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MANUAL

FOR PLANNING, BUDGETING
AND CONTRACTING
OF SOCIAL SERVICES

May 2023

The manual for planning, budgeting and contracting of social services, was developed by the Coalition for the Protection of Children - KOMF within the project “Empowerment of actors of social services to provide quality and sustainable services for vulnerable children and families in Kosovo”. which is supported by UNICEF in Kosovo in partnership with USAID in Kosovo.

The Coalition of NGOs for the Protection of Children in Kosovo - KOMF, founded in 2011, is a coalition consisting of 35 local and international organizations working in the field of child protection, with a common mission to advocate and protect children’s rights in Kosovo.

The content and views expressed in this manual are those of the author and do not represent necessarily the views of UNICEF in Kosovo or USAID in Kosovo.

May 2023

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ABBREVIATIONS

CSW	Center for Social Work
MoU	Memorandum of Understanding
LGFL	Local Government Finance Law
MEF	Medium Term Expenditure Framework
BDMS	Budget Development and Management System
PIP	Public Investment Program
OR	Own Revenues
LLGF	Law on Local Government Finance
MBF	Medium-Term Budgetary Framework
PPRC	the Public Procurement Regulatory Commission
CFO	Chief Financial Officer
CA	Contracting Authority
EO	Economic Operator
RPO	Responsible Procurement Officer
CAO	Chief Administrative Officer
LPP	Law on Public Procurement
CPA	the Central Procurement Agency
CA	Contracting Authority
DNAF	Declaration on the Need for Availability of Funds
RPO	Responsible Procurement Officer
PO	Procurement Officer
AO	Administrative Officer



INTRODUCTION

This manual is intended to serve policy makers, municipal officials, social service professionals and all those who work in the planning, budgeting, implementation and evaluation of social services.

The first part of the handbook examines the basic concepts of public finance in Kosovo, municipal public finance together with funding sources, such as own revenues and government grants for municipalities, the planning process and types of budgeting.

In the second part of the handbook, the model of budgeting for social services is elaborated, including budgeting for social services in the usual process of budget, costing and contracting of social services in municipalities.



SOCIAL SERVICES

Social and family services in municipalities

Social and family services include the protection and provision of services for different categories of persons in need of social protection, as defined in the Law on Social and Family Services. This includes children without parental care, children in conflict with the law, dysfunctional family relationships, physical illness or disability, mental disability, mental illness, risk of exploitation or abuse, domestic violence, human trafficking, alcohol addiction or drugs, natural disasters or emergencies, or other causes that make persons in need of social services.

Municipalities manage the Centers for Social Work, which are the liaison mechanism responsible for the provision of social and family services. The Center for Social Work (CSW), mandated to manage the cases of people who need social services, is obliged to make professional assessments for each individual or family seeking help. If the professional assessment shows that an individual or a family needs social and family services, the CSW, taking into account all the relevant circumstances, provides services as it considers appropriate within its capabilities, or refers the case to specialized services provided by non-governmental organizations, public and private specialized institutions, licensed for the provision of social services.

The process of decentralization of social services

The decentralization of social and family services was done based on the package of President Ahtisari in June 2008, in order to provide these services as close as possible to the citizens.

It should be emphasized that social services are in an important stage of development, where emphasis is placed on meeting the current needs of vulnerable groups of society, improving the quality of services and decentralizing the financial and administrative management of social services at the municipal level. In the context of the government's decentralization policy, initiated in 2008, the social services sector in Kosovo has faced significant changes.

Decentralization is based on the following legislation: the Law on Local Self-Government of 2008, the Law on Local Government Finances of 2008, and the Memorandum of Understanding (MoU) of 2009.

According to these laws and the Memorandum, in January 2009, municipalities were given the responsibility or mandate for providing social and family services. Within the Municipality, the Directorate for Health and Social Welfare has the mandate and responsibility for social welfare issues and manages the Center for Social Work.

However, in practice, not all powers were transferred, including special services for children, the elderly and the disabled. Likewise, the mandate for financing, management, monitoring and inspection of social protection schemes remains under the competence of the Department for Social and Family Policy, within the relevant Ministry for Social Welfare.

Chronology of financing of social and family services

The process of decentralization has ensured that the transfer of the mandate takes place, but it has not ensured stable funding and as a result, for more than a decade, social services have faced challenges as a result of the fact that funding has been left to the good will of the municipalities, as for from the amount of financial means, as well as from the quality.

This whole situation from 2009 to 2022 has not served the social and family services sector well, where despite inflation and the increase in the salaries of civil servants, the increase in the budget for social services has been minimal.

Also, even more problematic during these years has been the deviation of the budget from economic categories such as goods and services to salaries and wages, which has further affected the quality of social services.

Current funding for social and family services has not been treated as a priority by municipal authorities. There has been a continuous insufficiency of funds allocated and planned to cover the cost of the minimum standards for the provision of social services. Social services continue to be under-funded compared to countries in the region and much lower than European countries. In order to meet the growing needs and demands for social services and to implement the minimum standards of providing social services, a special Grant for social and family services should be created within the Local Government Finance Law (LGFL).

PUBLIC FINANCES

Public finances in the context of the municipalities of Kosovo

Public finances in Kosovo are regulated by the Law on Financial Management and Responsibilities, while for municipalities in particular, they are regulated by the Law on Local Government Finances.

Law 03 / L-49 on Local Government Finances defines the financial resources available to municipalities in Kosovo, including municipal own revenues, grants and other funding sources necessary for the exercise of municipal powers. Competences are clearly defined in the Law on Local Self-Government.

The current local finance system is based on the Local Government Finance Law, which was implemented for the first time in the 2009 budget. The LGFL enables municipalities to raise revenue through property taxes, building permit taxes, business fees and fees for professional licenses and various other fees, together with income from the rent or sale of municipal property, which are regulated by the regulation on taxes, fees and fines.

These sources are defined as own revenues and account for up to 20 percent of municipal revenues at the country level for 2023. Medium-term trends show a slight increase in collection only in large municipalities and the largest revenues will be from legalization of illegal buildings, construction, and property tax.

The roles of institutions in the management of municipal finances

The roles of institutions in the management of municipal finances are regulated by the Law on Public Finance. Management and Responsibilities, and the Law on Local Self-Government. The following sections present the roles of municipal and central institutions.

Municipal institutions

The Committee for Politics and Finance in particular and the Municipal Assembly have great responsibility in the planning and supervision phases of municipal finances. In the planning phase, the Committee for Politics and Finance examines important documents such as the municipal budget, the medium-term municipal budget framework, the procurement plan, etc., and gives recommendations to the Municipal Assembly. Similarly, in the stage of supervision of municipal finances, this Committee examines the reports of the Mayor of the Municipality and the proposed changes to the budget, as well as gives recommendations to the Municipal Assembly.

The Municipal Assembly, taking into account the recommendations from the Committee for Politics and Finance, must review and, in case of agreement, approve key municipal documents related to the management of municipal finances, such as:

- Annual work plan;
- Annual municipal regulation on taxes, fees and charges;
- The medium-term budgetary framework of the municipality;
- The municipal budget and budget changes;
- Investment plan of the municipality;

- The procurement plan;
- Financial reports received by the Mayor, etc.

Central institutions

The Budget Department at the country level is a department within the Ministry of Finance that deals with municipal finances. This department is involved in the processes of:

- Municipal finance planning:
 - Prepares the budget proposal for municipalities;
 - Prepares part of the Municipal Medium Term Expenditure Framework (MEF).
- Implementation of municipal finances:
 - Assist municipalities in implementing the budget;
 - Examines and evaluates requests for changes in budget allocations;
 - Analyzes and offers recommendations about transfers, reallocations and other submissions related to budget allocations;
 - Manages the Budget Development and Management System (BDMS), the Public Investment Program (PIP), or other systems for municipalities, etc.

Budget Analysts for Municipalities, within this Department, cooperate with municipal officials on all issues of financial management of municipalities. For example, they accept requests from municipalities and submit them for processing; inform and advise the municipalities in order to respect the legal framework and the decisions taken at the ministerial level; inform and advise municipalities in case there is a deficit of funds in economic categories, etc.

The Grants Commission is an intergovernmental institution established by the Law on Local Government Finances. This Commission consists of seven members: the Prime Minister, the Minister of Finance, another Minister (selected on an annual basis), and four mayors of municipalities (selected randomly on an annual basis, but provided that one comes from national minority municipalities). The main responsibilities of this Commission are:

- To review the formula for allocating grants every three years;
- On an annual basis, determine the formula of open system grants (health and education);
- To examine the complaints of the municipalities about the financing formulas and their proposals for capital expenditures;
- To recommend the amount of additional funding for municipalities that have been given increased powers, etc.

- The municipal regulations on taxes, fees and charges, as well as the regulations on property tax, can be found on the websites of the respective municipalities, which can be accessed from the site <http://kk.rks-gov.net/>.

Information about the property tax, including how the municipalities spend the income from this tax, can be found at <http://tatimineprone-rks.org/>.

The results of investments financed in recent years with these revenues for each municipality can be found on the page <https://tatimineprone-rks.org/komuna-juaj/investimet/>.

Municipal financing sources

Own revenues of municipalities

The sources of the municipalities' own revenues are determined by the Law on Local Government Finances as follows:

- Taxes on immovable property (land and buildings, including houses and others);
- Taxes for the permission to exercise business activity;
- Taxes for the permit for professional services;
- Taxes for motor vehicles;
- Municipal administrative taxes;
- Taxes for permits for the construction and demolition of buildings and other structures;
- Taxes for issuing certificates and official documents;
- Regulatory fees for infrastructure development or maintenance;
- Traffic fines;
- Fines for violation of municipal regulations;
- Income from leasing;
- Co-payments/Participations for education and health and
- Various certificates (issued by the Centers for Social Work), certificate that has not been taken from the ability to act and is used for obtaining a weapon, for diplomatic service as well as loss of citizenship, and so on.

Most of the revenue categories mentioned above are direct revenues, that is, they are administered and collected by the municipal administration itself. On the other hand, some of them (such as traffic fines) are indirect revenues, that is, they are collected by the respective ministries or agencies at the central level and then transferred to the account of the respective municipality. Regardless of the form of collection, all the own revenues of the municipality must be deposited in the sub-account for the own revenues of the respective municipality in the Kosovo Budget, within the Treasury account.

The imposition of taxes, fees and fines as well as their height is regulated on an annual basis by each municipality with the Regulation on Taxes, Fees and Charges which must be approved by the Municipal Assembly. However, in the case of some of the taxes, fees and fines, their level or the way of use must be in accordance with the criteria and procedures defined by the laws of the relevant fields. Thus, in accordance with the Law on Real Estate Tax (No. 03/L-204), the tax base for property tax is the market value of the property, while the tax rate that can be applied by the municipality can be at the rate of 0.05 % to 1% of this value. Similarly, the amount of fines in traffic is determined by the Law on Safety in Road Traffic (No. 02/L-70), although they are considered as own revenues of the municipality where the penalty is imposed. In accordance with the Law on Local Government Finances, fees for issuing certificates and official documents and administrative fees cannot be set at a level that exceeds the cost of providing the document or service (including the cost of labor, materials and equipment used for this purpose). This Law also specifies that all co-payments, fees and taxes for municipal health and educational services are dedicated revenues of the respective institutions that collect them.

The advantages of financing through own revenues are that (i) their destination is not determined in advance, therefore the municipality can use them in the way it considers best to meet the needs of the municipality's population ; and (ii) unlike government grants (discussed in the following subsections), funds from these revenues are carried over to the next year's budget for the respective municipality if they are not used within the fiscal year in which they were collected, i.e. citizens can be sure that the taxes and municipal charges they pay will be spent in their municipality.

The participation of own revenues in the budgets of Kosovo's municipalities is currently around 10-20%, and within these revenues the main contributor is the property tax. It is typical that own revenues are used for infrastructure investments (eg construction and repair of roads, schools, sports fields, city lighting, etc.), but also for the purchase of equipment for schools and libraries, etc.

Municipal grants

General Grant

In order to finance municipal competences, the Law on Local Government Finance provides for a general grant with a closed (ie limited) system. This grant must constitute 10% of the total budgeted revenues of the Government (i.e. without the own revenues of the municipalities), excluding: (i) revenues from the sale of assets, (ii) other extraordinary revenues, (iii) dedicated revenues, and (iv) borrowing revenues. It is worth noting that in the absence of a Special Grant for Social Services, social services or CSWs are mainly financed by the General Grant and Own Revenues (OR).

The distribution of this grant between municipalities aims to ensure stability of municipal revenues, promote equality between municipalities, and provide access to public services for each municipality and minority communities in the respective municipalities. Therefore, the distribution of this grant between municipalities is based on several criteria:

- In order to balance the differences in the capacity to collect own revenues between municipalities (ie the disadvantage of small municipalities), each municipality is initially allocated a fixed annual amount of €140,000 per year, minus €1 per capita.
- The remaining amount is then divided among individual municipalities based on several criteria:
 - 89% according to the general population;
 - 3% according to the number of minority population;
 - 2% for the municipalities, the majority of whose population is composed of national minorities; 2% for municipalities, the majority of whose population consists of national minorities;
 - 6% according to the geographical size of the municipalities.

Unlike grants for health and education, which are more specifically dedicated to these services, the way of spending the general grant is at the discretion of the municipality itself.

The criteria	n_1	n_2	n_3	n_4	$n_1+n_2+n_3+n_4$
General Grant Allocation model					
Municipality 1	Number of inhabitants/ (participated by)	Size/ (participated by)	Communities/ (participated by)	Residents in minority municipalities / (participated by)	General municipal financing
Municipality n....	Total number of inhabitants (89%)	Physical size of Kosovo (6%)	Minority population of Kosovo (3%)	Number of minority residents in municipalities (2%)	
Totals					

Specific Grant for Health

The **Specific Grant for Health** is an open system grant, the size of which is based on the number of the population (normalized) and the standards set by the Ministry of Health. The normalization of the number of the population takes into consideration the age and gender structure of the population, as well as the number of elderly persons and those with special health needs. For 2022, the calculation of the grant for primary health was made as follows:

Specific Health Grant = Number of population (normalized) x (2.5 visits per capita x X Euro per visit and 3.5 services per capita x X Euro per service), values vary from year to year and include inflation.

- The method of calculation and the final amounts of operating grants can be found in the decisions of the Grants Commission. The decisions of this Commission must be published on the website of the Ministry of Finances: <https://mf.rks-gov.net/page.aspx?id=1,37>.

Specific Grant for Education

The Specific Education Grant is an open, unrestricted grant reserved for pre-university education. As defined in the Law on Local Government Finance (LLGF), the mandate of the Specific Grant for Education is to finance pre-university education, in order to ensure a minimum standard level of public pre-university education.

The Specific Grant for Education is determined and allocated to municipalities in accordance with the state formula of national education and such formula will be based on student enrollment and standards provided by the Ministry of Education, Science, Technology and Innovation. The formula is primarily based on effective enrollment. It takes into account the national curriculum, education for children with special needs, operating expenses other than salaries, class size norms and location. In addition, to complement the specific education grant formula, unique municipal formulas have been created to address fair and equitable distribution of funds across schools, taking into consideration older schools that need additional maintenance, schools in mountainous areas, schools with very few children, education for people with special needs, geographical aspect, transport, different types of heating systems, etc.

Thus, ethnic minority students and schools in mountainous areas are allocated on average higher funding per pupil, given the small class sizes (and thus the higher pupil-teacher ratio). The calculation of the grant for pre-university education was made as follows:

- **Education Funding Formula**

Specific Education Grant = Teacher Salaries + Support and Administrative Staff Salaries + Goods and Services + Capital Expenditures

Other sources of funding

Transfers for delegated powers are transfers from the relevant ministries to the municipalities, to exercise the functions delegated by the central level:

- Cadastral notes;
- Civil registration;
- Registration of voters;
- Business registration and licensing;
- Distribution of social assistance payments (with the exception of pensions); and
- Protecting the forests located in the territory of the municipality and granting licenses for cutting trees.

Extraordinary grants are allocated to municipalities in exceptional cases that have a serious impact on the municipality (such as natural disasters) to help the municipality meet the financial cost of these cases.

There are two types of budget circulars:

- Budget circulars issued by the relevant Ministry of Finance.
- Internal budget circulars of the municipalities, issued by the municipalities themselves.

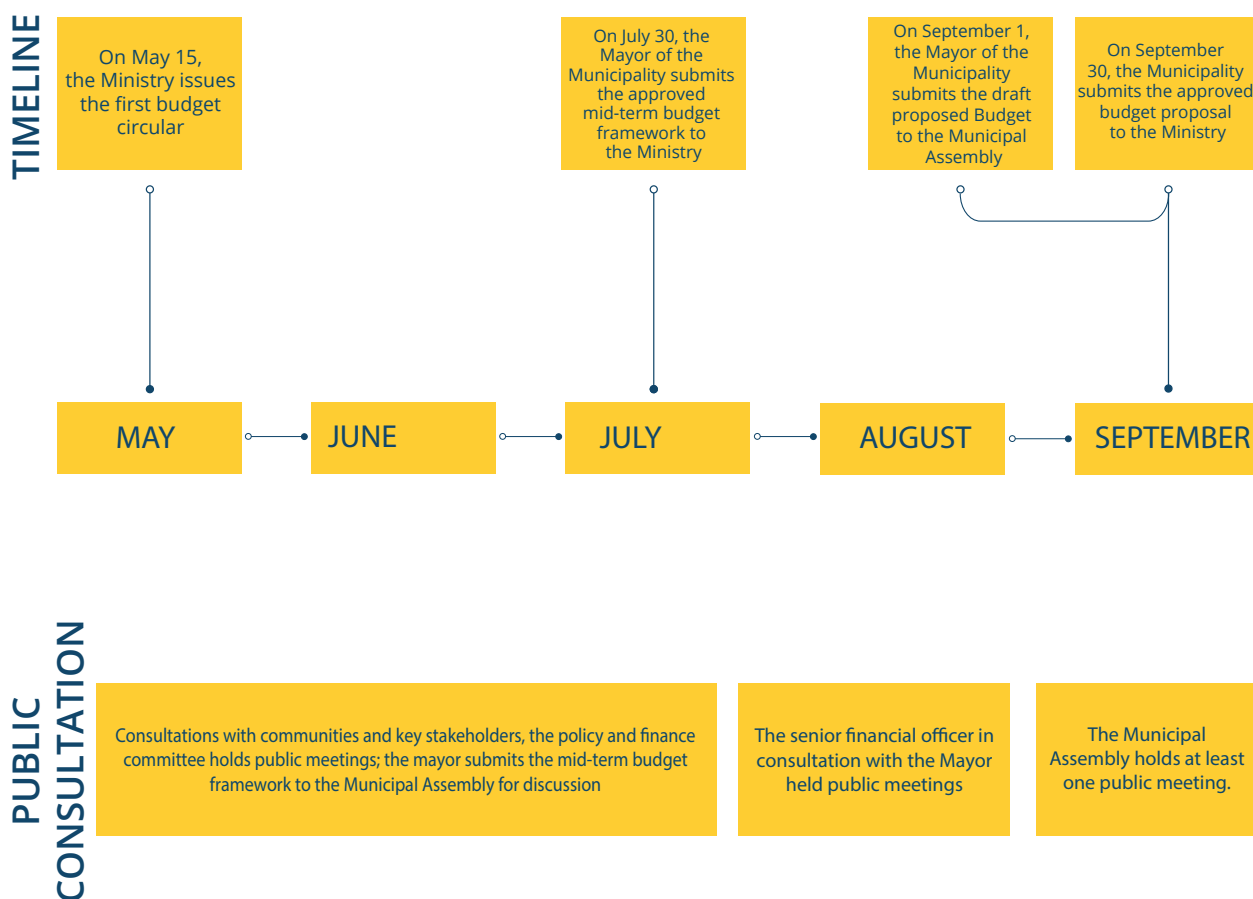


FIGURE 1: Municipal budget planning process

The municipal budget planning process

Municipal budget planning takes place within a very dynamic and complex calendar. Central government institutions such as the Assembly of Kosovo, the Government and the relevant Ministry of Finance, as well as local government institutions such as the Mayor and the Municipal Assembly, are included in this process. The citizens of the respective municipalities are also an inevitable part of the municipal budget planning process.

The municipality’s budget planning calendar provides a uniform direction and structure for the budget process and provides clarity to all process participants about what is expected and required of them at each step of the budget process. This process provides the specifics (deadlines, actions, responsibilities) that must be respected by each party involved in the process to manage and participate in the budget process and at the same time provides continuity and focuses attention on meeting methodological and procedural requirements.

The dynamism of the budget planning process is expressed through the continuous commitment of budget organizations to effectively fulfill the assigned responsibilities derived from the Law on the Management of Public Finances and Responsibilities. They should have continuous process of planning, budgeting and evaluation. Therefore, budget organizations should start planning for their annual budget as early as possible in the relevant year.

The starting point of the budget planning process is **April 30**, the deadline by which the Government of Kosovo submits the **Mid-Term Expenditure Framework** to the Assembly of Kosovo. During this

period, the meetings of the Grants Commission are held and the general planning frameworks of the municipalities' budget are determined. Furthermore, the Ministry of Finance is obliged to issue the first **Budget Circular** by May 15. Further, by June 30, the municipality must submit to the Ministry of Finance the **Medium-Term Budgetary Framework** (MBF) approved by the Municipal Assembly.

The municipal budget planning process continues with the delivery of the first **internal municipal budget Circular** by the CFO to each municipal department, through which municipal departments or directorates are required to prepare budget proposals and submit them to the CFO. Furthermore, the CFO submits to the departments the second **internal municipal budget circular**, which contains information and instructions on expenditure ceilings, and the third **internal municipal budget circular**, which contains the schedule for organizing budget hearings.



FIGURE 2: Steps to be taken during municipal budget planning

The Ministry of Finance issues **the second Budget Circular** (no later than August 15), which provides final budget guidelines and final grant levels.

The Mayor of the Municipality is obliged to submit **the budget proposal for the next year** to the Municipal Assembly, after its approval, **by September 1. The municipal assembly must approve and submit the budget of the municipality for the next year to the Ministry of Finance by September 30.** The budget planning process continues with other procedures undertaken by **the Government**, which, after approving the proposal for the Consolidated Budget of Kosovo and the Proposal for the Budget Allocation Law, **submits these documents to the Assembly of Kosovo no later than October 31** that fiscal year. Furthermore, **the Assembly of Kosovo**, through special procedures, **approves the budget** for the next fiscal year **until December 31.**

In addition to all these procedures and deadlines, as a result of inadequate budget planning, the budget revision process takes place. The decision to undertake such an action as well as the time limit for its realization is made with special instructions of the Ministry of Finance.

Budget circular 1 of the Ministry of Finance

- The procedures that must be used by budget organizations during the preparation of the budget proposal and its request for budget allocation;
 - The information that must be presented in the budget proposal and in the request for budget allocation;
 - The format in which the budget proposal and request for budget allocation must be prepared;
 - The date by which the budgetary organization must complete and submit to the Ministry the budget proposal and the request for budget allocation.
-

Municipal budget circular 1

- Municipal departments or directorates are required to prepare budget proposals and submit them to the CFO
-

Municipal budget circular 2

- Information and instructions on expenditure limits applicable to the department/directorate;
 - The procedures to be used by the department during the preparation of the budget proposal and the request for budget allocation;
 - The data that must be presented in the budget proposal and in the request for budget allocation;
 - Details on the format in which the budget proposal and budget allocation request should be prepared;and
 - The deadline by which the department must complete and submit the budget proposal and budget allocation request to the CFO.
-

Budget circular 2 of the Ministry of Finance

- Provides final budget guidance and final grant levels.
-

FIGURE 3: Content of municipal budget planning documents

Municipal documents that must be handled during budget planning

During the municipal budget planning process, the members of the municipal assembly must analyze and review the documents that have been approved by the municipal assembly.

This should be done in order to identify any action that is foreseen in the documents in question, and which has financial implications for the municipality. As such, the action in question and the financial cost for its implementation must be addressed in the municipal budget. In an opposite case, the document approved by the municipal assembly and the actions foreseen in it will remain unprocessed and unrealized. The documents that must be examined at this stage by the members of the municipal assembly are:

- Municipal and urban development plans;
- Regulatory plans;
- Different sectoral strategies (eg education, repatriation, reintegration of communities);
- Action plans (eg for transparency, youth, etc.);
- Municipal regulations, etc.

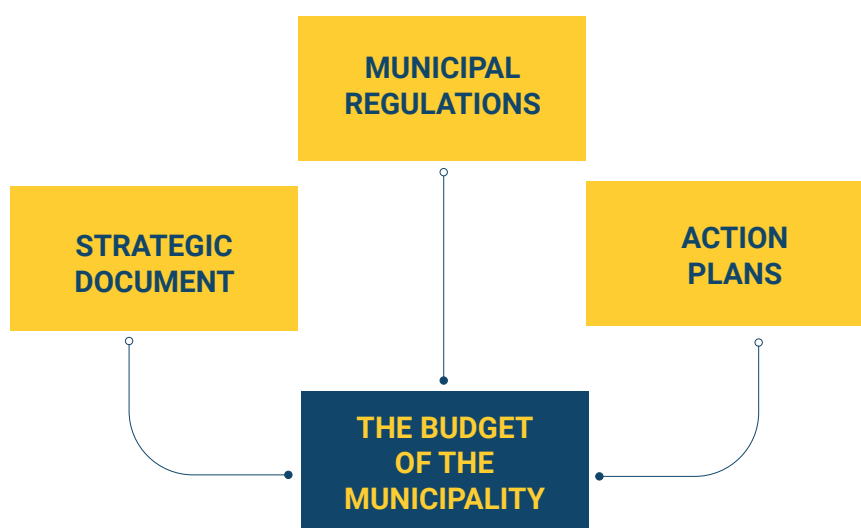


FIGURE 4: Documents that must be handled during municipal budget planning

Targeted, participatory and transparent budgeting

Targeted budgeting

Targeted budgeting represents the concept of budgeting which is based on the specific needs of certain and marginalized groups of society. Through this concept, the treatment of specific problems is aimed at through special intervention for mitigating or solving those problems.

The specific needs of people with disabilities can be taken as one of the examples of targeted budgeting. The construction of slopes on sidewalks, enabling the access of people with disabilities to the facilities of public institutions, special signs on sidewalks for blind people are some of the other examples that can be mentioned in this context.

Targeted budgeting can also be applied to many other groups that are of special importance to the municipality. This concept can be applied to women, to the young, to the elderly, etc. The concept of targeted budgeting does not necessarily mean allocating direct financial resources to any of these groups. It has more to do with the analysis of the specific needs of certain groups of society during the realization of specific projects with financing from the municipal budget.

SOME EXAMPLES:

During the construction of sidewalks, the needs of the disabled, the blind, the elderly, etc. must be taken into account.

During the construction of schools, family medicine centers or other public facilities, special ramps must be built to enable the access of persons with disabilities.

During the identification of projects for capital investments, the elimination of potential risks that could threaten the lives of citizens (eg from floods, landslides, air pollution, etc.) should be treated as a priority.



FIGURE 5: Important issues in targeted budgeting

Important within the concept of targeted budgeting, is the accurate planning of the needs to address the problem, the accurate planning of the activities that must be undertaken in order to treat and avoid the problem, the accurate identification of the financial cost necessary for the realization of activities as well as advocacy. Advocacy addresses can be the mayor of the municipality, the competent director for the relevant field, the chairman of the municipal assembly, the committees of the assembly or even the members of the municipal assembly themselves, but also the central level institutions.

Participatory budgeting

Participatory budgeting is a complementary concept to targeted budgeting because we cannot talk about targeted budgeting if budgeting is done without participation. Participation in this context means the participation of different groups and categories of society in the budget planning process. Finally, how can we understand the needs of different groups of society without including them in the budget planning process.

The real implementation of the concept of participatory budgeting requires the undertaking of some actions by the municipal authorities, and the role of the members of the municipal assembly in the realization of those actions can be very significant. Participatory budgeting should be implemented at the stage of organizing budget hearings with the public. Therefore, in order for this phase to be successful in terms of involving as many citizens as possible in the budget planning process, these hearings should be organized with different groups of citizens and that in:

- Urban and rural areas of the municipality;
- Suitable spaces for citizens;
- Convenient time for citizens.

Of great importance in the successful organization of hearings is the timely informing of citizens through various information channels on the holding of public hearings, as well as the holding and publication of reports from these hearings. The role of the member of the municipal assembly is very important in all these phases and through monitoring the implementation of these principles and exerting public and political pressure on the competent officials for their implementation.

Transparent budgeting

Transparent budgeting is about allowing public access to all phases of budgeting, including the planning phase, but also the realization of the municipal budget. In this context, it is of great importance to publish, at least on the official website of the municipality, all documents related to the planning phase of the municipality's budget. In addition, the publication of periodic reports on the implementation of the municipal budget remains vital for transparent budgeting.

The members of the municipal assembly have an important role in the process of transparent budgeting. Not because they have to perform these tasks, but because they could and should supervise the publication of the documents in question on the official website of the municipality and at the same time exert their public and political pressure for this purpose.

The principles of good budgeting that every municipality should take into account are:

- Respecting the legal framework;
- Capital investments according to citizens' requests;
- Transparency;
- Participation of interest groups and citizens in planning;
- Accountability;
- Successful implementation of the budget;
- Regular audit;
- Performance evaluation and
- Stability.

Transparency in the process of drafting the budget, as well as in the process of implementing the municipal budget, has a great impact on increasing the trust of citizens towards the municipality. Transparency in the budget planning process will affect, even indirectly, the inclusion of citizens in the decision-making process in the municipality.

On the other hand, transparency in the process of realizing the municipal budget also serves as a tool for informing citizens about the sources of financing of the municipality and about the categories as well as the amounts spent by the municipality. This information makes the citizen a part of the processes that take place in the municipality and that are in function of increasing the accountability of the municipal leadership in front of the citizens.

PLANNING OF SOCIAL SERVICES

Planning social services means planning for all citizens in need without distinction. Social services can be classified as preventive, reactive/protective as well as rehabilitation and reintegration services.

Preventive services are general services provided as early intervention in the family and community.

Responsive/protective services are specialized social services that deal with emergency cases through interventions, when the person receiving the service is in danger or their rights have been violated.

Rehabilitation and reintegration services are continuous and intensive care services provided 24/7 (24 hours a day) to persons in need or victims. The service can be offered as close as possible to the residence of the beneficiary, but not necessarily in the same municipality.

THE BUDGET FOR SOCIAL SERVICES

The assessment of the impact of government policies on citizens in need includes the analysis of the budget as an important aspect. This is natural because the amount of the budget allocated to citizens in need is in direct proportion to the impact of government actions on citizens in need.

As in the case of laws at the central level, the municipal government plays the role of advocate also in the case of budgeting at the central level, ensuring that citizens in need are receiving the necessary financial means or a sufficient budget.

The process of identifying budget needs and budget planning should be open and offer access to interest groups, non-governmental organizations and all citizens. Children, young people, parents, families should be consulted. Who better than them can identify their needs?

More precisely, the municipal government should:

- To properly analyze the general municipal budget and the elements within it, to highlight the part that is spent on citizens in need of social services;
- To identify whether children and citizens in need have access to appropriate resources in social services;
- To research the municipal budget data for the last years based on expenses, to see the trends of budgeted and spent funds for citizens in need of social services;
- To have a transparent municipal budget process and ensure the participation of citizens in need and interest groups in this process;
- To prepare and distribute the final budget to show the means committed to social services for citizens in need, in all aspects of municipal governance.

Work with indicators

There is required a cross-sectoral holistic approach that identifies challenges, potential risks and problems, and then translates them into measurable indicators. Indicators should be quantified in nominal terms or in percentage terms and as such should be included in short-term, medium-term or long-term plans. Then those plans must be included in the annual and mid-term planning of the municipal budget.

- Example: Indicator of inclusion in education for ages zero (0) to five (5) years.
If in municipality X there are 5,000 children who are residents in these age groups (nominator) according to the population census.
The inclusion of children of these age groups in pre-school and pre-primary education in municipality X amounts to 2,500 children. In relative percentage terms, 50% of the children are included in the age group 0 to 5 years.
If the municipalities, respectively the competent bodies under 1.) assess this as a priority above priorities and wish that:
Increase the inclusion in education for the age group 0-5 years from 50% to 60% for the following year, then the financial implications are as follows:
 - Sufficient preschool space to accommodate 10% or 500 children. Educational standards such as the maximum group size of children per age group should be looked at to establish the number of groups.
 - If we say that the maximum group should have 20 children, this means that 25 working rooms should be provided, which are considered a capital investment.
 - Children's inventory for the 25 rooms is also considered as capital investment.
 - Allocation of basic staff: If we say that the ratio is 1 to 10 children for one educator, then it follows that 50 educators should be employed (50 monthly salaries x 12 months per year = implication per year in salaries and per diems).
 - Other operating expenses such as heating, water and concrete tools (toys, etc.) are part of the financial implications.

As a result of the investment, which is a one-time or operational investment, the interventions or investment that should be made for children can be quantified.

On the other hand, there are several types of budgeting, such as:

- From the top down, where the budget limits are defined and as such require confrontation with the budget restrictions;
- From the bottom up, where needs are gathered from the ground and as such are addressed in the budget. However, needs are always greater than opportunities and therefore they should be prioritized according to urgency and importance and systematized over several years.

In the case of Kosovo, the current budgeting is **from top to bottom**, where in most cases a budget limit or certain amount is given for the directorate, within which the budget must be budgeted. Since most of the budget is for operational expenses, in most cases there is budget left to deal with emergency cases and there is rarely budget space left to plan services aimed at prevention or early intervention. Therefore, care should be taken that the municipal budget is preceded by a budget analysis for budget allocations for citizens in need. Then, the action plan should be costed, donors should be invited to

express their interest in the activities they want to cover and the remaining uncovered part should be identified. Thus, the municipality will be able to prioritize services. The action plan should not be unattainable, such as asking for a budget that is five times larger than the municipal possibilities, since this way it will be possible to lose credibility in defense of the proposal against other proposals.

Creation of a mid-term Municipal Strategy for Social and Community Services

Each municipality must adopt the Municipal Medium-Term Strategy for Social and Family Services. The purpose of this strategy is for social services to be incorporated into the annual plans of the directorates in the municipalities, and as such to be budgeted in the usual budget process.

Creation of a Comprehensive Municipal Strategy for Social and Family Services

Each municipality must adopt the Comprehensive Strategy of Social and Family Services. The municipal strategy is a document that guides the development of social services and serves to guide the responsible municipality in the following issues:

- What is the number of citizens in need of social and family services in the territory of the municipality?
- What social and family services are offered in the territory of the municipality?
- What services are provided by CSW and various non-governmental organizations?
- What services have not been provided so far, and should be provided, such as preventive services?
- What budget and costs are needed for municipal social services?

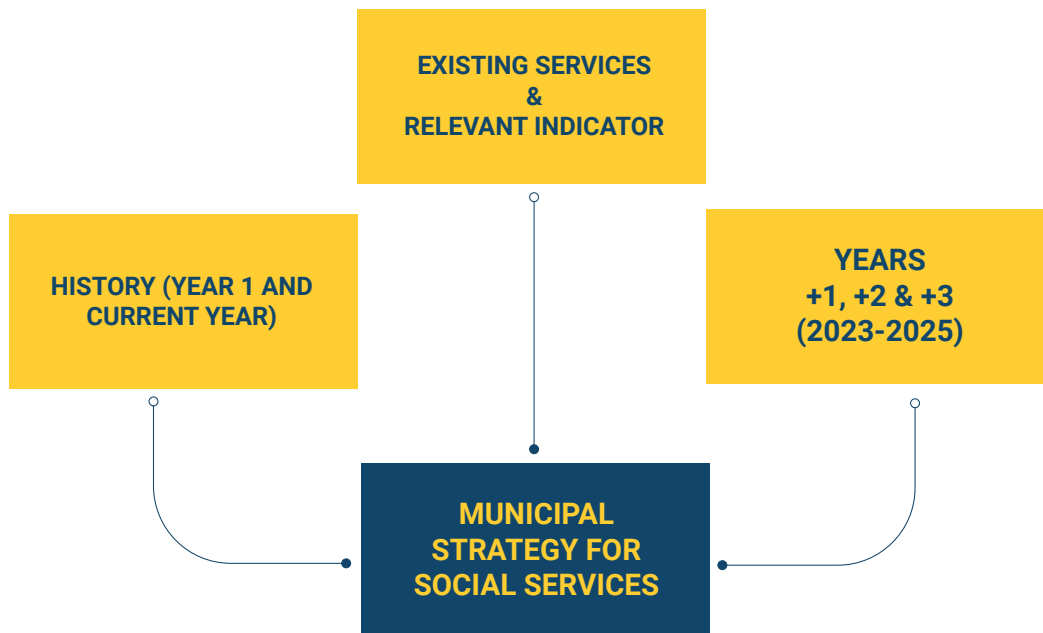
It is worth noting that this strategy would help the social services sector and CSWs in better proving for social services that precede budget planning and allocation.

The strategy of social services must be a document that remains within the limits of the municipal budget and with the possibility of support from donors. The drafting of the strategy and plan should be done before the budget planning process and should be included by the municipal directorates in their budgets.

Consolidation of the plan and prioritization of activities is done by an intersectoral group, such as social services, education, health, police, prosecution, probation service, and other actors who are partners in providing social services.

Implementation and supervision process

The supervision of the implementation and monitoring of the municipal medium-term strategy and plan for social services is proposed to be done in periodic six-month phases.



THE COST OF SOCIAL SERVICES

This section of the manual can also be used as part of a training course, or as self-study material. There are a number of examples and exercises to be done and by doing these exercises one can understand how the unit cost calculation is done.

The examples used and their costing are completely fictitious, so the costs may be unrealistic.

Why is unit cost calculated?

Currently, most of the social services in Kosovo do not have a legal basis for pre-calculating the cost of how much financial means are needed to provide social services, or rather, it is a historical funding that has been allocated to social services within municipalities and job centers social. There are no clear criteria or standards regarding the number of staff and the caseload of social workers.

A wide range of ever-increasing services is being offered, including:

- Social services in the family and community;
- Social services in day care centers;
- Services in residential accommodation;
- Specialized services, etc.

Over time, funding models may change and service providers may charge municipalities and the government for other specific social services.

It is important that service providers, when calculating the costs of their services, ensure that all their costs are covered by the “price” they charge the municipality or government for the service. This will be even more evident when competition between providers develops.

What are the unit costs?

This term means: total cost per unit of social service. Thus, calculating the cost per unit helps us to understand how much of each service is spent on a child or adult.

In the case of children’s social services, “a unit” (per child) may be:

- One-day care (4 hours or 8 hours, depending on the type of care provided);
- A psychological session;
- One-hour treatment (eg physiotherapy);
- A meal or several meals needed for a day, etc.

Often when people talk about the cost of a product or a service, they only think about the cost of the components of the product or service.

Example: When you go to a restaurant, you see a chicken and rice lunch and you think, I can make a lunch like that for a fraction of the price of the restaurant. But will that cost cover all of the restaurant's expenses?

Answer: Of course not. At that cost, you're also paying for:

- Salary expenses of the staff who prepare and serve the food;
- The electricity used during cooking, for heating, and for lighting the restaurant;
- Purchase and repair of furniture and equipment, including table linen;
- Expenses of renting the premises (or a part of the cost of its purchase);
- Renovation expenses;
- Management and administration expenses;
- Owner's profit, taxes paid by the company (but not taxes of individual employees, which are separated from their wages);
- Other, company insurance.

Exercise 1:

What do you think are the costs that contribute to the total cost of caring for a child in a residential care facility? Please list the types of expenses to be included:

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Similarly, even for residential social services, the costs do not simply consist of the costs of food, clothing and medicine for children.

Unit costs should:

- **Be comprehensive** – include all components of a service, including personnel, electricity, maintenance costs, overheads;
- **Be able to aggregate** – ie calculating the overall cost per service or per child, if the child uses more than one service;
- **Be as current as possible** – this is always important, but especially when inflation is high. This avoids the risk of a) charging below cost for services, if you are the service provider, or b) submitting the request with insufficient funds, if you are the municipality planning for funds.

Start of unit cost calculation - Service description

To be able to calculate the unit cost as a whole, it is useful to first describe your service and activities. This will help you not to forget or overlook anything from your service and will help you to calculate service costs more specifically.

Example: *Specialized day social services for children at risk of conflict with the law are provided in a former school building. The three-story building has 600 m² and is surrounded by a 5,000 m² yard. The spaces where the classes used to be have been adapted as follows: a room for individual psychological sessions, a room for group therapy, halls for recreational and sports activities, rooms for professional training, a food room, offices of professional staff and administration. The service has a bus to pick up children who cannot provide transport, which is also used to send children on walks.*

Currently 60 children receive services at this center. Depending on the time when the children attend the center, they are also offered a daily meal. Children who receive services can also receive health services if they need them.

This service has its own cost and budget and employs all the staff working in this center, including social workers, psychologists, pedagogues, doctors, teachers for vocational training programs, drivers, gardeners, as well as all care staff. The director is appointed by the municipality and he manages the service on behalf of the municipality.

Example: *Specialized multi-disciplinary services for children with disabilities are provided within a day care center in Pristina near the main bus station, which is run by a non-governmental organization contracted by the municipality to provide services. This center has the capacity to provide services for about 100 children per month.*

This center has the following spaces: a room for individual psychological and psychosocial sessions, a room for speech therapy sessions, a room for group sessions, a room for physical rehabilitation with the necessary equipment, a sensory room, a room for parent support groups and a training room.

The children in this center receive psychological, speech therapy, physiotherapeutic services, group sessions of a psycho-social nature, activities to improve skills and basic skills for life. Services for parents include: parent counseling, child stress and anger management, techniques and work with children with disabilities, family empowerment for child growth and development, and decision-making empowerment.

This service has its own cost and budget and employs all the staff working in this center, including psychologists, speech therapists, social workers, pedagogues, doctors, physiotherapists, teachers, drivers, gardeners, as well as all care staff.

The staff of the center needs continuous training for capacity building.

Different types of expenses

As you may have noticed, there are several types of expenses. These can be explained into variable costs, fixed costs and overhead costs. In addition, there are operating and capital expenses.

Variable costs

Variable expenses are expenses which, theoretically, can be related to each child, they increase or decrease immediately with the increase or decrease in the number of children receiving the service. Generally, these expenses cover items that children consume.

Variable costs include:

- Food;
- Clothing;
- Medical and hygiene supplies;
- Books and didactic tools (notebooks, pencils, colors, etc.);
- Toys and equipment;
- Musical instruments if they need to be replaced more than once a year, (otherwise they become capital expenditure) and their maintenance (eg piano tuning);
- Maintenance and repair of transport, including transport fuel and public transport costs;
- Water.

Sometimes it can be difficult to determine whether expenses are fixed (see below) or variable. For example, if a service has a 20-seater minibus, the costs do not vary much, regardless of whether it carries 20 children or 10 children. However, if a service uses public transport for its own children, then the cost in this case is very much related to the number of children. In this exercise, it is not important to determine whether the expenses are fixed or variable. However, there may be other situations where it is important to know which expenses are variable and which are not.

Fixed expenses

Fixed costs are costs which are related to the number of children in care, but which do not change rapidly as a result of changes in the number of children. If, however, the number of children changes dramatically, the fixed costs will of course also change (for example, if the number of children is halved, then less staff will be needed).

Fixed costs include:

- Personnel expenses, including salaries, insurance expenses, training, transportation, bonuses, etc.; it is good that the staff is divided into different groups, for example:
 - Professional staff (psychologist, social worker, teacher, etc.);
 - Medical personnel including nurses;
 - Guardians;
 - Kitchen staff;
 - Support staff (drivers, gardeners, maintenance workers);
 - Administration staff, including management.

- Energy costs, namely electricity, gas, oil, other heating supplies;
- All equipment, e.g. furniture, kitchen equipment, sports equipment (some of these are capital expenses, others are operating expenses (see sections 7.4 and 7.5.);
- Communication expenses (eg telephone, internet);
- Office expenses (expendable material, office equipment maintenance and repair, etc.).

General expenses

The difference between fixed costs and overhead is very small, and it is sometimes difficult to determine which category an expense belongs to. In the case of a service provider that has only one service at one location, which is managed at that location, overhead costs are the same as fixed costs, and can easily be treated as such.

See below how it can be done.

a) if all your services are approximately the same size in terms of number of beneficiaries, staff, etc. (eg you have 6 houses for small groups), then you can simply divide your overhead by the number of services and attribute a portion of it to each service. In this case you will use 1/6 of it for each service.

Exercise 2:

You have a day care center for children. This is the only service you have and you manage this within the same facility. Please identify the following expenses by category, whether they are variable expenses, fixed expenses, or overhead expenses, using the table at the end of this exercise.

1. Paper for drawing classes
2. Heating
3. Food for children
4. Repairs to the center's minibus (for children)
5. Electricity
6. Fuel
7. Clothes
8. Salaries for:
 - a. professional staff (psychologist, social worker, educator, etc.)
 - b. the kitchen staff
 - c. the management
 - d. the driver, the maintainers
9. Caretakers
10. Travel expenses for children for outings, e.g. bus ticket or minibus fuel
11. First aid kit
12. Telephone bill (including internet)
13. Toys (replaced less than once a year)
14. Staff uniforms
15. Staff training

Variable costs

Fixed costs

Overhead costs

Exercise 3:

You have a number of day care centers for children but in different places. You have a central office in Pristina from where you manage all the centers.

Please categorize the following expenses according to whether they are variable expenses, fixed expenses, or overhead expenses.

1. Food for children
2. Heating for day care centers
3. Material for the head office
4. Paper for use by children
5. Paper for the head office
6. Trips for children
7. Transportation of the staff of day care centers to the central office
8. Transportation of the staff of the central office to the day care centers
9. Head office heating
10. Telephone of the central office
11. Telephone of day centers

Variable costs

Fixed costs

Overhead costs

You should further classify these expenses into operating and capital expenses.

Operating expenses

Operating expenses are all expenses that you pay regularly, at least once a year, regardless of whether they are fixed, general or variable expenses.

Capital expenditure

These are expenses that do not occur on an annual basis. Even if you make capital expenditures every year, they may be different for each year. Capital expenditure includes expenditure such as:

- Renovation (including major restorations, replacement of the heating system, change of use of rooms, etc.);
- Large furniture and equipment's, eg. beds, tables and chairs, equipment for the rehabilitation of children with disabilities (which belong to the service provider and not to the children), computers, kitchen equipment;
- A car or minibus, yard maintenance equipment.

The problem with capital expenditure

To calculate the unit cost of your service, you need to calculate the average cost of the service for a child or an adult per unit of time. So, in bold to make the correct calculation, take all the parts that make up the expense, put them together and then divide by the number of time units and the number of children or adults to get the cost per unit .

Exercise 4:

What do you think happens if you have just spent 10,000 Euros to install a new heating system and 10,000 Euros on new windows? How would this affect the average cost of activities for this year?

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Consider the overall lifespan of the expenses you incur. When you invest in a new brick building or install new windows, you expect it to last for decades. When you buy furniture, you generally expect it to last only a few years. A new heating system should last well over a year. A refrigerator or a computer should last several years.

In order to arrive at a reasonable cost for your service, for the above reasons, you need to divide the total cost of a capital expenditure by the number of years that this investment should last. For the sake of standardization, the life expectancy according to the following table should be applied:

Article	Potential life expectancy
New construction of the facility Complete renovations including construction	25 years
New flooring, new doors, new interior woodwork if not part of full renovation, heating system	10 years
Electric or gas appliances, e.g. stove, fridge, computers, cleaning supplies	5 years
Cars, minibuses	5 years
Furniture, yard toys, large indoor toys	5 years
Small toys, blankets, cleaning tools, etc.	Operating expenses
House repairs, car repairs, etc.	Operating expenses

Exercise 5

Your service has recently opened a community-based home for the elderly. You have bought a property with an old building and carried out considerable work on its renovation, including rearranging the rooms, re-installing the electricity, installing the telephone and internet network, new heating system, buying furniture and equipment, kitchen equipment and the purchase of a minibus.

Over how many years will you attribute these expenses? Please fill in the table:

Expenditure	Number of years
Purchase of property	
Renovations	
Electricity installation	
Communication network	
Heating system	
Purchase of furniture and equipment	
Kitchen equipment	

So now we have covered all the costs of an average elderly care service.

Donations and family income

“Donations are not an expense, they are income!” - I hear you say. Yes, however...

If a service is financed according to the needs of its beneficiaries, there should be no need for other international or local donors to provide supplies for the operation of the shelter service.

Expenditures should be categorized into operating, capital, variable, fixed or general expenses as appropriate.

This is not difficult to achieve if the cost of these services is easily estimated, e.g. as we had the case for a heating system. This becomes more complicated when you have to include the cost of food, clothing or other small donated items.

For food, you must record exactly what was used, for example, how many kilograms of tomatoes, meat or liters of milk are you using. Given that these prices vary considerably depending on the season, then you can take an average monthly price (eg the price of the item on the first day of a month) and apply this price over that month to this type of article. Sometimes the price may have gone up by the end of the month, sometimes it may have gone down, but it doesn't matter; over time it will average out.

With other items, such as children's clothes, it is more difficult to estimate their value. You can ask donors to suggest the value of the clothes or you can make your own estimate of how much you would spend on that amount of clothes.

For the sake of calculating the cost per unit, it is important to record your assessment of the value of donations, since first day your service must be able to operate without donations.

Needs additional information

So far, we have collected a lot of information regarding financial planning. But we need more data!

Number of days of children

Given that the “unit” in the unit cost calculation refers to “children or adults” and “days” or “sessions,” we need to know the number of days of children or adults receiving service each day. For example, if you have 10 children staying in shelters throughout the year, that amounts to a total of 10×365 days = 3650 child days.

Unfortunately, in most cases, this calculation is more complicated. Imagine that:

- A shelter can have children who stay there all the time, but also children who live there only during the week. In addition, some children may be in your care temporarily, e.g. for a few weeks while a family crisis is being resolved.
- A day care center may have children who attend it every day, every day, or just for a few hours a week.

To make sure you are calculating the right spending per child, you need to get data about how many children benefit from the service in each model (time frame) above. Of course, these details can change over the course of a year, but also from one year to another. However, the data will generally be similar from year to year, unless a service is expanding or shrinking altogether.

In the case of a service where children attend quite different time slots (eg overnight stay and day care are part of the same service) it is very important to know how many children attend which time pattern (those who do not sleep there do not need a bed or supervision at night). At this stage, it is good to calculate the total number of child days (the number of days a child follows multiplied by the number of children for that duration or the sum of child days in each category, (children in day care and children in residential care) who spent the last year in that center. In cases where children attend a service on an irregular number of days but they generally receive the same services, e.g. at a day care center, you must count the number of days the children receive services. Alternatively, you can count the number of children receiving services each day and total the number of children at the end of the week, month and year.

Exercise 6

You run a day care center that is open 5 days a week, all year round, e.g. 260 days.

80 children attend the center every other day.

100 children attend the center once a week.

10 children attend the center daily.

For how many children's days in total was the center used throughout the year?

Answer

Exercise 7

The Community-Based House has 12 beds.

6 adults live there all the time (365 days).

4 adults stayed there for 4 months (121 days each).

2 adults stayed during the day for 6 weeks (30 days each) while a family crisis was being resolved.

What is the total number of days of adults who:

- a) stayed during the day
- b) slept there.

Answer:

Types of staff

Although this information is not entirely necessary since you are calculating the total cost of the service per unit, it can still be interesting to see how much money you have spent on different types of employees. This can tell you, but also your potential funders or beneficiaries, something about the quality of the service if, for example, you spend more money on support and management staff than on childcare workers. A useful classification of staff is given below:

- Management and administration;
- Guardians of children;
- Medical staff;
- Teachers, psychologists and social workers;
- Support staff (drivers, maintenance workers).

Electricity and water consumption

This factor is especially important in times of high inflation. To be fair, you have to calculate the consumption of everything and then account for inflation, although this may require a lot of accounting skills in the early stages of calculating unit costs, even if it is achievable with a good program. computer.

By using last year's consumption figures and the next year's price forecast, you can calculate the actual costs for the next year of service, rather than basing the unit cost calculation on the previous year's expenses.

The size of the object

This is very important when you offer more than one service in the same building, and you want to calculate their costs separately.

Calculation

Now you have all the information you need:

- The number of children, depending on the time pattern of their presence in the service.
- Financial information.

Note that, for the sake of accuracy, when developing the budget for accounting purposes, or when issuing invoices on a monthly or annual basis, you should always calculate daily expenses with an accuracy of three decimal points, to avoid a divergence of which results from rounding errors.

A simple scenario

Example: *Let's start with a simple example. You have a community-based small group home with 8 children living there. You are managed from your organization's head office, which has a total of 10 similar small group homes/apartments. The total operating expenses of your service last year were 30,000 Euros. You also spent 2,000 Euros on new beds and 1,000 Euros on a new refrigerator. The total cost of the head office is 50,000 Euro per year.*

The number of beds and the refrigerator are capital expenses. Both of these are expected to last for 5 years.

Then, the cost of these items, which is attributed for each year is: $(2,000 + 1,000) / 5 = 600$ Euro.

The head office costs (overhead) should be spread over 10 houses with small groups, so each house bears 10% of the cost. The cost of the central office is therefore 5,000 Euros per house.

Total operating expenses for the house:	30,000 Euro running costs
	600 Euro annual capital expenditure
	5,000 Euro part of general expenses
	35,600

Cost per child per day = $35,600 / (8 * 365) = 12,192$ Euro per day (or 4,450.08 Euro per year).

A more complex scenario

Example: You run a day care center. The center offers 4 meals a day and a multitude of activities. Children attend the center either in the morning or in the afternoon, depending on their school schedule, the same also applies during school holidays. Therefore, the center operates 260 days a year, or 520 sessions a year. 30 children attend one session per day, 5 children, who are not yet in school, attend two sessions each day, 20 children attend two sessions per week, 40 children attend one session per week. 15 children attend a daily session for 3 months, but now attend only two sessions a week, they started attending the center since March.

The operating expenses of the center, including all staff, were 25,000 Euros per year. Also, this year the center needed to buy a minibus worth 15,000 Euros. The center also received a donation of computers worth 10,000 Euros. Part of the activities the center offers is gardening, that is, growing vegetables. It is estimated that the center used 1,500 Euro worth of vegetables during the year. Children's art and craft work in the classrooms sold for €1,000, half of which went to the original painters.

What is the cost per child per session?

a) How many sessions were held:

30 children * 1 hour per day * 260 days = 7,800

5 children * 2 sessions per day * 260 days = 2,600

20 children * 2 sessions per week * 52 weeks = 2,080

40 children * 1 session per week * 52 weeks = 2,080

15 children * (5 sessions per week * 13 weeks plus 26 weeks * 2 sessions) = 1,755

Total = 16,315 sessions per year (or on average 31.38 children per session)

b) Total cost

Operating expenses 25,000 Euro

Minibus (cost spread over 5 years) 3,000 Euro

Computers (cost spread over 5 years) 2,000 Euro

Profit from self-grown vegetables 1,500 Euro

Income from the painting (half in the center) 500 Euro

Total cost 32,000 Euro

c) Cost = 32,000 Euros divided by 16,315 per session = 1,961 Euros per session

Exercise 8

Calculate the average cost per session per child for the day care center.

Answer:

More than one service within one budget

The following example and exercise reflect a more complicated situation, where a center with one budget offers two different services. Here you need to calculate the different unit costs for children who use the services in very different ways.

Ideally, different services should have different budgets, but this can be difficult when, for example, in a center some children sleep at night and others receive services during the day, but the same staff takes care of all children.

In order to calculate unit costs in this situation some adjustments must be made. For the sake of simplicity, children who do not live at the center (ie who come home every evening) are supposed to receive the same services, including clothing and school supplies, as those who do. They certainly do not use the bedrooms or night staff services and they consume less food than those who stay in the center all the time. Since the proportion of food they consume is different in proportion to other services, then food should be treated separately in the calculation.

Moreover, it is also assumed that day children spend 8 hours a day in this institution. For this reason, their share of all expenses, except for food, should be 1/3 of the resident children's expenses for one day. For this reason, the part of non-food expenses attributable to day children should be:

$1/3 * \text{number of days of children per day} * 100$

The total number of days of resident children + 1/3 of the days of day children

Note that if you also provide services with sessions (morning and afternoon cycle) in a residential care facility, where children can attend either in the morning or in the afternoon, for the sake of calculation we must assume that each session is 4 hours. If children attending the sessional center eat two meals per session, the meal calculation is similar to that for children per day. If they only eat one meal, then the multiplier for children per day should be $\frac{1}{4}$, not $\frac{1}{2}$.

How to formulate your budget request for social services

Based on the municipal Budget Circular and the Social Services Strategy, the following year's cost is calculated, which determines the budgetary needs or the demand for human and financial resources to provide adequate services.

How can you do this?

Basically, you need to know how much social services cost in your municipality.

Step 1

Describe the social services in your municipality as clearly as possible.

Step 2

Describe the need for social services in your municipality. Show the prevalence of violence, sexual abuse, drug users, the number of children without parental care, the number of children and persons with disabilities, etc., and the trend over the years. You must present all the categories that need social services in your municipality. Show trends and opportunities that if invested in prevention, the cost of response will be much less. Take for example the relationship that for every 1 Euro spent on prevention, you have saved the state 16 Euros in the aforementioned sectors. Example: you invested 10,000 Euros in prevention, it turns out that next year you roughly saved 160,000 Euros from the municipal and state budgets together.

Step 3

Reveal how much is the budget of CSWs and non-governmental organizations providing social services. List utility costs.

Example: Describe the cost of the Good Parenting Program for upskilling the 200 parents identified as needing upskilling for the well-being of children.

Example: Describe the cost of services at a day care center for 50 children with disabilities.

Whenever you are buying or contracting a certain service, divide the expenses so that they are articulated in the right way.

Step 4

Identify your staff costs and the costs of other necessary expenses. You may need to apportion expenses on different bases, depending on the nature of the expenses in question.

Step 5

Calculate the approximate expenses for each of these items and put them in the appropriate budget - and you have two or more separate budgets. Classify by type of services and by economic categories used in the form of budget planning.

Step 6

Services for those who have the ability to pay, put in the regulation on taxes, fees and fines and bill all citizens who request services from the CSW, which are considered luxuries, such as: the certificate that they have not received the ability to act, and used to bear arms, to become an ambassador or high official, to lose citizenship.

All collections from these services should be redirected to social services or be dedicated to completing the budget of social services such as guardianship payments, overtime payments or staff training.

Step 7

Submit the budget request or the regular form given to you by the Ministry of Finance, respectively by the Directorate of Budget and Finance, together with the arguments of the above-mentioned steps, to the designated Directorate, where the CSW is a part of.

CONTRACTING AND PURCHASE OF SOCIAL SERVICES

The Law on Social and Family Services as supplemented and amended creates the main legal basis not only for the provision of social and family services, but also for the contracting of social and family services in cases where the state bodies that are responsible for the provision of these services have not opportunities and internal capacities for their provision. This law decisively determines the possibility of contracting social and family services by NGOs. Based on Article 8, it is possible for municipalities to conclude contracts with non-governmental organizations for the provision of social services within their territory, according to their needs and plans.

In the same line for opening opportunities for the contracting of NGOs for the provision of social services is also the attempt made with the law no. 05/L -068 for the amendment and completion of the Law on Public Procurement of the Republic of Kosovo, amended and supplemented by Law No. 04/L-237, with which civil society organizations have been enabled to be considered economic operators for the purposes of the Public Procurement Law, which is a very important step in the development of this sector, since NGOs can participate in public procurement procedures alongside other legal and economic subjects, since they have received the status of economic operator.

However, the support of the municipalities has continued to be done through subsidizing NGOs for the provision of social services, which has not proven to be a sustainable form of financing. Municipalities must create a stable scheme of contracting or purchasing social services. The procurement process is elaborated below.

Procurement process

Public procurement is a process, which has to do with the supply of goods, the performance of services and the execution of works, using public funds, according to the legislation in force on procurement". A procurement activity, which is carried out by the CA (Contracting Authority), to be successful and in accordance with LPP No. 04/L-042, amended by Laws No. 05/L-068 and No. 05/L-092, includes 3 groups of activities, which can be classified into 30 procurement steps.

The procurement activity groups are:

- Preparation of the procurement process
- Development of the procurement process
- Contract management

Figure 7: Procurement process



FIGURE 8: Procurement process cycle

Procurement activity groups

The preparation of the procurement process includes the steps that the responsible procurement officer in cooperation with other officials of the contracting authority must undertake from the planning of the procurement to the publication of the contract notice.

The development of the procurement process includes the necessary steps that the contracting authority must undertake after the publication of the contract notice until the publication of the notice for signing the contract.

The management of the contract includes the steps that the CA and the selected EO must jointly undertake, to fulfill the obligations foreseen by the contract, after the publication of the notice for the signing of the contract until the conclusion of the contract as a whole.

Functions of the procurement department / unit

The Procurement Department is led by the Responsible Procurement Officer, who answers to the Chief Administrative Officer (CAO);

The Procurement Officer is responsible for managing all CA procurement activities in accordance with the LPP and has the following responsibilities:

- Prepares the annual procurement plan in consultation with all departments;
- Ensures that goods, services and works are purchased in the most economical, efficient and effective way;
- To the extent possible, it ensures that there are no restrictions on competition in the technical specifications;

- Advises requesting units on relevant procurement methods and practices;
- In cooperation with the Leaders of the requesting Units, coordinates all documents, specifications, ToR, Estimates and Estimates, drawings;
- Organizes and manages procurement activities;
- Recommends the composition of the members of the Bid Evaluation Committee;
- Participates in Tender Negotiations and ensures fair results;
- After completing the evaluation process, examines the contract proposal recommended by the evaluation committee;
- Accepts/rejects the proposed recommendation;
- Sign contracts after reconfirming that the financial information has not changed substantially;
- When disputes, damage to goods, over- or under-deliveries, failure to perform or other relevant complications occur, preserve all relevant communications and evidence received;
- Follow up the failures of contractors who have failed to fulfill their contractual obligations whenever informed by the project manager regarding the appropriate compensations, liquidation of damages and arrangement of cancellation of contracts;
- Drafts an annual report at the end of each fiscal year for signed contracts.

Functions of the requesting unit

The requesting unit is the initiator of the procurement request, and has the following responsibilities:

- Prepares procurement requests, formal assessment of needs and forwards these to CAO for approval;
- Prepares/proposes technical specifications, Terms of Reference, Estimates, Estimates, drawings, etc.;
- Ensures that there are no restrictions on specifications, or ToR, in order to ensure maximum competition;
- Cooperates and assists the procurement department during the procurement process;
- Issue reports on acceptance of goods/services/works for payment arrangement for EO;
- Reports to the procurement department any deviation from the terms of the contract; and
- Forward details of any necessary contract amendments to the procurement department.
- The staff of the Research Unit can be members of the Tender Evaluation Committee (except the person(s) who drafted the Technical Specifications.

Procurement planning

- It is prepared by the Procurement Department in cooperation with the requesting units and the Budget Sector.
- Includes all supplies, services and works that CA is expected to procure during the next fiscal year.
- It is submitted in writing to CAO as Preliminary Planning no less than 30 days before the beginning of each fiscal year, while 15 days after the announcement of the budget, it is submitted to CPA as Final Planning and published on the website of the relevant CA (Article 5.7 - Rules and Operative Guide for Public Procurement);
- If a procurement activity is not included in the final Planning, and the CA must carry it out during the year, then the CA is obliged to send the DNDF to the CPA, at least 5 days before the initiation of the procurement activity.
- The preliminary planning submitted to CAO and the final planning submitted and confirmed by CPA must be archived in CA.

Advance notice

- It is prepared only for values over 500,000 Euros, for the procurement of goods, services and works, and is sent for publication at the beginning of the year on the official website for public procurement in Kosovo: <https://e-prokurimi.rks-gov.net> ;
- If this advance notice is published in time, the contracting authority may apply shortened bidding deadlines from 40 to 24 days as a result of the advance notice.

Authorization to initiate the procurement activity

- Before the start of any procurement activity, the CA of CA decides that the assessment of needs justifies the procurement activity;
- The CAO sends a copy of this assessment to the Chief Financial Officer of the CA, while the CFO is obliged to ensure that there is a budget available for the relevant procurement;
- No procurement activity can be initiated before the Declaration of Availability of Funds has been signed by the CFO and CAO;
- After the initiation of the procurement activity by the CAO, the competent for the exercise of that procurement activity, in accordance with the law, is the Responsible Procurement Officer.

Statement on the need for availability of funds

- It is a standard form announced by PPRC, which must be completed and signed by CAO and CFO, every time before the start of the procurement activity;
- ZKA authorizes the initiation of the procurement activity by submitting to the Responsible Procurement Officer a written instruction, as well as a copy of the Declaration on the Need for Availability of Funds;
- According to the Law on Public Procurement No. 05/L-068, CA must submit to PPRC, together with the Contract Award Notice, a copy of the Statement of Needs and Availability of Funds for the awarded contract.

Preparation of technical specifications

- Technical specifications are prepared by the CA Research Unit;
- During the preparation of the specifications, the Requesting Unit must consult with the Procurement Unit to verify that the specifications are not discriminatory or favorable to the EO;
- CA will compile the technical specifications in such a way that they are in accordance with the purpose of the procurement;
- The specifications in detail must describe, clarify and define the requirements which adequately fulfill the needs of the CA, as well as enable the potential EO to provide a viable offer;
- CA will formulate the technical specifications by referring to a Kosovo standard, a European standard or any other technical reference issued by the European bodies for standardization.
- It is not permitted for the CA to compile technical specifications that refer to a particular item or source or any distinctive mark, type or origin, except when in exceptional circumstances the CA clearly establishes that it is not possible to draw up a sufficiently precise and comprehensible specification, provided that each time it is accompanied by the words "or equivalent";
- For labor contracts, the technical specifications must accurately define the nature and performance characteristics of the required works;
- The technical specifications must include the executive project, which must be attached to the tender file;
- CA does not have the right to issue tender documents without attaching the executive project.

Preparation of the tender file

- For each procurement activity, with the exception of those with minimal values, the CA must prepare the tender file;
- The tender file is prepared by the Procurement Unit and contains all the necessary information related to the relevant procurement activity, including its material terms and conditions, procurement procedure, applicable eligibility requirements, selection criteria, appeal procedures and other necessary information;
- No request which is not foreseen in time in the tender file can be taken into consideration during the evaluation of the offers, and cannot be requested to be added by the winning EO, when signing the contract;
- The tender file must always be prepared before the announcement of the contract notice;
- The requirements defined in the Tender Dossier and in the contract notification must be identical;
- According to the Regulation on Public Procurement, evidence related to eligibility requirements will be required only from the EO to which the CA intends to award the contract;
- These documents must be submitted by the EO before awarding the contract;
- In case of failure to deliver this document, the tender in question will be rejected and the contracting authority may proceed to the next bidder;
- Upon submission of the offer, all bidders are obliged to sign the declaration under oath, in the standard form, which is an integral part of the tender file.

Determining the value of the contract

- The Procurement Unit is responsible for determining the value of the contract;
- The value of the contract is determined based on the estimated value of the project, on market research and on the Manuals with the reference unit prices for goods, works and services, which are published on the official website of the PPRC: [https:// e-procurement.rks.gov.net](https://e-procurement.rks.gov.net);

LPP No. 04/L-042, defines these contract values:

No.	Type of contract	Contract value
01	Contract with minimum value	100-500 Euro
02	Low value contract	500-10.000 Euro
03	Medium value contract	10,000 to 100,000 euros for goods and services 10,000 to 250,000 euros per job
04	Great value contract	over 100,000 euros for goods and services over 250,000 euros per job

- The procurement procedure is determined by the Procurement Unit, based on the nature of the procurement activity.
- LPP No. 04/L-042, determines the following procurement procedures:
 - a. Open procedures
 - b. Limited procedures
 - c. Competitive procedures with negotiations
 - d. Procedures negotiated without publication of contract notice
 - e. Procedures for quoting prices
 - p. Procedures for minimum contracts

- With LPP No. 05/L-068, even negotiated procedures without publication of the contract notice are the responsibility of the CA, but the PPRC must be notified within 2 days from the date when the decision for such a procedure is made
- The notice must provide a detailed explanation of the facts justifying the use of this procedure, and must be sent to the PPRC electronically.

Determination of procurement procedure

- The procurement procedure is determined by the Procurement Unit, based on the nature of the procurement activity.
- LPP No. 04/L-042, determines the following procurement procedures:
 - a. Open procedures
 - b. Limited procedures
 - c. Competitive procedures with negotiations
 - d. Procedures negotiated without publication of contract notice
 - e. Procedures for quoting prices
 - f. Procedures for minimum contracts

With LPP No. 05/L-068, even negotiated procedures without publication of the contract notice are the responsibility of the CA, but the PPRC must be notified within 2 days from the date when the decision for such a procedure is taken;

The notice must provide a detailed explanation of the facts justifying the use of this procedure, and must be sent to the PPRC electronically.

Determination of tendering deadlines

- The Procurement Unit is responsible for setting tendering deadlines, depending on the value of the contract and the procurement procedure;
- Tendering deadlines must start on one business day and end on one business day.
- The regular tendering deadlines according to LPP No. 04/L-042 are:

No.	Type of contract	Tender deadline
01	Minimum value	1 day
02	Little value	5 day
03	Middle value	20 day
04	Great value	40 day

Approval of shortening the tendering period

For urgent procurements, which could not be foreseen in advance, the CA may apply shortened tendering deadlines.

- According to the reasoning of the requesting unit, the Responsible Procurement Officer directs a request to CAO, which is the decision-making person for shortening or not shortening the tendering period.
- According to LPP No. 04/L-042, the shortened tender terms are:

No.	Type of contract	Tender deadline
01	Middle value	10 days
02	Great value	15 days

Commitment of means

- Before starting any procurement activity, the CA must make sure that the annual budget includes the budget allocation for that procurement;
- If this is ensured, the CA can undertake all the necessary procurement activities until the signing of the contract;
- It is never allowed to sign the contract by CA, without pledging the necessary means, which cover the entire value of the project;
- If a procurement activity is expected to last more than one year and contractual obligations are created in the next fiscal years, the CFO will ensure that the budget for the next years provides sufficient funds for the fulfillment of such obligations;
- In such cases, the CA must include in the contract a provision which clarifies that the implementation part of the contract for the next years cannot be started without the budget for that year being approved, and without the commitment of sufficient funds for that procurement activity.

Preparation of contract notice

- The Procurement Unit is responsible for preparing the contract notice;
- Contract notification forms are standard forms announced by the PPRC;
- CA will send the PPRC contract notification for publication according to the requirements of the law, electronically;
- With LPP No. 05/L-068, the preparation of the contract notification must be made and sent to PPRC also for the price quotation values.

Publication of contract notice

- The contract notice for open procedures, limited procedures, competitive procedures with negotiations and price quotation procedures must be published on the official website for public procurement in Kosovo: <https://e-prokurimi.rks-gov.net>, in the language Albanian and Serbian;
- For contracts with large values, the publication must also be made in English;
- Even contracts with minimum values, which do not exceed 1,000 Euros, from 01.08.2021, are developed through the e-procurement platform;
- All evidence of publication must be archived in the file;
- The publication of the contract notice must begin on a business day and end on a business day, not on weekends and official holidays.

Preparation of the procurement process

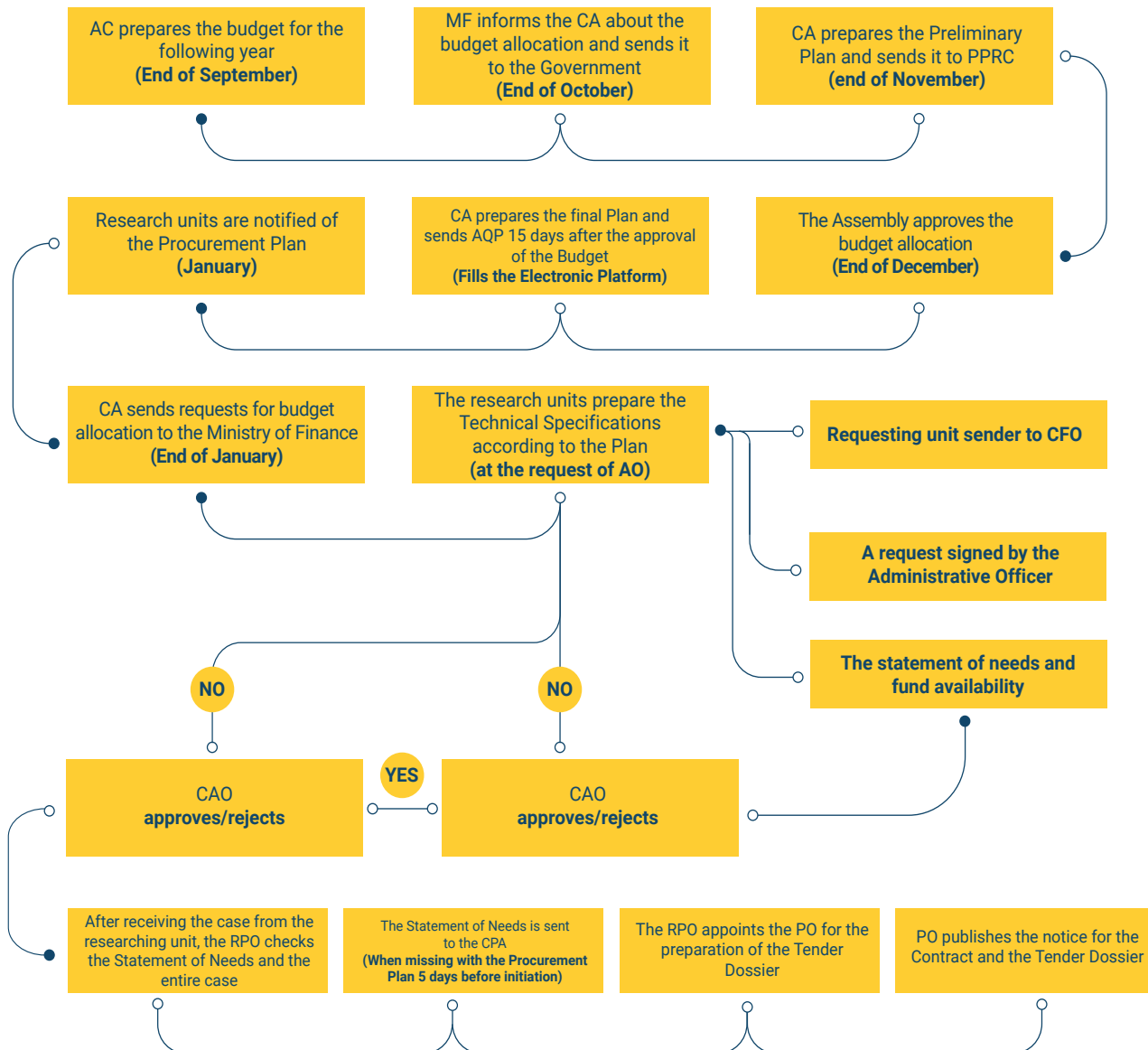


FIGURE 9: Preparation of the procurement process

