

# 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

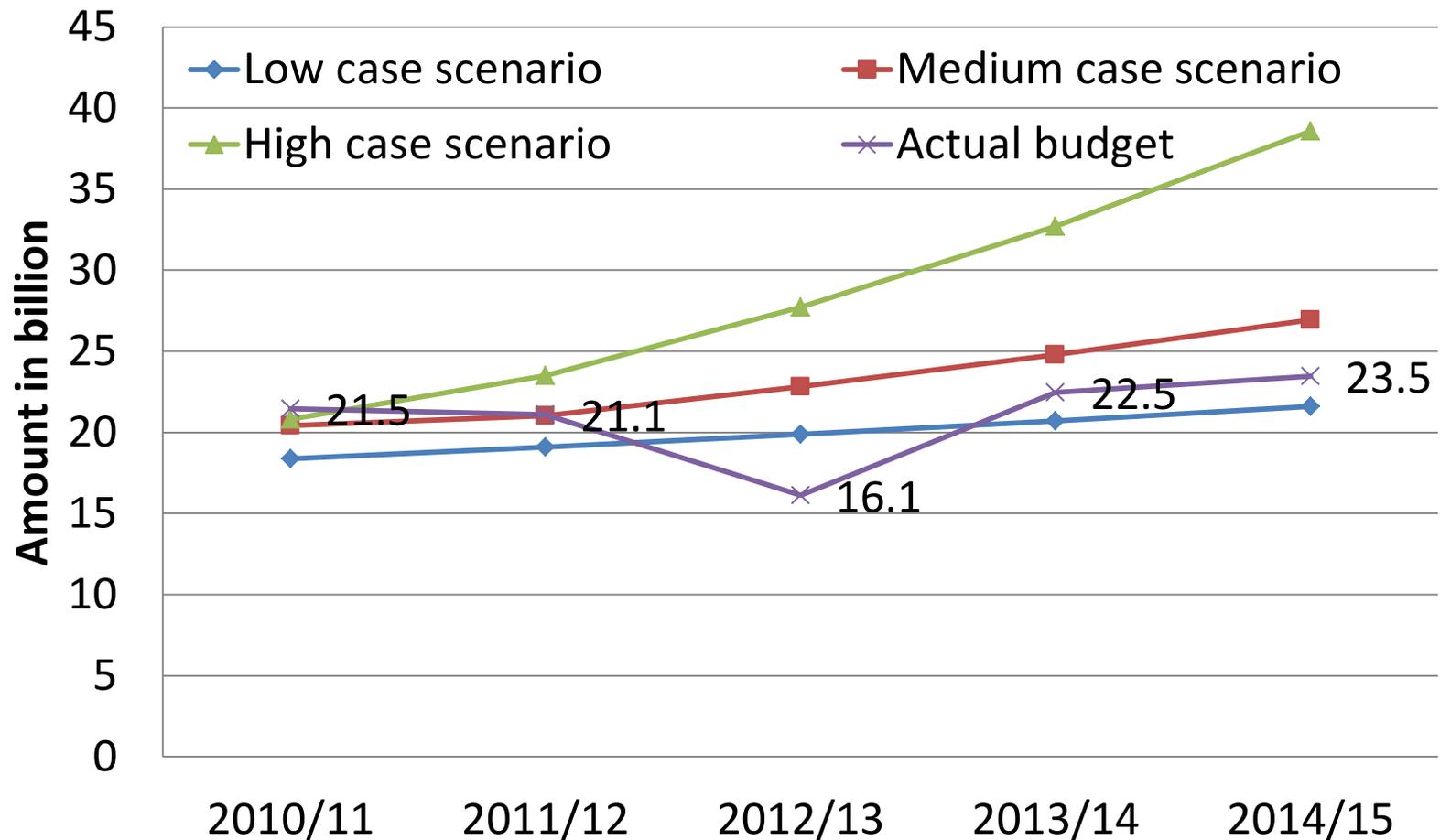
- Ministry has instructed to all cost centres through Department to increase more audit queries clearance.
- Ministry has instructed to all cost centres through Department to reduce advance transactions.
- Department is ready to start e-bidding system on procurement. All preparatory work completed

# Budget & Expenditure Till Mid January, 2015

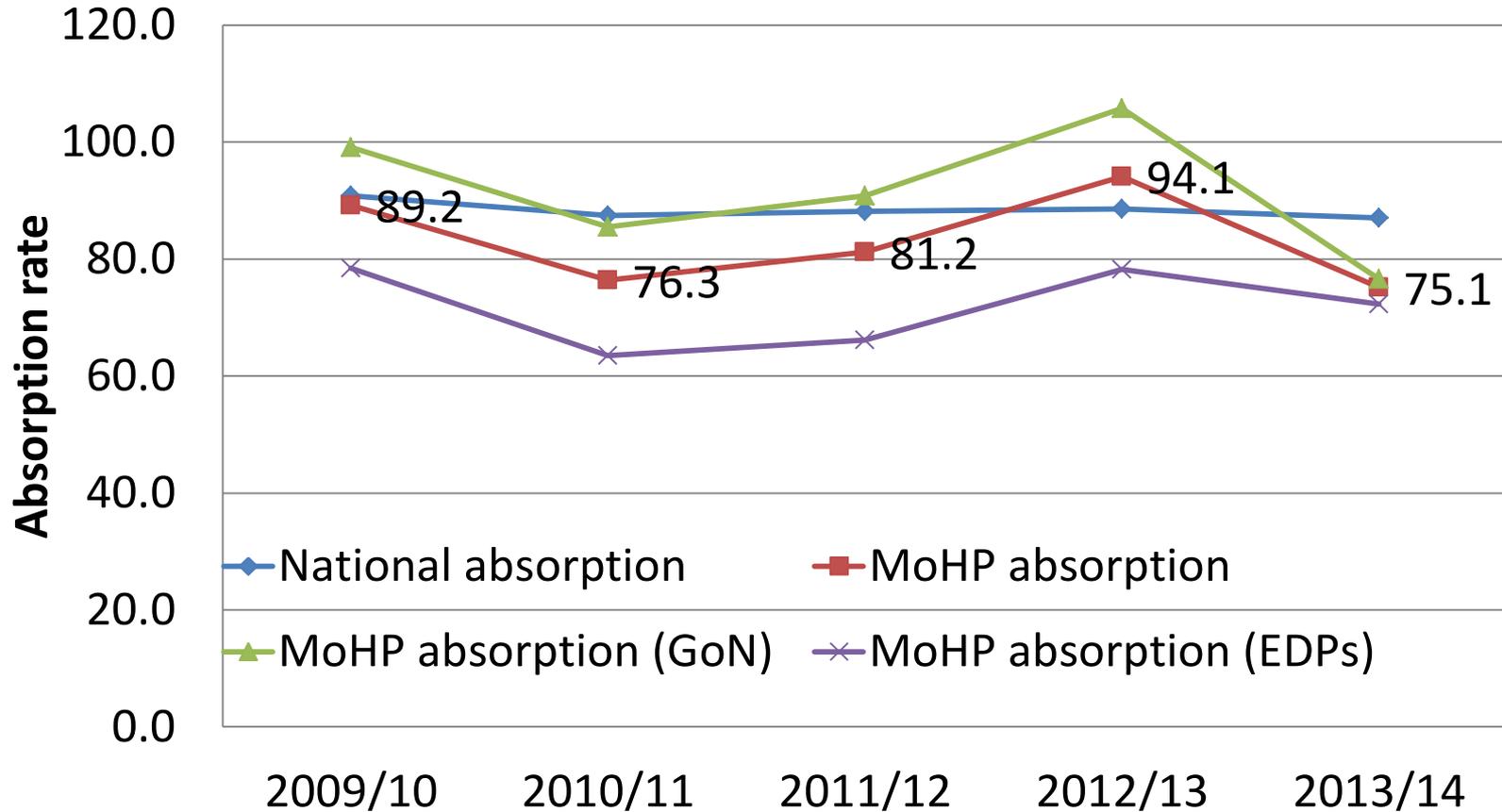
| <b>FY 2013/14</b>             |                  |                |              | <b>In billion (NPR)</b> |
|-------------------------------|------------------|----------------|--------------|-------------------------|
|                               | <b>Recurrent</b> | <b>Capital</b> | <b>Total</b> | <b>Remarks</b>          |
| Budget                        | 25.25            | 5.18           | 30.43        |                         |
| Expenditure                   | 19.92            | 2.93           | 22.85        |                         |
| Percent                       | 78.88%           | 56.60%         | 75.09%       |                         |
| <b>Current<br/>FY 2014/15</b> |                  |                |              |                         |
| 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



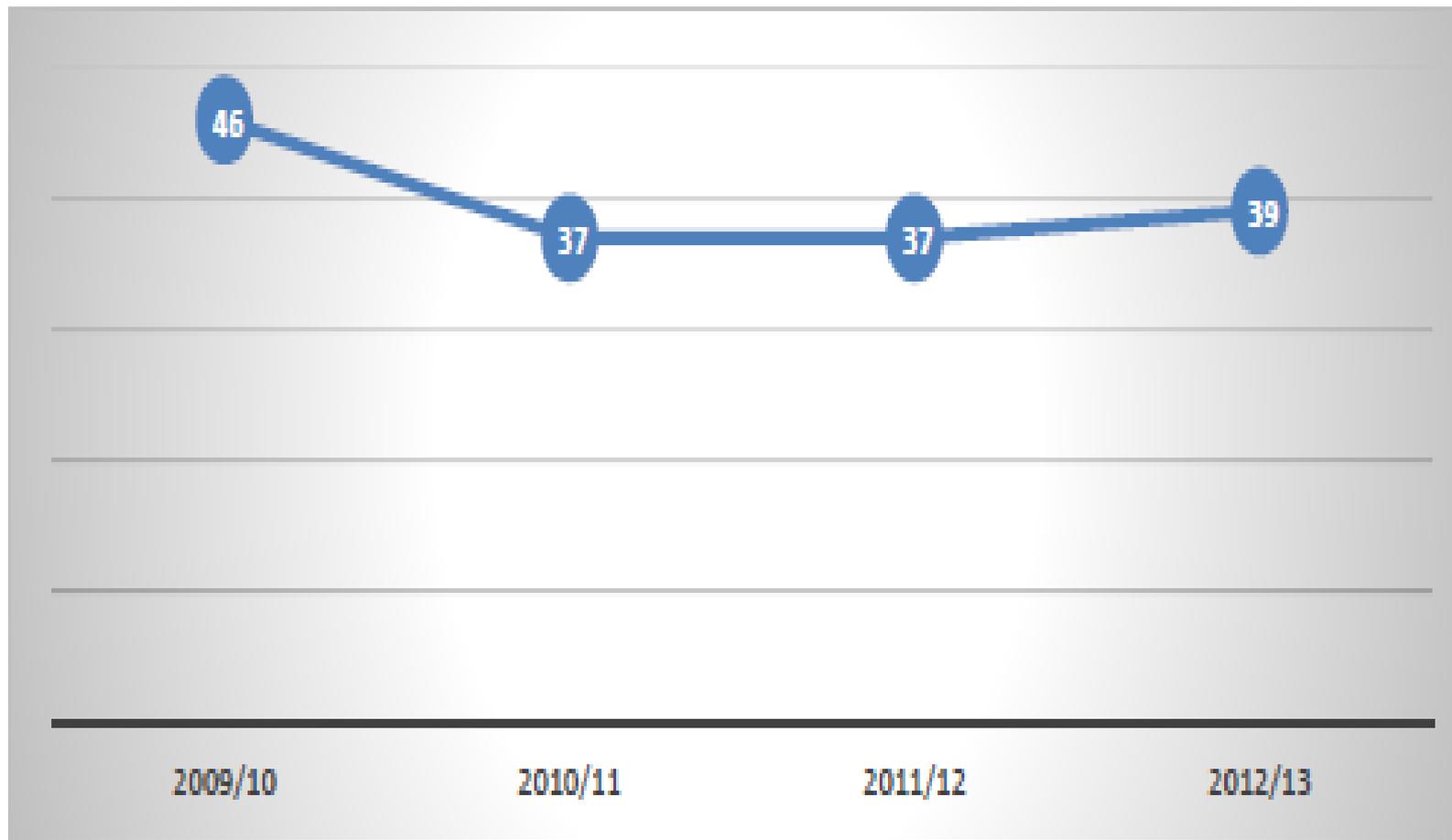
# Source wise absorption in 2013/14

|                              | 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          |
| <b>Total</b>                 | <b>30,432,196</b> | <b>22,854,178</b> | <b>75.1</b>  |

# Non Reporting Expenditure

| <b>FY 2013/14</b>        |                          | <b>In 000 NPR</b>                 |
|--------------------------|--------------------------|-----------------------------------|
| <b>Non-pool partners</b> | <b>Budget Allocation</b> | <b>Non Reporting Expenditurel</b> |
| 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                    |                                   |
| <b>Total</b>             | <b>12,20,04</b>          |                                   |

# 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 9<sup>th</sup> and 11<sup>th</sup> 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.

