

Public Financial Management Performance Measurement Report Serbia Municipalities

Municipality of Sremska Mitrovica

REPIM Ltd for SECO

This document covers the Summary Assessment and Section 3 for the PEFA assessment report for Sremska Mitrovica. It needs to be read in conjunction with the PEFA cover report “*Public Financial Management Performance Measurement Report - Serbia Municipalities*”.

May 2015

Currency and indicative exchange rates

Local currency unit = Serbian Dinar

100 SD= €0.82 =US\$1.105

Fiscal Year

01 January - 31 December

Years covered

FYs 2011, 2012 and 2013 and
Information at time of Assessment

Acronyms

AGA	Autonomous Government Agency
ATU	Administrative Territorial Unit
BC	Budget Circular
BSL	Budget System Law
CG	Central Government
COFOG	Classification of the Functions of Government
DBB	Direct Budget Beneficiaries
EBE	Extra Budgetary Expenditure
EC	European Commission
EU	European Union
FMC	Financial Management Control
FMIS	Financial Management Information System
GDP	Gross Domestic Product
GFS	Government Financial Statistics
GIZ	Gesellschaft für Internationale Zusammenarbeit
GOS	Government of Serbia
IA	Internal Audit
IBB	Indirect Budget Beneficiaries
IMF	International Monetary Fund
INTOSAI	International Organization of Supreme Audit Institutions
IPA	Instrument for Pre-Accession Assistance
IPSAS	International Public Sector Accounting Standards
ISPPIA	International Standards for the Professional Practice of Internal Auditing
IT	Information Technology
LSG	Local Self Government
LM	Line Ministry
MOE	Municipality Owned Enterprises
MOF	Ministry of Finance
MTBO	Medium Term Budget Outlook
MFBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFO	Medium Term Fiscal Outlook
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIFC	Public Internal Financial Control
PPL	Public Procurement Law
RS	Republic of Serbia

RINO	Register of Reconciliation (Settlement) of Financial Obligations
SAI	State Audit Institution
SCTM	Standing Conference on Towns and Municipalities
SECO	Swiss State Secretariat for Economic Affairs
SEIO	Serbia EU Integration Office SEIO
SN	Sub National
STA	Single Treasury Account
SWG	Sector Working Groups
TA	Technical Assistance
USAID	United States Agency for International Development

Preface¹

Sremska Mitrovica" means "Mitrovica of Srem" while "Mitrovica" itself stems from the name "Saint Demetrius. The city can trace its heritage to the Roman Empire as it is the site of Sirmium. Sremska Mitrovica is one of the oldest cities in Europe. Archaeologists have found a trace of organized human life dating from the 5000 BC onwards. Ionian jewelry dating to 500BC was excavated in the city. When the Romans conquered the city in the 1st century BC, Sirmium already was a settlement with a long tradition. In the 1st century, Sirmium gained a status of a colony of the citizens of Rome, and became a very important military and strategic location in Pannonia province. The war expeditions of Roman emperors Traian, Marcus Aurelius, and Claudius II, were prepared in Sirmium.

The territory of Sremska Mitrovica municipality occupies 730 km², with a population of 85.902 inhabitants with 80% being Serbs, but there are also ethnic Hungarians, Croatians, Ukrainians, Russians and Romany. Sremska Mitrovica represents a multicultural and multiethnic city.

Sremska Mitrovica is situated in the north-west part of Serbia, south-west part of Vojvodina, where the planes of Srem and Mačva meet the Fruška Gora mountain. The municipality of Sremska Mitrovica comprises the conurbation of the city itself, Laćarak village on the left bank of the river Sava and Mačvanska Mitrovica on the right bank and 23 villages. The settlements on the left and right bank of the Sava river, which is navigable, are connected by vehicle and pedestrian bridges. The city itself is situated 40km from the borders with Croatia and Bosnia and Herzegovina. The E70 highway which is part of corridor 10 and the international railway Vienna-Thessaloniki traverse the municipality. The regional road R-116 connects districts of Mačva and Srem. The city of Sremska Mitrovica is situated 70 km from Belgrade, 65 km from Novi Sad and 50km from airport "Nikola Tesla".

The bodies of the City are: Assembly, Mayor, City Council and City Administrations. In order to perform administrative tasks based on the Statue, the Mayor and City Council have established the following departments:

- City Department for Administrative and General Affairs
 - Responsible for municipality procurement
- City Department of Education
- City Department of Culture, Sports and Youth
- City Department of Health, Social Environment
- City Department of City Planning, Utilities and Inspections
 - Responsible for performing inspections over the implementation of regulations in the jurisdiction of the municipality, such as: construction, utilities and inspection of environmental protection, transportation, education and budget inspection

¹ John Short and Stefan Teodosić carried out the field work and drafted this assessment

- City Department for Industry and Entrepreneurship
- City Department of Budget and Finance (including Local tax administration service)
 - Responsible for assessment and collection of property tax
 - Responsible for budget preparation, accounting and treasury functions
 - Administration of fees and charges for services which are paid directly into the Municipality's bank account

In addition there is the company Direction for Buildings and Infrastructure which is a legal entity created and 100% owned by the Municipality with duties such as:

- preparation of spatial and urban planning;
- production of town planning projects; land development;
- professional and technical jobs in the provision, maintenance, protection and utilization of municipal infrastructure
- procurement related to its operations

There are statutory bodies in the municipality which are responsible for oversight and scrutiny of the departments as well as being part of the overall administration.

The Mayor who

- represents the municipality;
- proposes ways of resolving issues decided by the Assembly;
- orders for the execution of the budget;
- directs and coordinates the work of the Municipal Administration;
- give consent to acts of budget users that determine the number and structure of employees

The Municipal Council whose responsibilities are

- Proposes the statute, the budget, the decision on the organization of municipal administration and other acts passed by the Municipal Assembly,
- Implements and ensure the implementation of decisions and other acts of the Municipal Assembly,
- Decides on temporary financing,
- Supervises the work of Municipal Administration, or annulling acts of the Municipal Administration, which do not comply with the law, Statute and other general act or decision taken by the Municipal Assembly,
- Fixes an administrative procedure of second degree on rights and duties of citizens, companies, institutions and other organizations in administrative matters within the jurisdiction of the Municipality,
- Ensures the implementation of delegated competencies from the rights and duties of the City or the Republic.

- Appoint and dismiss the Chief and Deputy Chief of Municipal Administration,
- Performs other duties provided by law and the Municipal Statute.

The Municipal Assembly which is a representative body has purely political functions dealing with

- municipal statutes, council decisions and other municipal regulations,
- confirms the budget, budget revision (if necessary), and the final budget,
- development and other plans and programs,
- supervises the work of the Mayor and administrative services,
- elects assembly leadership (president, vice president and secretary of Assembly),
- stipulates its Rules of Procedure, the decision on symbols of the municipality and perform other tasks stipulated by law and municipal statute.

The Municipal Assembly is composed of councilors that are elected for a term of four years, in accordance with the electoral regulations.

Legal framework:

- Article 189 and 191 of the Constitution of the Republic of Serbia ("Official Gazette of the Republic of Serbia", No. 98/06),
- Article 20 of the Law on Territorial Organization of the Republic of Serbia ("Official Gazette of the Republic of Serbia", No. 129/2007), Article 11 and Article 32, item 1 of the Law on Local Self-Government ("Official Gazette of the Republic of Serbia", No. 129/2007),
- Municipal Statute The City Assembly of Sremska Mitrovica, at the session held on 17.08.2012 published the Statute which regulates the rights and duties of the City.

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Summary Table of Scores							
PFM Performance Indicator		Scoring Method	Dimension Ratings				Rating 2014
			i.	ii.	iii.	iv.	
HLG-1	Predictability of Transfers from Higher Level of Government	M1	A	NR	A		NR
B. PFM-OUT-TURNS: Credibility of the budget							
PI-1	Aggregate expenditure out-turn compared to original approved budget	M1	D				D
PI-2	Composition of expenditure out-turn compared to original approved budget	M1	C	A			C+
PI-3	Aggregate revenue out-turn compared to original approved budget	M1	C				C
PI-4	Stock and monitoring of expenditure payment arrears	M1	A	A			A
C. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency							
PI-5	Classification of the budget	M1	A				A
PI-6	Comprehensiveness of information included in budget documentation	M1	B				B
PI-7	Extent of unreported government operations	M1	A	A			A
PI-8	Transparency of inter-governmental fiscal relations	M2	NA	NA			NA
PI-9	Oversight of aggregate fiscal risk from other public sector entities	M1	C	NA			C
PI-10	Public access to key fiscal information	M1	A				A
D. BUDGET CYCLE							
D (i) Policy-Based Budgeting							
PI-11	Orderliness and participation in the annual budget process	M2	C	D	A		C+
PI-12	Multi-year perspective in fiscal planning, expenditure policy and budgeting	M2	D	NA	C	D	D+
D (ii) Predictability and Control in Public Execution							
PI-13	Transparency of taxpayer obligations and liabilities	M2	A	B	C		B
PI-14	Effectiveness of measures for taxpayer registration and tax assessment	M2	B	D	D		D+
PI-15	Effectiveness in collection of tax payments	M1	D	A	A		D+
PI-16	Predictability in the availability of funds for commitment of expenditures	M1	A	B	A		B+
PI-17	Recording and management of cash balances, debt and guarantees	M2	A	A	B		A
PI-18	Effectiveness of payroll controls	M1	A	A	A	C	C+
PI-19	Competition, value for money and controls in procurement	M2	A	A	A	A	A

Summary Table of Scores							
PFM Performance Indicator		Scoring Method	Dimension Ratings				Rating 2014
			i.	ii.	iii.	iv.	
PI-20	Effectiveness of internal controls for non-salary expenditure	M1	C	A	A		C+
PI-21	Effectiveness of internal audit	M1	D	D	NA		D
D (iii) Accounting, Recording and Reporting							
PI-22	Timeliness and regularity of accounts reconciliation	M2	A	A			A
PI-23	Availability of information on resources received by service delivery units	M1	A				A
PI-24	Quality and timeliness of in-year budget reports	M1	C	A	A		C+
PI-25	Quality and timeliness of annual financial statements	M1	A	A	A		A
D (iv) External Scrutiny and Audit							
PI-26	Scope, nature and follow-up of external audit	M1	A	A	A		A
PI-27	Legislative scrutiny of the annual budget law	M1	C	A	D	B	D+
PI-28	Legislative scrutiny of external audit reports	M1	A	D	D		D+
E. DONOR PRACTICES							
D-1	Predictability of Direct Budget Support	M1	NA	NA			NA
D-2	Financial information provided by donors for budgeting and reporting on project and program aid	M1	A	A			A
D-3	Proportion of aid that is managed by use of national procedures	M1	B				B
NA = Not applicable NR = Not Rated							

I. SUMMARY ASSESSMENT

There is a significant inter-relationship between the centre of Government such as the Ministry of Finance and the municipalities in Serbia with respect to Public Financial Management. The overall legal basis is served by the Budget System Law, revenue collection is administered through asset of tax laws, procurement is regulated by one Procurement Law and the State Audit Institution is responsible for the conduct of external audits for the whole of the public sector. Municipalities depend on un-earmarked grants and earmarked grants from Central Government to finance the majority of their expenditures. The Central Government and municipalities operate under a shared Single Treasury Account with their own sub accounts within it and accounting and reporting within the Single Treasury account follow the same standards and timetable.

(i) Integrated Assessment of PFM Performance

1. Budget credibility

Budget credibility is closely linked to the budget formulation process and to the extent that the budget is forward looking. If the budget is not well prepared and does not take account of future expenditure implication of existing policies, expenditure on investment to project competition and the recurrent cost of implementation once completed, expenditures for executing the budget in any one year will be subject to demands for funding items not in the budget but which actually need supporting. This will require supplementary budgets or the by-passing of controls which then lead to arrears if revenues are not available.

During the period 2011 to 2013, the budget has been a weak predictor of the expenditure outturns with a score of D. In one out of the three years covered actual expenditure was considerably higher than that budgeted whereas in the other two years it was less than the budget. The performance on realizing budgeted expenditure is closely linked to revenue which come from own sources (property tax and a range of fees and charges which contribute significantly more of own source revenue and are difficult to forecast) and transfers from Central Government (general (including a share of income tax raised in the municipality) and earmarked grants). The score for own source revenue is C and with respect to transfers from higher level of Government (Indicator HLG-1), the deviation of actual from budgeted has an A score. The stock of payment arrears is low with an A score. The database for arrears is good with all invoice dates entered into the accounting software. In order to discourage arrears, the Republic Ministry of Finance penalizes municipalities who do not pay invoices to private firms after 45 days by suspending transfers until invoices have been paid.

2. Comprehensiveness and transparency

The budget is based on administrative, economic and subfunctional classifications mirroring the structure developed at the Central government level and is consistent with all relevant international classification systems. There is also a programme structure being introduced to

the classification system to serve as a strategic resource allocation and analytical tool, but this as yet in its infancy. The budget document generally contains significant details and information on revenues and expenditures, and key macroeconomic aggregates, deficit and its financing but not on financial assets. Neither is there a backward looking time series to compare the proposed budget. The budget is comprehensive in its coverage with no extra budgetary expenditures or revenues and any donor projects that exist are included as well.

Public access to financial information is good with a B score. Monitoring of fiscal risks arising from the municipality owned enterprise takes place but results are not consolidated into an overall report. This is something that the municipality could do without much extra effort.

3. Policy-based budgeting

The Budget Circular is dependent on receiving information from the Ministry of Finance on transfers and this has always been considerably later than specified in the scheduled calendar. Although the budget formulation process is well established, it suffered some setbacks due to the untimely issuance of the budget circular which does not include expenditure ceilings. A weakness in budget formulation process has been the rather late involvement of the political class in the municipalities as there is no formal involvement by the Assembly in the budget process until the budget proposal is submitted to the Assembly for approval. There is a participative process with the stakeholders where the members of Assembly are included but not formally. Their early consideration and endorsement of the strategic priorities, and their reflection in the budget envelopes for the sectors, would provide greater legitimacy to the budget circular and help in ensuring that the submissions to the budget department are in-tune with municipality's chosen strategic direction. This would aid the capacity to maintain aggregate fiscal discipline and strategic allocation. Both the time taken to produce the budget and the involvement of the political class are weak. Nevertheless the budget is always approved on time. Both fiscal and budgetary policy are generally missing a medium-term perspective which will stifle the introduction of programme budgeting. The budget estimates include expenditure on projects in the two outer years, but nothing on recurrent expenditure or revenue. The lack of forward planning is also reflected in weak scores for the existence of costed sector strategies and linking future recurrent expenditure to investment with a C and D score for these dimensions.

4. Predictability and control in budget execution

Municipality administered taxation is based on a property tax that was previously implemented at the Central Government level and transferred to municipalities in 2009 who then had to establish their own administrative structures. The taxation system is based on comprehensive legislation providing clarity on the tax liabilities of taxpayers with no discretionary powers. The provisions for tax concessions are transparently set out. Taxpayer education is reactive rather than proactive which in part reflects the information in the gazette which is considered sufficient, but also the small administration, but the Chamber of Commerce was satisfied with

the information flows from the municipality. The appeals mechanism lacks an independent arbitration mechanism between a petition to the tax administration (processed either at the municipality or Ministry of Finance district level) and the courts. The database of properties and land is expanding and there are links to some external databases. Property tax clearance certificates are required for participation in public procurement purposes as well as access to certain state aid. The score is a B. Penalties are well defined and are high enough to be a deterrent in the law but are rarely enforced with a D score. Arrears are consequently high scoring D. However, arrears are also high due to the cumulative impact of high interest rates charged and the inherited arrears from when the property tax was administered by the Central government. The Law does permit write-off after 5 years but this is not implemented. Audit investigations are carried out on an ad hoc basis when staff time is available. Payments are made directly into the Single Treasury account via the banking system with cash payments received at the office being transferred the next day. Taxpayer records are maintained electronically and updated when payments are received.

On the expenditure side, overall measures to improve execution and strengthen controls have been implemented throughout the public sector in Serbia as a result of the adoption of the Budget System Law. Overall the predictability of the availability of funds for the commitment of expenditure merits a B+. Supplementary budgets are few and follow the same procedures for the annual budget. The municipality's cash balance is consolidated in its single treasury bank account. A loan was taken out in 2011 and was repaid in 2013 three years ahead of schedule. This loan was accounted for in the accounting system and where a loan is undertaken, the procedures require approval by the Ministry of Finance (Public Debt Law) with limits on borrowing linked to previous budget execution. There are no fiscal targets established reflecting in part the lack of forward budget planning.

Procurement processes and procedures are based on the national system under the Public Procurement Law and score A in all respects reflecting the municipality's adherence to the procedures. The evidence from the assessment relating to procurement was that the regulations relating to shopping and opening competition were followed in its entirety. All procurement that should use open completion, used open competition. In the instances of complaints, if the complaint is accepted by the Commission, the contractor is obliged to reimburse the fee to the bidder. Procurement was discussed with the Chamber of Commerce to triangulate information from procurement officers in the municipalities. There were no specific concerns expressed.

The payroll controls are well established and are working well; however payroll audits are infrequent depending on if the State Audit Institution has carried out the external audit. Sremska Mitrovica has not as yet established the internal audit function – this is a clear weakness in the overall control system. Commitment controls do not exist – control is at the invoice rather than at the purchase decision stage after procurement procedures have been fulfilled. The degree of compliance in processing and recording of transactions is high with an A score and rules and procedures for other non-procurement activities have been established scoring A. The development of these processes and procedures has been based on

recommendation made by the SAI in its 2011 audit. Nevertheless, there is no formal Public Internal Financial Control unit and its existence would consolidate the various procedures currently in place.

5. Accounting, recording, and reporting

Considerable effort has been directed towards improving the quality and comprehensiveness of the accounts and financial reports in line with the adoption of the single treasury account, accounting and reporting throughout the whole of the public sector in Serbia. Apart from the lack of accounting and reporting on commitments, in-year and annual accounting, recording and reporting score an A that reflects the well-established system and its timeliness. The accounting system is set up so that it is possible to produce reports at the level of service delivery units that provides transparency as to resource allocation at this level.

6. External scrutiny and audit

The external audit is mainly compliance and transaction orientated with some elements of system reviews, occasionally highlighting substantive concerns. The municipality is audited annually and recommendations have been implemented. Audit reports are generally sent to the Assembly in a timely manner but the level of scrutiny is cursory and recommendations are not issued. With respect to the budget approval process there is a well established set of procedures, but the time available for their implementation is insufficient for falls short of the time needed for effective review. The assembly as a whole only assesses the annual budget when it is presented, though there is a prior but short time frame committee stage. Virement rules reflect the national procedures in the Budget System Law of up to 5 per cent with considerable number of reallocation.

(ii). Assessment of the Impact of the PFM weaknesses on budgetary outcomes

Aggregate fiscal discipline

Process weaknesses, such as the absence of an effective Medium Term Fiscal Framework, the lack of timely availability of information on annual transfers in the budget preparation process from the Central Government, and late involvement of the political process in the budget formulation process have the potential to threaten aggregate fiscal discipline. Also, the relatively recent handover of property tax administration as well as the structure of own sourced revenue has seen large fluctuations in revenues which have been hard to estimate. The absence of rolling over expenditure commitments from existing policies into the medium term ensures that potential fiscal problems cannot be anticipated. Weaknesses and the ineffectiveness of the assembly scrutiny of the government financial operations particularly audit reports make the system further vulnerable. The well-functioning mechanism for avoiding payment arrears offsets the lack of commitments controls at the purchase decision stage after procurement procedures have been fulfilled. Nevertheless, the municipality would

be better positioned to control and monitor execution of the budget by addressing commitment control and thus maintain overall budget discipline.

Strategic allocation

The strategic allocation of resources is rendered weak by the absence of medium-term fiscal and budget frameworks, inadequate policy-budget linkage through sector strategies, and the lack of early involvement of the political process in the budget formulation process. These weaknesses constrain a municipality's ability to allocate resources efficiently over the medium term to reflect a realistic timeframe for implementation of policy. The C score on the variation on composition of expenditures (PI-2 (i)) indicates that in-year budget priorities may not be adhered to and the infrequent use of supplementary budgets may indicate the desire to balance the budget rather than maintain priorities. .

Operational efficiency

There is a single-year budget horizon and in some years variability in revenue realization in relation to expenditure from the municipality's own source revenue but not from transfers from Central Government. Weaknesses in the accountability mechanisms from the absence of internal audit are offset by the application of external audit recommendations. On the revenue side, operational efficiency is compromised by the accumulation of tax arrears. There is a need to introduce measures to target arrears collection and well as write off clearly uncollectable arrears. Lack of effective tax debt collection undermines credibility of tax assessments and the principle of equal treatment to taxpayers. The consolidation of cash balances; cash flow forecasting and cash management have enhanced budget execution and improved operational efficiency.

(iii) Prospects for reform planning and implementation

Municipality Public Financial Management has benefited from the implementation of the Budget System Law, the Procurement Law and the creation of the State Audit Institution. The Single Treasury Account and the associated accounting system has meant that by and large accounting, recording and reporting is effective providing timely information for management though commitment control needs to be improved. The procurement system has a legal and regulatory framework that is transparent, comprehensive and provides for competition. The impact of the audits carried in the municipality can be measured by the implementation of recommendations and improvements in management and control. Some reform initiatives have yet to be implemented in the municipality particularly with respect to Internal Audit as well as having a formal unit for Internal Control.. While programme budgeting is being rolled out to municipalities the absence of a medium term fiscal framework and sector strategies can only make programme budgeting premature and ineffective within Sremska Mitrovica.

II. PFM PERFORMANCE ASSESSMENT

A. HLG-1 Predictability of Transfer from Higher level of the Government

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
HLG-1 Predictability of transfer from higher level of the government	Score NR	
(i) Annual deviation of actual total HLG transfers from the original total estimated amount provided by HLG to the municipal entity for inclusion in the latter's budget	A	In no more than one out of the last three years have HLG transfers fallen short of the estimate by more than 5%.
(ii) Annual variance between actual and estimated transfers of earmarked grants	NR	Insufficient evidence
(iii) In-year timeliness of transfers from HLG (compliance with timetable for in-year distribution of disbursements agreed within one month of the start of the local government's fiscal year)	A	A disbursement timetable forms part of the agreement between HLG and SN government and this is agreed by all stakeholders at or before the beginning of the fiscal year and actual disbursements delays (weighted) have not exceeded 25% in more than one of the last three years

This indicator assesses how well Central Government integrate their support into the Municipality budget process so that it reflects all available resources in a timely manner.

(i) Annual deviation of actual total transfer of the HLG from estimated amount of the initial budget by HLG to the municipal entity for their involvement in the subsequent budget

Budgeted and actual Income Tax transfer ((which is 80% of income tax collected in the municipality) and General and Specific Transfers from the Central Government to the Municipality are as follows

RS000	2011		Change	2012		Change	2013		Change
	Budget	Actual		Budget	Actual		Budget	Actual	
Income tax	695466	729522		1035709	1098860		1195217	1064246	
General Transfers	216713	220229		274228	270134		287174	287174	
Specific Transfers	42200	49255		24000	50023		24103	47945	
Total	954379	999006	+4.7%	1333937	1419017	+6.4%	1506494	1399365	-7.1%

Score A

(ii) Annual variance between actual and estimated transfers of earmarked grants

Data on earmarked grants at the budget stage are in aggregate for capital and current for transfers from the Central Government and similarly from the Province, although actual are available at the sector level. Earmarked transfers are mostly project related, which means that they depend on result of competition with projects proposals from other municipalities and sometimes on the availability of the funds on the CG level or realisation of international donors arrangements. Hence, the earmarked revenues are usually not budgeted which is enabled by the BSL provision (article 61, para 9) that in the case of additional revenue expenditure appropriations can be increased accordingly.

Using the budget information, earmarked grants (broken down by capital and current) and the general grants and income tax, the following deviation has been calculated.

	HLG-1 (ii)
Year	Variance
2011	11.6%
2012	4.6%
2013	4.9%

See annex for raw data

However, breakdown of earmarked grants is not by sectors so the information is insufficient to score the dimension Score NR

(iii) In-year timeliness of transfers from HLG (compliance with timetable for in-year distribution of disbursements agreed within one month of the start of the local government's fiscal year)

A time table of twelve equal tranches is agreed for General Transfers and this has been adhered to. Given that income tax transfers reflect collection rates it is impossible to have a similar transfer plan. Earmarked transfers have no such timetable. Score A

B. Budget credibility

PI-1 Aggregate expenditure out-turn compared to original approved budget

	Minimum Requirements (Scoring Method M1)	
	2014	Explanation
PI-1 Aggregate expenditure out-turn compared to original approved budget.	Score D	
(i) The variance between aggregate budgeted and actual primary expenditure	D	In two or all of the last three years did the actual expenditure deviate from budgeted expenditure by an amount equivalent to more than 15% of budgeted expenditure

This indicator assesses the credibility of the budget by calculating the extent to which actual aggregate expenditure deviates from the original budget for the last three years of available data. If expenditure consistently varies from the original budget, this points to issues with the quality of budget planning and/or challenges in budget execution. The assessment of this indicator is based on the information available for the fiscal years 2011 to 2013.

(i) The difference between actual primary expenditure and the originally budgeted primary expenditure (excluding debt service charges and externally financed project expenditure)

Year	PI-1
	Total expenditure deviation
2011	-18.2%
2012	+19.8%
2013	-5.6%

See annex for raw data.

The municipality budget is heavily financed by transfers from the Centre (HLG-1) and own source revenue (PI-3). Improvements in reducing the difference between actual and planned budget over time has reflected the significant improvements in realizing revenue forecasts in both of the broad sources of revenue. In 2012 actual revenue was higher than forecast which was reflected in additional expenditures over the budget. Deficits may be covered from borrowing (if municipality takes a loan), or sells municipal bonds (according to the Law on Capital Market (“Official Gazette RS” No. 31/2011)), from sale of financial assets and from unspent or transferred funds from previous years surpluses.

Score D

PI-2 Composition of expenditure out-turn compared to original approved budget

	Minimum Requirements (Scoring Method M1)	
	2014	Explanation
PI-2 Composition of expenditure out-turn compared to original approved budget	Score C+	
(i) Extent of variation in expenditure composition excluding contingency items	C	Variance in expenditure composition exceeded 15 % in no more than one of the last three years.
(ii) Average amount of expenditure actually charged to contingency to the contingency vote over the last three years	A	Actual expenditure charged to the contingency vote was on average less than 3% of the original budget.

This indicator assesses the credibility of the budget by calculating the degree to which the composition of expenditures differs compared to the original approved budget for the past three years of available data. The assessment of this indicator is based on the information available for the fiscal years 2011 to 2013.

(i) Extent of the variance in expenditure composition during the last three years, excluding contingency items

Dimension (i) measures the variance between budgeted and actual expenditure at the disaggregated MDA level, controlling for the variance in the aggregate expenditure. It reflects the municipality's ability to pursue its policy objectives, as intended and stated in the budget. Significant variance in disaggregated expenditure renders the budget less credible as a policy intent statement. The indicator requires separate consideration of expenditures met from contingency reserves as they tend to influence the variance in disaggregated expenditure. The scoring of dimension (i) requires calculating the absolute value of the variance between adjusted expenditure (i.e. the original budget for each budget agency multiplied by the aggregate actual expenditure divided by the original aggregate budget) compared to the original budget for each MDA and then summing these as a percentage of the total adjusted budget to determine an overall variance.

Year	For PI-2 (i) Extent of variance
2011	-6.9%
2012	+29.3%
2013	-12.6%

See annex for raw data

There is significant but even variation across the three year's between the planned budget and actual expenditures across the administrative units

Score C

(ii) Average amount of expenditure actually charged to the contingency vote over the last three years

For PI-2 (ii) Share of contingency expenditures
0.0%

Unplanned (Contingency) expenditure as a proportion of total expenditure is small.

Score A

PI-3 Aggregate revenue out-turn compared to original approved budget

	Minimum Requirements (Scoring Method M1)	
	2014	Explanation
PI-3 Aggregate revenue out-turn compared to original approved budget	Score C	
(i) Actual domestic revenue compared to domestic revenue in the original, approved budget	C	Actual domestic revenue was between 92% and 116% of budgeted domestic revenue in at least two of the last three years

The indicator measures the variance between the actual revenues collected and the revenue estimates presented in the annual budget. Variance in revenue collection impacts overall budget credibility. Having sound revenue forecasts in the budget is essential for fiscal planning as significant variances in actual revenue outcomes will require either in-year adjustments to expenditures and/or changes in external funding in order for deficit targets to be reached. Under-realization leads to larger deficits and/or spending cuts, whereas over-realization tends to result in unplanned spending running the risk of sub-optimal resource utilization.

(i) Actual domestic revenue compared to domestic revenue in the original, approved budget

SD 000	2011		Change	2012		Change	2013		Change
	Budget	Actual		Budget	Actual		Budget	Actual	
Property Tax	70000	81639		93000	86489		83000	96322	
Fees	200500	138622		195001	186749		163805	163783	
Interest	6000	6260		6000	8013		7000	14535	
Sale of goods	258000	134286		129500	163210		263947	207788	
Fines	9500	12085		13500	13798		13400	14001	
Other	78500	57842		65151	103529		123050	157797	
Refunds	500	316		350	1650		400	4016	
Property Sales	12200	12558		12100	13091		13100	11855	
Total	635200	443608	69.8%	514602	576529	112.0%	667702	670097	100.4%

The municipality own source revenue base is small relative to transfers from Central Government (see HLG-1). Property tax is the main source of tax revenue but fees, charges and fines and sales of goods are an additional but more important source of revenue but are more difficult to forecast due to their dependence on people's actions rather than economic conditions. The structure of own source revenue is not dissimilar to local authorities around the world.

Score C

PI-4 Stock and monitoring of expenditure payment arrears

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
PI-4 Stock and Monitoring of expenditure payment arrears	Score A	
(i) Stock of expenditure payment arrears (as a percentage of actual total expenditure for the corresponding fiscal year) and any recent change in stock	A	The stock of arrears is low (i.e. is below 2% of total expenditure)
(ii) Availability of data for monitoring the stock of expenditure payment arrears	A	Reliable and complete data on the stock of arrears is generated through routine procedures at least at the end of each fiscal year (and includes an age profile).

This indicator assesses the credibility of the budget having regard to the existence of expenditure arrears. The quality of information regarding arrears and the size of reported arrears are both assessed by this indicator. The existence of expenditure arrears suggests that there are weaknesses in budget planning and execution.

(i) Stock of expenditure payment arrears (as a percentage of actual total expenditure for the corresponding fiscal year) and any recent change in the stock

During the period 2011 to 2013 the municipality had no payment arrears to any supplier including staff.

(ii) Availability of data for monitoring the stock of expenditure payment arrears

The accounting systems used by municipalities are private sector like accounting applications, capable of supporting full accrual accounting. As such they provide all the relevant information about liabilities of any kind. The accounting system routinely includes the date of the invoice providing for liabilities to be age profiled with monitoring and classification as arrears if not paid on time.

There is additional system to foster financial discipline based on centralized application for registering invoices received by private sector companies². According to the Act on Deadlines for the Fulfillment of Financial Obligations in Commercial Transactions (“Official Gazette RS” 119/12), invoices that have not been paid after 45 days are flagged and the Ministry of Finance suspends the transfers of specific grants and share of income tax until the invoices have been paid. The Ministry of Finance posts a list of such suspended municipalities on its website, according to the Regulations on the procedure for exercising supervision over the implementation of the Act between beneficiaries of public funds and companies when public funds beneficiaries are debtors (“Official Gazette RS” 21/2013). There are initiatives to broaden the scope of RINO application to cover liabilities to public sector entities also (mostly Public Utilities).

Score A

² RINO WEB application

C. Budget comprehensiveness and transparency

PI-5 Classification of the Budget

	Minimum Requirements (Scoring Method M1)	
	2014	Explanation
PI-5 Classification of the Budget	Score A	
(i) The classification system used for the formulation, execution and reporting of the municipality's budget	A	The budget formulation and execution is based on administrative, economic and sub-functional classification, using GFS/COFOG standards or a standard that can produce consistent documentation according to those standards. (Program classification may substitute for sub-functional classification, if it is applied with a level of detail at least corresponding to sub-functional.)

This indicator assesses the quality of the classification system used for formulating, executing and reporting of the municipality's budget. The assessment is based on the classification system in place for the 2014 budget formulation and execution processes.

(i) The classification system used for the formulation, execution and reporting of the municipality government's budget

The classification system used for budget formulation, execution and reports used administrative, economic and sub-functional classification as provided in The Rulebook on Standard Classification Framework and the Chart of Accounts for the Budget System ("Official Gazette RS" 103/2011, 10/2012, 18/2012, 95/2012, 99/2012, 22/2013, 48/2013 and 61/201) and The Rulebook on Amendments and Supplements to The Rulebook on Standard Classification Framework and the Chart of Accounts for the Budget System ("Official Gazette RS" 61/2013). It mirrors the classification system used by the Central Government. Score A

PI-6 Comprehensiveness of information included in budget documentation

	Minimum Requirements (Scoring Method M1)	
	2014	Explanation
PI-6 Comprehensiveness of information included in budget documentation	Score B	
(i) Share of the nine elements of listed information in the budget documentation most recently issued by the municipality	B	Recent budget documentation fulfils 5-6 of the 9 information benchmarks

This indicator assesses whether the coverage of the annual budget documentation as submitted to the legislature for scrutiny and approval, presents a complete picture of municipality fiscal forecasts, budget proposals and out-turn of previous years. The assessment of this indicator is based on the documentation for the 2014 budget, which was presented to the Assembly.

(i) Share of the nine elements of listed information in the budget documentation most recently issued by the municipality government

As noted in the table below, the 2014 budget document fulfills 5 of the nine information benchmarks. Score B

Information contained in budget documentation			
	Item	Included	Source
1	Macroeconomic assumptions, including at least estimates of aggregate growth, inflation, and exchange rate ³	Yes	Budget circular, Gazetted Budget
2	Fiscal deficit, defined according to GFSM, or other internationally recognized standard	Yes	Budget Submission/Gazetted Budget
3	Deficit financing, describing anticipated composition	Yes	Budget Submission/Gazetted Budget
4	Debt stock, including details at least for start of current year	Yes	Budget Submission/Gazetted Budget
5	Financial assets, including details at least for the beginning of the current year	No	Financial assets are reported in an annex to the Financial statements
6	Prior year's budget outturn, presented in the same format as the budget proposal	No	
7	Current year's budget (revised budget or estimated outturn), presented in same format as budget proposal	No	
8	Summarized budget data for both revenue and expenditure according to main heads of classifications used, including data for current and previous years	No	
9	Explanation of budget implications of new policy initiatives	Yes	Included in the budget decision made by city council and assembly as well as budget submission to assembly

(Source: Budget Circular, Budget Submission, Gazetted Budget and Budget decision document)

PI-7 Extent of unreported government operations

This indicator measures whether all budgetary and extra-budgetary activities of municipality are included in budget estimates, in-year execution reports, year-end financial statements and other fiscal reports for the public. This is needed to provide a complete picture of municipality government revenue, expenditures across all categories, and financing. The assessment of this indicator is based on the information and reports available for 2013.

	Minimum Requirements (Scoring Method M1)
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³ As the municipality only deals in SD, exchange rate assumptions are not relevant

	2014	Explanation
PI-7 Extent of unreported government operations	Score A	
(i) The level of extra-budgetary expenditure (excluding donor-funded projects) which unreported	A	The level of unreported extra-budgetary expenditure (other than donor funded projects) is insignificant (below 1% of total expenditure).
(ii) The income/expenditure information on donor-funded projects included in fiscal reports	A	Complete income/expenditure information for 90% (value) of donor-funded projects is included in fiscal reports, except inputs provided in-kind OR donor funded project expenditure is insignificant (below 1% of total expenditure).

(i) The level of extra-budgetary expenditure (excluding donor-funded projects) which is unreported

There are no extra budgetary funds – all revenues and expenditure are recorded in the budget and accounts.

Score A

(ii) The income/expenditure information on donor-funded projects included in fiscal reports

The municipality has one donor funded project which is included in the budget and accounts.
Score A

PI-8 Transparency of intergovernmental fiscal relations

This indicator is not applicable as there is no sub-national government under the level of municipalities.

	Minimum Requirements (Scoring Method M1)	
	2014	Explanation
PI-8 Transparency of intergovernmental fiscal relations	NA	
(i) Transparent and rules based systems in the horizontal allocation among sub national governments of unconditional and conditional transfers from central government.	NA	
(ii) Timeliness of reliable information to sub national governments on their allocations from central government for the coming year.	NA	

PI-9 Oversight of aggregate fiscal risk from other public sector entities

	Minimum Requirements (Scoring Method M1)	
	2014	Explanation
PI-9 Oversight of aggregate fiscal risk from other public sector entities	Score C	
(i) Extent of municipality monitoring of AGAs and public enterprises	C	Most major AGAs/PEs submit fiscal reports to municipality government at least annually, but a consolidated overview is missing or significantly incomplete.
(ii) Extent of municipality monitoring of sub national governments' fiscal position	NA	

This indicator measures the ability of municipality to fulfil its oversight role in monitoring and managing the fiscal risks arising from activities of autonomous government agencies (AGA) and public enterprises (PE). The assessment of this indicator is based on the information available for 2013.

(i) Extent of municipality government monitoring of AGAs and public enterprises

There are 4 enterprises wholly owned by the municipality: Heating Company, Gas Company, Water and Sewage Company and General Utilities Company (Parks, Waste and Refuse Collection and Treatment, Street Cleaning).

There is no liability to the municipality from any borrowing. Collateral for borrowing is based on a company's assets but permission has to be received from the Municipality. Guarantees are given by the Ministry of Finance on behalf of the Republic Government. There is an oversight board which is comprised of members nominated by the municipal assembly. The annual plan of work is submitted to the Budget Department and is reviewed by the administration and the city council and must be approved by the Assembly before it can be implemented. All fees and charges for the year has to be approved by the Assembly. This is gazetted and is published on the company's website.

Each month a report is submitted to the budget department on number of employees and salaries and this has to be approved before payment is made. This report is also sent to the Ministry of Finance. Each quarter a financial statement is produced for the quarter and the year to date which is analysed by the budget department and sent to the Ministry of Finance. The annual financial statement and execution of the work plan are also produced and similarly treated. The financial accounts are audited annually,

Fifty per cent of the annual surplus is retained by the company and the remaining fifty per cent is transferred to the Municipality. The companies have all been in surplus to date. There is no consolidated statement summarizing the financial position of the companies which would score this dimension an A – with the absence of a simple report the Score is C.

(ii) Extent of municipality monitoring of sub national governments' fiscal position

There is no sub national government under the Municipality. Score NA

PI-10 Public access to key fiscal information

	Minimum Requirements (Scoring Method M1)	
	2014	Explanation
PI-10 Public access to key fiscal information	Score A	
(i) Number of the eight listed elements of public access to information that is fulfilled.	A	The government makes available to the public 7-8 of the 8 listed types of information

This indicator assesses transparency of fiscal information by ascertaining the accessibility to the public against a number of information benchmarks. The assessment of this indicator is based on the information available for the fiscal years 2013 and 2014 (to date).

(i) Number of the eight listed elements of public access to information that is fulfilled

As presented in the table below, the municipality government currently makes available seven of the eight listed elements of public access to information in the timeframe specified. Score A

Key fiscal information made available to the public			
	Item	Available	Source
1	Annual budget documentation can be obtained by the public when it is submitted to the legislature.	Yes	Gazette and website http://www.sremskamitrovica.org.rs
2	In-year execution reports within one month of end of period	no	
3	Year-end financial statements within 6 months after completed audit	yes	On website after Assembly approves
4	External audit reports within 6 months of completed audit	yes	Not published but is available on request and this request must be complied with buy Law.
5	Contract awards above SD400,000 posted quarterly	yes	On municipality portal seven days after award
6	Resources available to primary service units	yes	Data are available on each school and clinic and can be requested
7	Information covering fees, charges and taxes (if any) that belong legally to the SN entity (collected locally or by the	yes	Assembly decisions on charges and taxes are gazette and on website

	Central Tax office);		
8	Information should refer to services provided to the community such as potable water, sewage, illumination etc.	yes	Annual work plan and its execution as well as financial statements are on each company's website as well as being gazetted after assembly adoption.

D. Policy-based budgeting

PI-11 Orderliness and participation in the annual budget process

	Minimum Requirements (Scoring Method M2)	
	2014	Explanation
PI-11 Orderliness and participation in the annual budget process	Score C+	
(i) Existence of and adherence to a fixed budget calendar.	C	An annual budget calendar exists, but is rudimentary and substantial delays may often be experienced in its implementation, and allows MDAs so little time to complete detailed estimates, that many fail to complete them timely.
(ii) Guidance of the preparation of budget submissions	D	Cabinet is involved in approving the allocations only immediately before submission of detailed estimates to the legislature, thus having no opportunities for adjustment
(iii) Timely approval by the legislature	A	The legislature has, during the last three years, approved the budget before the start of the fiscal year.

This indicator aims to assess whether budget formulation adheres to a fixed and predictable budget calendar each year and is organized in a way that facilitates effective participation by spending and revenue collecting agencies, as well as the cabinet and political leadership in the budget formulation process. It also assesses whether the instructions given to MDAs for the preparation of their budget submissions reflect high level political decisions about the allocation of available funding, and whether the budget circular allocates spending ceilings within which MDAs have to work. The assessment of this indicator is based on the documentation for the 2014 budget.

(i) Existence of and adherence to a fixed budget calendar

Article 31 of the Budget System Law stipulates the budget calendar to be applied by municipalities. The implementation of the municipality budget calendar is dependent on the Ministry of Finance providing the fiscal strategy and instruction from the Ministry of Finance (which includes the amount of the general transfer). The provision of the Law and the actual implementation of the calendar for the preparation of the 2014 budget is detailed below.

Municipality Budget Calendar

Action	Law requirement Date	Actual date 2014 budget
The Minister (of Finance) shall deliver the instruction for the decision preparation on the budget to the local government as well as the Fiscal strategy to the organizations for mandatory social insurance;	5 July	07 Oct 2013
Local government finance authority shall issue the instructions for the preparation of the draft local government budget	1 August	18 October 2013
Direct beneficiaries of the local government budget shall submit the draft financial plan to the local government finance authority for the budget year and the two following fiscal year ⁴ s	1 September	First Draft Financial Plan 25 Oct 21 Nov final Draft
Local government finance authority shall submit Draft Budget Decisions to the local government executive authority	1 November	26 November 2013
Local government assembly shall adopt the local government Budget Decision	20 December	23 December 2013
Local government finance authority shall furnish the Minister with the local government Budget Decision.	25 December	24 December

While the law provides for budget beneficiaries some four and a half weeks to prepare their budget submission once the instruction have been received, the actual time available to the administrative units in the 2014 budget preparation process was only two weeks⁵. The remainder of the time before the final draft is completed is spent on consolidation and fine tuning by the city council and the budget department before the budget is submitted to the executive before being submitted to the Assembly.

Score C

(ii) Guidance of the preparation of budget submissions

The budget circular does not include ceilings although it includes indication of salaries for each organization. During the budget preparation window, there is some discussion of allocation of non-salary expenditure by the executive (major and advisors). However, for the most part the budget is a rollover of the estimated outturn of the current year adjusted for inflation.

Score D

⁴ The reality is that only figures for the budget year is included in practice.

⁵ Confirmed in discussion with various administrative units

(iii) Timely approval by the legislature

The budget approval in the past three years has been in line with legal requirements before the start of the financial year as follows.

Budget year	Approval date
2012	23 Dec 2011
2013	18 Dec 2012
2014	23 Dec 2013

Score A

This dimension measures the extent to which the budget is approved before the start of the relevant fiscal year. Delays in passing the budget may create uncertainty about the level of approved expenditures and delays in some government activities. The assessment of this dimension is based on the last three years' budgets, i.e. 2012, 2013 and 2014.

PI-12 Multi-year perspective in fiscal planning, expenditure policy and budgeting

	Minimum Requirements (Scoring Method M2)	
	2014	Explanation
PI-12 Multi-year perspective in fiscal planning, expenditure policy and budgeting	Score D+	
(i) Multi-year fiscal forecasts and functional allocations	D	No forward estimates of fiscal aggregates are undertaken
(ii) Scope and frequency of debt sustainability analysis	NA	
(iii) Existence of costed sector strategies	C	Costed strategies cover more sectors but are inconsistent with aggregate fiscal forecasts.
(iv) Linkages between investment budgets and forward expenditure estimates	D	Budgeting for investment and recurrent expenditure are separate processes with no recurrent cost estimates being shared.

This indicator refers to the extent to which the Government plans their fiscal framework, expenditure policies and budget plans over the medium-term.

(i) Preparation of multi-year fiscal forecasts and functional allocations

The Budget is prepared for one year only for the administrative units in the municipality, even though the instructions relating to the Budget Circular specifies two outer years also (see PI-11). However the Budget Circular from the Ministry of Finance includes grants and transfers from the Centre for the budget year only. Score D

(ii) Scope and frequency of debt sustainability analysis

There is no requirement for a debt sustainability analysis given that the municipality does not borrow on a regular basis. The Municipality took a 5-year loan in 2011 from Banca Intesa for the reconstruction of the regional road R-103 in the amount of around 24 million dinars with the grace period of one year and it was repaid in November 2013, before the deadline. This loan amount to 1.1% of 2013 expenditure and is insignificant.

Not Applicable

(iii) Existence of sector strategies with multi-year costing of recurrent and investment expenditure

A development strategy covering the period 2010 to 2020 was produced with assistance from USAID⁶ and the Standing Conference of Towns and Municipalities of Serbia. The document contained a vision for the municipality with its focus centered on Environmental Protection, Economic Development and the development of the Community. The document laid out aims and goals and linked these to programmes listing indicative activities to be carried out and key performance indicators. These activities were costed but there was no overall fiscal framework in which they were anchored although the potential source of funding any potential partners were highlighted as well as an indicative timetable. In discussion with administrative units, one unit was using the action plan as part of its strategy and had so far managed to implement 50 per cent of the activities through the annual budget.

The Education Department and Social Welfare Department are currently preparing a strategy plan for the next five years.

Score C

(iv) Linkages between investment budgets and forward expenditure estimates

The annual budget includes projects and their financial requirement for the subsequent two years. There is no consideration of the recurrent cost implication once these projects are completed as the budget is only presented for a one year time horizon.

Score D

⁶ MEGA project conducted between March and September 2010

E. Predictability and control in budget execution

PI-13 Transparency of taxpayer obligations and liabilities

	Minimum Requirements (scoring Method M2)	
	2014	Explanation
PI-13 Transparency of Taxpayer Obligations and Liabilities	Score B	
(i) Clarity and comprehensiveness of tax liabilities	A	Legislation and procedures for all major taxes are comprehensive and clear, with strictly limited discretionary powers of the government entities involved.
(ii) Taxpayer access to information on tax liabilities and administrative procedures	B	Taxpayers have easy access to comprehensive, user friendly and up-to-date information on tax liabilities and administrative procedures for some of the major taxes, while for other taxes the information is limited.
(iii) Existence and functioning of a tax appeals mechanism	C	A tax appeals system of administrative procedures has been established, but needs substantial redesign to be fair, transparent and effective.

This indicator assesses whether the overall control environment that exists in the revenue administration system and the direct involvement and co-operation of the taxpayers from the individual and corporate private sector allow for effective assessment of tax liability. The quality of such control is very much linked to the degree of transparency of tax liabilities, including clarity of legislation and administrative procedures, access to information in this regard, and ability to contest administrative rulings on tax liability.

(i) Clarity and comprehensiveness of tax liabilities

The municipality tax is based on property and land. A new property tax system was introduced in 2013 to commence in 2014 with the Law on Property Taxes (Official Gazette RS br. 26/2001, Official Gazette SR, br. 42/2002 - decision SUS and Official Gazette RS, br. 80/2002, 80/2002, 135/2004, 61/2007, 5/2009, 101/2010, 24/2011, 78/2011, 57/2012 - decision US, 47/2013 and 68/2014). The owner of a property is liable for the tax except when a rental agreement is in place for more than one year so that the person who is renting is liable for payment. Liability to pay property tax is assessed on a number of factors relating to the municipality – location with respect to one of 4 zones, the type of property and its size (usable square metre) and the average market prices for that type of property (which is based on information on sales). These factors determine the tax base and a progressive rate of tax on properties is applied, according to the Decision on tax rates (Assembly No. 436-202/2013-I of 29.11.2013.) property tax rates are as follows:

1. on the immovable property of a taxpayer that keeps books (according to accounting standards which values assets): 0.4%
2. on the property by the taxpayer who does not keep books: 0.15%
3. on the immovable property of a taxpayer that does not keep books, except on land:

- Under SD 10 million: 0.25%
- between SD 10 to 25 million 0.25% + 0.60% on the amount that exceeds 10 million,
- between SD 25 million to 50 million 0.40% + 1% on the amount that exceeds 25 million,
- above SD 50 million 0.40% + 2% on the amount that exceeds 50 million.

Two factors can reduce the tax payable. The assessment on a property is reduced by 1 per cent for each year of its age up to a total of 40 percent and owners who occupy the property receive a reduction of 50 per cent of the assessment. In addition, taxpayers who have paid the tax liability and secondary tax benefits as of December 31 of the previous year compared to the year for which the tax is assessed on the property, lower property tax rate shall apply (the Amending decision on determining the amount property tax rates - Decision of the Assembly 436-54/2013-I of 22.02.2013).

All the information to compute the tax (except average relevant prices which is based on a survey) relating to a property is contained in an application form that was sent out to all properties in the municipality in 2013 for the introduction of the new property tax. All the relevant information is fed into the computer software system which then generates the liability automatically. There are no discretionary exemptions allowed in the procedures. The assessment notice is sent to each property through the Serbia Post Office system as official notification.

Score A

(ii) Taxpayer access to information on tax liabilities and administrative procedures

Information is routinely provided in the annual budget relating to any relevant changes such as zoning, average prices and applicable ad valorem rates. Such information must be included in the official gazette. Tax payer education is reactive rather than proactive. A tax payer who comes and asks for additional information not included in the budget is provided with such information. The Chamber of Commerce was satisfied that the information flows from the Taxation Administration when a request was made was good.⁷

Score B

(iii) Existence and functioning of a tax appeals mechanism

The right to appeal is in the Law. Tax payers can appeal an assessment directly to tax office who will check for errors and omissions and any such errors and omission are rectified. Addressing appeals related to other than errors and omissions are directed to the regional office of the Ministry of Finance based on a file compiled by the Municipality Taxation Department. According to the Law on General Administrative Procedures Official Gazette SRJ 33/97 and

⁷ At the time of introducing the new regime for property tax, the Standing Conference carried out a series of workshops nationwide.

31/2001 and Official Gazette RS 30/2010), further appeals – administrative disputes - can only be directed to the Administrative Court. There is no intermediate tax appeals mechanism other than to the regional office of the Ministry of Finance so the overall system needs substantial redesign.

Score C

PI-14 Effectiveness of measures for taxpayer registration and tax assessment

	Minimum Requirements (scoring Method M2)	
	2014	Explanation
PI-14 Effectiveness of measures for taxpayer registration and tax assessment	Score D+	
(i) Controls in the taxpayer registration system	B	Taxpayers are registered in a complete database system with some linkages to other relevant government registration systems and financial sector regulations.
(ii) Effectiveness of penalties for non-compliance with registration and declaration obligations	D	Penalties for non-compliance exist are generally non-existent or ineffective (i.e. set far too low to have an impact or rarely imposed).
(iii) Planning and monitoring of tax audit and fraud investigation programs	D	Tax audits and fraud investigations are undertaken on an ad hoc basis if at all.

Effectiveness in tax assessment is ascertained by an interaction between registration of liable taxpayers and correct assessment of tax liability for those taxpayers. This indicator assesses these elements of tax administration.

(i) Controls in the taxpayer registration system

With the introduction of the New Property Tax system, the municipality sent out a form to all properties and the tax offices maintain a computerized files of all properties and relevant details. The numbers on the database has increased substantially since the municipality assumed the administration of the property tax. The number of tax applications (information submitted) are as follows

	2008	2011	2012	2013	2014
Total	35,367	40,797	41,303,	41,911	59,403
Usable	19,650	33,714	34,180	35,300	55,962
No of taxpayers	14,572	24,623	24,595	25,691	36,781

The table indicates that the usable number of applications have increased as well as the number of taxpayers (a tax payer may have multiple applications), but the number of applications that are usable has increased which reflects the effort is building up the database. The significant increase has been in 2014 when the new tax regime has been introduced reflecting the

requirement for tax payers to provide new information in the application form, but also from the levying of property tax on land which previously was not covered. The Law requires any changes in circumstances to be notified to the Property Tax Office by the taxpayer within 15 days of the change.

The tax property administration cross checks its records with the information contained by the Ministry of Interior and the Cadastral records so as to try to ensure all properties are covered. Building permits are also used to monitor new buildings. A tax clearance certificate is also required for public procurement purposes as well as access to certain state aid. In 2013 1,286 such certificates were issued and 1,786 were issued in 2014. Linkages with other records such as opening bank accounts are not used although records of utilities are used to track new users not on records.

Score B

(ii) Effectiveness of penalties for non-compliance with registration and declaration obligations

The penalty regime is set out in the law. There is a penalty for the taxpayers who fail to submit the tax application form. They have to pay in range 5.000 – 50.000 RSD, according to the Article 180 of the “Tax Procedure and Tax Administration Act” (Official Gazette RS Nos. 80/02, 84/02 but the application and impact is not considered to be effective. Much more effective is Article 75 of that Act which stipulates the imposition of interest of 10 percentage points above bank rate which is automatically added to a taxpayer’s file once payment due has not been received. Under Article 75, a company may have its bank account suspended if payment is not made. Articles 71, 77, 78, 79, 84, 92 and 95 set out the procedures for enforces collections. The effectiveness can be assessed on the significant level of arrears as well as the lack of attempts at applying the law to collect nonpayment (2013: 2 and 2014: 3).

Score D

(iii) Planning and monitoring of tax audit and fraud investigation programs

There is no audit plan – investigations are carried out on an ad hoc basis when staff time is available. There are only two of the 15 staff in the unit with investigation responsibilities. In 2012, there were 32 field control visits which increased to 75 in 2013. Office based control reviewing files were increased from zero in 2012 to 15 in 2013.

Score D

PI-15 Effectiveness in collection of tax payments

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
PI-15 Effectiveness in collection of tax payments	Score D+	
(i) Collection ratio for gross tax arrears, being the percentage of tax arrears at the beginning of a fiscal year, which was collected during that fiscal year (average of the last two fiscal years)	D	The total amount of tax arrears is significant (i.e. more than 2% of total annual collections)
(ii) Effectiveness of transfer of tax collections to the Treasury by the revenue administration	A	All tax revenue is paid directly into accounts controlled by the Treasury or transfers to the Treasury are made daily.
(iii) Frequency of complete accounts reconciliation between tax assessments, collections, arrears records and receipts by the Treasury	A	Complete reconciliation of tax assessments, collections, arrears and transfers to Treasury takes place at least monthly within one month of end of month.

This indicator assesses the accumulation of tax arrears and the collection of tax debt as they lend credibility to the tax assessment process and reflects equal treatment of all taxpayers. Prompt transfer of the collections to the Treasury is essential for ensuring that the collected revenue is available to the Treasury for spending.

(i) Collection ratio for gross tax arrears, being the percentage of tax arrears at the beginning of a fiscal year, which was collected during that fiscal year (average of the last two fiscal years)

Arrears broken down into accumulated arrears and interest by companies and persons are very high and growing annually in relation to collections. The collection ratio is zero as total arrears have increased year on year. Figures on arrears (including interest separately) are indicated in the table below.

SD000	2011	2012	2013
Companies			
Arrears	56.703	70.503	83.536
Interest	50.738	72.019	90.155
Persons			
Arrears	46.021	49.832	61.106
Interest	68.611	92.574	113.937
Total			
Arrears	102.724	120.335	144.642
Interest	119.349	164.593	204.092
Total	222.073	284.928	348.734
Property tax Collections	81.639	86.489	96.322
Arrears as % of Collection			
	272.02%	329.44%	362.05%

Uncollected arrears that remain on the books are meant to be written off after 5 years under the law (article 114, various clauses) as being uncollectable (“obsolescence of tax liabilities”).

Score D

(ii) Effectiveness of transfer of tax collections to the Treasury by the revenue administration

Payments are made directly into the Single Treasury account via the banking system with cash payments received at the office being transferred the next day.

Score A

(iii) Frequency of complete accounts reconciliation between tax assessments, collections, arrears records and receipts by the Treasury

Accounts are maintained electronically and are up-dated as soon as payment is received. If an assessment has been made and payment has not been received by the date specified on the assessment, arrears will be automatically generated in the tax payers electronic file and interest is simultaneously added to the liability. A reminder notice is generated immediately.

Score A

PI-16 Predictability in the availability of funds for commitment of expenditures

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
PI-16 Predictability in the availability of funds for commitment of expenditures	Score B+	
(i) Extent to which cash flows are forecast and monitored	A	A cash flow forecast is prepared for the fiscal year, and are updated monthly on the basis of actual cash inflows and outflows.
(ii) Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure commitment	B	MDAs are provided reliable information on commitment ceilings at least quarterly in advance.
(iii) Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs	A	Significant in-year adjustments to budget allocations take place only once or twice in a year and are done in a transparent and predictable way

This indicator assesses whether the spending ministries, departments and agencies (MDAs) receive reliable information from the Ministry of Finance on availability of funds within which they can commit expenditure for recurrent and capital inputs.

(i) Extent to which cash flows are forecast and monitored

At the beginning of the year, a cash flow forecast is prepared for each month based on historical collections and outflows. Cash inflows are monitored daily and a monthly cash flow report is prepared and is sent to the Treasury. The monthly flows are compared to the forecasts and adjustments are made. Score A

(ii) Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure commitment

Based on their annual plans broken down by quarter, each Administrative Unit is provided with an allocation covering each quarter in the year so that they can make commitments on a quarterly basis. These allocation are made before the quarter starts. The quarterly allocation reflects the cash flow forecasts as well as need. Score B

(iii) Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs

The budget can be rebalanced but this rebalancing has to follow the same approval procedures as the original budget.

Number and Dates of Rebalance		
2011 Budget	4 July 2011	5 December 2011
2012 Budget	2 October 2012	
2013 budget	11 June 2013	30 September 2013

As the adjustments have been no more than two in the recent past, Score A

PI-17 Recording and management of cash balances, debt and guarantees

	Minimum Requirements (scoring Method M2)	
	2014	Explanation
PI-17 Recording and management of cash balances, debt and guarantees	Score A	
(i) Quality of debt data recording and reporting.	A	Domestic and foreign debt records are complete, updated and reconciled on a monthly basis with data considered of high integrity. Comprehensive management and statistical reports (cover debt service, stock and operations) are produced at least quarterly
(ii) Extent of consolidation of the government's cash balances	A	All cash balances are calculated daily and consolidated
(iii) Systems for contracting loans and issuance of guarantees	B	Contracting of loans and issuance of guarantees are made within limits for total debt and total guarantees, and always approved by a single responsible government entity.

Efficient management of debt and debt guarantees is an essential component of fiscal management. Poor management of debt and debt guarantees can create unnecessarily high debt service costs. With regard to efficient cash management, an important requirement for avoiding unnecessary borrowing and interest costs is that balances in all government-held bank accounts

are identified and consolidated (including those for extra-budgetary funds and government controlled donor-funded project accounts).

(i) Quality of debt data recording and reporting

Debt payment is recorded as an economic category within the accounting system and is monitored as part of the monthly reporting process. . There was a monthly report to the MoF on interest and principle repaid. There has been only one loan taken out in 2011 over a five year period with a one year grace period for SD 24 million repaid in Nov. 2013. Documentation relating to the loan (repayments (interest and principle) and outstanding balances) was maintained in a separate file.

Score A

(ii) Extent of consolidation of the government’s cash balances

Municipal cash is part of the Single Treasury Account (STA) system with its own account and subaccounts with covers the Municipality and the Direction Department. These are consolidated and monitored on a daily basis. There are no accounts outside the STA. Score A

(iii) Systems for contracting loans and issuance of guarantees

The municipality requires the authorization of the Minister of Finance in order to borrow and this is subject to the requirement of Articles 33 – 38 of the Law on Public Debt (“Official Gazette RS” No. 61/2005, 107/2009, 78/2011), as well as the Budget System Law. The Law on Public Debt stipulates municipality borrowing can only be up to a limit of 50% of the previous year’s executed budget or 25% of the CG non-earmarked transfer. The Municipal Assembly must also authorize any borrowing. Given PI 12 (i), there are no fiscal targets which reduces the score.

Score B

PI-18 Effectiveness of payroll controls

This indicator assesses the integrity of personnel records and efficiency of the processes of human resource management and payroll processing in Government.

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
PI-18 Effectiveness of payroll controls	Score C+	
(i) Degree of integration and reconciliation between personnel records and payroll data	A	Personnel database and payroll are directly linked to ensure data consistency and monthly reconciliation.
(ii) Timeliness of changes to personnel records and the payroll	A	Required changes to the personnel records and payroll are updated monthly, generally in time for the following month’s payments. Retroactive adjustments are rare.

(iii) Internal controls of changes to personnel records and the payroll	A	Authority to change records and payroll is restricted and results in an audit trail.
(iv) Existence of payroll audits to identify control weaknesses and/or ghost workers	C	Partial payroll audits or staff surveys have been undertaken within the last 3 years.

(i) Degree of integration and reconciliation between personnel records and payroll data

Payroll and personnel records for municipality employees are maintained as two separate but related computer systems: one for personnel and one for payroll. Personnel records are computerized and any changes that impact on the payroll are integrated into the payroll system immediately they are made. The municipality has also a wholly owned company (Direction) which manages construction and maintenance and is funded wholly from the budget. This company operates its own personnel and payroll system which operates similarly to that of the municipality's⁸. The overall number of employees is small and changes are not frequent which makes for immediate reconciliation.

The personnel and payroll systems for the municipality are linked as is that of the Direction. Score A

(ii) Timeliness of changes to personnel records and the payroll

Any changes to the personnel records are made immediately once the information become available and any changes in the personnel database are reflected in the payroll. All the information relating to payroll (permanent and part-time staff) is collected from the Administrative Units by the 25th of the months (for payment 1-5th of following month). If for some reason there was a change to be made after the 25th and that change could not be made before payroll was computed, the change would be incorporated in the following month's payroll. Deductions are calculated and approved by the Republic Tax Administration electronically via a control number. Payment is made electronically by the Treasury into bank accounts. Retrospective changes are rare as changes are made immediately either before or after the 25th as above. This applies to both payroll and personnel systems in (i) above. Score A

(iii) Internal controls of changes to personnel records and the payroll

There is a separate Human Resources division. Two members of staff have been trained and certified to operate the personnel records system (the second to provide cover should the main person be absent). The computer system is password controlled and along with the HR manager, there is no other access. Once an individual logs into the system, there is an audit trail linking any changes to the person that has made them. A system applies for the Direction so that access is similarly controlled.

⁸ At present personnel records are maintained on paper but are in the process of being computerised.

Score A

(iv) Existence of payroll audits to identify control weaknesses and/or ghost workers

A payroll audit was carried out in 2012 as part of the SAI's audit of the municipality financial statement (which included all direct and indirect beneficiaries funded from the budget. This was not a full payroll audit as such.

Score C

PI-19 Transparency, competition and complaints mechanisms in procurement

A well-functioning procurement system that creates transparency and competition to obtain fair and reasonable prices and overall value for money is assessed in this indicator.

	Minimum Requirements (scoring Method M2)	
	2014	Explanation
PI-19 Transparency, competition and complaints mechanisms in procurement	Score A	
(i) Transparency, comprehensiveness and competition in the legal and regulatory framework	A	The legal framework meets all six of the listed requirements
(ii) Use of competitive procurement methods	A	When contracts are awarded by methods other than open competition, they are justified in accordance with the legal requirements in all cases.
(iii) Public access to complete, reliable and timely procurement information	A	Key procurement information (government procurement plans, bidding opportunities, contract awards, and data on resolution of procurement complaints) is made available to the public through appropriate means. All of the key procurement information elements are complete and reliable for government units representing 90% of procurement operations (by value) and made available to the public in a timely manner through appropriate means.
(iv) Existence of an independent administrative procurement complaints system	A	The procurement complaints system meets all seven criteria

(i) Transparency, comprehensiveness and competition in the legal and regulatory framework

Legal framework on public procurements in Serbia is set by the Public Procurement Law ("Official Gazette RS" 124/12). Specific procedures within the Contracting Authority (direct and indirect beneficiaries of the budget in the City of Sremska Mitrovica) are determined by the Internal Act, which is a document required by the PPL and the Rulebook on Contents act which shall regulate the procedure for public procurement within the Contracting Authority ("Official Gazette of RS", no. 106/13). Procedures of planning, implementation and contract

execution are described in the Internal Act. In June 2014, City of Sremska Mitrovica established the Department for Public Procurements (DPP) that is responsible for all public procurements conducted by all of 10 City Administrations⁹. There are also complete information about all public procurements and contracts signed before that date.

Score A

Compliance of the Procurement Act with PEFA requirements		
Is the legal and regulatory framework for procurement:	Compliance	Explanation
(i) organized hierarchically and precedence clearly established	Yes	DPP acts in accordance with the PPL ("Official Gazette RS" 124/12), Rulebook on Contents act which shall regulate the procedure for public procurement within the Contracting Authority ("Official Gazette of RS", no. 106/13) and the Internal Act.
(ii) freely and easily accessible to the public through appropriate means	Yes	Information is published simultaneously on the official website http://www.sremskamitrovica.org.rs and on the Public Procurement Portal http://portal.ujn.gov.rs/ , in accordance with the Article 20 of the PPL, the Law on Free Access to Information of Public Importance ("Official Gazette of RS" No. 120/04, 54/07, 104/09 & 36/10) and the Internal Act.
(iii) applied to all procurement undertaken using government funds	Yes	City acts in accordance with Article 2 related to the Article 7 of the PPL.
(iv) making open competitive procurement the default method of procurement and define clearly the situations in which other methods can be used and how this is to be justified	Yes	Open competitive procurement is the default method for procurements valued more than 400.000,00 RSD, according to the Article 39.2 of the Public Procurement Law.
(v) providing for public access to all of the following procurement information: government procurement plans, bidding opportunities, contract awards, and data on resolution of procurement complaints	Yes	Information is published simultaneously on the official website and on the Public Procurement Portal, in accordance with the Article 20 of the PPL and the Internal Act. Additional information is provided in accordance with the Law on Free Access to Information of Public Importance. Reports are generated quarterly and sent to the Public Procurement Office of Serbia and the State Audit Institution.
(vi) providing for an independent administrative procurement review process for handling procurement complaints by participants prior to contract signature	Yes	Complaints are handled in accordance with the Chapter VIII of the Public Procurement Law which provides for an independent complaints system.

(ii) Use of competitive procurement methods

Department for Public Procurements and Direction for Buildings and Infrastructure both use competitive procurement methods as the default. Since the DPP was established, there were

⁹ Each of the city administrations has the Rulebook on regulating public procurement procedures, for example for the Budget Administration is No. 404-151 / 2014-VIII of 11.03.2014

20 open competitive procurements with estimated value of 60 million dinars, and contracted value of 55 million (of which 66.55% valued more than 3 million, and 33.45% in range of 400.000 and 3 million). In addition, according to the Law on Public Procurements, municipalities are also allowed to contract goods, services or works under the value of 400.000 RSD by publishing the call for proposals at their website and the Portal of the Public Procurement Office of Serbia (Article 39. par. 5) and asking at least 3 bidders to send their applications which contributes to the transparency of entire procedure. Specifically, these shopping purchases typically relate to office supplies and equipment, facility maintenance, hygiene, soft drinks and coffee, as well as technical documentation for minor building and infrastructure projects. The regulations stipulate that there should be no conflict of interest and the price offered is not higher than comparable market price. No contracts were awarded through non competitive awards – Competitive procurement is used in all cases above for threshold for shopping. In addition, municipalities are obliged to send annual and quarterly reports where the total number of such contracts and amounts are clearly stated. Moreover, according to the Law on Free Access to Information of Public Importance, interested parties can also request any information regarding the use of the budget through “shopping” procedures.

Procurement Information

	Department for Public Procurements		Direction	
	2013	2014	2013	2014
In range 400K – 3M	N/A	12	37	32
Estimated	N/A	19,502,091	35,558,143	32,972,396
Contracted	N/A	15,507,389	27,825,416	22,560,613
Above 3M	N/A	8	33	30
Estimated	N/A	50,705,433	235,279,233	283,444,075
Contracted	N/A	46,354,322	210,674,342	210,673,764

Score A

(iii) Public access to complete, reliable and timely procurement information

Information is published simultaneously on the official website and on the Public Procurement Portal, in accordance with the Article 20 of the PPL and the Internal Act. Additional information is provided in accordance with the Law on Free Access to Information of Public Importance (“Official Gazette RS” 120/2004, 54/2007, 104/2009 & 36/2010). Reports are generated quarterly and sent to the Public Procurement Office of Serbia and the State Audit Institution. The information covers

- Procurement plan: Law on Public Procurements, Article 51.
- Bidding opportunities: Article 3. that defines all the terms used, Art. 10. Municipality is obliged to provide the greatest possible competition, Art. 12. Municipality (*as a purchaser*) is obliged to provide equal status to all bidders in all phases of the public procurement
- Contract awards: Art. 107. defines conditions for awarding a contract, Art. 112. defines all necessary conditions for concluding a contract, Art. 13. is related to the deadlines.
- Complaints: Chapter VIII of the Law.

Score A

(iv) Existence of an independent administrative procurement complaints system

Complaints are handled in accordance with the Chapter VIII of the Public Procurement Law and in timely manner. All appeals are decided by the Republican Commission for the Protection of Bidders Rights, which is an independent body. The composition of the Commission is prescribed by PPL (Articles 140 and 141) and it consists of the President and six members which are appointed by the Parliament for a five years period. The President and the members have to fulfil the requirements for judges in the primary level courts, while the President also need five years working experience in the Public Procurement area. Members are full time employees of the Republican Commission and are drawn from citizens based on their qualifications and suitability of experience. The Commission establishes a list of experts who participate in the work of the Commission on as-needed basis. To be registered on the list, one has to be on the list of the standing court experts and pass the exam for public procurement officer (Article 143 of the PPL). Complaints have been dealt with in accordance of the law within the timeframe prescribed with judgements being found in favour of both parties.

	Department for Public procurements		Direction	
	2013	2014	2013	2014
Complaints	N/A	2	1	1

Complaints Characteristics	
(i) is comprised of experienced professionals, familiar with the legal framework for procurement, and includes members drawn from the private sector and civil society as well as government;	Yes
(ii) is not involved in any capacity in procurement transactions or in the process leading to contract award decisions;	Yes
(iii) does not charge fees that prohibit access by concerned parties;	Yes
(iv) follows processes for submission and resolution of complaints that are clearly defined and publicly available;	Yes
(v) exercises the authority to suspend the procurement process;	Yes
(vi) issues decisions within the timeframe specified in the rules/regulations;	Yes
(vii) issues decisions that are binding on all parties (without precluding subsequent access to an external higher authority).	Yes

Bidders are allowed to file a complaint at any stage of the tender procedure. Fees differ according to the value of a particular tender and are 40.000 RSD for tenders in range 400.000 RSD – 3.000.000 RSD and 80.000 RSD for tenders in range 3.000.000 RSD – 80.000.000 RSD and 0,1% of the tender's value if that value is more than 80.000.000 RSD. If the complaint is accepted, the municipality must reimburse the fee to the bidder.

Discussions with the Chamber of Commerce indicated that its members did not have issues with the Procurement system in the municipality in any respects of the legal basis and how the various procedures were implemented. Furthermore, they highlighted the efforts of the municipality to fully respect the principle of equality of the bidders as a positive example of work, stating that bidders from municipal territory are not put in any kind of disadvantage compared to other bidders (from Serbia or EU).

Score A

PI-20 Effectiveness of internal controls for non-salary expenditure

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
PI-20 Effectiveness of internal controls for non-salary expenditure	Score C+	
(i) Effectiveness of expenditure commitment controls	C	Expenditure commitment control procedures exist and are partially effective, but they may not comprehensively cover all expenditures or they may occasionally be violated.
(ii) Comprehensiveness, relevance and understanding of other internal control rules/ procedures	A	Other internal control rules and procedures are relevant, and incorporate a comprehensive and generally cost effective set of controls, which are widely understood
(iii) Degree of compliance with rules for processing and recording transactions	A	Compliance with rules is very high and any misuse of simplified and emergency procedures is insignificant.

This indicator assesses the existence, understanding and compliance with internal control systems relating to expenditure commitments and payment of goods and services purchased by public entities.

(i) Effectiveness of expenditure commitment controls

There is a process of commitment control, but it is at the invoice stage rather than at the purchase decision stage after procurement procedures have been fulfilled. This means that there is a possibility that the quarterly authorization to spend could be exceeded as purchase orders may be made and in the pipeline in excess of invoices already processed relating to the quarterly amount available. Nevertheless, there is a system in place that all beneficiaries must have written approval from the municipality Treasury to start the purchase process as well as approval by the Treasury before payment is made. This is the procedure that is implemented in practice. Entering the information at the purchase order stage would ensure that commitment control is fully effective.

Score

(ii) Comprehensiveness, relevance and understanding of other internal control rules/ procedures

There are regulations and rule books governing use of municipality assets such as vehicles and telecommunications, including logbooks. Following the audit of the 2011 financial statements, the SAI made various recommendations regarding fuel and uniforms and appropriate procedures were developed and put in rule books. Most of the rulebooks are not published in the Official Gazette, but on the notice boards, so for example, each Administration has its own Rules on internal organization and systematization of jobs, and some other like the Rulebook on use of official vehicles, cell phones, etc are in jurisdiction of the Mayor (mostly referring to what is common to all of the city administration). The Mayor issued the Rulebook on the use of mobile phones No. 031-31 / 2014-II from 07.10.2014, Regulations on the use of official vehicles available to the City Council of Sremska Mitrovica No. 031-6 / 2013-II from 31.01.2013. Staff using IT have been trained and access to IT specific systems (such as payroll, accounts) is limited to authorized personnel and is password controlled (with changes to passwords made by the IT administrator). Score A

(iii) Degree of compliance with rules for processing and recording transactions

There is a rule book for processing transactions and a related training manual which covers all situations including emergencies. Discussions with the Treasury and the Administrative Units indicated that compliance is high and effective. The incidence of transaction rejection is rare and when it does take place is not material. Score A

PI-21 Effectiveness of internal audit

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
PI-21 Effectiveness of internal audit	Score D	
(i) Coverage and quality of the internal audit function	D	While there is provision for Internal Audit in the Municipality manpower plan, the function is not in place.
(ii) Frequency and distribution of reports	D	
(iii) Extent of management response to internal audit findings	NA	

This indicator assesses the effectiveness of the internal audit function based on the scope and quality of the audit function, in the manner and timing of the report of the findings, and in the administration's reaction to the findings and recommendations of the internal audit

While there is provision for Internal Audit in the Municipality manpower plan, the function is not in place. Score D

(i) Coverage and quality of the internal audit function

Score D

(ii) Frequency and distribution of reports

Score D

(iii) Extent of management response to internal audit findings

Score NA

F. Accounting, recording, and reporting**PI-22 Timeliness and regularity of accounts reconciliation**

	Minimum Requirements (scoring Method M2)	
	2014	Explanation
PI-22 Timeliness and regularity of accounts reconciliation	Score A	
(i) Regularity of bank reconciliations	A	Bank reconciliation for all municipality bank accounts take place at least monthly at aggregate and detailed levels, usually within 4 weeks of end of period.
(ii) Regularity of reconciliation and clearance of suspense and advances	A	Reconciliation and clearance of suspense accounts and advances take place at least quarterly, within a month from end of period and with few balances brought forward.

This indicator assesses the extent to which both bank accounts and suspense accounts or advance accounts, are regularly reconciled, adjusted, or settled in order to ensure that government financial statements are accurate.

(i) Regularity of bank reconciliations

Monitoring of the municipality bank account through the Single Treasury accounts is carried out on a daily basis and a report reconciling the information on the accounts and the bank records is produced by the fifth day of the following month. A Single Treasury account for each municipality is operated by the Ministry of Finance - Treasury Administration acting as a payment agent for all Public Sector entities, providing consolidation of all municipal money in a single account. The Direction (company/AGA) is funded wholly from the budget and does not earn any revenue from commercial operations. It acts as if it is a municipality department - it is included in the STA. All municipality funds and expenditures are transacted through the STA. According to the article 2 of the Budget System Law, consolidated treasury account of the local government means a single account of domestic and foreign currency funds of local government budget beneficiaries and other public funds beneficiaries that are included in the consolidated treasury account of the local government, which shall be opened for the local government and kept with the Treasury. Every budget beneficiary (direct and indirect) has its

own sub-account under STA. Within the sub-account separate records are kept for the budgetary funds as well as for the beneficiary's own revenues, as defined by the Regulations on the procedure of payment transactions within the consolidated treasury account ("Official Gazette RS" No. 92/2002, 100/2003 and 10/2004). Score A

(ii) Regularity of reconciliation and clearance of suspense accounts and advances

Advances are only made for overseas travel (a percentage of the estimated likely requirement). Once a report has been made the whole of the expenditure is entered into the accounts system with the advance which was treated as an obligation removed from the system. There are no suspense accounts as all transactions are conducted through the STA. Score A

PI-23 Availability of information on resources received by service delivery units

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
PI-23 Availability of information on resources received by service delivery units	Score A	
(i) Collection and processing of information to demonstrate the resources that were actually received (in cash and kind) by the most common front-line service delivery units (focus on primary schools and primary health clinics) in relation to the overall resources made available to the sector(s), irrespective of which level of government is responsible for the operation and funding of those units	A	Routine data collection or accounting systems provide reliable information on all types of resources received in cash and in kind by both primary schools and primary health clinics across the country. This information is compiled into reports at least annually.

The indicator covers primary education and health care service delivery units that are under the responsibility of the Government. This indicator verifies whether information is available and reported on with respect to the planned and actual resources received by primary service delivery units. Discussion with Administrative Units responsible for schools and clinic indicate that in-kind donation are rare if at all and would be made directly to the school or clinic.

(i) Collection and processing of information to demonstrate the resources that were actually received (in cash and kind) by the most common front-line service delivery units (focus on primary schools and primary health clinics) in relation to the overall resources made available to the sector(s), irrespective of which level of government is responsible for the operation and funding of those units

Municipality expenditure is accounted for at the level of schools and clinics. Salaries paid by the Republic in the municipality on these services is also available at the individual units. Spending units then compile this information into an annual report, which is sent to the municipality and the relevant ministry. This includes any in-kind receipts.

Score A

PI-24 Quality and timeliness of in-year budget reports

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
PI-24 Quality and timeliness of in-year budget reports	Score C+	
(i) Scope of reports in terms of coverage and compatibility with budget estimates	C	Comparison to budget is possible only for main administrative headings. Expenditure is captured either at commitment or at payment stage (not both).
(ii) Timeliness of the issue of reports	A	Reports are prepared quarterly or more frequently, and issued within 4 weeks of end of period.
(iii) Quality of information	A	There are no material concerns regarding data accuracy.

This indicator assesses the extent to which comprehensive, timely and accurate budget execution reports are prepared for management. Timely and regular information on actual budget performance must be available to MoF (and Cabinet), in order to monitor performance.

(i) Scope of reports in terms of coverage and compatibility with budget estimates

Reports on expenditure at the payment stage is produce monthly, quarterly and annually using the same classification as the budget but not for commitments (see PI-20 (i)). The same format and coverage is used based on the uniform accounting system and budget classification. Annual and 6-months reports must be presented to the Mayor, Council and Assembly and are therefore gazetted. The annual report must be sent to the Ministry of Finance by end March of the following year.

In-year budget reporting is regulated by:

- Decree on budget accounting¹⁰: All indirect budget beneficiaries (IBB) prepare quarterly reports on budget execution within 10 days after the end of the quarter and submit to their respective direct budget beneficiaries (DBB). They reconcile these reports with the data in Treasury General Ledger, consolidate and submit to the entity in charge for finance within 20 days after the end of the quarter.

¹⁰ Public Gazette No 125/2003 and 12/2006 – the highest legal act regulating the matter of accounting in public sector

- Rulebook on content and procedure of financial reporting on planned and executed revenues and receipts and planned and executed expenses and outflows by local government units: Reporting is performed using: Form 1 – Revenues and receipts, Form 2 – Expenses and outflows according to economic and functional classification, Form 2a – transfers for elementary and secondary education, Form 3 – surplus and deficit with deficit covering account, Form 4 – payroll and number of staff in local government, Form 5 – debt level. All forms are submitted to the Treasury Administration within 15. January of the current budget year. Form 1, 2, 2a and 5 are submitted on the monthly and quarterly basis within a 15 days from period expiration.

Score C

(ii) Timeliness of the issue of reports

The reports are produced monthly and quarterly within 10 or 15 days depending on the type of reporting. Score A

(iii) Quality of information

The monthly reports are realistic statements of actual expenditure in the previous month. The accuracy and comprehensiveness of the reported data are assured by reconciliation with STA held within Treasury Administration and automated numeric and logic control within Treasury Administration. The SAI audit report of the 2011 Financial Statements made recommendation on rule books etc. but did not query the quality of the data. The two subsequent audit reports carried out by private auditors did likewise with respect to data. Score A

PI-25 Quality and timeliness of annual financial statements

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
PI-25 Quality and timeliness of annual financial statements	Score A	
(i) Completeness of financial statements	A	A consolidated government statement is prepared annually and includes full information on revenue, expenditure and financial assets/liabilities.
(ii) Timeliness of submission of the financial statements	A	The statement is submitted for external audit within 6 months of the end of the fiscal year.
(iii) Accounting standards used	A	IPSAS or corresponding national standards are applied for all statements.

(i) Completeness of the financial statements

The annual financial statements covers all revenues received by the municipality and the expenditures by direct and indirect beneficiaries as well as the expenditure of the Direction

Company into a single consolidated profit and loss statement. Financial assets and liabilities are presented in the Balance Sheet.

The details of financial reporting is regulated by the Rulebook on preparation, compilation and submission of financial reports of budget funds users and users of social funds:¹¹ Financial reports are: final account, annual financial report, periodic and consolidated report. Financial reports/statements are: Form 1 – Balance sheet, Form 2 – Profit and loss statement, Form 3 – Capital expenses and revenues statement, Form 4 – Cash flow statements and Form 5 – Budget execution report. Score A

(ii) Timeliness of submission of the financial statements

According to the BSL the financial statements for the municipal level should be presented to Council by the 15th of May. The financial statements have been completed before the end of April in each of the past three years and have been made available for audit.

2011 accounts	2102 accounts	2013 accounts
17 April 2012	30 April 2013	28 April 2014

Score A

(iii) Accounting standards used

Cash based IPSAS is the basis of the accounting standards used throughout the public sector in Serbia and this is used in the municipality. Decree on Budget Accounting declares cash base of accounting according to IPSAS for recognition of revenues and expenses. Assets and liabilities are recognized on historical or purchase value.

Score A

G. External scrutiny and audit

PI-26 Scope, nature and follow-up of external audit

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
PI-26 Scope, nature and follow-up of external audit	Score A	
(i) Scope and nature of audit (including adherence to audit standards)	A	All entities of municipality are audited annually covering revenue, expenditure and assets/liabilities. A full range of financial audits and some aspects of performance audit are performed and generally adhere to auditing standards, focusing on significant and systemic issues.

¹¹ Public Gazette No 51/2007 – defining content and frequency of financial reports

(ii) Timeliness of submission of audit reports to legislature	A	Audit reports are submitted to the legislature within 4 months of the end of the period covered and in the case of financial statements from their receipt by the audit office
(iii) Evidence of follow-up on audit recommendations	A	There is clear evidence of effective and timely follow up.

This indicator assesses quality of the external audit function and the degree to which audits identify and promote changes to address systemic issues.

(i) Scope and nature of audit (including adherence to audit standards)

According to the SAI report for 2011 the financial audit of Final Account of Sremska Mitrovica consisted of Form 1 – Balance sheet, Form 2 – Profit and loss statement, Form 3 – Capital expenses and revenues statement, Form 4 – Cash flow statements and Form 5 – Budget execution report as well as compliance audit and some aspects of performance audit. For the purpose of audit International Audit Standards by IFAC and INTOSAI standards were used. The complete financial statements have been audited covering 100% of revenue and expenditures funded from revenue. The 2011 financial statements were audited by the SAI and the 2012 and 2013 audit was tendered and a private audit company approved by the SAI was selected through competitive tendering. Score A

(ii) Timeliness of submission of audit reports to legislature

The SAI indicated that it would carry out the audit of the municipality's 2011 accounts on 17 April 2012 but the audit was not carried out until the last quarter. The 2012 and 2013 audits were timely.

	2011 audited accounts	2012 audited accounts	2013 audited accounts
Presented to the Assembly	10 Dec 2012	20 May 2013	15 May 2014
Presented for Audit (PI-25 (ii))	17 April 2012	30 April 2013	28 April 2014

The audit report was submitted to the Assembly less than one month after receipt of the financial statement by the auditor in the last year an audit was carried out.

Score A

(iii) Evidence of follow-up on audit recommendations

The SAI audit of the financial statement made some technical observations as well as several recommendations. These have been acted upon (see PI-20 (ii)). The audit of the both the 2012 and 2013 accounts were given positive opinion by the auditor and no recommendations were made. Score A

PI-27 Legislative scrutiny of the annual budget law

This indicator assesses the role of Parliament in setting fiscal policy and having this reflected in the annual budget. The power to give the government authority to spend rests with the legislature, and is exercised through the passing of the annual budget law and is an important link in the chain of accountability for fiscal policy outcomes. Assessing the legislative scrutiny and debate of the annual budget law will be informed by consideration of several factors, including the scope of the scrutiny, the internal procedures for scrutiny and debate and the time allowed for that process.

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
PI-27 Legislative scrutiny of the annual budget law	Score D+	
(i) Scope of the legislature's scrutiny	C	The legislature's review covers details of expenditure and revenue, but only at a stage where detailed proposals have been finalized.
(ii) Extent to which the legislature's procedures are well-established and respected	A	The legislature's procedures for budget review are firmly established and respected. They include internal organizational arrangements, such as specialized review committees, and negotiation procedures.
(iii) Adequacy of time for the legislature to provide a response to budget proposals both the detailed estimates and, where applicable, for proposals on macro-fiscal aggregates earlier in the budget preparation cycle (time allowed in practice for all stages combined)	D	The time allowed for the legislature's review is clearly insufficient for a meaningful debate (significantly less than one month).
(iv) Rules for in-year amendments to the budget without ex-ante approval by the legislature	B	Clear rules exist for in-year budget amendments by the executive, and are usually respected, but they allow extensive administrative reallocations

(i) Scope of the legislature's scrutiny

Once the budget has been reviewed by the City Council, it is passed to the Assembly which has 61 members. The Administration Office sends it to all Assembly members for their review. There is a Committee for Division of Finance which comprises seven members appointed by the Assembly (but are not Assembly members) and this Committee reviews the budget proposals and issues an opinion on the budget to the Assembly. A positive opinion triggers a debate in the Assembly which covers the full budget as proposed by the executive (see PI-6).

Score C

(ii) Extent to which the legislature's procedures are well-established and respected

The procedures outlined in (i) are established and respected. There is a rule book for the Committee Stage and also one for the Assembly debate which allows members time to speak. Officials are also present for questioning. Score A

(iii) Adequacy of time for the legislature to provide a response to budget proposals both the detailed estimates and, where applicable, for proposals on macro-fiscal aggregates earlier in the budget preparation cycle (time allowed in practice for all stages combined)

The budget scrutiny process has some 10 days allocated to it which allows Assembly members' time to read the proposal and the Committee time to review it. The debate on the budget is usually conducted within one day's session. While changes could be made at all stages of scrutiny, in effect this does not take place. Score D

(iv) Rules for in-year amendments to the budget without ex-ante approval by the legislature

Clear rules exist concerning changes to the budget by the executive. Article 61 of the BSL allows for a direct budget beneficiary, with the consent of the local government finance authority to redirect the appropriation approved for certain expenditure up to 5% of the appropriation being reduced. Strict safeguards have been defined with respect to sums and nature of these changes which are being observed, but allow for considerable administrative reallocations. Some 2 percent of the municipality's budget was reallocated using Article 63 in 2013.

Score B

PI-28 Legislative scrutiny of external audit reports

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
PI-28 Legislative scrutiny of external audit reports	Score D+	
(i) Timeliness of examination of audit reports by the legislature	A	Scrutiny of audit reports is usually completed by the legislature within 3 months from receipt of the reports.
(ii) Extent of hearings on key findings	D	No in-depth hearings are conducted by the legislature.
(iii) Issuance of recommended actions by the legislature	D	No recommendations are being issued by the legislature.

This indicator assesses the role of the Parliament, including the Public Accounts Committee, in ensuring accountability and promoting positive change in public financial management in response to external audit findings.

(i) Timeliness of examination of audit reports by the legislature

The assembly has adopted the audit reports of the financial statements in June of the last two years. The Audit of the 2013 Financial Statements was received by the Assembly 15 May 2014 and the previous year's was received on 20 May 2013. Score A

(ii) Extent of hearings on key findings

The Committee for Division of Finance nominally reviews the Audit report and reports to the Assembly. There is no hearings and debate.

Score D

(iii) Issuance of recommended actions by the legislature

There have been no recommendations relating to the Audit Report by the Assembly. Score D

H. Donor practices

D-1 Predictability of direct budgetary support

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
D-1 Predictability of direct budgetary support	Score NA	
(i) Annual deviation of actual budget support from the forecast provided by the donor agencies at least six weeks prior to the government submitting its budget proposals to the legislature (or equivalent approving body)	NA	
(ii) In-year timeliness of donor disbursements (compliance with aggregate quarterly estimates)	NA	

This indicator measures the correlation between forecasted direct budget support provided by external donors and actually disbursed budget support during the last three years. The indicator considers annual deviations of actual budget support from the forecast provided by donors; it also assesses the extent to which the disbursements of the budget support are predictable during the year on a quarterly basis.

(i) Annual deviation of actual budget support from the forecast provided by the donor agencies at least six weeks prior to the government submitting its budget proposals to the legislature (or equivalent approving body)

There is no Direct Budget Support. Not applicable

(ii) In-year timeliness of donor disbursements (compliance with aggregate quarterly estimates)

D-2 Financial information provided by donors for budgeting and reporting on project and program aid

The indicator measures the extent to which government receives adequate financial information on donor-executed programs and projects. Information received on a regular and timely basis is important to allow the government to properly allocate resources towards priorities, to balance the distribution of aid on a sectoral and geographic basis, and to estimate the recurrent cost implications.

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
D-2. Financial information provided by donors for budgeting and reporting on project and program aid	Score A	
(i) Completeness and timeliness of budget estimates by donors for project support	A	All donors (with the possible exception of a few donors providing insignificant amounts) provide budget estimates for disbursement of project aid at stages consistent with the government's budget calendar and with a breakdown consistent with the government's budget classification.
(ii) Frequency and coverage of reporting by donors on actual donor flows for project support	A	Donors provide quarterly reports within one month of end-of-quarter on the all disbursements made for at least 85% of the externally financed project estimates in the budget, with a break-down consistent with the government budget classification.

(i) Completeness and timeliness of budget estimates by donors for project support

The municipality manages a multi-municipality landfill project. The project submission was made in 2013 but a decision was not made by the donor until 2014 so the project was not in the original budget but was included in the July 2014 rebalance of the budget. The municipalities contributed 10% of the total as counterpart funds. The project was administered by the municipality and included in the accounting and reporting system.

Score A

(ii) Frequency and coverage of reporting by donors on actual donor flows for project support.

Eighty per cent of the project funds was paid up-front with the remaining 20 per cent payable at the end of the project. The donor provided the requisite information for the project to be included in the budget. Score A

D-3 Proportion of aid that is managed by use of national procedures

	Minimum Requirements (scoring Method M1)	
	2014	Explanation
D-3. Proportion of aid that is managed by use of national procedures	Score B	
(i) Overall proportion of aid funds to municipality that are managed through national procedures	B	75% or more of aid funds to municipality are managed through national procedures

Donor procedures frequently pose an additional burden on the already constrained capacities of national authorities. Furthermore, utilizing national procedures helps to strengthen these procedures. The indicator therefore attempts to assess the degree of alignment with national procedures in the management of official development assistance. National procedures are reviewed with respect to procurement, payment/accounting, audit and reporting.

(i) Overall proportion of aid funds to municipality that are managed through national procedures

The donor project was implemented using the municipality's procurement, payment/accounting and reporting systems and as it will be included in the financial statement it will be subject to the municipality audit process. Nevertheless the donor has also arranged for a separate project audit. Score B

I. Annexes

PI-2 Information for the year = Administrative / functional heading	SD000 2011	
	Plan	Actual
Assembly	17,016.0	14,557.0
Mayor and City Council	56,447.0	71,296.0
City Administration for the Budget and Finances	810,002.0	667,543.0
CA for Administrative and General Affairs	72,687.0	65,801.0
CA for Urban Development and Communal Services	74,127.0	64,429.0
CA for Pre-school education, health, social welfare and youth	321,184.0	286,873.0
CA for education, culture and sport	553,361.0	409,847.0
CA for Economy and investments	5,058.0	3,919.0
CA for Agriculture and the Environmental Protection	21,421.0	19,687.0
Expenditure	1,931,303.0	1,603,952.0
Unplanned expenditure	29,000.0	0.0
Total	1,960,303.0	1,603,952.0

Information for the year = Administrative / functional heading	2012	
	Plan	Actual
Assembly	19,320.0	25,729.0
Mayor and City Council	86,880.0	121,414.0
City Administration for the Budget and Finances	887,114.0	822,733.0
CA for Administrative and General Affairs	77,496.0	62,210.0
Total Others	557,828.0	952,175.0
<p>Note: during the year the Municipality created new departments so it was not possible to compare budget with actual. Aggregation of ones</p>		

changed for calculation purposes		
Expenditure	1,628,638.0	1,984,261.0
Unplanned expenditure	28,000.0	
Total	1,656,638.0	1,984,261.0

Information for the year = Administrative / functional heading	2013	
	Plan	Actual
Assembly	25,340.0	30,561.0
Administration of the City Assembly	4,344.0	4,842.0
The Mayor and the City Council	100,490.0	130,226.0
The Public Solicitor	5,688.0	4,918.0
City Administration for the Budget and Finances	873,031.0	726,348.0
CA for Administrative and General Affairs	97,084.0	76,190.0
CA for Urban Development and Communal Services	102,774.0	104,167.0
CA for the Education	512,397.0	485,138.0
CA for Culture, Youth and Sports	347,962.0	380,936.0
CA for health, social and the Environmental Protection	129,248.0	118,688.0
CA for Economy and Entrepreneurship	14,169.0	22,467.0
CA for the Agriculture	85,476.0	117,340.0
Expenditure	2,298,003.0	2,201,821.0
Unplanned expenditure	35,000.0	190.0
Total	2333003	2202011

HLG-1 (ii) Fehler! Keine gültige Verknüpfung.

Information for the year =	2011	
Administrative / functional heading	Plan	Actual
Current Republic	10000	2050
Capital republic	28000	2150
Current Province	13000	39906
Capital province	29000	5149
Transfers HLG-1 (i)	912179	949751
Expenditure	992179	999006
Unplanned expenditure	0	0
Total	992179	999006
Information for the year =	2012	
Administrative / functional heading	Plan	Actual
Current Republic	2000	0
Capital republic	2000	0
Current Province	15000	48330
Capital province	5000	1693
Transfers HLG-1 (i)	1309937	1368994
Expenditure	1333937	1419017
Unplanned expenditure	0	0
Total	1333937	1419017
Information for the year =	2013	
Administrative / functional heading	Plan	Actual
Current Republic	7103	0
Capital republic	2000	0
Current Province	13000	43641
Capital province	2000	4304
Transfers HLG-1 (i)	1482391	1351420
Expenditure	1506494	1399365
Unplanned expenditure	0	0
Total	1506494	1399365

Names and Designation of People consulted

Deputy Mayor

1. Mr Tomislav Janković

Public Attorney

2. Mr Miroslav Medić

Department for Budget and Finance

3. Mr Duško Šaroković – Head of Department
4. Ms Jelena Rebić – Associate for the Budget

Department for Common and General Affairs

5. Mr Miroslav Jokić – Head of Department

Department for Business and Entrepreneurship

6. Ms Sanja Kovacević – Head of Department

Procurement department

7. Ms Gordana Novoselac
8. Ms Djurdjica Kardaš
9. Mr Uroš Veselinović

HR Department

10. Mr Miroslav Jokić

Department for Local Tax Administration

11. Mrs Mirela Mirnić

Payroll department

12. Ms Slađana Nagradić
13. Mrs Marija Đonlić
14. Mrs Mirjana Škrbić, Head of Department

Department for Budget and Finance

15. Mr Vojislav Mirnić

Direction for buildings and infrastructure

16. Mr Jovan Dobrić, Director
17. Mr Vedran Đukić, Legal Associate
18. Mrs Radmila Radojčić, Head of Finance Department

Department for Education

19. Mr Branko Jakovljević, Education
20. Mr Neda Majkić, Education

21. Mrs Mirjana Pjevac – Head of Department for Education

Department for Culture, Sport and Youth

22. Mr Ilija Nedić – Head of Department

23. Ms Ivana Solarević , Associate for Culture, Sports and Youth

Department for Health, Social and Environmental care

24. Mr Zeljko Novaković – Head of Department

25. Mr Ivan Cingeli, Associate for Health and the Social Welfare,

Secretary of the Assembly

26. Ms Jelena Popović, the Secretary

Regional Chamber of Commerce Srem

27. Mr Predrag Mujkić, chief accountant

28. Mr Vladimir Vlaović, secretary general