED WITH FIXED AND VARIABLE COSTS</p> <p>The extent to which there is a difference between fixed and variable costs will be assessed.</p> <p>DOCUMENTS. Cost study</p>		
	<p>INDICATOR 11.1.3 INCREASE IN USER CHARGES ARE CALCULATED BY A REGULATED FORMULA, REFLECTING THE MAIN FACTORS OF SERVICE COSTS</p> <p>The existence of a previously regulated formula to calculate the increase in user charges, reflecting the main factors of service costs (wage costs, supplies, depreciation, etc.), will be analysed.</p> <p>DOCUMENTS. Cost study</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>III. Fees, charges and miscellaneous revenues</i>			
	<p>INDICATOR 11.1.4. EXAMPLE OF THE SURPLUS FROM THE DIFFERENT BETWEEN THE REVENUES FROM THE USER CHARGES AND MAINTENANCE AND OPERATIONAL COSTS FOR CAPITAL INVESTMENTS IN THE SAME SECTOR.</p> <p>The extent to which the surplus that, where applicable, comes from the difference between the revenues from the user charges and maintenance and operational costs is used for capital investments in the same sector will be analysed.</p> <p>In reality, in the case of practically all the services and activities subject to a service charge, the revenue does not cover their current costs.</p> <p>DOCUMENTS. Cost study</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>III. Fees, charges and miscellaneous revenues</i>			
11.2. Charges should not reduce demand for services excessively (R27)	<ul style="list-style-type: none"> Local policy preferences are reflected in average charges, exemptions and subsidies Pricing methods follow local policy goals: charges by block of consumption, classification of users External impact of charge increase: changes in illegal dumping of waste, illegal connections to water system, water unaccounted 	Local budget Regulations on pricing Service performance indicators	0-10
<p><i>R27. The charges applied should not reduce demand excessively, particularly in the case of important public services.</i></p> <p><i>R27. Las cargas aplicadas no deben reducir la demanda en exceso, particularmente en el caso de servicios públicos importantes.</i></p>			
	<p>INDICATOR 11.2.1 LOCAL POLICY PREFERENCES ARE REFLECTED IN AVERAGE CHARGES, EXEMPTIONS AND SUBSIDIES</p> <p>The extent to which social and economic local policy preferences are reflected in the average charges, exemptions and subsidies will be analysed.</p> <p>DOCUMENTS. Tax ordinances.</p>		
	<p>INDICATOR 11.2.2. PRICING METHODS (USER CHARGES) ARE BASED ON LOCAL POLICY GOALS</p> <p>The extent to which the methods to set the amount of the user chargers are linked to local policy goals (consumption block, taxpayer classification, etc.) will be analysed.</p> <p>DOCUMENTS. Tax ordinances.</p>		
	<p>INDICATOR 11.2.3. EXTERNAL IMPACT OF CHARGE INCREASE</p> <p>The possible external impact of increases in charges regarding illegal dumping of waste, illegal connection to water mains, unaccounted water supply, will be analysed.</p> <p>DOCUMENTS. Tax ordinances.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>III. Fees, charges and miscellaneous revenues</i>			
11.3. Choice between charges or local taxes should be made explicit (R28)	<ul style="list-style-type: none"> • Local policy preferences are reflected in defining the proportions between local taxes and user charges • User charges are preferred for services with a <ul style="list-style-type: none"> - measurable output, - visible benefit, - easily identifiable user, - alternative service providers, - measurable costs, - manageable collection of charges - significant revenue stream. 	Local budget Regulations on pricing	0-10
<p><i>R28. The choice between financing through charges (in which case users pay) and financing through taxes (in which case taxpayers pay) should be explicit and taken by the authorities with due regard for the specific features and preferences of each authority. It should be taken, for each service, in the light of considerations of fairness and equality.</i></p> <p><i>R28. La elección entre la financiación a través de tasas (en el que pagan los usuarios) y la financiación a través de impuestos (en la que pagan los contribuyentes) debe ser explícita y de las autoridades teniendo en cuenta las características y preferencias de cada una de ellas. Deben tomarse, paracada servicio, a la luz de las consideraciones de equidad e igualdad.</i></p>			
	<p>INDICATOR 11.31. LOCAL POLICY PREFERENCES ARE REFLECTED IN DEFINING THE PROPORTION BETWEEN LOCAL TAXES AND USER CHARGES</p> <p>The extent to which the local policy preferences are reflected in the proportion between local taxes and user charges will be analysed.</p> <p><i>DOCUMENTS. Tax ordinances, Municipal budget</i></p>		
	<p>INDICATOR 11.3.2. APPROPRIATE CONFIGURATION OF THE USER CHARGES</p> <p>The extent will be analysed to which user charges are preferred for services with a:</p> <ul style="list-style-type: none"> - measurable output - visible benefit - easily identifiable user - alternative service providers - measurable costs 		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>III. Fees, charges and miscellaneous revenues</i>			
	<ul style="list-style-type: none"> - manageable collection of charges - significant revenue stream. DOCUMENTS. Tax ordinances, Municipal budget		
SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>III. Fees, charges and miscellaneous revenues</i>			
11.4. Access to essential services by disadvantaged groups should be preserved (R29)	<ul style="list-style-type: none"> • Pricing methods reflects social policy goals (partial costs pricing) • Subsidies for service users financed through charges are in place 	Local budget Regulations on pricing	0-10
<i>R29. Local authorities should make sure that access to essential services is preserved for the most disadvantaged sections of the population.</i>			
<i>R29. Las autoridades locales deben asegurarse de que el acceso a los servicios esenciales se mantiene para los sectores más desfavorecidos de la población.</i>			
	INDICATOR 11.4.1. PRICING METHODS (USER CHARGES) REFLECT SOCIAL POLICY GOALS The extent to which pricing methods for the user charges reflect social policy goals (specific treatment of taxpayers who are unemployed, low paid, etc.) will be analysed. DOCUMENTS. Tax ordinances.		
	INDICATOR 11.4.2. SUBSIDIES FOR SERVICE USERS FINANCED BY CHARGES ARE IN PLACE The extent to which subsidies or reduced rates for certain service users financed through charges are in place will be analysed. DOCUMENTS. Tax ordinances.		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>III. Fees, charges and miscellaneous revenues</i>			
11.5. Exceptional revenues should finance capital revenues (R31)	<ul style="list-style-type: none"> • Windfall revenues are separated in local budget • Own source capital revenues are used only for capital expenditure 	Local budget	0-10
	<p>INDICATOR 11.5.1. WINDFALL REVENUES ARE REFLECTED SEPARATELY IN THE LOCAL BUDGET</p> <p>Whether windfall revenues are reflected separately in the local budget will be analysed.</p> <p>DOCUMENTS. Budgetary regulations, Municipal budget.</p>		
	<p>INDICATOR 11.5.2. OWN SOURCE CAPITAL REVENUES ARE USED ONLY TO FINANCE CAPITAL EXPENDITURE</p> <p>Whether own source capital revenues are used only to finance capital expenditure will be analysed.</p> <p>DOCUMENTS. Budgetary regulations, Municipal budget.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>IV. Capital Budget Financing</i>			
12.1. Local capital investments are managed effectively	<ul style="list-style-type: none"> • appropriations on capital expenditures are separated in the local budgets • capital investment projects are completed within the forecasted budget • large capital projects, constructions are finished on time 	Local government budget and annual financial reports Capital investment project documents	0-10
	INDICATOR 12.1.1 APPROPRIATIONS ON CAPITAL EXPENDITURES ARE SEPARATED IN THE LOCAL BUDGET Whether appropriations on capital expenditures are separated in the local budgets will be analysed. <i>DOCUMENTS. Budgetary regulations, Municipal budget.</i>		
	INDICATOR 12.1.2. COMPLETION OF CAPITAL INVESTMENT PROJECTS WITHIN THE FORECASTED BUDGET The extent to which capital investment projects are completed within the forecasted budget will be analysed. <i>DOCUMENTS. Municipal Budget</i>		
	INDICATOR 12.1.3. COMPLETION OF LARGE CAPITAL PROJECTS (CONSTRUCTIONS) ON TIME The extent to which large investment projects are completed on time will be analysed. <i>DOCUMENTS. Municipal Budget</i> CONTROL AND MONITORING EXPENDITURE PROJECTS		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>IV. Capital Budget Financing</i>			
12.2. Capital expenditures are funded by diverse sources of local revenues	<ul style="list-style-type: none"> • surplus of general revenue over operational costs is identifiable from the municipal accounts and local financial reports, • non-recurrent revenues, such as sale of assets, proceeds from privatisation are appropriated to investment expenditures, only. • affordable borrowing is confined to funding long term investment • revenues raised through private sector participation for capital investments • intergovernmental transfers intended for capital projects 	Local government budget and annual financial reports Capital investment project documents Loan agreements	0-10
	<p>INDICATOR 12.2.1. THE SURPLUS OF THE GENERAL REVENUE OVER OPERATIONAL COSTS IS IDENTIFIABLE IN THE MUNICIPAL ACCOUNTS AND LOCAL FINANCIAL REPORTS</p> <p>The extent to which the surplus of the general revenue over operational costs is identifiable from the municipal accounts and local financial reports will be analysed.</p> <p>DOCUMENTS. Budgetary regulations, Municipal budget.</p>		
	<p>INDICATOR 12.2.2. WINDFALL REVENUES (NON-RECURRENT) FROM CAPITAL OPERATIONS, SUCH AS SALE OF ASSETS, PROCEEDS FROM PRIVATISATIONS ARE APPROPRIATED TO INVESTMENT EXPENDITURE</p> <p>The extent to which the revenues from capital operations (disposal of real estate investments) are used only for financing investment expenditure will be analysed.</p> <p>DOCUMENTS. Budgetary regulations, Municipal budget.</p>		
	<p>INDICATOR 12.2.3. AFFORDABLE BORROWING IS CONFINED TO FUNDING LONG-TERM INVESTMENT</p> <p>The extent to which the revenues from capital operations are used only for funding investment expenditure will be analysed.</p> <p>DOCUMENTS. Budgetary regulations, Municipal budget.</p>		
	<p>INDICATOR 12.2.4. REVENUES RAISED THROUGH PRIVATE SECTOR PARTICIPATION FOR CAPITAL INVESTMENTS?</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>IV. Capital Budget Financing</i>			
	DOCUMENTS.		
	INDICATOR 12.2.5 INTERGOVERNMENTAL TRANSFERS INTENDED FOR CAPITAL PROJECTS The existence of capital transfers from other authorities and aimed a capital expenditure will be analysed. DOCUMENTS. Municipal Budget		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>IV. Capital Budget Financing</i>			
12.3. Debt service costs are covered by estimated surplus of revenue over operational costs	<ul style="list-style-type: none"> • funds available from the general municipal budget • revenues (fees, charges) accruing from the assets created 	Local government annual financial reports Capital investment project documents Financial reports of service organisation managing the completed capital project Local regulation on user charge setting	0-10
	INDICATOR 12.3.1. FUNDS AVAILABLE FROM THE GENERAL MUNICIPAL BUDGET TO COVER BORROWING COSTS The obligation to cover the debt service costs through the surplus of the ordinary revenue over operational costs, in other words, by means of operational revenue will be analysed. DOCUMENTS. Budgetary Regulations, Budgetary Stability Act, Municipal Budget.		
	INDICATOR 12.3.2. REVENUE ACCRUING FROM THE ASSETS CREATED? DOCUMENTS.		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>IV. Capital Budget Financing</i>			
12.4. Short term loans finance cash flow deficits within the fiscal year	<ul style="list-style-type: none"> • structure of local government annual borrowing (flow) • changes in the composition of local government debt (stock) • short term loans are eliminated by the close of the budget year 	Local government annual financial reports Loan agreements	0-10
	INDICATOR 12.4.1. STRUCTURE OF LOCAL GOVERNMENT ANNUAL BORROWING The extent to which short-term loans are used to finance cash flow deficits will be analysed. DOCUMENTS. Financial reports.		
	INDICATOR 12.4.2. CHANGES IN THE COMPOSITION OF LOCAL GOVERNMENT DEBT STOCK DOCUMENTS. Financial reports.		
	INDICATOR 12.4.3. SHORT-TERM LOANS (CASH FLOW OPERATIONS) ARE ELIMINATED BY THE CLOSE OF THE BUDGET YEAR The extent to which short-term loans are eliminated by the close of the budget year in which they are taken out will be analysed. DOCUMENTS. Financial reports.		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>IV. Capital Budget Financing</i>			
12.5. Borrowing complies with limits imposed by the national legislation	<ul style="list-style-type: none"> information required by national borrowing regulations is available from the financial reports for several years (on annual borrowing, debt repayment (interest, capital), debt stock) loan guarantees (contingent liabilities) are incorporated in reports on municipal debt ratio of utilizing limits on local government borrowing: actual year and medium-term forecasts 	Local government budget and annual financial reports Loan applications Capital investment project documents	0-10
	<p>INDICATOR 12.5.1. AVAILABILITY OF THE INFORMATION REQUIRED BY THE NATIONAL BORROWING REGULATIONS FROM FINANCIAL REPORTS FOR SEVERAL YEARS</p> <p>The extent to which the information required by national borrowing regulations is available from the financial reports for several years will be analysed. The data includes information on debt stock, financial burden, etc.</p> <p>DOCUMENTS. Financial reports.</p>		
	<p>INDICATOR 12.4.2 LOAN GUARANTEES ARE INCORPORATED IN REPORTS ON MUNICIPAL DEBT</p> <p>The extent to which the borrowing annexes include loan guarantees will be analysed.</p> <p>DOCUMENTS. Financial reports.</p>		
	<p>INDICATOR 12.4.3. RATIO OF USING LIMITS ON LOCAL GOVERNMENT BORROWING</p> <p>The extent to which the limits on local municipal borrowing is reached, both regarding the current year and in medium-term forecasts will be analysed.</p> <p>DOCUMENTS. Financial reports.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>V. Local property</i>			
13.1. Local governments keep records of their own assets and liabilities.	<ul style="list-style-type: none"> • municipal balance sheets are annually prepared • report on local assets is based on inventories, audited information sources • value of local non-financial assets is regularly updated • complete inventories of direct and indirect (contingent) liabilities • consolidated local government balance sheets are publicly available 	Local planning and reporting regulations Local regulations on asset management Local budgets, financial reports Contracts with service organisations and property managers	0-10
	INDICATOR 13.1.1. BALANCE SHEETS ARE PREPARED (REPORTED) ANNUALLY The extent to which the balance sheet reflecting the equity of the local authority is approved annually will be analysed. <i>DOCUMENTS. General Accounts</i>		
	INDICATOR 13.1.2. THE REPORTS ON LOCAL ASSETS ARE BASED ON INVENTORIES AND AUDITED INFORMATION SOURCES The extent to which the municipal asset appraisal reports are based on the inventory will be analysed. Therefore, the extent to which there is an inventory appraising local rights and assets will be assessed. <i>DOCUMENTS. Municipal inventory.</i>		
	INDICATOR 13.1.3. REGULAR UPDATING OF THE VALUE OF NON-FINANCIAL ASSETS <i>DOCUMENTS.</i>		
	INDICATOR 13.1.4. COMPLETE INVENTORY OF DIRECT AND INDIRECT (CONTINGENT) LIABILITIES <i>DOCUMENTS.</i>		
	INDICATOR 13.1.5. PUBLIC AVAILABILITY OF THE CONSOLIDATED LOCAL GOVERNMENT BALANCE SHEETS The public availability of the consolidated local government balance sheets will be analysed. <i>DOCUMENTS. General Accounts</i>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>V. Local property</i>			
13.2. Organisational forms and rules of asset management are transparent	<ul style="list-style-type: none"> clearly regulated decision making powers on sale, use and charging of municipal assets effective local government control over the municipal asset management organisation 	Local regulations on asset management Statutes, bylaws, procedures, contracts on municipal property management	0-10
	<p>INDICATOR 13.2.1. CLEARLY REGULATED DECISION MAKING POWERS REGARDING SALE, USE AND MORTGAGING OF MUNICIPAL ASSETS</p> <p>The extent to which there are clear regulations on the sale, use and charging of the assets included in the municipal inventory will be analysed.</p> <p>DOCUMENTS. Local Regulations on Asset Management.</p>		
	<p>INDICATOR 13.2.2. EFFECTIVE LOCAL GOVERNMENT CONTROL OVER MUNICIPAL ASSET MANAGEMENT (INVENTORY).</p> <p>The extent to which the plenary meeting of the local authority holds effective control of municipal asset management (inventory) will be analysed.</p> <p>DOCUMENTS. Financial reports.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>V. Local property</i>			
13.3 Local governments keep control of strategic property	<ul style="list-style-type: none"> • infrastructure and networks are clearly separated from the equipment and other operational assets of service provision • service organisations managing natural monopolies are controlled by local governments as owners or through contracts 	Local government balance sheets and property inventories Local company statutes Utility and urban service contracts	0-10
	INDICATOR 13.3.1 INFRASTRUCTURES AND NETWORKS ARE CLEARLY SEPARATED FROM THE EQUIPMENT AND OTHER OPERATIONAL ASSETS FOR SERVICE PROVISION. DOCUMENTS. Local Regulations on Asset Management.		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>V. Local property</i>			
13.4. Regulations on municipal companies ensure their long term financial stability	<ul style="list-style-type: none"> • medium term service management contracts and their annual specifications define the service performance, the level and method of compensation • the municipal compensation covers the operational costs and a reasonable profit, deducting other service related company revenues • excess compensation is returned to the client local government • ownership of assets and related maintenance obligations are set by the contracts • in the public-private partnership arrangements the private partner bears the construction risk and at least either the availability or the demand risk 	Municipal service management contracts Local government expenditures (compensation, subsidies) on services provided by companies PPP agreements	0-10
	<p>INDICATOR 13.4.1. THE MEDIUM-TERM SERVICE MANAGEMENT CONTRACTS AND THEIR ANNUAL SPECIFICATIONS DEFINE THE SERVICE PERFORMANCE, THE LEVEL AND METHOD OF COMPENSATION</p> <p>DOCUMENTS.</p>		
	<p>INDICATOR 13.4.2. THE MUNICIPAL COMPENSATION (CONTRIBUTION) COVERS THE OPERATIONAL COSTS AND A REASONABLE PROFIT, DEDUCTING OTHER SERVICE-RELATED REVENUE</p> <p>DOCUMENTS.</p>		
	<p>INDICATOR 13.4.3. EXCESS COMPENSATION IS RETURNED TO THE LOCAL GOVERNMENT (CLIENT)</p> <p>DOCUMENTS.</p>		

SECTION and AREA (with reference to the number of the Recommendation)	ACTIVITY, INDICATOR	VERIFICATION STATEMENT, DOCUMENTS	SCORE
<i>V. Local property</i>			
	INDICATOR 13.4.4. OWNERSHIP OF ASSETS AND MAINTENANCE OBLIGATIONS ARE SET IN THE CONTRACTS DOCUMENTS.		
	INDICATOR 13.4.5. IN THE PUBLIC-PRIVATE PARTNERSHIP ARRANGEMENTS, THE PRIVATE PARTNER BEARS THE CONSTRUCTION RISK AND AT LEAST THE DEMAND RISK DOCUMENTS.		

4. Benchmarks of financial management of local and regional authorities: local authorities

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
1. Fiscal strategy design			
1.1. Overall financial framework of multi-year budget (R.45)	Budget is based on central macroeconomic policies and middle term local policies. Clear connections between local policies, strategies and budget items establish accountability. The changes of overall budget cap fit into the macroeconomic framework and accepted by the local policy objectives.	Yearly budget document exist. Budget documents include sheets, comparative data. Budget items are transparent and structured, properly classified. Budgetary Stability Act (budget framework, cost regulation) Budgetary Framework.	0-10
<p><i>R45. The local or regional authority should draw up pluri-annual budget plans (covering the two to four years following the current year) setting out the overall budget objectives, an indication of the cost of pursuing the policies and undertakings subscribed to, and future budgetary consequences of decisions taken or to be taken.</i></p> <p><i>According to the conclusions of the CDLR in its report "Budgetary procedures and budget management at local authority level", the preparation of pluri-annual budget plans is an essential tool of good financial and budgetary management. Plans should set out the budget objectives, the decisions to be taken and detailed financial estimates.</i></p> <p><i>R45. La autoridad local o regional debe elaborar planes presupuestarios plurianuales (que abarquen de los dos a cuatro años desde el año en curso) estableciendo objetivos generales del presupuesto, una indicación de los costes de aplicación de las políticas y los compromisos suscritos, y las futuras consecuencias presupuestarias de las decisiones adoptadas o que se adopten.</i></p> <p><i>De acuerdo con las conclusiones de la CDLR en su informe "los procedimientos presupuestarios y la gestión presupuestaria a nivel de las autoridades locales", la preparación de los planes presupuestarios plurianuales es una herramienta esencial de la buena gestión financiera y presupuestaria. Los planes deben establecer los objetivos presupuestarios, las decisiones que se deben tomar y detallados cálculos financieros.</i></p>			
	INDICATOR 1.1.1. THE BUDGET IS BASED ON CENTRAL MACROECONOMIC POLICIES AND MEDIUM-TERM LOCAL POLICIES The extent to which the budget is based on macro-economic indicators and on medium-term local policies will be analysed. The annual budget is based on macro-economic forecasts (CPI, GDP, collecting ceded taxes [<i>tributes concertados</i>], etc.)		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
1. Fiscal strategy design			
	<p>and on the impact of the local policies (implementation of medium-term strategic core areas).</p> <p>The budgetary framework correlates the multi-annual budget, the macro-economic forecasts and the evolution of local policies in the different management areas.</p> <p><i>DOCUMENTS. Annual budget.</i></p>		
	<p>INDICATOR 1.1.2. CLEAR CONNECTIONS BETWEEN LOCAL POLICIES, STRATEGIES AND BUDGET ITEMS ESTABLISHES ACCOUNTABILITY.</p> <p>The extent to which there is a clear connection between the local policies and strategies and the budget, establishing accountabilities, will be analysed.</p> <p>Local policies are turned into medium-term strategic lines of action, which are reflected in the annual budgets, by means of earmarking spending to the different programmes and management areas.</p> <p><i>DOCUMENTS. Annual budget.</i></p>		
	<p>INDICATOR 1.1.3. THE CHANGES TO THE OVERALL BUDGET CAP FALL WITHIN THE MACRO-ECONOMIC FRAMEWORK AND ARE COHERENT WITH THE LOCAL POLICY GOALS</p> <p>The extent to which the changes to the overall budget cap fall within the macro-economic forecasts and are coherent with the local policy goals will be analysed.</p> <p>The multi-annual budget framework is adjusted according to the macro-economic forecasts and to the policies to be deployed by the council in the medium term.</p> <p><i>DOCUMENTS. Annual budget, Budgetary Framework.</i></p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
1. Fiscal strategy design			
1.2. Multi-annual budget plans (R.45)	The precondition of balanced annual budget is the multi-annual plan, which aligns the resources and service levels. Multi-annual plan does not play only a formal role it does not have strong managing power. It considers the future consequences of financial decisions on an accrual basis.	Regularly updated multi annual plan Separate long term budget decisions (large projects, investments), which influences the commitments of the actual year. Budgetary Framework. Multi-annual borrowing statement	0-10
	INDICATOR 1.2.1. THE PRECONDITION OF A BALANCED ANNUAL BUDGET IS THE MULTI-ANNUAL PLAN (BUDGET), WHICH ALIGNS THE RESOURCES AND SERVICE LEVEL The extent to which the local authority has a Multi-annual Spending Annex (commitment appropriation annex) which sets out the borrowing needed to cover future spending to which it is committed will be analysed. The availability of budgetary frameworks in the medium term will likewise be analysed. DOCUMENTS. Annual budget, Budgetary Framework. Multi-annual borrowing statement.		
	INDICATOR 1.2.2. POWER OF THE MULTI-ANNUAL BUDGETARY PLAN AS A MANAGEMENT TOOL. The extent to which the multi-annual budgetary plan is not only a formal document, but has management capacity power will be analysed. The future consequence of the financial decision on accumulated based must be considered DOCUMENTS. Budget Framework.		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
1. Fiscal strategy design			
1.3. Budget strategy debate (R.73.)	<p>In the budget process the first step is to debate and approve the actual budget objectives and fiscal policy. It prevents</p> <ul style="list-style-type: none"> wasting time to calculate unrealistic budget request, exceed budget needs comparing the manageable level. <p>Separation between local fiscal policy (taxes and user charges) and budget design Tax rates and user charges are set beforehand.</p> <p>It shows the direction how to calculate the details of budget. Supports the quality of service delivering on long term.</p>	<p>Proposal for yearly budget proposal. Predefined components and conditions, which are subject to approve.</p>	0-10
<p><i>R 73. A budget strategy debate should be organised at the beginning of the budgetary procedure, permitting initial discussion of the overall objectives to be adopted for the year and possibly the years to come.</i></p> <p><i>R 73. El debate sobre la estrategia presupuestaria debe organizarse al inicio del procedimiento presupuestario, permitiendo la discusión inicial de los objetivos generales que se adopten para el año y, posiblemente los años próximos.</i></p>			
	<p>INDICATOR 1.3.1. BUDGET STRATEGY DEBATE: THE FIRST STEP IN THE BUDGET PROCESS IS TO DEBATE THE GENERAL BUDGET OBJECTIVES AND FISCAL POLICY.</p> <p>The existence of a budget strategy debate organised at the start of the budget process, when the general budget objectives and fiscal policy are discussed (and approved), will be analysed.</p> <p>This debate prevents time wasting by calculating unrealistic budget forecasts, along with excessive budget needs compared to manageable levels.</p> <p>At the same times it facilitates the quantification of the budget items and supports the quality of the services delivered in the long term.</p> <p>DOCUMENTS. Minutes of reporting committees.</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
2. Budgeting methods and capacity			
<p>2.1. Technical capacity in budget preparation procedure. (R. 46., 57., 58.)</p>	<p>The number of participating departments, including the nature of their work.</p> <p>Budget preparation is supported by all type of local professional capacity.</p> <p>Budget Manager, Technicians in charge of each department, general financial controller, general secretary, etc.</p> <p>The budget preparation is the most powerful tool to discuss and select the best solutions of service delivery.</p> <p>Comparisons are used to justify the appropriate changes in figures, comparing the former performances, according to the objectives.</p> <p>Broad involvement of staff and available professional capacity supports autonomy and openness</p>	<p>Local technical rule book, which regulates the duties and cooperation of departments. Rule book includes the pattern of working sheets, with ID numbers.</p> <p>Function Manual</p> <p>IT system which supports the calculations and documentations, and workflow regulates budget development.</p> <p>Spreadsheets, Word documents, budget management and accounting system</p> <p>Annually issued technical bulletin available to address the extraordinary circumstances and to assign obligations.</p> <p>Schedule with deadlines of key decision.</p> <p>Budget approval schedule</p>	<p>0-10</p>
<p><i>R46. Budget projections and proposals should be prepared with the involvement of in-house experts (for example, receiver, treasurer, internal auditor) and outside opinions (such as economists, independent auditors, etc.), particularly in the event of public debate (hearings before the relevant committees, the local or regional council, etc.).</i></p> <p><i>R57. Preparation of the budget should be the responsibility of a specialised unit of the local or regional authority with a good knowledge of the authority's operational departmental costs and budget consumption so that it can propose different options to the executive and prepare internal arbitration before arbitration at a later stage.</i></p> <p><i>R 58. Budget proposals should be discussed by the authorities and persons responsible for the domain concerned and then by those responsible for finance, who should consider overall balances, overall income, borrowings and any problems raised</i></p> <p><i>R46. Las proyecciones presupuestarias y propuestas deben prepararse con la participación de expertos internos (por ejemplo, ¿un cajero?, un tesorero, auditor interno) y opiniones externas (tales como economistas, auditores independientes, etc), y especialmente en el caso de que el debate público (audiencias ante las comisiones pertinentes, el consejo local o regional, etc.)</i></p>			

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
2. Budgeting methods and capacity			
<p><i>R57. Preparación del presupuesto debe ser responsabilidad de una unidad especializada de la autoridad local o regional con un buen conocimiento de los costos de los departamentos operativos de la autoridad y el consumo de presupuesto para que pueda proponer distintas opciones para el ejecutivo y preparar el arbitraje interno antes de arbitraje en una tarde etapa.</i></p> <p><i>R 58. Presupuesto de los trabajos de las autoridades y de las personas responsables del bien de que se trate y de los responsables de finanzas, quien debe considerar los saldos totales, los ingresos en general, los empréstitos y los problemas planteados.</i></p>			
	<p>INDICATOR 2.1.1. NUMBER OF PARTICIPATING DEPARTMENTS, INCLUDING THE NATURE OF THEIR WORK</p> <p>The number of departments participating in the budget preparation and the nature of their work will be analysed.</p> <p>All the manager divisions of the Local Council will take part in the budget preparation.</p> <p>DOCUMENTS. Budget preparation procedure.</p>		
	<p>INDICATOR 2.1.2. BUDGET PREPARATION IS SUPPORTED BY ALL TYPES OF LOCAL PROFESSIONAL TECHNICAL CAPACITIES</p> <p>The extent to which the budget preparation is supported by all types of professional capacities of the local authority will be analysed.</p> <p>Therefore, the budget projections and proposals being prepared with the involvement of in-house experts (technicians in charge of the management areas, general financial controller, etc.) and outside professionals (economists, auditors, etc.) will be assessed</p> <p>DOCUMENTS. Budget preparation procedure.</p>		
	<p>INDICATOR 2.1.3. BUDGET PREPARATION IS THE MOST POWERFUL TOOL TO DISCUSS AND SELECT THE BEST SOLUTIONS OF SERVICE DELIVERY</p> <p>The extent to which budget preparation is the appropriate tool to constrain the scope and quality of the services to be delivery by the local authority will be analysed.</p> <p>DOCUMENTS. Budget preparation procedure.</p>		
	<p>INDICATOR 2.1.4. COMPARISONS ARE USED TO JUSTIFY THE APPROPRIATE CHANGES IN THE FIGURES, COMPARING THE FORMER PERFORMANCES, ACCORDING TO THE OBJECTIVES.</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
2. Budgeting methods and capacity			
	<p>The extent to which comparison of the figures with regard to the budgets of previous years is used in the budget preparation will be analysed. The changes to the budget allocations earmarked for the different programmes, in accordance with the objectives, will thus be seen.</p> <p>DOCUMENTS. Municipal Budget</p>		
	<p>INDICATOR 2.1.5. BROAD INVOLVEMENT OF STAFF AND AVAILABLE TECHNICAL CAPACITY SUPPORTS AUTONOMY AND TRANSPARENCY</p> <p>DOCUMENTS. Budget preparation procedure.</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
2. Budgeting methods and capacity			
2.2. Nature of voting units (R. 47.)	<p>The ceiling and objectives of voting units are clear enough to implement the expected outputs; and their quantity and quality are measured.</p> <p>Without the appropriate decisions by commitment type changes on voting unit is prohibited. (R. 50.)</p> <p>Clear structure of voting units keeps track of the budget implementation and service performance.</p>	<p>Standardized forms to develop voting units. Local criteria and conditions of budget explanations, but only for allocation purpose.</p> <p>Classification system of voting units exists.</p> <p>Annual packages of voting units, with ID codes for book keeping connections.</p> <p>Cross referenced sheets to analyze the budget priorities and other features of budget.</p>	0-10
<p><i>R 47. Whenever a decision is taken by the executive or the local or regional council, the budgetary expenditure for the current year and the following financial years should be clearly explained.</i></p> <p><i>R 47. Cada vez que se toma una decisión por parte del ejecutivo o el consejo local o regional, el gasto presupuestario para el año en curso y los ejercicios siguientes se debe explicar con claridad.</i></p>			
	<p>INDICATOR 2.2.1. THE CEILING AND OBJECTIVE OF VOTING UNITS ARE CLEAR ENOUGH TO IMPLEMENT THE EXPECTED OUTPUTS; AND THEIR QUANTITY AND QUALITY ARE MEASURED?</p> <p>DOCUMENTS. .</p>		
	<p>INDICATOR 2.2.2. CHANGES TO VOTING UNIT ARE PROHIBITED WITHOUT THE APPROPRIATE DECISIONS BY COMMITMENT TYPE?</p> <p>DOCUMENTS. .</p>		
	<p>INDICATOR 2.2.3. CLEAR STRUCTURE OF VOTING UNITS KEEPS TRACK OF THE BUDGET IMPLEMENTATIONS AND SERVICE PERFORMANCE?</p> <p>DOCUMENTS. .</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
2. Budgeting methods and capacity			
2.3. Analytical sheets make the budget transparent (R. 47.)	<p>The system of connected budget sheets supports the understanding of the budget, providing different dimensions of the data.</p> <p>The objectives of using more dimensions and cross-references to serve information for decision making, and with the same figures to set up the obligations for budget implementations, according to the implementation rules.</p> <p>A structured set of analytical budget helps to understand better the power of budget planning</p>	Set of budget sheets with explanations.	0-10
	<p>INDICATOR 2.3.1. THE CONNECTED BUDGET SHEETS (LISTS) FACILITATE THE UNDERSTANDING OF THE BUDGET, PROVIDING DIFFERENT DIMENSIONS OF THE DATA.</p> <p>The existence of different lists to supply budget information and the possibility of consulting the budget by different criteria will be analysed.</p> <p>DOCUMENTS. Budget sheets</p>		
	<p>INDICATOR 2.3.2. THE OBJECTIVES OF USING MORE DIMENSIONS AND CROSS-REFERENCES (MAINSTREAMING) TO SUPPLY INFORMATION FOR DECISION MAKING, ACCORDING TO THE IMPLEMENTATION RULES.</p> <p>The existence of different dimensions (aggregation levels) and cross-referenced lists to supply information for decision-taking, pursuant to the application rules will be assessed. All referring to the same amounts of the budget items.</p> <p>DOCUMENTS. Budget structure, Budget sheets.</p>		
	<p>INDICATOR 2.3.3. A STRUCTURED SET OF ANALYTICAL BUDGET SHEETS HELD TO BETTER UNDERSTAND THE POWER OF BUDGET PLANNING.</p> <p>DOCUMENTS. Budget sheets</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
2. Budgeting methods and capacity			
2.4. Explanations of performance (R.54)	Budgeting and output data and information on performances explain fiscal objectives. An agreement between elected members and officials on the performance indicators is the starting point to improve service level. Performance monitoring focuses on the public money to deliver the expected outputs Economic-financial and fiscal indicators Indicators of actions in certain areas??	The local rules on performance measurement and presentation. Rules to maintain a database to monitor and compare performances during the fiscal year.	0-10
<p><i>R54. Information on the performance of the local or regional service management (financial indicators, output and impact indicators, comparisons with the performances of other local or regional authorities and the interpretation of such information) should, where appropriate, be appended to budgetary documents.</i></p> <p><i>R45. The local or regional authority should draw up pluri-annual budget plans (covering the two to four years following the current year) setting out the overall budget objectives, an indication of the cost of pursuing the policies and undertakings subscribed to, and future budgetary consequences of decisions taken or to be taken.</i></p> <p><i>R54. La información sobre la gestión de los servicios locales o regionales (indicadores financieros, indicadores de resultados y de impacto, comparaciones con los resultados de otras autoridades locales y regionales, e interpretación de la información) debe, en su caso, ser adjuntada a los documentos presupuestarios.</i></p> <p><i>R45. La autoridad local o regional debe elaborar los planes presupuestarios plurianuales (que abarca los dos y cuatro años después del año en curso) que establecen los objetivos generales del presupuesto, una indicación de los costes de aplicación de las políticas y los compromisos suscritos y el futuro presupuesto consecuencias de la decisiones adoptadas o que se adopten.</i></p>			
	INDICATOR 2.4.1. BUDGETING, OUTPUT AND PERFORMANCE INDICATORS EXPLAIN THE FISCAL OBJECTIVES The existence of budgeting, output and impact indicators will be analysed, along with the comparison with indicators of other authorities. The information relating to the management indicators of the local authority should be attached as an annex to the budget documents. DOCUMENTS. Bizkaia Provincial Council Management Indicators.		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
2. Budgeting methods and capacity			
	<p>INDICATOR 2.4.2. AN AGREEMENT (CONSENSUS) BETWEEN ELECTED OFFICIALS AND CIVIL SERVANTS REGARDING THE PERFORMANCE INDICATORS IS THE STARTING POINT TO IMPROVE THE SERVICE LEVEL.</p> <p>The existence of performance indicators agreed by the elected politicians and the technicians of the local authority will be analysed.</p> <p>DOCUMENTS. Management Indicators.</p>		
	<p>INDICATOR 2.4.3. PERFORMANCE MONITORING FOCUSES ON THE PUBLIC MONEY TO DELIVER THE EXPECTED OUTPUTS?</p> <p>DOCUMENTS:</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
2. Budgeting methods and capacity			
2.5. Satellite agencies in the budget proposal. Rules of consolidations of accounts (R. 61.)	<p>The scope of local budgets fits into national framework, and it does not include prohibited items.</p> <p>Based on the central rules, the nature of local bodies is identified and the coding system for classification exist. The proper classes of bodies are the precondition of proper consolidation of financial data.</p> <p>Consolidation codes</p> <p>Consolidation rules and levels</p>	<p>Budget documents</p> <p>Registration of satellite agencies with their ID codes.</p> <p>Written local rules for financial consolidation.</p> <p>Accounting rules for consolidation.</p> <p>Consolidation regulations</p>	0-10
<p><i>R61. The presentation of the budget and accounts must give as complete and objective a picture as possible of the local or regional authority's financial situation. The local or regional authority should work towards drawing up consolidated accounts, integrating the results and showing the risks and obligations of the different satellite agencies.</i></p> <p><i>R61. La presentación del presupuesto y las cuentas deben dar una imagen lo más posible completa y objetiva de la situación financiera de la autoridad local o regional. La autoridad local o regional debe trabajar en pro de la elaboración de las cuentas consolidadas, la integración de los resultados, que muestre los riesgos y obligaciones de los diferentes organismos de satélites.</i></p>			
	<p>INDICATOR 2.5.1. THE SCOPE OF LOCAL BUDGET FIT INTO A NATIONAL FRAMEWORK (SPHERE) AND DOES NOT INCLUDED PROHIBITED items.</p> <p>The existence of consolidated financial statements, including the equity situation, the results and showing the risks and obligations of the local authority and its satellite agencies will be assessed.</p> <p>DOCUMENTS. General Accounts</p>		
	<p>INDICATOR 2.5.2. BASED ON CENTRAL RULES, THE NATURE OF LOCAL ENTITIES IS IDENTIFIED FOR THEIR CLASSIFICATION TO EXIST.</p> <p>The identification by means of the correct coding of local entities, pursuant to national criteria, will be assessed.</p> <p>An appropriate classification of local entities is the precondition of an appropriate consolidation of the financial data.</p> <p>DOCUMENTS. General Accounts</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
2. Budgeting methods and capacity			
<p>2.6. Financial reserves for risk management (R. 63., 64., 65., 67., 68., 69.)</p> <p>Provisiones de insolvencias</p>	<p>The framework of sound financial system and risk management exists. It includes:</p> <ul style="list-style-type: none"> the qualifying criteria, rules to sort risks, which subject to predefined financial reserves. rules to sort risks, which, maybe need some insurance. <p>The structures, figures to present risky items, loans, guarantees, etc, in the budget documents exist.</p> <p>There is a follow-up systems and ongoing control system.</p> <p>Responsibilities of risk management in the organization structure are clearly published and assigned.</p>	<p>Risk management framework.</p> <p>Listed risks, sorted by the level of risks, as a part of budget document.</p> <p>Rules and procedures on the assignment of risk management responsibilities in the organization.</p>	0-10
<p><i>R 63 The presentation of the budget should be accompanied by an analysis of the financial risks to which the local or regional authority is exposed: the quantifiable risks should give rise to setting up reserves, while the degree of exposure to non-quantifiable risks should be estimated.</i></p> <p><i>R 64. In those countries where the local or regional authorities are at liberty to deposit their funds at the banks that they deem appropriate, a system of insurance or re-insurance is needed to protect the local or regional authorities against the loss of some of their assets in the event of bankruptcy of their bank.</i></p> <p><i>R 65 Guarantee or guarantee deposit obligations should be published, with a distinction being made between the obligations during the financial year, the loans outstanding and the costs arising from these guarantees; the use of risk-assessment ratios to limit these risks is to be recommended.</i></p> <p><i>R 67 If the local or regional authority has the right to invest on the financial market, it should, in principle, limit such investment to the bond market. Any other financial product should be the subject of specific ratios for assessing their volatility and risk and in every case be subject to professional management.</i></p> <p><i>R 68 Follow-up systems and ratios should be set up, the most important of which must be made public so as to enable the financial situations to be compared and the divergences to be analysed and to prevent risks.</i></p> <p><i>R 69 Local and regional authorities should acquire, individually or collectively, the expertise necessary to manage risks arising from their financial obligations; that expertise may imply training financial executives of local administrative bodies or involving the state services or independent public consultancy bodies, the associations of local authorities and the private sector on a commercial basis. Consultancy and supervisory functions should not be exercised by the same body</i></p> <p><i>R 63 La presentación del presupuesto debe ir acompañado de un análisis de los riesgos financieros a los que la autoridad local o regional se expone: los riesgos</i></p>			

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
2. Budgeting methods and capacity			
<p><i>cuantificables deben dar lugar a la constitución de reservas, mientras que el grado de exposición a los riesgos no cuantificables debe ser estimado.</i></p> <p><i>R 64. En aquellos países en los que las autoridades locales o regionales tengan libertad para depositar sus fondos en los bancos que estimen necesarias, se necesita un sistema de seguro o reaseguro para proteger a las autoridades locales o regionales contra la pérdida de algunos de sus activos en caso de quiebra del banco.</i></p> <p><i>R 65 Las garantías o las obligaciones de garantía de depósitos deben publicarse, distinguiendo entre las obligaciones durante el ejercicio financiero, los préstamos pendientes y los costes derivados de estas garantías, el uso de los coeficientes de evaluación del riesgo para limitar estos riesgos es recomendable.</i></p> <p><i>R 67 Si la autoridad local o regional tiene la posibilidad de invertir en el mercado financiero, en principio se debería, limitar dicha inversión al mercado de bonos. Cualquier otro producto financiero debería ser objeto de relaciones específicas para la evaluación de su volatilidad y riesgo y en todo caso ser objeto de una gestión profesional.</i></p> <p><i>R 68. Debería establecerse sistemas y relaciones de seguimiento, el más importante de los cuales sería hacerlo público con el fin de permitir que las situaciones financieras puedan compararse, analizar las divergencias y prevenir los riesgos.</i></p> <p><i>R 69 Las autoridades locales y regionales deben adquirir, de forma individual o colectiva, los conocimientos necesarios para gestionar los riesgos derivados de sus obligaciones financieras, que la experiencia puede implicar formación ejecutiva financiera de las administraciones locales y la participación de los servicios del Estado u organismos de asesoramiento públicos independientes, las asociaciones de las autoridades locales y el sector privado sobre bases comerciales. Las funciones de asesoramiento y supervisión no deben ser ejercidas por la misma entidad</i></p>			

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
3. Budgeting procedures			
3.1. Involvement of elected bodies (R. 49., R.74)	<p>The level of understanding of budget objectives by the elected bodies.</p> <p>Appropriate procedures exist:</p> <ul style="list-style-type: none"> - raising questions, - avoid conflict of interest, carrying out lobbying and anti-corruptions. <p>Local representatives understand the consequences and future impact of their decision, their influence on the service level.</p> <p>Trainings and other workshops are organized to understand the message of budget.</p>	<p>Clear and understandable local technical rule book, which explains the importance of different items, the role of different classification.</p> <p>Training material and any other evidences of training</p> <p>Code of ethics exists to avoid the conflict of interests.</p>	0-10
<p><i>R49. The elected representatives and officers of local and regional authorities should be offered and benefit from appropriate training in budgeting, both basic and advanced, that enables them to understand the documents submitted to them and to take appropriate, informed decisions. Incentives for training such as a closer link with promotion criteria should be implemented for officers.</i></p> <p><i>R 74. The local or regional authority should set sufficient time limits in which councillors may read and analyse the budget documents issued.</i></p> <p><i>R49. Los representantes electos y funcionarios de las autoridades locales y regionales deben ofrecer y beneficiarse de una formación presupuestaria adecuada, tanto básica como avanzada, que les permite entender los documentos presentados, informarse y tomar decisiones correctas. Incentivos a la formación vinculados a criterios de promoción de los funcionarios se deben implementar.</i></p> <p><i>R 74. La autoridad local o regional debe establecer periodos de tiempo suficiente en el que los concejales pueden leer y analizar los documentos presupuestarios emitidos.</i></p>			
	<p>INDICATOR 3.1.1. THE LEVEL OF UNDERSTANDING OF BUDGET OBJECTIVES BY THE COUNCILLORS</p> <p>The extent to which the councillors have documents explaining the different aspects of the budget and the meaning of each of the classifications will be assessed.</p> <p>The elected representatives having guides or other documents that enable them to understand the budget will likewise be analysed.</p> <p>DOCUMENTS. Budgetary regulations, Local Government Guide.</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
3. Budgeting procedures			
	<p>INDICATOR 3.1.2. EXISTENCE OF APPROPRIATE PROCEDURES TO RAISE QUESTIONS AND AVOID CONFLICT OF INTERESTS</p> <p>The extent to which the elected representatives have an appropriate procedure to raise questions related to the budget both in committees and outside them will be assessed.</p> <p>In relation to the above, whether there is sufficient time allowed to read and analyse the budget information will be established.</p> <p>In turn, the availability of instruments (ethics codes) to avoid conflicts of interest and corruption will be analysed.</p> <p>DOCUMENTS. Local Organic Regulations.</p>		
	<p>INDICATOR 3.1.3. LOCAL REPRESENTATIVES UNDERSTAND THE CONSEQUENCES AND THE FUTURE IMPACT OF THEIR DECISIONS AND THEIR INFLUENCE ON THE SERVICE LEVEL.</p> <p>DOCUMENTS.</p>		
	<p>INDICATOR 3.1.4. TRAINING AND OTHER WORKSHOPS ARE ORGANISED TO UNDERSTAND THE MESSAGE OF THE BUDGET</p> <p>The availability of budget training by the councillors will be analysed.</p> <p>DOCUMENTS. Training material.</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
3. Budgeting procedures			
3.2. Independent opinion on proposal	<p>It helps the proper budget debate. Some special considerations need special professional knowledge.</p> <p>Independent opinion helps to make it sure, that the main decision of local authorities are proper balanced and well prioritized.</p> <p>After delivering independent opinion the elected members need more time to consider it.</p> <p>Report by the internal audit body</p>	Memos of independent examination.	0-10
	<p>INDICATOR 3.2.1 EXISTENCE OF AN INDEPENDENT TECHNICAL OPINION ON THE BUDGET PROPOSAL</p> <p>The existence of an independent technical opinion on the budget proposal of the local authority will be assessed. This opinion must help the proper budget debate. Certain considerations need special professional knowledge. In short, an independent opinion helps to ensure that the main local government decisions are balanced and well prioritised.</p> <p>DOCUMENTS. Local Organic Regulations.</p>		
	<p>INDICATOR 3.2.2. AFTER DELIVERING THE INDEPENDENT OPINION, THE ELECTED MEMBERS HAVE SUFFICIENT TIME TO ANALYSE IT.</p> <p>The extent to which the elected members have sufficient time to analyse the independent opinion on the budget proposal.</p> <p>DOCUMENTS. Local Organic Regulations.</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
3. Budgeting procedures			
3.3. Separate debate and adoption of complex, major investment projects or other significant programs (R. 50.,59., 71.)	Decision procedure of regular complex programs (IT programs, reforms, changing structure, etc.) which are subject to separate decision. Mayor/Plenary competences Procedure exists to involve citizens to identify significant investment projects. Grassroots participation	Decision procedure exists. Content and other documents of proposals. Evidences on citizen participation.	0-10
<p><i>R 50. Any activity of a local or regional authority that may result in public debts or entail significant financial risk should be primarily agreed upon and authorised by the elected deliberative body concerned.</i></p> <p><i>R 59. Choices between different investment projects should be made more objective, for example by using a “scoring” system based on several criteria. When the size of the proposed investment justifies it, a participatory process involving the local community should be envisaged; if this occurs, procedures should be set up in order to guarantee that the exercise is properly run.</i></p> <p><i>R 71 Estimates of investment-project costs should not overlook recurrent subsequent costs (such as staffing, operation, maintenance, etc.), which should logically be incorporated into pluri-annual budget programming.</i></p> <p><i>R 50. Cualquier actividad de una autoridad local o regional que pueda dar lugar a deudas públicas o entrañar riesgo financiero debe acordarse y ser autorizada principalmente por el Pleno.</i></p> <p><i>R 59. La elección entre diferentes proyectos de inversión debe ser objetiva, por ejemplo mediante el uso de un sistema de puntuación en base a diferentes criterios. Cuando el tamaño de la inversión propuesta lo justifique, se deberá prever un proceso participativo que involucra a la comunidad local, si esto ocurre, los procedimientos deben establecerse para garantizar que la acción está bien dirigida.</i></p> <p><i>R 71 Las estimaciones de los costes de inversión del proyecto no deben pasar por alto los costos posteriores recurrentes (como la dotación de personal, funcionamiento, mantenimiento, etc.), que lógicamente deben ser incorporadas en la programación presupuestario plurianual.</i></p>			
	INDICATOR 3.3.1. THE DECISION PROCEDURES OF COMPLEX PROGRAMMES ARE SUBJECT TO SEPARATE DECISION The extent to which the decision procedures of regular complex programmes (IT programs, reforms, changing structure, etc.) are subject to separate decision will be assessed.		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
3. Budgeting procedures			
	<p>Any specific activity of the authority that may result in public debt or entail financial risk must be previously agreed upon and approved by the elected deliberative body.</p> <p>In turn, choices between different investment projects must be made objectively, for example by using a “scoring” system based on different criteria.</p> <p>DOCUMENTS. Local Regime Regulatory Law (Competences), General Budget.</p>		
	<p>INDICATOR 3.3.2. EXISTENCE OF PROCEDURES TO INVOLVE THE PUBLIC IN THE IDENTIFICATION OF THE MAIN INVESTMENT PROJECTS</p> <p>The extent to which procedures are in place to involve the public in the identification of the main investment projects will be assessed.</p> <p>When the size of the proposed investment so justifies it, a participatory process involving the local community must be considered.</p> <p>DOCUMENTS. Grassroots participation.</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
3. Budgeting procedures			
3.4. Outsiders' contribution helps accountability (R. 55.)	Occasional and/or regular procedures. Local rule sets up the obligation to consult regularly with the social partners, citizens. An open forum exists to collect citizen contributions. Regular consultancy supports autonomy.	Local rules Evidences on forums	0-10
<p><i>R55. The local or regional authority should stimulate participation by citizens and social partners in public affairs by regularly consulting them and should ensure that objective information is provided on the financial aspects of the issues under consultation.</i></p> <p><i>R55. La autoridad local o regional debe estimular la participación de los ciudadanos y los agentes sociales en los asuntos públicos mediante la consulta regular y debe asegurarse de que se les proporciona información objetiva en los aspectos financieros de las cuestiones objeto de consulta.</i></p>			
	<p>INDICATOR 3.4.1. EXISTENCE OF OCCASIONAL AND/OR REGULAR GRASSROOTS PARTICIPATION PROCEDURES</p> <p>The existence of occasional and/or regular citizen participation procedures in the public affairs, driven by the local authority by means of regular consultations will be assessed.</p> <p>The supply of objective information on the financial aspects of the issues under consultation must be guaranteed.</p> <p>Regular consultancy fosters autonomy.</p> <p>DOCUMENTS. Grassroots participation.</p>		
	<p>INDICATOR 3.4.2. EXISTENCE OF AN OPEN FORUM TO COLLECT CITIZEN CONTRIBUTIONS</p> <p>The existence of a forum to collect citizen contributions will be assessed.</p> <p>DOCUMENTS. Grassroots participation.</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
3. Budgeting procedures			
3.5. The timeframe of budget debate by elected bodies	There is sufficient time to review and understand the budget proposal and to organize the debate. Budget preparation procedure	Actual time schedule Minutes of discussions.	0-10
	INDICATOR 3.5.1. EXISTENCE OF A SUFFICIENT TIMEFRAME TO REVIEW AND UNDERSTAND THE BUDGET PROPOSAL AND TO ORGANISE THE DEBATE. The councillors having sufficient time to review and understand the annual budget proposal and to prepare the debate will be assessed. DOCUMENTS. Budget preparation procedure.		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
3. Budgeting procedures			
3.6. Openness of budget documents (R.52, R. 56.)	Openness helps accountability and citizen participation. <ul style="list-style-type: none"> • Information, minutes of meetings, publication on internet • Leaflets, which present the main objectives, figures, graphs. • Public hearing, as part of budget debate. 	Places where budget documents are accessible. Documents on internet in a user friendly way Leaflets Minutes of public hearings	0-10
	<p>INDICATOR 3.6.1. PUBLICATION OF THE BUDGET DOCUMENTS, TOGETHER WITH APPROPRIATE EXPLANATIONS TO MAKE THEM MORE UNDERSTANDABLE TO THE PUBLIC</p> <p>The openness of budget documents, fostering grassroots participation and accountability.</p> <p>The budget documents can be made available by means of:</p> <ul style="list-style-type: none"> - Publication online. - Leaflets, with the presentation of the main objectives. - Public hearing, as part of the budget debate. <p>The published document, for example on Internet, must be accompanied by the appropriate explanations to make them easily understandable to the public.</p> <p>DOCUMENTS. Grassroots participation.</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
4.Fiscal policy objectives			
4.1. Cost saving strategies are adopted and sustained	<ul style="list-style-type: none"> • share of current expenditures in total local government budget • changes in operating surplus (operating expenditures minus recurrent revenues) • ratio of payroll and other overhead costs • rises in costs of demographic change 	Local government annual financial reports, budget Local regulations on fiscal planning	0-10
	<p>INDICATOR 4.1.1. SHARE OF CURRENT EXPENDITURE IN TOTAL LOCAL GOVERNMENT BUDGET The share that current expenditure represents in total local government budget will be quantified, along with the evolution over recent years. Whether or not cost saving strategies are adopted and sustained will be assessed. <i>DOCUMENTS. Budget indicators.</i></p>		
	<p>INDICATOR 4.1.2. CHANGES IN OPERATING SURPLUS (NET BUDGET SAVINGS) Changes in operating surplus (net savings) as a difference between the operating expenditure and recurrent revenues will be analysed. <i>DOCUMENTS. Budget indicators.</i></p>		
	<p>INDICATOR 4.1.3. RATIO OF STAFF EXPENSES (PAYROLL) AND OTHER OVERHEADS The ratio of staff expenses and other overheads out of total recurrent costs will be quantified, along with their evolution over recent years. <i>DOCUMENTS. Budget indicators.</i></p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
4.Fiscal policy objectives			
4.2. Cutbacks in payroll expenses should limit redundancies	<ul style="list-style-type: none"> • trends in local employment costs; comparison to national averages • changes in municipal employment (both civil servants and public employees) • number of staff made redundant 	Local employment statistics Local government decisions on municipal employment	0-10
	INDICATOR 4.2.1. TRENDS IN LOCAL EMPLOYMENT COSTS Trends in employment costs (staff expenses) of the local authority, in comparison to other similar municipalities and with the average for the Province (region), will be analysed. <i>DOCUMENTS. Budget indicators.</i>		
	INDICATOR 4.2.2. CHANGES IN MUNICIPAL EMPLOYMENT Changes in local employment, both civil servants and public employees), will be analysed. <i>DOCUMENTS. Local employment statistics.</i>		
	INDICATOR 4.2.3. NUMBER OF STAFF MADE REDUNDANT The staff made redundant by the local authority will be quantified. <i>DOCUMENTS. Local employment statistics.</i>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
4.Fiscal policy objectives			
4.3. Support to non-governmental organisations providing community services to vulnerable groups should be protected during restrictions	<ul style="list-style-type: none"> • municipal services contracted to community, non-profit organisations • grants and subsidies provided to NGOs for local services • comparison of unit costs of services provided by community organisations 	Local financial reports and budgets on transfers to NGOs Contract and agreements with the third sector	0-10
	INDICATOR 4.3.1. MUNICIPAL SERVICES CONTRACTED TO COMMUNITY AND NON-PROFIT ORGANISATIONS DOCUMENTS.		
	INDICATOR 4.3.2. GRANTS AND SUBSIDIES TO NON-GOVERNMENT ORGANISATIONS. DOCUMENTS.		
	INDICATOR 4.3.3. COMPARISON OF UNIT COSTS OF SERVICES PROVIDED BY COMMUNITY ORGANISATIONS DOCUMENTS.		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
4.Fiscal policy objectives			
4.4. Cooperation with other local authorities (R.70)	The level of cooperation and cost sharing to improve the efficiency and effectiveness (both to vertical and horizontal direction.) Separate decision before cooperation. Budget figures and explanations on cost-sharing, advantages, the expected results, and the long term financial consequences in the phase of operation.	The objectives of cooperation Changes of budget items are parts of cooperation agreement. Decisions, contracts on cooperation. Data and explanations of relevant budget items.	0-10
<p><i>R 70. Horizontal and vertical co-operation between authorities should be encouraged to facilitate the completion of major projects, in such a way as to share the expenses and the risks.</i></p> <p><i>R 70. Se debe promover la cooperación horizontal y vertical entre autoridades para facilitar la realización de grandes proyectos, de tal forma que se compartan gastos y riesgos.</i></p>			
	<p>INDICATOR 4.4.1 THE LEVEL OF COOPERATION AND COST SHARING TO IMPROVE THE EFFICIENCY AND EFFECTIVENESS</p> <p>The level of cooperation and cost sharing will be analysed to improve efficiency and effectiveness, vertically and horizontally.</p> <p>DOCUMENTS. Budget indicators.</p>		
	<p>INDICATOR 4.4.2 SEPARATE DECISION (AGREEMENT) BEFORE COOPERATION</p> <p>The extent to which cooperation (vertical or horizontal) with other authorities proceeds the adopting of an independent agreement by the local authority will be analysed.</p> <p>DOCUMENTS. Partnership agreements.</p>		
	<p>INDICATOR 4.4.3. BUDGET FIGURES AND EXPLANATIONS ON COST-SHARING, ADVANTAGES, EXPECTED RESULTS AND THE LONG-TERM FINANCIAL CONSEQUENCES</p> <p>DOCUMENTS.</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>I. Sound budgeting and fiscal planning</i>			
5.Fiscal policy objectives			
4.5. Adjoining authorities share administrative and professional resources	<ul style="list-style-type: none"> • declared objectives of inter-municipal cooperation • local governments cooperate for providing basic services and improving service quality • scope of technical (utility, communal, transportation) services organized in cooperation • joint purchases of goods and services • use of electronic procurement for buying goods and services 	Cooperation agreements Joint management of municipal service organisations Council decisions on joint service provision Procurement regulations	0-10
	INDICATOR 4.5.1 DECLARED OBJECTIVES OF INTER-MUNICIPAL COOPERATION. The degree of concretion of the objectives that will lead to inter-municipal cooperation will be analysed. <i>DOCUMENTS. Cooperation agreements.</i>		
	INDICATOR 4.5.2. LOCAL GOVERNMENTS COOPERATE TO SUPPLY BASIC SERVICES AND IMPROVE SERVICE QUALITY. The level of the cooperation of the local authority with other authorities to provide basic services and improve their quality will be analysed. <i>DOCUMENTS. Cooperation agreements.</i>		
	INDICATOR 4.5.3. SCOPE OF TECHNICAL SERVICES ORGANISED IN COOPERATION? <i>DOCUMENTS.</i>		
	INDICATOR 4.5.4. JOINT PURCHASES OF GOODS AND SERVICES The existence of joint procurement with other authorities of goods and services will be analysed. <i>DOCUMENTS.</i>		
	INDICATOR 4.5.5 USE OF ELECTRONIC PROCUREMENT FOR GOODS AND SERVICES The level of the user of electronic procurement for goods and services will be analysed. <i>DOCUMENTS. Procurement.</i>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>II. Special rules of budget adjustments and implementation</i>			
5.1. Regular evaluation keeps track of budget implementation (R.76., 77.)	Mid year evaluations, quarterly monitoring reports make a regular supervision of implementation. Implementation statements at the request of the elected representatives They provide opportunities to decide adjustments, when necessary.	Mid -ear evaluations. Quarterly monitoring reports Regulated warning system, where irregularities are detected. Credit limit control, incorporation opportunities, etc.	0-10
<p><i>R 76. Where appropriate, a debate on the implementation of the budget should be held mid-year, in order to put budget changes into perspective and to review the changes in the economic, budgetary and social context, and after the end of the financial year.</i></p> <p><i>R 77. The council should receive regular updates (for example, every three or four months) on the monitoring of the budget. If budget adjustments prove necessary, it would be advisable to group them in one or two "sets" per annum, accompanied by an overview or even a debate on the state of budget spending.</i></p> <p><i>R 76. En su caso, se debería celebrar un debate sobre la ejecución del presupuesto a mediados de año, con el fin de poner en perspectiva los cambios presupuestarios y revisar los cambios en los ámbitos económico, social y el presupuesto de cualquier contexto, y después del final del ejercicio.</i></p> <p><i>R 77. El consejo debe recibir información periódica (por ejemplo, cada tres o cuatro meses) sobre el seguimiento del presupuesto. Si los ajustes presupuestarios que resulten necesarias, sería conveniente agruparlos en uno o dos "sets" por año, acompañado de un resumen o incluso un debate sobre el estado de gastos del presupuesto.</i></p>			
	<p>INDICATOR 5.1.1. REGULAR MONITORING OF THE BUDGET IMPLEMENTATION BY MEANS OF MID-YEAR EVALUATIONS</p> <p>The implementation of the budget by means of a mid-year debate, in order to put budget changes into perspective and to review the changes in the economic, budgetary and social context.</p> <p>A debate will also be held at the end of the financial year.</p> <p>DOCUMENTS. Meeting Minutes.</p>		
	<p>INDICATOR 5.1.2. COUNCILLORS RECEIVING REGULAR UPDATES (EVERY QUARTER OR FOUR MONTHS) ON THE MONITORING THE BUDGET implementation.</p> <p>The Councillors having regular information available on the implementation of the budget, either quarterly or every four months, will be analysed.</p> <p>This will facilitate the adoption of adjustments as necessary. When budget adjustments prove necessary, it is advisable to group them into one or two "sets" per year, accompanied by an overview or even a debate on the state of budget spending.,</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>II. Special rules of budget adjustments and implementation</i>			
		DOCUMENTS. Budget implementation reports.	

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>II. Special rules of budget adjustments and implementation</i>			
5.2. Local framework of supervision, monitoring and reporting system set up to audit budget implementation (R.80., 83.)	The approved budget, the report and statements about implementations together establish the framework of accountability. The final report is made in the same structure as the budget. Appropriate explanation on budget implementation exists, highlighting the causes of differences.	Final report. Financial statement. Documents on internet on a user friendly manner Leaflets Minutes on the debate of budget implementation reports.	0-10
<p><i>R83. Without prejudice to any existing legal obligations, the local or regional authority should make systematic use of annual external auditing (in whatever form) to certify accounts and check their compliance with the law (including measures combating fraud and corruption).</i></p> <p><i>R80. Approval of the accounts should be properly debated, in committee and then in the council, in the light of an outside opinion (for example an external audit).</i></p> <p><i>R83. Sin perjuicio de las obligaciones legales vigentes, la autoridad local o regional debe hacer un uso sistemático de la auditoría externa anual (en cualquier forma) para certificar las cuentas y comprobar el cumplimiento de la ley (incluyendo medidas de lucha contra el fraude y la corrupción).</i></p> <p><i>R80. Aprobación de las cuentas debe ser adecuadamente debatido en comisión y luego en el Pleno, a la luz de una opinión externa (por ejemplo, una auditoría externa).</i></p>			
	INDICATOR 5.2.1. THE APPROVED BUDGET, THE REPORTS AND THE STATEMENTS ABOUT IMPLEMENTATIONS TOGETHER ESTABLISH THE FRAMEWORK OF ACCOUNTABILITY. The extent to which the annual accountability of the local authority is based on the initially approved budget, together with the reports and the statements on its implementation, will be analysed. DOCUMENTS. General Accounts		
	INDICATOR 5.2.2. THE FINAL REPORT HAS THE SAME STRUCTURE AS THE BUDGET. The extent to which the report and statements included in the accountability have the same budget structures as the initial budget will be analysed. DOCUMENTS. General Accounts		
	INDICATOR 5.2.3. EXISTENCE OF AN APPROPRIATE EXPLANATION ON BUDGET IMPLEMENTATION, HIGHLIGHTING THE CAUSES OF DIFFERENCES. The extent to which the general account report includes an appropriate explanation on the implementation of the budget, highlighting the causes of the differences, will be analysed.		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>II. Special rules of budget adjustments and implementation</i>			
	DOCUMENTS. General Accounts		
SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>II. Special rules of budget adjustments and implementation</i>			
5.3. Independent opinion on final reports and financial statements. (R.83)	Independent opinion (external audit) helps the elected members to trust in the submitted final reports and in the correctness of financial statements. If external auditor fails to certify the statements, it means that serious problems were found, which could mislead the decision makers.	Clear understanding of the role and limitations of the opinion of external auditing Report of external auditing.	0-10
	INDICATOR 5.3.1. EXISTENCE OF AN INDEPENDENT OPINION (EXTERNAL AUDIT) ON THE FINAL REPORTS AND FINANCIAL STATEMENTS. The existence of an independent opinion by means of an external auditor on the final reports and financial statements, who certifies the accounts and their legal correctness, will be analysed. The external opinion contributes to the credibility of the elected members with regard to the submitted final reports and the correctness of financial statements. If the external auditor fails to certify the statements, it means that serious problems were found, which could mislead the decision makers. DOCUMENTS. External audit reports.		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>II. Special rules of budget adjustments and implementation</i>			
5.4. Budget adjustment during the year is limited. (R. 78)	It is predefined when budget adjustment is necessary. Too frequent adjustments create uncertainty. Too frequent adjustments make too bureaucratic decisions, which could overwrite the original objectives. Too frequent adjustments are against the transparency, because the subject can avoid the proper budget debate.	Local rule on budget adjustment. Cases and scope of budget adjustment.	0-10
<p><i>R78. Budget adjustments should be limited in number and in scope in order to avoid diverting the aims of initial budgetary objective. Adjust ments should be organised in such a way as to give a clear view of the changes suggested and on their importance, and they should be given the same level of transparency, publicity and conditions of democratic control as the initial budgets.</i></p> <p><i>R78. Los ajustes presupuestarios deben limitar su número y alcance, para evitar la desviación de los objetivos propuestos en el presupuestario inicial. Los ajustes deben organizarse de tal modo que se de una visión clara de los cambios propuestos y su importancia. Se les debe dar el mismo nivel de transparencia, publicidad y las condiciones del control democrático de los presupuestos iniciales.</i></p>			
	INDICATOR 5.4.1. REGULATION OF THE CASES WHEN BUDGET ADJUSTMENT IS NECESSARY The existence of a regulation that establishes the cases when budget adjustment is necessary will be analysed. Budget adjustments must be limited in number and scope to prevent the overwriting of the original objectives. DOCUMENTS. Budgetary regulations.		
	INDICATOR 5.4.2. GIVING THE BUDGET ADJUSTMENT TO THE SAME LEVEL OF TRANSPARENCY, PUBLICITY AND CONDITIONS OF DEMOCRATIC CONTROL AS THE INITIAL BUDGETS. The extent to which the budget adjustments are subjected to the same level of transparency, publicity and control as the initially approved budget will be analysed The budget adjustments must be organised that provide a clear view of the suggested changes and their importance. DOCUMENTS. Budgetary regulations.		
	INDICATOR 5.4.3. BUDGET ADJUSTMENT IS LIMITED.. DOCUMENTS.		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>II. Special rules of budget adjustments and implementation</i>			
5.5. Relations between the local government and its subsidiary organisations are regulated by transparent agreements	<ul style="list-style-type: none"> • Local government and service organisations' finances are clearly separated • Performance of services rendered are specified in written contracts • Sources of funding contracted services are specified annually (user charges, municipal subsidies, loans, etc.) • Information on the municipal service contracts is accessible by the general public within the framework of the national legislation 	Local government budgets and financial reports Local government framework agreements and annual contracts with utility, communal and transportation companies Establishing documents of municipal service organisations	0-10
	INDICATOR 5.5.1. EFFECTIVE SEPARATION OF THE FINANCIAL STATEMENTS OF THE LOCAL AUTHORITY AND ITS SERVICE ORGANISATIONS (SUBSIDIARY BODIES) The existence of an independent budget and financial statements for the Local Council and each of its subsidiary bodies will be analysed. <i>DOCUMENTS. Budgetary regulations.</i>		
	INDICATOR 5.5.2. THE NATURE AND PERFORMANCE OF THE SERVICES PROVIDED BY THE SERVICE ORGANISATIONS (SUBSIDIARY BODIES) ARE SPECIFIED IN WRITTEN CONTRACTS (STATUTES). The existence of statutes (written contracts) that regulate the nature and operating of the services provided by the subsidiary bodies will be assessed. <i>DOCUMENTS. Statutes of the subsidiary bodies.</i>		
	INDICATOR 5.5.3. THE SOURCES OF FUNDING OF THE SERVICES RENDERED ARE SPECIFIED ANNUALLY. The existence of an annual budget of the subsidiary bodies which specify the sources of funding of the services rendered (user charges, municipal subsidies, transfers from other authorities, etc.) will be analysed. <i>DOCUMENTS. Budgets of the subsidiary bodies.</i>		
	INDICATOR 5.5.4. INFORMATION ON THE MUNICIPAL SERVICE CONTRACTS IS ACCESSIBLE BY THE PUBLIC WITHIN THE NATIONAL LEGISLATION FRAMEWORK.		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>II. Special rules of budget adjustments and implementation</i>			
		The availability of the information on the municipal service contracts are accessible by the public will be analysed. DOCUMENTS.	

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>II. Special rules of budget adjustments and implementation</i>			
5.6. Local government service contracts cover asset management and social issues	<ul style="list-style-type: none"> • regulations on the use of municipally owned assets by service organisations are covered by the contract • responsibilities for operation, maintenance, repair and reconstruction of transferred assets are specified • local governments receive compensation for their assets used by contractors • low income users of municipal services receive targeted social benefits 	Regulations on local government asset management Local government framework agreements and annual contracts with utility, communal and transportation companies	0-10
	INDICATOR 5.6.1. REGULATIONS ON THE USE OF MUNICIPALLY OWNED ASSETS BY SERVICE ORGANISATIONS ARE COVERED BY THE CONTRACT DOCUMENTS.		
	INDICATOR 5.6.2. RESPONSIBILITIES FOR OPERATING, MAINTENANCE, REPAIR AND RECONSTRUCTION OF TRANSFERRED ASSETS ARE SPECIFIED DOCUMENTS.		
	INDICATOR 5.6.3. LOCAL GOVERNMENT RECEIVE COMPENSATION FOR THE USE OF THEIR ASSETS BY CONTRACTORS. DOCUMENTS.		
	INDICATOR 5.6.4. LOW INCOME USERS OF MUNICIPAL SERVICES RECEIVE TARGETED SOCIAL BENEFITS. DOCUMENTS.		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>II. Special rules of budget adjustments and implementation</i>			
5.7. Local service management should be made efficient	<ul style="list-style-type: none"> • service performance measurement system is in place • outputs of municipal service provision are regularly assessed • unit costs of services are evaluated • service efficiency is a key target indicator for the service organisation and its management 		0-10
	INDICATOR 5.7.1. IMPLEMENTATION OF A SERVICE PERFORMANCE MEASUREMENT SYSTEM DOCUMENTS.		
	INDICATOR 5.7.2. OUTPUTS OF MUNICIPAL SERVICE PROVISION ARE REGULARLY ASSESSED. DOCUMENTS.		
	INDICATOR 5.7.3. UNIT COSTS OF SERVICES ARE EVALUATED. DOCUMENTS.		
	INDICATOR 5.7.4. SERVICE EFFICIENCY IS A KEY TARGET INDICATOR FOR THE SERVICE ORGANISATION AND ITS MANAGEMENT. DOCUMENTS.		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>II. Special rules of budget adjustments and implementation</i>			
5.8. Local government financial operations are made transparent	<ul style="list-style-type: none"> all large and medium scale expenditures are subject to public on-line scrutiny 		0-10
	<p>INDICATOR 5.8.1. ALL LARGE AND MEDIUM SCALE EXPENDITURES ARE SUBJECT TO PUBLIC ON-LINE SCRUTINY</p> <p>The extent to which large and medium scale expenditures are subject to public on-line scrutiny will be analysed.</p> <p>DOCUMENTS. Grassroots participation.</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>III. Special control, supervision on activities</i>			
6.1. Framework and role of internal audit (R.82., R 84.)	<p>Locally clarified legal power of internal audit.</p> <p>Exact reporting line.</p> <p>Proper audit strategy helps to concentrate resources.</p> <p>The role of internal audit is to support the top managers, to improve the activities inside the local authorities.</p> <p>If internal audit regularly reports to elected bodies, then it creates a climate not to audit sensitive areas and helps to remove a tool of top management.</p> <p>As external audit is destined for helping elected members to exercise their controlling power, it is necessary to limit the internal audit reporting line to managers.</p> <p>Lack of auditing resources should encourage effective cooperation between the two types of auditing.</p>	<p>Local, internal principles and policies on audit.</p> <p>Local standing orders</p> <p>Rule book on internal audit.</p>	0-10
<p><i>R 82. The local or regional authority should establish and put into general practice a framework for internal auditing (for example a code of ethics, independence measures, a right of initiative, conditions of intervention, notification of the council, follow-up, publishing of reports, etc.) and organise support for such internal auditing (recommended methodology, outside technical back up).</i></p> <p><i>R 84. The local or regional authority should assess the efficiency of its management at regular intervals, for example by making use of external audit.</i></p> <p><i>R 82. El autoridad local o regional debe establecer y poner en práctica un marco general de control interno (por ejemplo, un código de ética, las medidas de la independencia, ¿el derecho de iniciativa?, las condiciones de la intervención, la notificación del municipio el seguimiento, la publicación de de los informes, etc) y organizar apoyo para esta auditoría interna (metodología recomendada, copias técnicas de seguridad externas).</i></p> <p><i>R 84. La autoridad local o regional debe evaluar la eficacia de su gestión a intervalos regulares, por ejemplo, haciendo uso de la auditoría externa.</i></p>			
	INDICATOR 6.1.1 LOCALLY CLARIFIED LEGAL POWER OF INTERNAL AUDIT DOCUMENTS. Internal audit regulations		
	INDICATOR 6.1.2. EXACT REPORTING LINE.		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>III. Special control, supervision on activities</i>			
	DOCUMENTS. Internal audit regulations		
	INDICATOR 6.1.3. THE ROLE OF INTERNAL AUDIT IS TO SUPPORT THE TOP MANAGERS, TO IMPROVE THE ACTIVITIES INSIDE THE LOCAL AUTHORITIES. DOCUMENTS. Internal audit regulations		
	INDICATOR 6.1.4. LACK OF AUDITING RESOURCES MUST FOSTER EFFECTIVE COOPERATION BETWEEN THE TWO TYPES OF AUDITING. DOCUMENTS.		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>III. Special control, supervision on activities</i>			
6.2. Special consideration has to guarantee PPP projects (R.72.)	<p>PPP construction is a potential way to finance public service infrastructure, to save resources of current situation. But it needs careful consideration to prevent unconditional risks and extra cost in the future.</p> <p>Proper debate establishes the potential usage of PPP financing and its guarantee.</p> <p>First it is recommended to search for other solutions.</p>	<p>Local, internal principles and policies.</p> <p>Proposals and calculations of future financing needs of PPP projects</p> <p>Contracts of PPP projects</p> <p>Internal audit reports on implementation.</p>	0-10
<p><i>R 72. In public-private partnerships, the risks should be shared out realistically and the local or regional authority should avoid, by its intervention, taking on the role of guarantor of risky private investment. In particular, an explicit public guarantee is preferable when the nature of other structures or service is such that the authority may find it difficult, to put its future in the hands of the user.</i></p> <p><i>R 72. En las asociaciones público-privadas, los riesgos deben ser compartidos con realismo. La autoridad local o regional deben evitar, en su intervención, asumir el papel de garante de la inversión privada de riesgo. En particular, una garantía pública explícita es preferible cuando la naturaleza de otras estructuras o servicios sea tal que la autoridad pueda tener dificultades para poner su futuro en manos de los usuarios.</i></p>			

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>III. Special control, supervision on activities</i>			
6.3. Prudent commercial links. (R.60)	General principles and policies set up the framework. Identification the types of links helps to understand the control environment: Special consideration on <ul style="list-style-type: none"> • taxes on business or business property, • scoring criteria on public procurement • out-sourcing • rental fees, etc. 	Local principles and policies. In the lack of them there are room to corruption, non-equity, occasional management.	0-10
<p><i>R60. The budgetary consequences of a local or regional authority's links with the commercial sector (for example, income and expenditure linked to shareholding, execution of guarantees given, etc.) should be carefully assessed in accordance with the rules and procedures for assessment used in the private sector.</i></p> <p><i>R60. Las consecuencias presupuestarias de los vínculos de la autoridad local o regional con el sector comercial (por ejemplo, los ingresos y gastos relacionados con acciones, la ejecución de las garantías dadas, etc) deben ser cuidadosamente estudiadas de acuerdo con las normas y procedimientos de evaluación utilizados en el sector privado.</i></p>			
	INDICATOR 6.2.1. GENERAL PRINCIPLES AND POLICIES SET UP THE CONTROL FRAMEWORK. DOCUMENTS.		
	INDICATOR 6.2.2. IDENTIFICATION OF THE TYPES OF LINKS HELPS TO UNDERSTAND THE CONTROL ENVIRONMENT. DOCUMENTS.		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>III. Special control, supervision on activities</i>			
6.4. Limits to commercial activities, investments (R.66)	Limits focuses to avoid competitive area, which is able to cover a considering proportion of costs.	Local, internal principles and policies. Local standing orders	0-10
<p><i>R66. Establishing or managing commercial enterprises and participation in such enterprises should be limited, in principle, to public service activities or to activities in which there is no competitive market or activities that are aimed at economic promotion (such as housing developments, creation of business parks and start-up activities, promotion of employment, etc.).</i></p> <p><i>R66. El establecimiento o la gestión de las empresas comerciales y la participación en las mismas debe limitarse, en principio, a las actividades de servicio público o actividades para las que no existe un mercado o que tienen por objeto la promoción económica (por ejemplo, proyectos de vivienda, parques empresariales para la puesta en marcha nuevas actividades, promoción del empleo, etc.)</i></p>			
	<p>INDICATOR 6.4.1. LIMITATION OF THE COMMERCIAL ACTIVITIES TO AVOID COMPETITIVE AREAS</p> <p>Establishing or managing commercial companies and participation in such companies should be limited, in principle, to public service activities or ones where there is no competitive market or activities that are aimed at economic promotion: housing developments, creation of business parks, promotion of employment, etc.).</p> <p>DOCUMENTS.</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>III. Special control, supervision on activities</i>			
6.5. Criteria of usage external consultants.	<p>The most common usage are the following:</p> <ul style="list-style-type: none"> • internal team work on the project, but some special professional knowledge is needed or it is better, if an independent leads the work, • the topic, the subject of knowledge or efficiency is the reason the outsourcing the activity. <p>Proper internal debate to make the decision.</p>	<p>Local standing orders Local policies Calculation on the costs of internal or external consultants.</p>	<p>0-10</p>
	<p>INDICATOR 6.5.1 EXISTENCE OF AN APPROPRIATE INTERNAL DEBATE TO TAKE DECISIONS ON THE CRITERIA OF USE OF EXTERNAL CONSULTANTS.</p> <p>The existence of an appropriate internal debate to take decision on the criteria of use of external consultants will be assessed.</p> <p>The most common usage are as follows:</p> <ul style="list-style-type: none"> - Internal team work on the project, but some special professional knowledge is needed and an independent consultant leads the work. - The topic, the subject of knowledge or efficiency is the reason for outsourcing the activity. <p>DOCUMENTS.</p>		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>III. Special control, supervision on activities</i>			
6.6. Procedure of situation in financial difficulties (R85., 86., 87.)	Procedure specify: <ul style="list-style-type: none"> • The position, whose responsibility the recovering, • or whom to report the noticed signs, • General principles of recovery plans • Rules and responsibilities to devise the situation of problem solving. • Key decisions. 	Local standing orders Local policies Manual for special, high risk situation and frequently faced problems.	0-10
<p><i>R85. The local or regional authority should not request financial aid from the state or supervisory authority if it is able to redress in financial situation through other means.</i></p> <p><i>R86. As soon as it finds itself in financial difficulty, the local or regional authority should devise and set up a financial recovery plan, if necessary with assistance from the state and supervisory authority, independent administrative authorities or private auditing firms.</i></p> <p><i>R87. The recovery plans should be debated and adopted by de council or assembly in public sitting. The plan should be out the necessary data and the undertakings on which the following budgets are to be based. The plan may be contractual, depending on legislation, vis-à-vis the body providing financial support to the local or regional authority concerned.</i></p> <p><i>R85. La autoridad local o regional no debe solicitar la ayuda financiera de la autoridad estatal o de control, si es capaz de corregir la situación financiera a través de otros medios.</i></p> <p><i>R86. Tan pronto como se encuentre en dificultades financieras, la autoridad local o regional debe revisar y establecer un plan de recuperación financiera; si es necesario con asistencia de la autoridad estatal y de supervisión, autoridades administrativas independientes o empresas privadas de auditoría.</i></p> <p><i>R87. Los planes de recuperación deben ser debatidos y aprobados por el Pleno del Ayto. en sesión pública. El plan debe contar con los datos necesarios y los hechos en los que son los presupuestos siguientes deberán basarse. El plan puede ser contractual, dependiendo de la legislación, coordinado con el organismo de apoyo financiero o la autoridad local o regional de que se trate.</i></p>			
	INDICATOR 6.6.1. RESPONSIBILITY FOR REPORTING ON THE FINANCIAL ECONOMIC SITUATION The body which is responsible for alerting on the financial economic situation of the local authority, as well as on the existence of a regular assessment procedure of that situation will be analysed. DOCUMENTS. Regional Parliamentary Tax Law, Budgetary Stability Act.		
	INDICATOR 6.6.2. RESPONSIBILITY AND PROCEDURE FOR APPROVING A FINANCIAL ECONOMIC		

SECTION and AREA (with reference to the number of Recommendation)	ACTIVITY, INDICATOR, IMPACT	VERIFICATION STATEMENT, DOCUMENTS	SCORE 0-10
<i>III. Special control, supervision on activities</i>			
	<p>RECOVERY PLAN</p> <p>As soon as it finds itself in financial difficult, the local authority should prepare a financial-economic recovery plan, if necessary with the help of the supervising financial authority, independent administrative authorities or private auditing firms.</p> <p>The financial-economic recovery plan must be discussed and approved by the Local Council in a public session. In any event, the local authority must seek as far as possible to redress the financial situation without requesting financial support from other institutions.</p> <p>DOCUMENTS. Regional Parliamentary Tax Law, Budgetary Stability Act.</p>		
	<p>INDICATOR 6.6.2 GENERAL PRINCIPLES OF THE FINANCIAL—ECONOMIC RECOVERY PLAN.</p> <p>The financial-economic recovery plan should establish the necessary data and the undertakings on which the future budgets are to be based, in order to return to a balanced situation.</p> <p>DOCUMENTS. Regional Parliamentary Tax Law, Budgetary Stability Act.</p>		

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