

Progress, Challenges and Way Forward in Financial Management



Human Resource and Financial Management Division
MoHP

Presentation Outline

- Progress so far from Last time JAR
- Budget and Absorption
- Audit observation
- Challenges
- Way forward

**Progress So far
from Last JAR**

Guidelines and Systems Developed

- Financial management improvement plan (FMIP) and Procurement improvement plan (PIP) revised and approved in April 2014. Uploaded on MoHP's website
- Audit Clearance Guidelines and Internal control guidelines endorsed, printed, distributed to all cost centres to implement it from 13 February and 15 March, 2014 Respectively.

Committees and Unit Formed

- Audit committee and PFM committee meetings held regularly
- Thirty nine percent audit irregularity cleared in FY 2013/14.

TABUCS Achievements/Progress

- Transaction Accounting and Budget Control System (TABUCS) Implementation unit formed
- TABUCS rolled out in all cost centres.
- TABUCS user training provided to 350 accounting and other cadres from 223 cost centres in 18 batches.
- Help Desk for TABUCS is in operation for regular monitoring and trouble shooting.
- TABUCS M&E framework developed, integrated in the system. Field visit monitoring also started.

Expenditure Captured in TABUCS

FY	AS per FCGO Data	As per TABUCS data	Percent	Remarks
2013/14	22.85	22.85	100%	In billion (NPR)
2014/15 up to Jan 2015	8.36	5.81	70%	6 months
Note: DoUDBC expenditure has not entered in TABUCS in FY 2014/15. Will initiate training this year				

Simplification of FMR and submission

- Simplified FMR templates from 33 to 8 to streamline reporting on 26 June 2014
- FMR for the second trimester of 2013/14 (mid-November 2013–mid-March 2014) was submitted on 10 September 2014, six months after the end of the trimester; while the FMR for the first trimester of FY 2014/15 (mid-July to mid-November 2014) was submitted in November 2014, well within the 45 days target

Performance Audit

- OAG continuing performance audit of 5 districts/ programmes.
- In 2014/15 the OAG is undertaking performance-based audits in the offices under MoHP in five districts (Siraha, Dhankuta, Ilam, Kalikot, and Banke)
- An impact audit of the service delivery of Bir Hospital is being undertaken.

Study of Autonomous Hospitals

- A study of autonomous/semi-autonomous 35 hospitals and health institutions' represented from all development region is completed in January 2015 By MoHP.
- Preliminary findings discussed on workshop. Waiting for final report

Performance Based Grant Agreement

- Introduction of Performance based grant agreement with 7 different hospital services done in last year.
- Out of those MoHP evaluated 3 different institution within Kathmandu.

Capacity Building of Financial Staff

- A National workshop held on 28 Feb 2014 for capacity building of finance officers.
- To built capacity of programme mangers and finance officers in financial management, a proposal has been approved by NHSSP TARF. Programme will be conducted in current FY.

Reward and punishment in Audit Clearance

- MoHP has started the reward and punishment system in audit queries clearance.
- In current FY MoHP has rewarded Rs. 7,000 each (up to 3 personnel) of 4 institutions, provided appreciation letter to 5 institutions in FY 2013/14.
- MoHP has instructed, to punished Rs. 50 per head of 16 institutions who failed to meet minimum target of audit clearance.

Others Progress

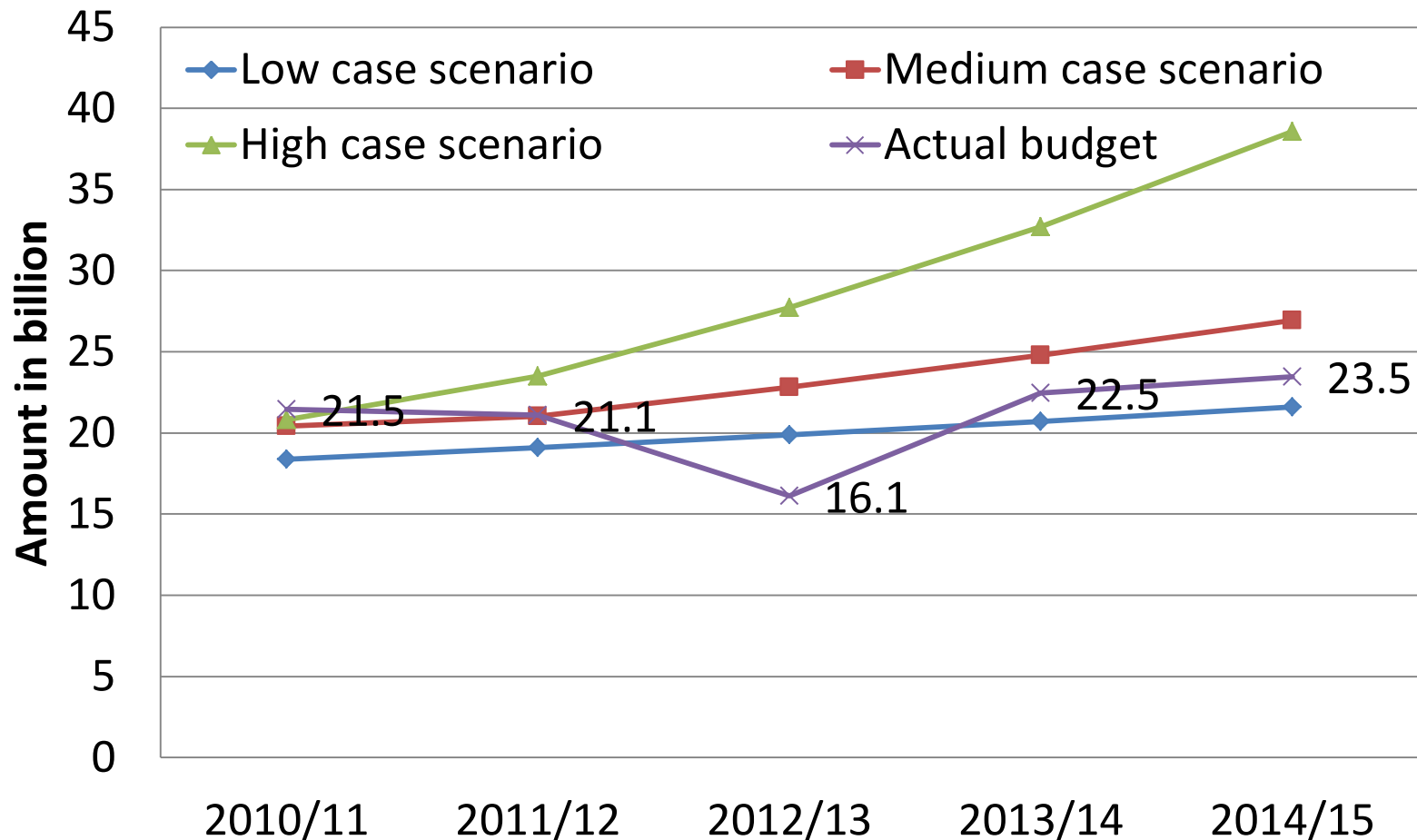
- Ministry has instructed to all cost centres through Department to increase more audit queries clearance.
- Ministry has instructed to all cost centres through Department to reduce advance transactions.
- Department is ready to start e-bidding system on procurement. All preparatory work completed

Budget & Expenditure Till Mid January, 2015

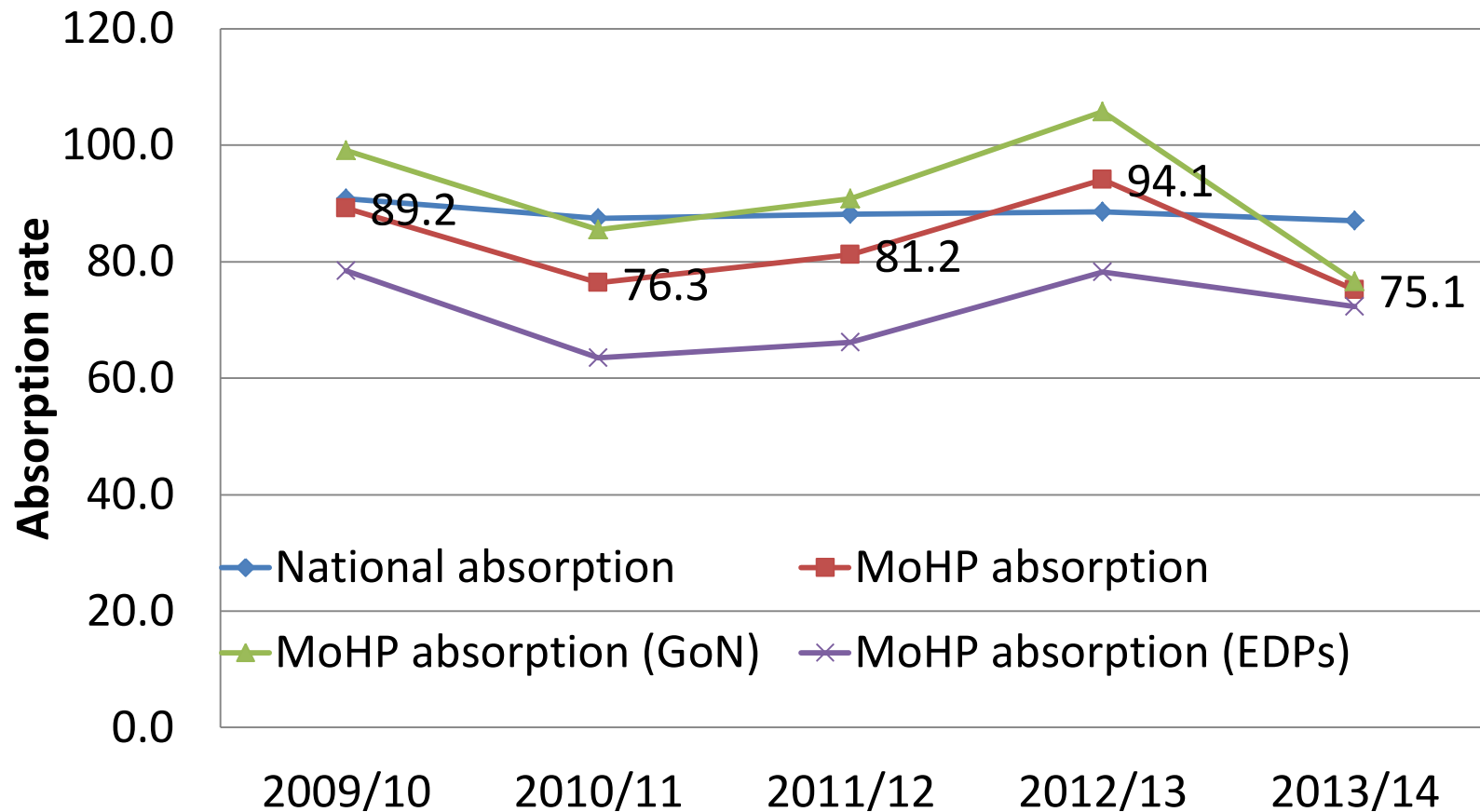
FY 2013/14				In billion (NPR)
	Recurrent	Capital	Total	Remarks
Budget	25.25	5.18	30.43	
Expenditure	19.92	2.93	22.85	
Percent	78.88%	56.60%	75.09%	
Current FY 2014/15				
Budget	29.00	4.51	33.51	
Expenditure	7.87	0.49	8.36	Up to 6 months
Percent	27.13	10.96	24.96	

Budget Expenditure Absorption

Forecasted scenario vs. actual budget(Real terms)



Trend in Budget Absorption



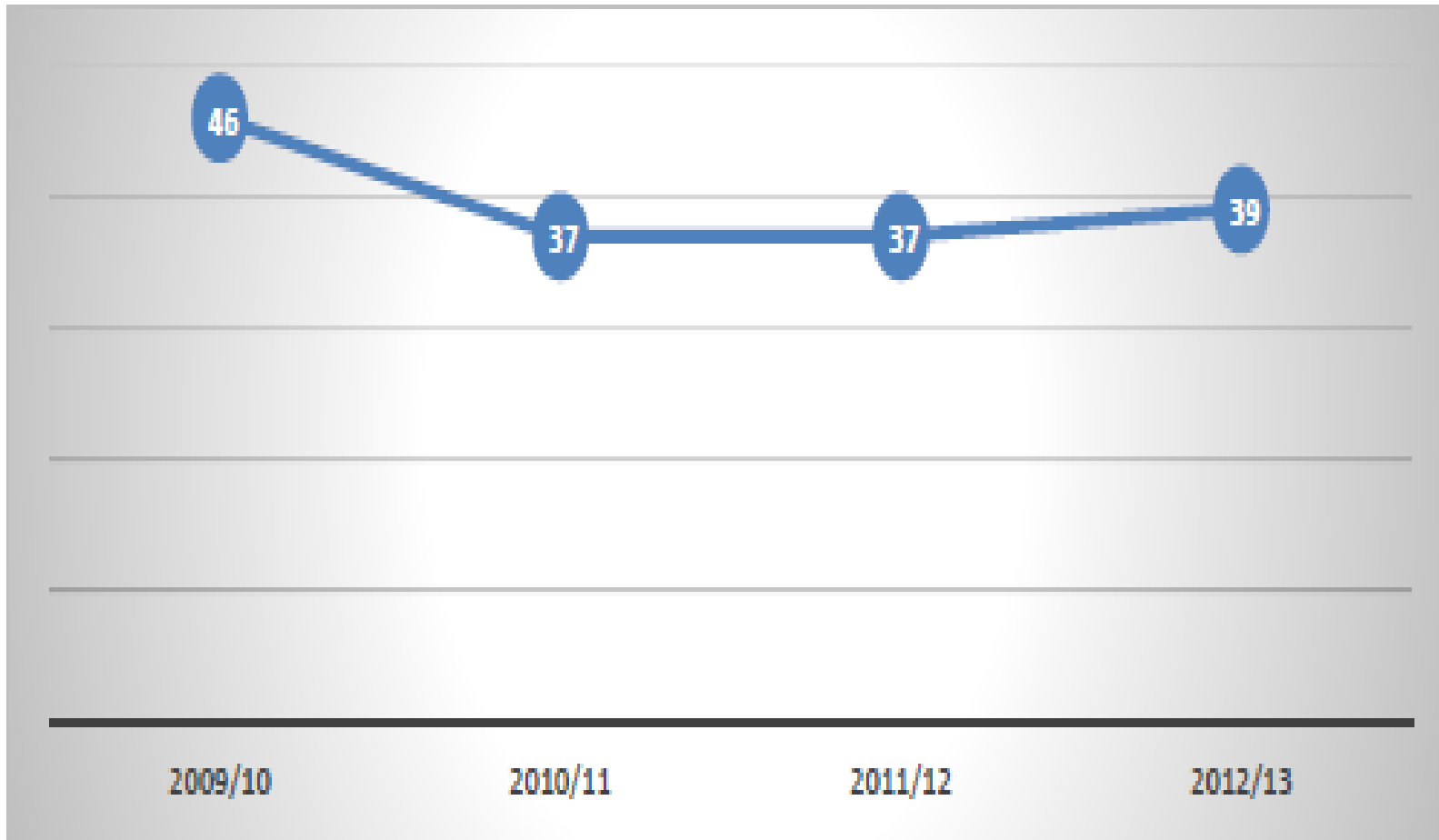
Source wise absorption in 2013/14

	Budget	Expenditure	Absorption %
GoN	20,135,748	15,411,621	76.5
Donor- Pool Fund	6,112,890	6,048,489	98.9
Gavi - General	483,000	165,375	34.2
GEFMAT- General	1,876,488	666,268	35.5
SAARC Fund	30,000	1,168	3.9
The Union - North America	7,000	4,027	57.5
UNFPA	93,624	30,380	32.4
UNICEF	372,350	86,935	23.3
WFP	31,300	300	1.0
WHO	199,486	107,748	54.0
Netherlands - General	3,150	3,012	95.6
Norway - General	28,068	23,861	85.0
Germany - KFW	64,200	11,718	18.3
Germany-GIZ	4,000	-	0.0
UK - General	86,294	45,982	53.3
USAID - General	786,594	247,295	31.4
Care Nepal - General	770	-	0.0
HRI-USA	350	-	0.0
One Heart World Wide	20,980	-	0.0
Plan International - General	20,704	-	0.0
Save the Children	75,200	-	0.0
Total	30,432,196	22,854,178	75.1

Non Reporting Expenditure

FY 2013/14		In 000 NPR
Non-pool partners	Budget Allocation	Non Reporting Expenditurel
1. Care Nepal	770	
2. GIZ	4000	
3. HRI USA	350	
4. one Heart Worldwide	20980	
5. Plan International	20704	
6. Save the Children	75200	
Total	12,20,04	

Trends in Clearance of Audit Queries Related to MoHP's Budget (%)



Challenges

- Low absorptive capacity
- Delay in sending program and budget
- Audit of direct payment & technical assistance amount by OAG
- Supplementary audit backlog which delayed WB reimbursement(255 million approximately)
- Higher audit queries against Expenditure
- Regular supervision and monitoring
- Fully enforcement of TABUCS

Challenges...

- Enhancing capacity building of accounting staff
- Incorporate MTEF principles at MoHP to budget submissions
- Inclusion of hospital generated revenue and expenditure in Health sector budget

Way Forward

- Increase compliance of the audit clearance guidelines and internal control guidelines
- Full implementation of TABUCS
- Expedite audit clearance
- Strong supervision and monitoring of financial transactions from centre
- Need to follow PMO for amendment in Procurement Act

Way Forward

- Prepare a national framework to accounting and report the local revenues and their expenditure
- Develop human resource capacity in the areas of financial management, planning and technology
- Strengthen the existing audit committee through regular meetings
- Groundwork will be developed to implement Nepal Public Sector Accounting Standard (NEPSAS) for MoHP and NEPSAS (Accrual basis) for autonomous/semi-autonomous hospitals.

Human Resource in Health

Recent Development in Human Resource

- Upgraded 2205 Sub Health post to Health Post creating 7461 more position of supportive health cadre.
 - 2205 HA and rest is ANM and AWH
- Created 303 position of 9th and 11th grade mid level and high level cadres throughout country
- 91 Aayurvedic centers approved with human resource
- Organization and Management Survey of 15 districts hospital, DHO/DPHO, primary health center and health post representing Mountain, Mid hill and Plain from each region
- Identifying 14497 different positions to be created

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Recent Development in Human Resource.....

- Identified 14497 different positions to be created
- Incentive package (Non Practicing Allowance) for doctors working in Hospital is in cabinet for approval ranging from 100 percent in Kathmandu to 200 percent (basic salary) in far remote area.
- Extended Hospital Service is proposed along with Non Practice Allowance to retain doctor in Hospital
- Non Practice will be linked with performance indicator
- Minimum Hospital Service standard Indicator approved and initiated training with support from Nick Simon Institute

Recent Development in Human Resource.....

- O & M survey of Department of Drug Administration and National Lab completed.
- More seat allocated to MDGP study this year.
- Request has been forwarded to WHO to develop HR information management system which will store all information even from councils
- Concept proposal for forming a High Level HR Master Plan Task Force is under consideration at ministry
- A Technical Committee formed to coordinate with council and Ministry of Education to develop curriculum focusing rural centric HR.

