

**Government of Nepal**  
**Ministry of Health and Population**

**Public Financial Management Strategic Framework**  
**(FY 2020/21–2024/25)**  
**(Monitored) Federal Level**



**Kathmandu Nepal**

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## Abbreviations

ABL	: Audit Backlog
ACC	: Audit Clearance Committee
AD	: Administrative Division
AFR	: Audited Financial Report
AICC	: Audit and Internal Control Committee
AQ	: Audit Query
AQCAP	: Audit Query Clearance Action Plan
AQCEMC	: Audit Queries Clearance Evaluation and Monitoring Committee
ASC	: Audit Support Committee
BA	: Budget Analysis
BHS	: Basic Health Services
BP	: Business Plan
C&Q	: Coverage and Quality
CAO	: Chief Accounting Officer
CGAS	: Computerised Government Accounting Software
CoHA	: Chart of Health Activities
COVID-19	: Coronavirus Disease 2019
D4D	: Data for Decision-making
DDA	: Department of Drug Administration
DLI	: Disbursement-linked Indicator
DoAA	: Department of Ayurveda and Alternative Medicine
DoHS	: Department of Health Services
DTCO	: District Treasury Controller Office
e-AWPB	: Electronic Annual Work Plan and Budget
e-CAPP	: Electronic Consolidated Annual Procurement Plan
EDP	: External Development Partner
F/S	: Financial Statement
FAHI	: Federal-level Autonomous Health Institution
FAR	: Financial Act and Regulation
FCGO	: Financial Comptroller General Office
FHI	: Federal Health Institution
FMH	: Financial Management Handbook
FMIS	: Financial Management Information System
FMR	: Financial Monitoring Report
FPFAA	: Financial Procedure and Fiscal Accountability Act
PPFAR	: Financial Procedure and Fiscal Accountability Regulations
FY	: Fiscal Year
GDP	: Gross Domestic Product
GESI	: Gender Equality and Social Inclusion
GoN	: Government of Nepal
HBA	: Health Budget Analysis

HI	: Health Institution
HIMS	: Health Information Management System
IA	: Internal Audit
IAFS	: Integrated Annual Financial Statement
IAHB	: Integrated Annual Health Budget
IAR	: Internal Audit Report
ICAN	: Institute of Chartered Accountants Nepal
ICSG	: Internal Control System Guideline
ISMEC	: Irregularities Settlement Monitoring and Evaluation Committee
L&G	: Leadership and Governance
LC	: Letter of Credit
LMBIS	: Line Ministries Budget Information System
M&E	: Monitoring and Evaluation
MoF	: Ministry of Finance
MoHP	: Ministry of Health and Population
MoSD	: Ministry of Social Development
MoU	: Memorandum of Understanding
MTEF	: Medium-term Expenditure Framework
NHP	: National Health Policy
NHRC	: Nepal Health Research Council
NHSP	: Nepal Health Sector Programme
NHSS	: Nepal Health Sector Strategy
NHSSP	: Nepal Health Sector Support Programme
NPC	: National Planning Commission
NPR	: Nepalese Rupees
NPSAS	: Nepal Public Sector Accounting Standards
OAG	: Office of the Auditor General
PAC	: Public Accounts Committee
PAMS	: Public Assets Management System
PAR	: Preliminary Audit Report
PB	: Planning and Budgeting
PBGA	: Performance-based Grants Agreement
PEFA	: Public Expenditure and Financial Accountability Assessment
PFM	: Public Financial Management
PFMC	: Public Financial Management Committee
PFMSF	: Public Financial Management Strategic Framework
PMIS	: Public Service Management Information System
PPA	: Public Procurement Act
PPMD	: Policy, Planning and Monitoring Division
PPR	: Public Procurement Regulations
PPSF	: Public Procurement Strategy Framework
PPSF	: Public Procurement Strategy Framework

RBF : Results-based Framework  
RR : Risk Register  
SU : Spending Unit  
TABUCS : Transaction Accounting and Budget Control System  
TSA : Treasury Single Account  
UHC : Universal Health Coverage  
USD : United States Dollars

## EXECUTIVE SUMMARY

The Government of Nepal has significantly strengthened Public Financial Management (PFM) systems for the health sector during the periods of the first (2007–2012) and second (2012–2017) Nepal Health Sector Programmes. The Federal Ministry of Health and Population (FMoHP) continues to minimise fiduciary risk through improvement of PFM, to ensure that resources are used effectively for universal coverage of high-quality health services. In line with this aim, the Public Financial Management Strategic Framework (PFMSF) 2020/21–2024/25 was approved by the FMoHP in July 2020 and subsequently implemented by the ministry.

The FMoHP has recently monitored PFMSF implementation to assess improvement in: the planning and budgeting process; performance-based resource allocation; strengthening of the internal control system; financial and accounting systems; public procurement management; auditing; management of assets; and improvement in institutional and human resource capacity.

The Internal Control Directives, 2018 Financial Controller General's Office (FCGO)/MoHP are being updated with technical support from NHSSP3. These directives set out roles and responsibilities, the organisational structure, and key elements of the financial management system and processes. PFM reforms should be implemented across all three tiers of government (ie federal, provincial and local government levels).

The GoN has made it mandatory to use the Computerized Government Accounting System (CGAS) record financial transactions from FY2020/21. MoHP no longer uses the Transaction Accounting and Budget Control System (TABUCS) for expenditure accounting. However the CGAS does not include all the financial information needed for Federal-level Autonomous Health Institution (FAHIs) to report expenditure, and they continue to use TABUCS.

Key findings include:

- a significant improvement in audit response in the FY 2018/19 audit: 98% of Spending Unit (Sus) responded to the Primary Audit Report (PAR) within 35 days
- FMoHP has started to use Public Assets Management System (PAMS) in all public institutions from 2020/021 and is consolidating records of inventories and other assets
- The Public Accounts Committee (PAC) has not completed a hearing on the Office of the Auditor General (OAG)'s report; their verdict should be recorded and actioned by the Audit and Internal Control Committee, FMoHP.
- Budget absorption in the first half of FY 2020/21 was low ; contingency plans should be prepared to increase absorptive capacity.
- The FMoHP needs to formalise the Public Procurement Strategic Framework (PPSF) to ensure timely, efficient, effective and economic procurement; the Electronic Consolidated Annual Procurement Plan (e-CAPP) should be continued through TABUCS.

# **PUBLIC FINANCIAL MANAGEMENT STRATEGIC FRAMEWORK, MONITORED (FEDERAL), 2021**

## **NEPAL HEALTH SECTOR SUPPORT PROGRAMME 3 (NHSSP 3)**

### **CHAPTER 1 : INTRODUCTION**

#### **1.1 BACKGROUND**

The Constitution of Nepal 2015 mandates health as a fundamental right of the Nepali people. The National Health Policy (NHP), 2019, which comes under the overarching framework of the Constitution, aims to meet this right by ensuring equitable access to high-quality health care services for all (Government of Nepal (GoN), 2019). The Nepal Health Sector Strategy (NHSS) 2015/16–2021/22 lays out the strategic direction and specific roadmap to implement the constitutional mandate (GoN, 2016). The Public Financial Management Strategic Framework (PFMSF) 2020/21–2024/25 was approved by the Ministry of Health and Population (MoHP) in July 2020 and subsequently implemented by the federal MoHP.

The UK funded Nepal Health Sector Programme 3 (NHSP3) 2016–2022 supports the MoHP to implement the NHSS. The NHSS provides a roadmap for achieving universal coverage of Basic Health Services (BHS) and is focused on enhancing the capacity of the MoHP to build a resilient health system to enable delivery of high-quality health services, leaving no one behind.

During the the first (2007–2012) and second (2012–2017) Nepal Health Sector Programmes, GoN implemented several initiatives to strengthen PFM functions in the health system. Significant progress has been made in the areas of budget authorisation, integration of planning, budgeting and expenditure through the (TABUCS), improving audit clearance and strengthening the financial decision-making process of the MoHP. This has contributed to timely budget release, improved financial reporting and improved absorptive capacity, and reduced Audit Queries (AQs) against audited amount at the MoHP. The MoHP felt a need for an overarching guiding document, the Public Financial Management Strategic Framework (PFMSF) that would help improve overall financial management practice in the ministry and its entities. NHSSP provided technical support to develop the PFMSF, which has been implemented at the MoHP and its federal-level entities since the beginning of Fiscal Year (FY) 2020/21.

The PFMSF aims to minimise fiduciary risk through improvement of PFM in the MoHP to ensure universal coverage of high-quality health services. The specific objectives of the framework are



to: improve the budget formulation process to provide credible and comprehensive budget; improve the predictability of assistance to the health sector from External Development Partners (EDPs); strengthen the internal control system; improve the financial accounting and reporting system in the MoHP; develop the capabilities of staff involved in financial management to address AQs by providing timely responses in compliance with laws; and make transparent and disclose compliance with accountability.

The MoHP has a plan to monitor the implementation status of the PFMSF in the MoHP and its federal offices on an annual basis. This monitoring will contribute towards the timely application of the efforts necessary to achieve the intended outputs of the PFMSF.

## 1.2 PURPOSE AND OBJECTIVES

The main purpose of this task is to monitor progress in the implementation of the PFMSF in the MoHP and federal entities. The specific objectives are to assess:

- improvement in the planning and budgeting process;
- performance-based resource allocation;
- strengthening of the internal control system;
- improvement in the financial and accounting system;
- improvement in public procurement management;
- improvement in auditing;
- improvement in asset management; and
- improvement in institutional and human resource capacity.

## 1.3 SCOPE

The PFMSF is developed and implemented by the federal-level MoHP and subordinate departments, offices, hospitals and autonomous Health Institutions (HIs).

## 1.4 METHODOLOGY AND APPROACHES

**Desk review:** Relevant documents, including the PFMSF 2020, Financial Procedure and Fiscal Accountability Act, 2019 and Regulations, 2021, were reviewed. These are listed in the references.

**Interviews:** Open-ended interviews were conducted with key informants, mainly officials of the finance sections of the MoHP and its departments, to obtain relevant information and explore the implementation status of the PFMSF. The PFM experts from the NHSSP also provided

information. Secondary data were collected from various sources, in particular the Line Ministries Budget Information System (LMBIS), Electronic Annual Work Plan and Budget (e-AWPB), TABUCS, internal audit reports, Spending Units' (SUs') final audit reports and the Office of the Auditor General's (OAG's) 55<sup>th</sup> and 57<sup>th</sup> reports. These data were analysed and verified with staff from finance sections. There was a plan to conduct a validation workshop but it could not take place because of the Coronavirus Disease 2019 (COVID-19) crisis. Data were validated by the Finance Section of FMOHP.

Visits to the Saheed Ganga Lal Heart Centre, Health Insurance Board, Bir Hospital, and National Tuberculosis Centre were planned, to assess the implementation status of the PFMSF. However, the COVID-19 situation meant that these could not be performed. Similarly, the workshop on this report could not be scheduled because of COVID-19. However, necessary consultations were performed with the concerned persons by telephone.

## CHAPTER 2: PUBLIC FINANCIAL MANAGEMENT IN THE CONTEXT OF MOHP

### 2.1 POLICY GUIDANCE ON HEALTH PFM

The Constitution of Nepal 2015 guarantees that every citizen shall have the right to free basic health care services from the state, that no one shall be deprived of emergency health services, and that every citizen shall have the right to obtain information about his or her medical treatment and shall have equal access to health services as a fundamental right. The NHP, 2019 states that investment in the public health sector should continue to be enhanced in order to make citizens healthy and to ensure easy, convenient and equal access for all to high-quality health services in a sustainable way. All three tiers of government currently implement health programmes to provide health services to their citizens. The NHP, 2019 framed the vision of the "conscious (aware) and alert" citizen oriented to a healthy and happy life. To attain this vision, NHP's mission is "to ensure the fundamental rights of the citizen's health through cooperation and partnership with all stakeholders by maximum utilisation of available resources in an effective way". It is envisioned that this goal will help to expand a strong health system at the federal level, to ensure access to high-quality public health services at the people's level, thereby increasing social justice, and developing good-governance-based health systems for citizens of all classes.

### 2.2 OBJECTIVES OF THE NHP, 2019:

The NHP, 2019 has the following objectives:

- a) To create the opportunity for all citizens to enjoy the right to health provided by the Constitution;
- b) To develop, expand and improve all types of health systems in accordance with the federal structure;
- c) To ensure easy access while improving the quality of services provided by HIs at all levels;
- d) To strengthen the social health protection system by including the most marginalised sections of society;
- e) To promote multi-sector partnerships and cooperation, and community participation with government, non-government and private sectors; and
- f) To transform profit-oriented health services into a service-oriented health service sector.

To achieve the above-mentioned objectives, the fifteenth plan (2019/20–2023/24) has envisioned a thirteen-point strategy. One of the strategic points is related to enhancing the Health Information Management System (HIMS) to be integrated and made technology-friendly, thereby addressing the need for a database for Monitoring and Evaluation (M&E), policy decisions and evidence-based decision-making.

### 2.3 HEALTH INSTITUTIONS

At the federal level, there are three departments, seven centres, seven academies, 21 national hospitals and four other entities under the MoHP that are audited by the OAG. The institutions managing and providing health services at the provincial level are: health services directorates under the Ministry of Social Development (MoSD), Provincial Ministry of Health and Population (in Lumbini and Gandaki provinces), health training centres, health logistic management centres, district health offices, provincial hospitals, district hospitals and district Ayurveda centres. At local level, there are health departments/division/sections in Palikas, local-level hospitals, primary health care centres, health posts, Ayurveda aushadhalayas (clinics), basic health care centres and other health service units.

### 2.4 PUBLIC FINANCIAL MANAGEMENT

The MoHP has implemented the PFMSF from July 2020 onwards. PFM concerns the revenue mobilisation and public expenditure systems of the country. PFM has to ensure that resource mobilisation and utilisation, budgeting and programming, budget release and expenditure management, maintenance of accounts and preparation of financial statements for reporting are performed in a transparent, accountable and responsible manner, complying with the legal provisions of the country. The main objectives of the PFMSF are to maintain good financial governance and make public service delivery efficient and effective. The PFMSF has a goal of enhancing financing discipline in the MoHP by addressing the audit issues in a meaningful manner.

In the federal structure, the planning and budgeting of all levels of government should be in accordance with the concurrent and single power of the government as mentioned in Schedules five to nine of the Constitution and detailed functions of all three tiers of the government by the GoN. At the federal level, the GoN has decided to use the LMBIS and Treasury Single Account (TSA) for transaction-based budget release from the consolidated fund, the Computerised Government Accounting System (CGAS) for accounting and reporting by federal-level payment

centres, and the Public Assets Management System (PAMS) from FY 2020/21. CGAS is a transaction-based online accounting programme linked to the TSA and LMBIS. These three pieces of software are based on the activities for which resources are to be mobilised. Other transactions related to deposit accounts, revenue accounts and transactions made from non-budgetary funds are also linked to the TSA system in the federal government offices. At present, CGAS does not have features for Audit Query (AQ) management or links to the Electronic Consolidated Annual Procurement Plan (e-CAPP). TABUCS is not linked to the TSA system; as a result MoHP federal-level offices have to operate CGAS for accounting and reporting from TABUCS.

Federal-level Autonomous Health Institutions (FAHIs) receive regular grants from the MoHP, through special budget heads, and therefore also have to use CGAS for budget release. Some autonomous HIs use TABUCS for the accounting and reporting of resources utilised from internal resources on top of CGAS. The FAHIs are linked to TSA only for accounting and reporting for the GoN grants.

The MoHP has been using TABUCS for: recording deposit accounting, internal income and expenditure; managing operational funds (Karya Sanchalan Kosh) of hospitals and other entities; AQs, e-AWPBs and procurement planning (e-CAPP); consolidating financial statements for Financial Monitoring Reports (FMRs); and Nepal Public Sector Accounting Standards (NPSAS) - based reporting for entire MoHP functions.

## 2.5 FINANCIAL LAWS

In the context of federalisation, different laws on financial management have been enacted and implemented for financial good governance. Newly enacted laws include: the Audit Act, 2019; the Financial Procedures and Fiscal Accountability Act (FPFAA), 2019; and the Financial Procedure and Fiscal Accountability Regulations (FPFAR), 2021.

The FPFAA ensures that the federal financial management system is transparent and accountable, maintains macroeconomic stability in the country, and provides guidelines to provincial and the local governments in financial management. This is an umbrella act that will be implemented across all provinces and local governments. The FPFAA has provisioned new features in financial management to maintain good financial governance. These include: preparation and dissemination of integrated financial statements; concept of project bank; performance contracts with the departmental chief, or responsible person, for budget

implementation; surrender of unspent budget; and M&E of projects. Likewise, the FPFAA defines Internal Audit (IA) more comprehensively and rationally than its predecessor, expanding the scope to include regularity, economy, efficiency and effectiveness. The internal auditor should comply with the code of conduct of integrity, objectivity, confidentiality and competency while conducting IA. In order to make IA independent, fair and effective, the FPFAA authorises the FCGO to depute accounting staff as internal auditors for a minimum timeframe. The FPFAA states that it is the duty of a minister to: maintain fiscal accountability for the selection of programmes; prepare Medium-term Expenditure Frameworks (MTEFs) and budget proposals; protect and manage public property; and surrender the budget and monitoring of the planning and programmes of the ministry. Similarly, the Account Responsibility Officer (Secretary) is responsible for keeping accounts, expenditure and clearance of AQs. As mentioned in the FPFAA, the FCGO will be responsible for the mobilisation and management of human resources in financial administration to related accounts in accordance with this Act. Provincial and local governments are required to follow the FPFAA while preparing rules related to financial procedures.

The FPFAA provides comprehensive provisions to regulate financial management at the federal level. The FPFAA clearly defines the accountability of the departmental minister, National Planning Commission (NPC), Ministry of Finance (MoF), Secretary of the Ministry, other responsible officials, and the FCGO. The FPFAA also clearly sets out responsibilities related to internal control, internal audit and external audit management. These new regulations include provisions related to: maintaining the independence, expanding the scope and defining the code of conduct of the internal auditor; preparing annual internal audit reports, to be presented within four months of completing the Fiscal Year (FY); consolidating all government annual financial statements; consolidating ministerial financial statements, including financial statements of the federal autonomous bodies following the NPSAS on a cash basis; and the annual publication of statements of public assets.

The provisions within the FPFAA, 2021, the decision to use CGAS in federal and provincial government offices and to operate online payment systems through TSA/PTSA, and the compulsory use of the Poverty Monitoring and Analysis System (PMAS) in all three tiers of government and other public institutions expand on and go beyond the provisions considered in the PFMSF.

## 2.6 PUBLIC FINANCIAL MANAGEMENT CYCLE

The Constitution of Nepal 2015 has provisioned separate financial procedures for federal, provincial and local levels. All three tiers of government have the power to levy and collect tax, manage consolidated funds and spend such funds through separate financial procedures. Each level of government has formulated acts related to financial procedures and public procurement to strengthen financial management. Those local levels that have not enacted separate laws in financial management follow financial procedures as guided by the Local Government Operation Act, 2074.

FPFAA, 2019 and FPFAR, 2021 have detailed provisions on the management of consolidated and other government funds, budget formulation, budget release, accounting, reporting procedures, internal control, audit and other relevant activities of financial administration. These activities will assist in maintaining macroeconomic stability through transparent, result-oriented and accountable financial management. The flow of elements of PFM are illustrated in Figure 1:

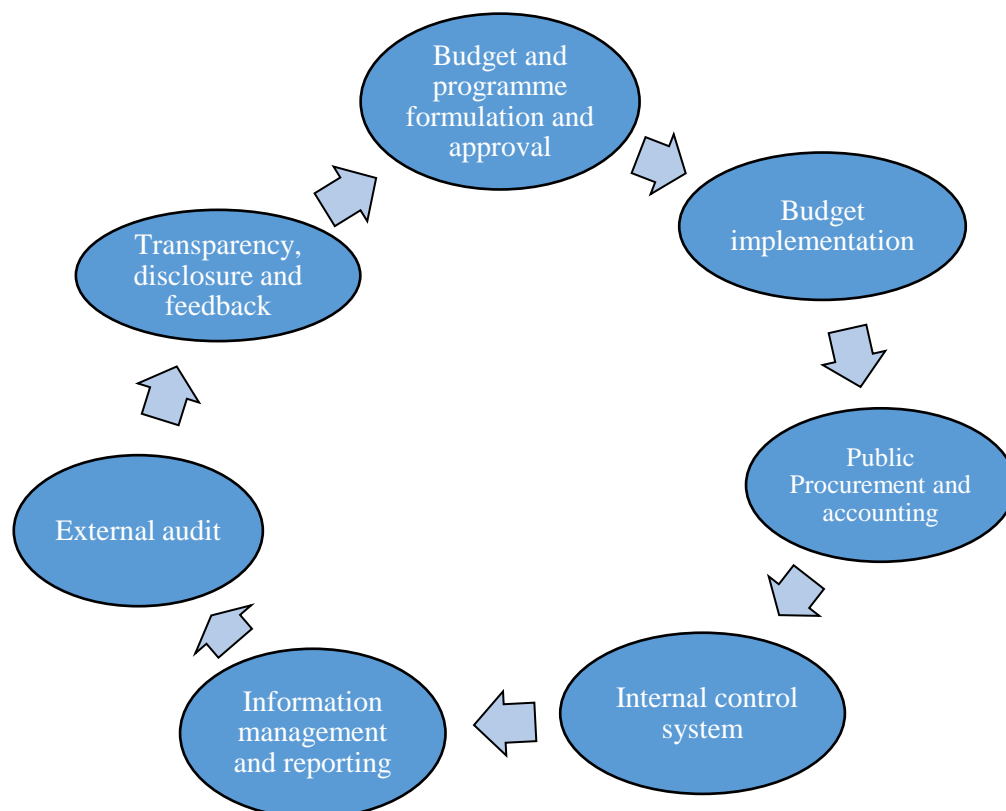


Figure 1 : PFM Cycle

## 2.7 FORMULATION OF BUDGET AND PROGRAMMES

The MoHP and its subordinate offices, in accordance with the directives issued by NPC on budget formulation, shall propose a budget and programme for the next FY based on the objectives and targets of the periodic plan, the MTEF, and the international commitments and annual plans and policies of the GoN. Burden of disease, priority-based programmes, BHS, previous-year budget progress, demands from field offices and local contexts must be included in formulating the health budget. Business Plans (BPs) are helpful tools to ensure realistic budget formulation. The MTEF is prepared by the MoHP setting out the expected outputs/targets of the programme and the estimated budget to deliver these. The financing framework, budget framework and results framework for the MTEF are also developed by the MoHP.

The Policy, Planning and Monitoring Division (PPMD) in the MoHP finalises the budget proposal for the next FY through discussion of the rationale of activities with departments and other central-level offices with prioritisation of the programmes. The approved chart of activities to be implemented must be linked to the approved estimated unit cost of the activity when presenting the budget proposal. The budget proposal must be substantiated with a procurement plan for the proposed budget. The PPMD enters the activities with their proposed budgets into the e-AWPB and LMBIS.

## 2.8 BUDGET IMPLEMENTATION

After approval of the federal budget, the MoF opens access to the LMBIS with a budget implementation note to the Chief Accounting Officers (CAOs) of line ministries. The federal MoHP offices and local and provincial offices that are authorised to implement federal-level budget and programmes use transaction-based online payment requests through CGAS to the District Treasury Controller Office (DTCO), complying with the procedures of TSAs. The DTCO makes payments against the budget head and maintains records. The DTCO makes most of the payments online in the MoHP.

## 2.9 PUBLIC PROCUREMENT AND ACCOUNTING

The officer in charge of implementing the budget and programme shall follow the budget implementation schedules from the start of the FY. If the proposed budget is changed, the procurement plan with cost estimates, and programme site with the budget proposal, should be revisited. All budget-implementing offices shall follow the Public Procurement Act (PPA), 2063 and Public Procurement Regulations (PPR), 2064 in procuring goods, construction work and



services for delivering services. The provincial and the local levels may formulate separate procurement rules not contradicting the PPA.

## 2.10 INFORMATION AND REPORTING SYSTEM

During formulation and planning of the annual budget, due consideration shall be provided to the financial information system. Evidence-based decision making requires credible information to be recorded through a system of regular reporting. Monthly, quarterly and annual reporting from each SU is essential for compliance with legal provisions. Such reports may be used as an effective tool for internal control. From FY 2020/21, the MoHP has been using CGAS in recording and reporting of payment-centre-based financial information, replacing the TABUCS, as instructed by the GoN. TABUCS is still in use for consolidating financial statements from individual payment centres and central accounting for budgeted expenditure, revenue, deposit other non-budgeted accounts operation, and AQ management.

MoHP has to consolidate the accounts of federal government offices and other autonomous public HIs following the NPSAS, cash-based.

The GoN has decided to use PAMS in all three tiers of government offices. FCGO published the statements of public assets for the first time in FY 2019/20. Under the MoHP, Part 12 of consolidated financial statements prepared by the FCGO from DTCO reporting, based on PAMS, has included 37 kinds of assets, worth 865 million Nepalese Rupees (NPR), though this figure does not represent the status of the assets under the MoHP. PPFAR, 2021 have mandated all ministries to submit consolidated statements of assets under the ministry to the FCGO.

## 2.11 INTERNAL CONTROL AND INTERNAL AUDIT

### **Internal Control:**

Internal control is concerned with the functioning of the public body to identify and properly address operational risks faced in achieving its mission. An internal control system ensures the credibility of financial reporting and that the operation is economic, efficient and effective with compliance. Internal control also ensures the safeguarding and mobilisation of properties and settlement of AQs by its offices or agencies and subordinate offices. In accordance with Clause 31 of the FPFAA, the MoHP is updating the Internal Control System Guideline (ICSG), last updated in 2018, based on the internal control framework developed by the FCGO. In accordance with Clause 32 of the FPFAA, the MoHP has formed a six -member Audit and Internal Control Committee under the convenorship of the Secretary. The Internal Control Directives, 2018

(FCGO/MoHP) are being updated; these cover roles and responsibilities, organisational structure, planning and budgeting, budget authorisation, carrying out of financial transactions, public procurement, accounts operations, safeguarding the assets of the MoHP, reporting requirements, M&E and service delivery.

**Internal Audit:**

The internal audit of federal government offices is conducted by the DTCOs. In accordance with Clause 33 of the FPFAA and FPFAR, the FCGO shall depute the internal auditor, who must have at least four years' experience if non-gazetted class I staff, and at least two years' experience if officer-level, in accounting and auditing in the DTCOs. Internal auditors shall not be involved in other accounting functions in the period of such deputation. The Office In-charge of the DTCO is responsible for issuing the internal audit report, with joint signature of the internal auditor reviewing compliance with the approved internal audit plan, and checklist prepared for the internal audit. The DTCO shall also conduct internal audit of the provincial- and local-level offices, implementing the federal budget, as intergovernmental budget authorisation issued by the concerned federal entity. Upon the formal request of provincial- or local-level governments, the FCGO may instruct the related DTCOs to conduct internal audit of the provincial- and/or local-level offices.

The FPFAA and the FPFAR have extended the scope of the internal audit consideration to cover compliance with efficiency, economy and effectiveness in financial transactions. The internal auditor also has to evaluate the presence and functioning of the internal control system in safeguarding of government assets and smooth operation of ministerial responsibilities, as mandated by the FPFAA. The Internal Audit Report (IAR) shall also incorporate recommendations to improve the financial operations of the offices. Internal audit shall be carried out on at least a quarterly basis and the IAR shall be issued within 30 days of completion of the audit. The concerned Office In-charge has to settle the queries issued in the IAR within the next quarter of the FY for mid-year, and for last-quarter, before submission of the books of accounts for the final audit. If the office fails to settle the IAR, the explanation on non-settlement shall be submitted to the OAG. The final auditor shall incorporate unsettled queries into the preliminary audit report. The record of the IAR will be non-functional after the final audit other than analysing the IAR and the final audit report. If the final auditor finds any gross negligence in the internal audit

as a result of noncompliance with the required procedures of the internal audit, they may incorporate such acts in the Auditor General's (AG's) annual report.

Internal audit of FAHIs is outsourced to a member of the Institute of Chartered Accountants Nepal (ICAN) and is generally carried out at the end of each FY. B.P. Koirala Institute of Health Sciences and Bir Hospital have internal audit sections for internal audit of their academies.

## 2.12 EXTERNAL AUDIT (FINAL AUDIT)

In accordance with Article 241 of the Constitution of Nepal, 2015, all government offices and fully owned FAHIs, at all three levels of government, shall be audited by the AG of Nepal. Following the Audit Act, 2075, the accounts of government entities shall be audited by the OAG. In general, the OAG conducts an on-site audit after completion of the FY. The OAG issues a Preliminary Audit Report (PAR) at the field office, asking for a response within 35 days of the report in accordance with Clause 33 of the FPFAR. In the PAR, the OAG categorises AQs as related to unsettled advances, transactions to be regularised, those to be recovered and other categories. In 'other categories', the queries do not bear the amount in figures and related to area of improvement, suggestions and recommendation of further action to be taken for fiscal discipline.

Pursuant to rule 88 of the FPFAR, the concerned office has to record all AQs in the format specified with detailed categorisation and proceed to settle the AQs thereafter. The office shall settle AQs as required in the report. To settle the AQs related to 'other categories', the office shall request the OAG to provide explanation in detail to delete audit observations. If the office fails to settle the queries within 35 days, they may request an extension from the OAG to settle them, which may be for up to 30 days.

The OAG shall inform the CAO about AQs that remain to be settled by the concerned office and ask for them to be settled and for necessary action to be taken within the specified time. The CAO has to maintain office-wise records of all unsettled AQs from the PAR of all subordinate offices, categorising the queries as mentioned in the PAR. If the CAO maintains that the AQs categorised as recoverable in the PAR are not appropriate, a request may be sent, with due explanation, to the AG to regularise the category before submission of the AG's annual report. The CAO may request the deletion of AQs categorised in 'other categories' with detailed explanation, while the AG may respond considering such requests. If the CAO fails to discharge

the responsibility as informed, the AG will write to the minister on such non-performance and include the details of any unsettled AQs in its Annual Report.

The AG's report is discussed at the Public Accounts Committee (PAC). Before the committee meets, the PAC will share detailed responses on the AQs mentioned in the AG's annual report with the CAO of the MoHP. The CAO is responsible for promptly responding to the AG's annual report with detailed documents as instructed by the PAC. The CAO is to be present at the PAC hearings on MoHP-related OAG observations and must implement the verdict of the PAC and report on the progress of the implementation of the same. Following Clause 41 of the FPFAA, 2019, the CAO has to write to the OAG to delete audit observations in line with the verdict of the PAC.

### 2.13 TRANSPARENCY AND DISSEMINATION

Each office has to make public the budget and the programmes to be implemented in the next FY: this is necessary for effective M&E of the programmes implemented at local, provincial and federal levels. To comply with the provisions of the Good Governance Operation Act, 2008, the annual programme and the budget shall be made transparent through appropriate media.

## CHAPTER 3: STATUS OF THE PUBLIC FINANCIAL MANAGEMENT STRATEGIC FRAMEWORK

### 3.1 IDENTIFIED AREAS FOR PFM REFORM IN NHSS

The NHSS 2015/16–2021/22 has placed an emphasis on the need for resources mobilised in the health sector to be used rationally. To strengthen financial management in the whole of the health sector, reforms in PFM should be implemented simultaneously in all three tiers of government. The NHSS has identified the following nine areas for PFM reform:

- i. Develop a mechanism for regular financial reporting from all HIs;
- ii. Enhance the predictability of health budget, including assistance from EDPs;
- iii. Develop a mechanism for activity-based health service reporting of on-budget and off-budget financial transactions;
- iv. Improve the budgeting and spending systems;
- v. Strengthen the internal control system in the MoHP;
- vi. Review the accounting, reporting, monitoring and internal auditing of FAHIs;
- vii. Improve the financial reporting and internal audit procedures to control financial indiscipline;
- viii. Get real-time information on the effective implementation of accounting and budget control systems through TABUCS; and
- ix. Develop integrated standards on budgeting and its operating procedures.

A broad range of reports, including fiduciary risk assessments of the Nepal health sector carried out by EDPs, (especially the UK Foreign, Commonwealth & Development Office and the World Bank), the OAG's Annual Reports, and the 2015 Public Expenditure and Financial Accountability Assessment (PEFA) of the GoN, have recommended that the PFM Improvement Plan be framed and implemented in the MoHP. The Public Financial Management Committee (PFMC) of the MoHP has echoed these recommendations as well.

### 3.2 DEVELOPMENT OF PFMSF

Since July 2020, the MoHP has developed and been implementing the PFMSF in federal HIs. The PFMSF has designed eight strategies, with outputs, to strengthen financial management in the MoHP, so that health service delivery is as envisioned in the NHP, 2018. The details of the strategy and working policy, and activities to be carried out, are presented in Annex 1 of this report.

The PFMSF is developed with the mission of minimising fiduciary risk through improved budget formulation, authorisation to implement the budget, accounting, financial reporting, internal control and audit compliance. The NHSS accepts PFM as an important aspect of health governance management. The MoHP is committed to enhancing financial discipline through improvements in planning and budgeting, budget implementation, accounting and reporting, internal control, internal and external audit and maintaining transparency. This framework expects to achieve the following outputs:

- i. Planning and budgeting based on HIs' BPs
- ii. Performance-based budget grant system
- iii. Strengthened internal control system

- iv. Improved financial and management accounting
- v. Enhanced procurement and supply management of drugs and medical equipment
- vi. Improved health sector asset management
- vii. Improved response to PAR and settlement of AQs
- viii. Developed capacity on PFM in the MoHP.

### 3.3 PFMSF OUTPUTS/KEY OBJECTIVES OVERALL ASSESSMENT

The eight outputs and the key objectives of the PFMSF for improvement of the financial management of the MoHP are presented below. Assessment of the implementation status of the PFMSF was carried with the outputs.

	Output/Key Objectives	Overall assessment
1.	<b>Improvement in Budget and Programme Procedure</b>	<p>Four different working policies were identified to achieve this output: the budget will be aligned with the health policy; development of a Results-based Framework (RBF) for the programme implementation plan; preparation of a credible budget based on approved charts of activities with estimated costs for budgeting purposes; and planning and budgeting guidelines issued to inform realistic and priority-based budget proposals.</p> <p>The MoHP has mobilised donor funds in two ways: through a sector-wide approach and earmarked funding of individual programmes. To develop realistic budget proposals, the MoHP has to consider the commitment of funds from EDPs, the internal resources of autonomous HIs, and the budget ceilings decided by the NPC. In formulating their budget, SUs need to propose budgets based on the services they will provide rather than on the output-based budget that has been approved: SUs must prepare BPs. In the MoHP, a large chunk of the budget is financed through the pooled EDP fund. The disbursement of the fund depends upon actual expenditure and timely submission of the disbursement letter indicated to the EDP.</p> <p>The Budget Analysis (BA) of the Health Sector intends to enable the MoHP, departments, policymakers, planners, programme managers and EDPs to understand the trend of the budget for the five-year period and expenditure for four years from FY 2016/17 to FY 2019/20. Government spending on health as a share of Gross Domestic Product (GDP) has slowly increased from 1.4% in FY 2015/16 to 1.8% in FY 2018/19. Evidence suggests that countries should strive to spend five% of their GDP to progress towards Universal Health Coverage (UHC) (Mcintyre et al, 2017). The health sector budget (MoHP and other ministries) has been gradually increasing over the years, from 49.8 billion NPR in FY 2016/17 to NPR 115.1 billion in FY 2020/21. Between FY 2014/15 and FY 2018/19, per capita government spending gradually increased in real terms from NPR 1,072 (US\$10.8) to NPR 2,295 (US\$20.2).<sup>1</sup></p> <p>The budget spending under the MoHP for the first half of FY 2020/21 was NPR 11,225 million (18.5%) against the budget of NPR 60,679 million. The national average for the same period was NPR 415,745 million (28.2%) against the budget of NPR 1,474,645</p>

<sup>1</sup> The Budget Analysis (BA) of Health Sector, November 2020, MoHP

Output/Key Objectives	Overall assessment
	million. <sup>2</sup> This low absorption is thought to be the result of reduced service delivery and uptake due to the Covid-19 epidemic. MoHP has approved the business plan directives and oriented staff from concerned offices on demand-based budget proposals from SUs. TABUCS is used only in a few FAHIs in accounting and budgeting for comprehensive and transparent budget. Budget proposals are not based on BPs and are still practised incrementally.
1.1 Budget linked with NHP, 2018	<ul style="list-style-type: none"> <li>• Budget is being implemented. In the first half of FY 2020/21, NPR 11,225 million (18.5%) was spent against NPR 60,679 million<sup>3</sup></li> <li>• Budget and MTEF for FY 2021/22 was formulated and uploaded in the LMBIS in the first week of May 2021</li> <li>• Health budget analysis was completed in November 2020 and Chart of Health Activities (CoHA) updated by the budget committee of MoHP</li> </ul>
1.2 Comprehensive and transparent health budget	<ul style="list-style-type: none"> <li>• FAHIs have proposed the budget for GoN funds through the LMBIS, but a comprehensive budget has not been prepared. Most of the FAHIs are not using TABUCS</li> </ul>
1.3 Budget of all SUs based on BPs	<ul style="list-style-type: none"> <li>• Directives for the BP were approved and orientation training for budget staff from the federal MoHP and its entities and FAHIs was organised through two events</li> <li>• BPs for the MoHP and its departments were developed in November 2019</li> </ul>
1.4 Budget release, expenditure authority	<ul style="list-style-type: none"> <li>• Budget implementation note was sent to all the SUs within the stipulated time</li> </ul>
<b>2. Performance-based Resource Allocation</b>	
The MoHP developed and implemented Performance-based Grant Arrangements (PBGAs) for FAHIs from FY 2013/14 (2070/71). This practice of grant allocation enhances the efficiency and value for money in health service delivery. To fill the gap through PBGA grants, data on health services is to be provided by the autonomous HIs and their resources with regular M&E of service delivery.	
2.1 Grants to HIs based on performance	A Memorandum of Understanding (MoU) was concluded with seven FAHIs <sup>4</sup> in 2013 for performance based grants but there is no evidence of using this agreement. Annual budget of most of these entities has been reflected in the Red Book.
<b>3. Strengthened Internal Control System</b>	

<sup>2</sup> Mid-term Budget Evaluation 2020/21, MoF, February 2021

<sup>3</sup> TABUCS Summary Sheet, 2021 (Generated by decoding from TABUCS system)

<sup>4</sup> Netra Joity Sangh, Nepal Eye Hospital, BPK Eye Study Centre, Suresh Wagle Memorial Cancer Hospital, National Kidney Center, Bhaktapur Cancer Hospital, Bayalpata Hospital.

Output/Key Objectives	Overall assessment
	<p>Institutional mechanisms for internal control have to be built into MoHP functioning to achieve operational, reporting and compliance objectives at entity, departmental, operational and functional levels. The MoHP committed to the creation of PFMCs in the PFMSF, to update and develop different PFM-related directives. The MoHP has a working policy of regular M&amp;E on the presence and functioning of internal control, with a mechanism for taking corrective action following the monitoring report on internal control.</p> <p>The MoHP has begun to update the internal control system directives with technical support from NHSSP 3; this is in its final stage. A six-member Audit and Internal Control Committee (AICC) was convened by the Secretary of the MoHP. The AICC meeting was held on 30 November 2020; it agreed on the procedure of the committee's functioning and instructed all three departments to form such a committee so as to enhance financial good governance. MoHP has arranged to monitor federal-level health offices as stipulated in the Financial Act and Regulation (FAR) 2019 and 2021 . However, no monitoring report has been presented to the AICC for corrective action or published on the MoHP website.</p>

	3.1 Establishing mechanisms related to financial management	<ul style="list-style-type: none"> <li>• Updating of ICSG is in the final stage. Audit Support Committee (ASC) meetings were held as stipulated and AICC committee was formed. Due to COVID-19 Pandemic, PFMC has not met for over a year</li> </ul>
	3.2 Activating the supervision, monitoring and evaluation mechanism	<ul style="list-style-type: none"> <li>• Numbers of subordinate offices were monitored. Monitoring reports are available from MoHP Monitoring Section</li> </ul>
	3.3 Functional M&E and feedback system in the MoHP	<ul style="list-style-type: none"> <li>• No monitoring report has been presented to the AICC for corrective action or published on the MoHP website. The AICC convened a meeting, and prepared internal operating procedures as stipulated in the FPFAA</li> </ul>
<b>4</b>	<b>Improved Financial and Management Accounting</b>	
	<p>The NHP, 2019 reiterates the importance of improved accounting and reporting systems in the MoHP in safeguarding, making evidence-based decisions on health service delivery and effective utilisation of the resources available in government offices and FAHIs. The MoHP developed TABUCS, with technical support from the NHSSP, for accounting and reporting, and has trained human resources in its day-to-day operation. TABUCS is not linked with GoN-developed software on financial management, such as CGAS, the Financial Management Information System (FMIS), TSA and PAMS. TABUCS is not uniformly used in FAHIs: the MoHP has a plan to implement TABUCS in all FAHIs for prompt and comprehensive financial reporting for evidence-based decisions. Effective management of AQs is vital in enhancing financial discipline. MoHP has developed TABUCS to allow the uploading of data on recording, response and settlement of AQs. The PFMSF</p>	



	<p>stated an intention that TABUCS be comprehensively used in audit management. Beyond the internal use of TABUCS, MoHP still plans to develop linkages with other GoN-developed software.</p> <p>FAHIs currently use various pieces of software to process accounting information. The MoHP has instructed them to use TABUCS but training on its operation for FAHIs' staffs is yet to be organised. The MoHP cannot access complete information on FAHIs in the systematic information flow for financial decisions. The MoHP has no direct access to FMIS, operated by the FCGO, for timely cross-verification of information related to budget implementation, delays in preparing FMRs on health expenditure and their submission to EDPs for timely disbursement, and complying with the terms of credit agreements. The GoN decided to use CGAS for budget implementation, linking it with the TSA system. TABUCS is not linked with TSA so offices stopped entering data on TABUCS. Though the TABUCS system is helpful in managing audit results and maintaining physical progress, it is not used regularly. The internal audits of FAHIs are one-off events. The MoHP is committed to the regular and close monitoring of the use of TABUCS in audit management, but this was only performed once in the past FY.</p>	
	4.1 Uniform use of accounting application in FAHIs	<ul style="list-style-type: none"> <li>The TABUCS Operation Manual has not been updated and training on the use of TABUCS has not been organised. FAHIs are using TABUCS for expenditure from GoN funds but have migrated to CGAS, a payment-based release system. Complete financial information from FAHIs is not being captured</li> </ul>
	4.2 Enhanced reporting system linking the TABUCS with LMBIS, FMIS	<ul style="list-style-type: none"> <li>The MoHP has requested access to the FMIS, but TABUCS is not linked with other GoN-developed accounting software, such as CGAS, TSA and FMIS</li> </ul>
	4.3 Strengthen internal audit	<ul style="list-style-type: none"> <li>Internal audit management information is not uploaded in TABUCS regularly: the MoHP has maintained internal audit information on an annual rather than trimesterly basis</li> </ul>
	4.4 Preparing annual and quarterly financial and physical progress reports in time	<ul style="list-style-type: none"> <li>TABUCS is not used in activity- and payment-based budget implementation processes. The MoHP prepares financial and physical progress reports by uploading summarised information from all SUs, which is inefficient and time-consuming. To address these issues the MoHP has been using CGAS for budget and expenditure since the beginning of FY 2020/21. Other features of TABUCS are not in the CGAS.</li> </ul>

	4.5 Maintaining records on fiduciary-risk-related information and implementing mitigation measures	<ul style="list-style-type: none"> <li>• A risk register to record fiduciary-risk-related information was planned; but has not been maintained by the ministry. The financial information needed for the decision-making process is not readily available through TABUCS as a result of its inconsistent use</li> </ul>
<b>5</b>	<b>Improved Public Procurement:</b>	
	<p>The MoHP intends to develop and implement the Nepal Health Sector Public Procurement Strategy Framework (PPSF), aligned with the PPA and PPR, 2007, with technical support from the NHSSP. The framework will help to make the most of scarce resources.</p> <p>With the technical support of the NHSSP, the MoHP had initiated framing the PPSF in January 2019. The draft framework has been prepared but is still in the process of ministerial approval. The PPSF will support the timely procurement of medicine and medical equipment in an efficient, effective and economical manner.</p>	
	5.1 Preparing Nepal Health Sector PPSF	<ul style="list-style-type: none"> <li>• It was presented in policy meeting of MOHP chaired by the Health Secretary in June, 2021. It is hoped that it will be approved by end August, 2021).</li> </ul>
<b>6</b>	<b>External Scrutiny and Audit</b>	
	<p>The MoHP has achieved tremendous success in audit and external scrutiny management through: updating records of unsettled disintegrated AQs and audit backlogs; developing directives of audit management; forming PFMCs and ASCs; and developing the Audit Query Clearance Action Plan (AQCAP). In order to further improve audit management, the MoHP has identified a working policy in response to the PAR, achieving the AQ settlement target through the AQCAP. This has minimised the volume of preliminary AQs in comparison to audited amount through timely submission of substantiating documents and explanation of transaction-related information in onsite audit. The MoHP has formed ASCs in the ministry for effective AQ settlement.</p> <p>The MoHP has been continuously working on maintaining financial good governance in the ministry and its subordinate offices. To strengthen audit management, ASCs have been formed at the ministry and in three departments, AQ settlement directives have been prepared, and the Internal (Control) Audit Implementation Plan and PFMSF have been developed and implemented. Audit management is one of the main determinants of financial discipline. With technical support from the NHSSP, the MoHP has updated the cumulative unsettled AQs and audit backlogs. Some of the AQs are related to transactions dating back to the 1960s. The MoHP has recorded unsettled AQs in TABUCS and is managing their settlement. These initiatives have led to remarkable progress in audit management in the MoHP. The PFMSF has also identified audit management as one of the strategies of the framework.</p>	
	6.1 Addressing the Audit and Primary Audit Report (PAR) in time	<ul style="list-style-type: none"> <li>• This audit response report was prepared by the MoHP for the first time in FY 2015/16 (2072/72) for the purpose of</li> </ul>

		<p>achieving Disbursement-linked Indicators (DLIs)</p> <ul style="list-style-type: none"> <li>• % Sus responding to PAR on time: FY 2015/16 - 45.0% FY 2016/17 - 55.8% FY 2017/18 - 61.0% FY 2018/19 - 97.4%</li> <li>• As per OAG report, 2020, three entities (B.P. Koirala Institute of Health Sciences, Trauma Centre, Bir Hospital, and Bheri Hospital) made audits of audit backlogs related to transactions in FY 2017/18, 2013/14 and 2014/15</li> </ul>
	6.2 Achieving the target for AQs	<ul style="list-style-type: none"> <li>• Ministry has prepared the AQCAP, set targets in line with AQSMC instructions and instructed its subordinate offices</li> <li>• The clearance of AQs improved from FY 2012/13 (36.9%) to FY 2015/16 (51.5%). It then fell from FY 2016/17 as a result of restructuring federal SUs, which were transferred to provincial and local levels in FYs 2017/18 and 2018/19. Clearance of AQs handed over to the provinces either reduced or did not occur</li> <li>• In FY 2019/20 the clearance of AQs reduced further (11%) because of COVID-19. AQ remained low in FY 2020/21, although the MoHP is trying to fulfil its clearance target by the end of FY 2020/21. The details of the audit clearance data are in Annex 3</li> </ul>
	6.3 Minimising the volume of AQs against audited amount	<ul style="list-style-type: none"> <li>• AQs against audited amount are decreasing FY 2012/13 - 13.8% FY 2015/16 - 3.9% FY 2016/17 - 7.0% FY 2017/18 - 4.8% FY 2018/19 - 6.7%</li> <li>• FY 2019/20 audit is underway. OAG has not yet prepared a final report</li> <li>• Details of AQs against the audited amount are presented in Annex 4</li> </ul>
	6.4 Recording and implementing the directives of PAC from the OAG annual report	<ul style="list-style-type: none"> <li>• PAC hearing on OAG's report has not been completed; the verdict issued by the PAC is recorded and implemented through the AICC in the MoHP</li> </ul>

<b>7</b>	<b>Improved Asset Management:</b>	
	<p>Cash advances to personnel are decreasing but while unsettled advances are increasing. The FPFAR 2021 states that unsettled advances should be included in the audit report but not treated as AQs. The office has to carry over unsettled advances in the accounting software (CGAS).</p> <p>Inventory and assets held by devolved offices should be officially transferred to the provincial and local level. Disposal of non-usable assets, mentioned in inventory inspections and verification reports, is not reported regularly. The MoHP has to use the PAMS software for the previously built and procured goods following the PAMS guidelines.</p> <p>The percentage of personnel-related advances is decreasing:  FY 2013/14 - 16.9%  FY 2015/16 - 13.3%  FY 2017/18 - 1.9 %  FY 2018/19 - 0.3% (NPR 306 thousand) (details are presented in Annex 6).</p> <p>Advances provided under contractual arrangement within the time frame of settlement are not regarded for the period.</p>	
	7.1 Regulated advance management	<ul style="list-style-type: none"> <li>• Cash advances are gradually decreasing</li> </ul>
	7.2 Monitoring the use and safeguarding of non-monetary assets	<ul style="list-style-type: none"> <li>• GoN has decided to use PAMS in all public institutions from FY 2020/21, following which the MoHP is instating PAMS</li> </ul>
	7.3 Inventory accounting, management and safeguarding	<ul style="list-style-type: none"> <li>• GoN has decided to use PAMS in all public institutions from 2020/021. MoHP has started to use PAMS and is consolidating the records of inventories and other assets</li> </ul>
<b>8</b>	<b>Capacity Development</b>	
	<p>Capacity development for smooth implementation of the PFMSF has been conducted and directives and guidelines have been updated. The orientation on use of TABUCS and exposure visit have not been implemented.</p>	
	8.1 Updating and publication of PFM-related directives	<ul style="list-style-type: none"> <li>• BP Guidelines have been prepared in November 2019 and ICSG updated in April 2021; it is now in the approval process. The PPSF has been drafted and feedback taken from concerned stakeholders and EDP; it is currently under review by the MoHP. The PFM training manual is also being reviewed by the FMOHP.</li> </ul>
	8.2 Conduct orientation and capacity development programme	<ul style="list-style-type: none"> <li>• No training had been organised by the reporting period of FY 2020/21</li> <li>• The GoN decided to use CGAS, linked to TSA payment-based budget release system, in all federal government offices and FAHIs</li> </ul>

## Chapter 4: Conclusion and Recommendation

### 4.1 CONCLUSION

Financial good governance is crucial in achieving value for money of mobilised resources in the public sector. The MoHP has been implementing various reforms in PFM with technical support from the NHSSP. Under these initiatives, the PFMSF has been implemented since July 2020. The main purpose of the PFMSF is to strengthen health financial management through: credible and comprehensive planning and budgeting processes; performance-based resource allocation; strengthening of the internal control system; improving financial and accounting systems; improvement of public procurement management; AQ management; enhancing inventory assets management; and institutional and human resource capacity development.

The first year of PFMSF implementation has been affected by the COVID-19 pandemic. The MoHP has been concentrating on the COVID-19 response, while the OAG final audit could not be finalised by 15 April 2021, as in previous years. Complete information related to internal and external audit is not available at the MoHP at present. GoN has introduced CGAS, an activity-based accounting application linked to TSA/STSA, and LMBIS to be used by federal and provincial government entities. Likewise, GoN has decided to use PAMS at all three tiers of government and other public entities. FAHIs also have to use the CGAS in activity-based payments for grant release purposes. Some FAHIs are using CGAS for quarterly grant release. Though the feature of AQ management is included in the CGAS, and e-AWPB, physical progress reporting is still to be added to the CGAS. The MoHP does not receive regular, comprehensive information regarding FAHIs' income and expenditure: the TABUCS is not utilised in uniform way in FAHIs, despite instruction by MoHP. Preparation of a BP for each HI is the foundation for the demand-/output-based budgeting system. The concept of using BPs in the public sector is an innovative MoHP concept. However, the MoHP needs to provide orientation to staff working at FAHIs to ensure the smooth practice of developing and using BPs.

The budget absorption capacity of the MoHP is below 80%: in FY 2019/20, it was 79.8% and in the current FY 2020/21, as of 13 March 2021, it was about 27% at the federal level.

In order to achieve an effective internal control system, the AICC has to be activated to manage internal and external audit and monitor the performance of programme implementation and feedback. The working procedures are yet to be developed.

The record of internal and external audit status and actions taken for corrective measures for information are not uploaded in TABUCS on a regular basis. FAHIs were not conducting the internal audit on a quarterly basis. Devolved offices are not making progress in settling AQs, which are not being forwarded to the Office of the Prime Minister and Council of Ministers (OPMCM) to decide whether they should be transferred to provincial or local levels.

**In summary:****Strategy 1: Improvement in Budget and Programme Procedures**

- The MoHP has used the MTEF for budget preparation. The MoHP proactively approved the BP directives and oriented staff. The BA of the Health Sector was carried in November 2020. The MoHP is not able to capture information through TABUCS on accounting and budgeting for comprehensive budget.
- The MoHP has not yet initiated performance contracts for budget implementation with departmental chiefs as mentioned in PPFAR.

**Strategy 2: PBGA:**

- PBGA is not considered in grant allocation in the budget. Proper utilisation of the grant requires comprehensive information on the utilisation of internal resources, matching the GoN grants.

**Strategy 3: Strengthened Internal Control System:**

- The institutional arrangement for internal control is well developed in the MoHP. The AICC, ASC and PFMC have been formed and are in place.
- ICSG is in the review process but has not been finalised.
- The AICC and PFMC have not met regularly because of the COVID-19 pandemic. ASC meetings were convened frequently, however.
- The internal control monitoring report, with corrective feedback, has not been published on the MoHP's website. The monitoring function was not efficiently implemented.

**Strategy 4: Improved Financial and Management Accounting:**

- The MoHP has developed TABUCS, in order to retrieve data for evidence-based decision making and prompt and credible reporting, and linked it to the LMBIS. As intended by the PFMSF, the MoHP has access to FMIS. But TABUCS is not linked to the TSA or CGAS systems.
- The GoN has introduced CGAS, an activity-based accounting system, and linked it to TSA/STSA. It shadowed the use of TABUCS in budget implementation. The use of TABUCS for audit management, payroll management and e-AWPB is slacked in the GoN offices. FAHIs are not using the application for resource mobilisation, including GoN grants.

**Strategy 5: Improved Public Procurement:**

- The MoHP, with technical support from the NHSSP, has drafted the PPSF in order to support timely, economic, efficient and competitive procurement. It is yet to be approved.

**Strategy 6: External Scrutiny and Audit:**

- Audit management is a regular event in public institutions. MoHP has instructed that all entities should have a final audit for FY 2019/20 conducted by the OAG audit team: this was in progress at the time of writing. As a result of the COVID-19 epidemic, the FY 2019/20 audit was not completed in all entities; very few audit reports were available in the MoHP.
- There has been great improvement in SUs responding to the PAR within 35 days. In FY 2015/16, the proportion of those doing so was 45%, in FY 2016/17 it was 55.8%, in FY 2017/18 it was 61% and in FY 2018/19 it was 97.4%. Responding data are available in TABUCS.
- AQs against the audited amount have fluctuated across FYs. In FY 2012/13, AQs made up 13.8% of the audited amount, falling to 6.7% in FY 2018/19. In comparison to FY 2015/16

(3.9%), the proportion increased in FY 2016/17 (7.0%) but in FY 2017/18 it reduced, i.e. improved, to 4.8%. In FY 2018/19, the proportion increased again to 6.7%. In FY 2019/20, audit is continuing and the report has not yet been published by the OAG. AQs as a proportion of audited amount are decreasing. (Annex 4)

- OPMCM has asked the MoHP to submit a proposal for transferring unsettled AQs, with province- and office-wise detail records, for Cabinet decision. The MoHP has been working on this, but is yet to forward such a proposal.
- The settlement of AQs decreased in FY 2019/20 to 11% from an average of 40% over the preceding three years (Annex 3). This was caused by the COVID-19 pandemic and by not succeeding in transferring the bulk of AQs that were previously under the MoHP to related provincial offices.
- AQ records were maintained in TABUCS up to FY 2011/12 but not updated thereafter. However, they were maintained in Excel spreadsheets.
- Discussion of OAG reports by the PAC has not been held for the past seven years. During this period, only the 55<sup>th</sup> report, for FY 2016/17, was discussed.

#### **Strategy 7: Improved Asset Management:**

- The percentage of cash advances to personnel has decreased considerably. There has been a significant improvement in managing cash advances (Annex 4). Unsettled advances made up about 71.6% of total AQs.
- Inventory and assets recording in the PAMS has been rolled out in the MoHP.

The record of the inventory and assets was transferred to the devolved offices, but is not being updated. The maintenance plan for high cost and complex medical equipment has not been prepared. A technical committee of Biomedical Engineers has been formed under DoHS for management and maintenance of medical equipment all around Nepal. Each spending unit (hospital) develops its own maintenance plan as per need.

#### **Strategy 8: Capacity Development:**

- The financial management workshop (budget planning) was conducted as scheduled.
- The orientation programme for FAHI staff on use of TABUCS was not conducted.
- No exposure visit had been organised at the time of writing in the current FY.

## **4.2 RECOMMENDATIONS**

MoHP should initiate the following steps to enhance financial good governance through effective implementation of PFMSF:

### **i. Improvement in Budget and Programmes:**

- MoHP should perform evidence-based advocacy for a gradual increase in health budget from its current rate of 1.8% of GDP to 5% to meet international standards, as recommended by international experts.
- MoHP has sent an administrative order to oblige FAHIs to prepare comprehensive and transparent budget.
- FAHIs should be instructed that the use of TABUCS for comprehensive programme and budget is compulsory.

- BPs must be prepared for each office, particularly autonomous hospitals, for performance-based grants and to increase budget absorption. MoHP has sent an administrative order to oblige FAHIs to prepare comprehensive and transparent budget
- The low budget absorption in the first half of FY 2020/21 may be the result of the COVID-19 pandemic; in future, contingency plans need to be prepared to increase absorptive capacity.
- MoHP should adhere to performance-related contracts with departmental chiefs for execution of programme and budget, as mentioned in FPFAR.

#### ii. PBGA:

- For comprehensive and transparent budget allocation, GoN grants need to be tied up with internal resources and service delivery.
- PBGA directives needs to be updated to introduce the BP concept for performance-based grants from FAHIs.

#### iii. Strengthened Internal Control System:

- MoHP has to finalise the updated ICSG in wider consultation with departments, divisions and other stakeholders.
- AICC, ASC and PFMC meetings should be conducted at the stipulated time.
- The decisions of the AICC, ASC, and PFMC meetings should be implemented and monitored.
- A monitoring plan should be prepared and implemented annually. A monitoring report, with corrective feedback, should be published on the MoHP website.

#### iv. Improved Financial and Management Accounting:

- Complete financial information generated from financial and management accounting is needed for the evidence-based decision-making process. Accounting software, like TABUCS, needs to be regularly updated and consistently used to produce cost-effective, credible information.
- FAHIs were not using TABUCS in accordance with the requirements of the ministry. MoHP has to instruct FAHIs that an administrative decision has been taken that the use of TABUCS is compulsory and closely monitor its use.
- Internal audit management information should be uploaded in TABUCS each quarter.
- Monitoring plan needs to be prepared and implemented as stipulated in FPFAR.
- MoHP, activating the AICC, needs to identify and record the associated risks in health financial operation and apply measures to mitigate any risks, with regular monitoring and updating.
- TABUCS has to be upgraded, developed and efficiently utilised in audit management, FAHIs, and NPSAS-based financial reporting system. All features of TABUCS are not included in current version of CGAS. In future it would be possible to make the linkage between these two systems.

#### v. Improvement on Procurement Management:

- MoHP needs to formalise the PPSF, taking into consideration the procurement of emergency-related medical goods, supplies and equipment, to support procuring medicines, medical supplies and equipment in a timely, efficient, effective and economical manner.
- e-CAPP should be continued through TABUCS.



- Technical Specification Bank should be updated and followed for estimation. The TSB should be updated at least every two years. However, it can be updated as per the requirement.
- Increase the effectiveness of the Annual Procurement Plan Monitoring Committee.

**vi. External Scrutiny and Audit:**

- Backlog audit should be completed each year.
- AOs carried forward should be cleared on the spot by the audit team, who should come into the office for auditing.
- Responses should be completed with settlement of queries raised in the PAR within 35 days of receipt of the report and records of response maintained in TABUCS.
- FMOHP should conduct hold regular meetings with FCGO and OAG to strengthen audit management (at least once before starting audit and once after completion)
- The AQCAP should be prepared, and monitoring status should be discussed in AICC meeting.
- The target for audit AO should meet that set by the Audit Queries Evaluation and Monitoring Committee (AQEMC), chaired by the Chief Secretary.
- Maintain AOs below three% against audited amount.
- Maintain updated AO records in TABUCS.
- Categorise the PAR into advance, to be regularised, recoverable and 'other categories' and respond within the stipulated time. If the categorisation of AOs as 'recoverable' is not appropriate, the office shall request regrouping into 'to regularise', to be decided by the CAO before submission of the OAG's annual report.
- Unsettled advances are in increasing trend. FPFAR, 2021 states that unsettled advances shall be included in audit reports but not treated as AOs. The office has to carry over unsettled advances in the accounting software, i.e. in CGAS.
- The responsibility for settlement of AOs previously related to MoHP is now with devolved offices at the provincial and local level. Documents related to assets with human resources were transferred to province and local levels. The federal MoHP is maintaining the record of unsettled AOs but has no formal direct chain of command to settle them. To solve this problem, OPMCM has asked MoHP to submit a proposal for transferring unsettled AOs with province- and office-wise detail records for Cabinet decision. MoHP is working to identify such unsettled AOs and this issue should soon be resolved.
- Audit information should be uploaded in TABUCS on a regular, trimesterly basis instead of once each FY.

**vii. Improvement on Assets Management:**

- As decided by GoN, the inventory and assets related to devolved offices should be transferred to provincial and local levels. MoHP has to use and cause to use the PAMS software for those goods that have already been built and procured, in accordance with the PAMS guidelines.
- The assets and inventory list related to devolved offices should be updated and handed over.
- PAMS shall strictly use the PAMS manual. MoHP has to closely monitor this new initiative.

**viii. Improved Institutional and Human Resource Capacity:**

- MoHP has to develop the capacity of FAHIs' staff to use TABUCS. Orientation on BPs has to be conducted at MoHP and its subordinate offices for performance-based budget advocacy.
- Workshops/training on PFM should be conducted by the office chief and account officers.

- Regular capacity development programmes on PFM must be implemented. All PFM related guidelines should be updated regularly to accommodate changes made by the government. It is directly related to human resource capacity development.

## ANNEX 1: DETAILED STRATEGY, WORKING POLICY AND ACTIVITIES OF PFMSF

## PUBLIC FINANCIAL MANAGEMENT STRATEGIC FRAMEWORK (2020/21–2024/25) IMPLEMENTATION STATUS

A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
<b>1</b>	<b>Improvement in Programme and Budget (Budget Preparation – Credibility, Comprehensiveness, Transparency and Policy-based)</b>						
<b>1.1</b>	<b>Policy-based Budgeting</b>						
1.1.1	To align the budget with health policy, periodic plan, and MTEF	MoHP (PPMD/ Administrative Division (AD))	In practice	% of budget allocation	To be continued	In total (including federal, province and local level) budget allocation is 6.2% aligned with national budget (Budget speech Annex 4) Federal 5.46%, province 4.61% and local 9.6%	
1.1.2	To develop an annual programme implementation plan in accordance with the Results-based Framework (RBF) in line with priorities of the health strategy	MoHP (PPMD/AD)	In practice	Annual plan developed	To be continued	Federal budget proposal is substantiated with annual development programmes, based on 15 <sup>th</sup> periodic plan	
1.1.3	To formulate a credible budget analysing lessons learned, administrative capacity, availability of resources and working environment	MoHP (PPMD/AD)	Health budget absorption is 77%	Budget absorption analysed (% of absorption)	80% of health budget absorbed	Budget absorption was 79.8% for FY 2019/20 (as mentioned in health budget analysis, November 2020) Budget absorption in current FY 2020/21 up to 13 March, 2021 (Falgun 2077) is 26.8% in federal-level expenditure	
1.1.4	To encourage the use of directives on Planning and Budgeting (PB) in all three tiers of governments	MoHP (PPMD)	PB directives prepared	PB directives developed	Update and implement	The budget proposal for FY 2021/22 at federal level is prepared as per the Budget	

A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
						Formulation Directives issued by NPC	
1.1.5	Health Budget Analysis (HBA) carried out	MoHP (PPMD/AD)	In use	BA reports developed	Budget, expenditure and results analysed	HBA was carried out in November 2020, showing GoN spending on health as a share of Gross Domestic Product (GDP) has slowly increased from 1.4% in FY 2015/16 to 1.8% in FY 2018/19	
1.1.6	Updating of Charts of Health Activities (CoHAs) for budgeting	MoHP (PPMD/AD)	CoHA in place	CoHA updated	CoHA review and updating	The CoHAs are being updated. Per-unit cost of the health activities fixed for the purpose of realistic budget formulation	
<b>1.2</b>	<b>Comprehensive and Transparent Health Budget, Including All Health Programmes</b>						
1.2.1	Preparation of MTEF in health sector in line with NHP and available resources	MoHP (PPMD/AD)	Preparation of MTEF in health sector in line with NHP and available resources	MTEF developed	To be continued	MoHP has prepared the MTEF for FY 2021/22. To comply with the clause of FPFAA, 2019, MoHP has prepared MTEF, including the budget projection for COVID-19 along with federal-level yearly health programmes to achieve the national goal of Prosperous Nepal and Happy Nepali	
1.2.2	Analysis of integrated whole health budget (federal, province and local level)	MoHP (PPMD)	Analysis of federal-level budget	Integrated BA report developed	Analysis of integrated health budget	BA 2020 has carried for all three levels of government	
1.2.3	Budget formulation through approved application (software) by GoN	MoHP (PPMD/AD)	Use of TABUCS	Approved software used	Budget formulation through application	Federal-level budget formulation process is completed and uploaded in LMBIS	
1.2.4	Integrated Annual Health Budget (IAHB) including internal	MoHP	Internal resources not included in IAHB	IAHB developed	IAHB for AHIs	Data not available	

A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
	resources of AHIs (hospitals and academies)	(PPMD/AD)					
1.2.5	Receiving commitment of on-/ off-budget aid from EDPs during budget discussion process	MoHP (PPMD)	Discussion with EDPs from time to time	EDPs' commitment received	Commitment from EDPs at budget discussion	Discussions held	
<b>1.3</b>	<b>Budget Formulation Based on Business Plan (BP)</b>						
1.3.1	To prepare the framework of the BP and develop the guidelines	MoHP (PPMD/AD)	Framework of BP in draft	BP guidelines developed	Develop the framework of BP (preparation of directives)	BP implementation directives are prepared	
1.3.2	Preparation of BP	All SUs	Not in practice	BP developed	Orientation on BP	Two orientation programmes on BPs were conducted for staff from federal government offices and HIs at Kathmandu and Dhulikhel in March 2021	
<b>1.4</b>	<b>Budget Release and Expenditure Authority</b>						
1.4.1	Budget release authority (if the allocated budget is implemented through more SUs)	MoHP (PPMD/AD) and departments	In practice	Authority letter issued	Within seven days of the Appropriation Act or Advance Expenditure Act being approved	FPFAA, 2019 and FPFAR, 2021 stipulate that there is no need to issue budget authorisation if there is a single budget head. This year MoHP budget is allocated into 44 budget heads. If the budget is activity-based and in uploading the budget information in LMBIS, the SU's codes shall be defined. So no separate budget authorisation needs to be issued for the budget head implemented by more than one SU. There is no need to approve the programme after budget	
<b>2</b>	<b>Release of Funds Based on Performance</b>						
<b>2.1</b>	<b>Performance-based Grant Agreement (PBGA)/Contracting for Hospital Services</b>						

A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
2.1.1	Updating of MoU on PBGA grants	MoHP (PPMD/AD)	MoA with some AHIs on PBGA	PBGA indicators updated	Improvement of grants procedure	No such indicators are being updated	
2.1.2	Data collection on health service delivery	MoHP (PPMD)	Not in practice	Internal revenue generated by all AHIs		FAHIs have not used the TABUCS, developed for capturing the resources mobilised by HIs. This activity has not been implemented	
2.1.3	Performance evaluation based on service delivery	MoHP (PPMD)	Monitoring in place	PBGA indicators evaluated		Not implemented	
<b>3</b>	<b>Strengthening Internal Controls</b>						
<b>3.1</b>	<b>Develop the Mechanism for Financial Management</b>						
3.1.1	Internal Control System (updating of Internal Control Guidelines)	MoHP (PPMD/AD)	Internal Control Guidelines, 2075 (2018)	Internal Control Guidelines updated	Updating of guidelines Implementation of the guidelines	Draft update of guidelines prepared and in process of finalisation	
3.1.2	Activating Audit and Internal Control Committee (AICC) for the implementation of internal control system, internal audit and external (final) audit report	MoHP (PPMD/AD)	Audit Committee in place	Numbers of minutes	Establishing AICC meetings every three months	AICC formed under the convenorship of Secretary of MoHP as per FPFA Act, 2076 (2019); its first meeting was held on 30 November 2020. Minutes maintained	
3.1.3	Reformation of PFMC	MoHP (PPMD/AD)	PFMC in place	Committee reformed Numbers of Minutes	PFMC reformation Committee meeting every three months	PFMC is not reformed PFMC has not met for the last year, because of the COVID 19 pandemic	
3.1.4	Stimulation of ASC	MoHP (AD/ Department of Health Services (DoHS)/Department of Ayurveda and	ASC in MoHP	Department-level ASCs established Minutes of ASC meetings	Formulation of ASC in Departments ASC meeting every three months	5 meetings held between 19 and 25 November 2020 2 meetings held on 1 & 3 March 2021 Minutes maintained	

A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
		Alternative Medicine (DoAA)/Department of Drug Administration (DDA)					
<b>3.2</b>	<b>Stimulation of Supervision, Monitoring and Feedback Mechanism</b>						
3.2.1	Stimulating and implementing the feedback system of the M&E system	Related divisions	M&E is in practice	M&E report produced (website of MoHP)	Annually	Data not available	
3.2.2	Reporting to AICCC and PFMC on M&E findings	MoHP (AD)	M&E is in practice	M&E findings reported	Half-yearly	Data not available	
<b>4</b>	<b>Improvement of Financial and Management Accounting</b>						
<b>4.1</b>	<b>Harmonized/Uniformity of Accounting Software</b>						
4.1.1	Full compliance in use of TABUCS in all Federal Health Institutions (FHIs)	All SUs	Partial use	TABUCS utilised	Full use of TABUCS	GoN has decided to use CGAS in all federal government offices to accounts for the financial transaction and reporting. TABUCS is used in AQ management and procurement management in MoHP and federal offices. Some AHIs are using TABUCS	FCGO implement CAGS
4.1.2	Full use of TABUCS in AHIs with internal income and expenditure resources	MoHP (PPMD/AD)	Partial use	TABUCS cross-verified	Training in TABUCS use with manual	Partial use Training in TABUCS has not been conducted	
4.1.3	To encourage use of TABUCS in Provincial MoSD and subordinate offices	MoHP (AD)	Some units under province used TABUCS	TABUCS implemented	Consultative meetings with provincial governments	Provincial government office uses the CGAS. TABUCS is not implemented in provinces	
<b>4.2</b>	<b>Improved Reporting System, Linking TABUCS with LMBIS, FMIS, TSA, PMIS and CGAS</b>						
4.2.1	Initiating linkage of TABUCS with LMBIS/FMIS/TSA/ Public Service	MoHP	No linkage	TABUCS linked	Technical assistance	GoN has been upgrading the CGAS to accommodate	

A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
	Management Information System (PMIS)/CGAS	(AD)				accounting, cash projection and commitment accounting, reporting and AQ management. LMBIS/TSA and CGAS are interlinked. So such initiatives have been dropped	
4.2.2	Initiation for access to FMIS of FCGO for FMRs	MoHP (AD)	Access to FMIS	FMRs reported quadrimesterly	Access continues	Request for access has been formally forwarded and MoHP staff have access	
4.2.3	Integration of HIMS for payroll management arrangements	MoHP (AD)	Payroll system in TABUCS	Payroll system updated	Update payroll system	Update payroll system	
<b>4.3</b>	<b>Strengthen the Internal Audit (IA)</b>						
4.3.1	Synergy with FCGO for timely IA and audit report of all SUs	MoHP (AD)	Maintain synergy with FCGO	IAR	Continue as needed	FCGO has managed the dedicated internal audit cadre: non-gazetted class I officers must have four years' experience and class III officers must have two years' experience of accounting and auditing for the prevailing administrative service. The FPFAR rules stipulate that internal audit be performed quarterly and reported within 30 days of the IA reports being issued. For FY 2020/21 federal offices made IA for second quarter	
4.3.2	Take initiative to conduct IA of all financial transactions (including the operational fund) through DTCO	All SUs	IA conducted by DTCO	IAR received	In each trimester	FPFAR has clear provision of internal audit of all financial transactions, including operational fund by DTCOs. The operational funds also operated through the TSA	



A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
						system. IA in FHIs is therefore no problem	
4.3.3	Managing the regular IA of autonomous hospitals whose IA is not conducted by DTCCO (Establishing IA section)	AHIs	Some entities perform IA by outsourcing yearly	IAR received	Conducting IA trimesterly	Nepal Health Research Council (NHRC), B.P. Koirala Memorial Cancer Hospital Chitwan, Shaheed Gangalal National Heart Centre, Patan Academy of Health Sciences, and Karnali Academy of Health Sciences conducted IA by outsourcing services Bir Hospital and B.P. Koirala Institute of Health Sciences, Dharan, conducted IA through its own internal section	
4.3.4	Achieve timely IA and response to/settlement of IAR	MoHP and SUs	No timely response to IAR	IAR reported on time	Settlement within the timeframe of IA (within next trimester)	No record maintained	
4.3.5	Recording (entry) of IAR (queries) and response/settlement in TABUCS	SUs	Status of IA entered in TABUCS by MoHP at year end	Online data entry in TABUCS	IAR and responses to IAR entry by SUs within 30 days	None of the HIs are updating IA-management-related information in TABUCS. MoHP has maintained data on a yearly basis	
4.3.6	Monitoring of IAR implemented	MoHP/DoHS/DoAA/DDA	No monitoring of IA	Monitoring Report submitted	Monitoring of 10% of office each six months	Not yet started	
4.3.7	Preparation of the integrated IAR	MoHP/DoHS/DoAA/DDA	Initiated to prepare IA Status Report at the year-end in the ministry	Integrated IAR prepared by MoHP	Within six months of FY	Integrated IAR (FY 2018/19) was prepared in August 2020	
<b>4.4</b>	<b>Timely Preparation of Trimester and Annual Financial and Physical Progress Reports</b>						

A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
4.4.1	Preparing quarterly financial and physical progress reports through TABUCS	MoHP/DoHS/ DoAA/ DDA/SUs	Poor entry of physical progress in TABUCS	Quarterly progress produced in TABUCS	Physical progress entered in TABUCS within 21 days on a quarterly basis	Only financial progress reports generated through TABUCS	
4.4.2	Preparing annual financial and physical progress reports through TABUCS	MoHP/DoHS/ DoAA/ DDA/SUs	Poor entry of physical progress in TABUCS	Annual progress report produced in TABUCS	Annual physical progress entered in TABUCS within 45 days	Financial progress reports generated through TABUCS	
4.4.3	Preparation of quarterly FMRs for EDPs with cross-verification of TABUCS and FMIS	MoHP (AD)	Preparation of FMR on a quarterly basis	Quarterly FMR prepared	Within 45 days of the end of each quarter	FMR prepared quarterly	
4.4.4	Submission of complete annual Financial Statements (F/Ss) by SUs to DTCO and OAG (on site to audit team)	SUs	In practice	F/S certified by DTCO and OAG	Within time specified in FAR for IA and on the date of the first entrance meeting for external audit	All SUs submitted	
4.4.5	Submission of Integrated Annual Financial Statement (IAFS) of all types of financial transactions (appropriation, revenue, deposit and others income sources) to FCGO and OAG	MoHP (AD), departments	In practice	IAFS submitted	Submission of complete IAFS to FCGO/OAG by mid-November	MoHP submitted IAFS in November 2020 (Mansir, 2077)	
4.4.6	Preparation of Audited Financial Report (AFR), special purpose for EDPs, through TABUCS, verifying with FMIS in time	MoHP (AD)	In practice		Submission of AFR to OAG by mid- January; submission to EDPs after certification by OAG	MoHP submitted AFR of FY 2018/19 in June 2020 FY 2019/20 AFR is in process	
4.4.7	Preparation of F/S of non-budgetary receipts and payment based on NPSAS through TABUCS	MoHP (AD)	Certified AFR submitted to EDPs	NPSAS submitted to OAG	Submission of NPSAS report within the timeline by OAG	MoHP submitted AFR of FY 2018/19 in June 2020 FY 2019/20 AFR is in process	
<b>4.5</b>	<b>Maintained Risk Register (RR) Framework for Financial Transition</b>						
4.5.1	Identification associated financial risk, maintaining RR in TABUCS and communicating to subordinate office online	MoHP (AD)	No practice of RR	RR updated		RR is not maintained: staff have asked for orientation to maintain such a register	

A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
4.5.2	Financial decisions shall be taken with due consideration of identified associated risk	SUs	Study on identified risk in OAG annual audit report	Associated risk assessed, Audit report prepared	Assessing the risk associated with financial transactions	In making decisions on budget allocation, the regularising of AQs is considered to some extent on a case-by-case basis, depending upon the information supplied in the relevant document and not based on the RR.	
<b>5</b>	<b>Improved Public Procurement Management</b>						
5.1	Preparation of the PPSF	MoHP (PMD), departments	Procurement Improvement Plan in place	PPSF prepared	Approval and implementation of PPSF	Draft prepared. MoHP is reviewing it	
<b>6</b>	<b>External Scrutiny and Audit</b>						
<b>6.1</b>	<b>Audit and Response to Audit Report on Time</b>						
6.1.1	Submission of complete set of books of accounts with supporting documents to the OAG audit team	SUs	On-site audit practice	Statements submitted	Presence of the Office In-charge and Finance Chief at audit and audit exit meetings	MoHP issued a letter on 1 <sup>st</sup> December 2020 (2077.08.16) to the concerned officer to be present at the time of final audit and to submit the documents for audit. The final audit is in progress	
6.1.2	Presentation of documents for follow-up audit of unsettled previous-year AQs in regular audit	SUs	Partial compliance	Primary Audit Report of SUs prepared	Present the audit team with necessary documents and evidence for the statement of previous-year AQs	MoHP has issued an instruction to present the documents for previous-year follow-up audit. But no data is available, since the audit is in progress	
6.1.3	Response to primary audit report (PAR) with timely settlement of AQs	SUs	Partial compliance	Response letter prepared	Response to PAR with settlement of queries within 35 days of PAR receipt	MoHP has issued an instruction to respond to the PAR within 35 days	

A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
						97% of entities responded within 35 days of FY 2018/19 audit report The audit report of FY 2019/20 is not available as the audit is in progress	
6.1.4	Uploading the PAR and response to PAR to TABUCS within seven days of date of response	SUs	Partial uploading in TABUCS	PAR and response letter uploaded in TABUCS	Compulsory uploading of PAR and response	PAR of FY 2018/19 and its response uploaded in TABUCS. The PAR of FY 2019/20 is not available as the audit is in progress	
6.1.5	Posting/entry of undeleted AQs even after detailed response to PAR on TABUCS	SUs	Provision in TABUCS but rarely observed	Unsettled AQs entered in TABUCS	Within one month of receipt of audit report	Not posted	
6.1.6	Conducting Audit Backlog (ABL)	SUs	ABL is in practice	Reflected in OAG Annual Report	Completion of ABL	Two entities conducted ABL of FY 2017/28 (2074/75) in FY 2019/20 (2076/77)	
6.1.7	Interaction with FCGO and OAG to strengthen MoHP audit management	MoHP (AD)	In practice	Number of interactions	At least once at the start of FY	No such formal interaction programme is held. But MoHP consulting meetings are held from time to time on audit issues with FCGO and OAG	
<b>6.2</b>	<b>Achieved the Target for AQ Clearance</b>						
6.2.1	Preparation of Audit Query Clearance Action Plan (AQCAP)	SUs	Rarely prepared in all SUs	AQCAP prepared	AQCAP submission to MoHP and immediate controlling office by mid-August	Action Plan prepared	
6.2.2	Initiate special effort to settle AQs arising prior to FY 2059/60 from Central Recovery Office under FCGO	SUs	Ongoing but yet to be cleared	Monthly audit clearance report	At least 25% of unsettled AQs	MoHP initiate special effort to settle AQs arising prior to FY 2059/60 MoHP has digitised the AQs prior to FY 2059/60	

A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
6.2.3	To gain clearance on unsettled AQs from FY 2060/61 onwards from OAG on priority basis	SUs	Ongoing but yet to be cleared	Irregularities Settlement Monitoring and Evaluation Committee (ISMEC) Annual Report	Clearance of at least 80% of updated AQs	Target cannot be achieved	
6.2.4	Full clearance of current year's AQs	SUs	Not fully cleared	ISMEC Annual Report	Full clearance of AQs	Target cannot be achieved	
6.2.5	Regularise irregular non-recoverable financial transactions and losses caused by negligence with submission of documentary proof of the causes of such transactions from the CAO	SUs	Ongoing throughout the year	Monthly Audit Progress Report prepared	Within one month of receipt of the audit report	Entities have submitted such types of AQs for regularisation to CAO. Exact data not available	
6.2.6	Request for recovery with details of the unrecovered amount from general procedure sent to Central Recovery Office under FCGO; decision taken by the Central Recovery Office (CAO)	SUs	Rarely used	Request letter to Central Recovery Office sent	Full request for such recoverable amount	Not available	
6.2.7	Updating and settlement of AQs	SUs	Updated AQs from reports from FY 2060/61 to 2068/69 in TABUCS	Settlement of AQs in TABUCS	Update both cleared and new AQs in TABUCS	MoHP is undertaking updating and settlement of AQs	
6.2.8	Establishment and activation of the Audit Clearance Committee (ACC) in SUs (Office In-charge, Finance Chief, Admin Chief, Chief of Procurement Unit)	SUs	ASC in MoHP/ departments	Minutes of meeting prepared	ACC meeting on quarterly basis	The ACC has not formed within entities. But the finance section is performing the task of clearing AQs	
6.2.9	Submission of monthly AQ settlement statements to MoHP and immediate controlling office	SUs	Reporting system in place but weak implementation	Monthly statements of AQs prepared	Regular submission within seven days of the end of the month	Entities under MoHP are submitting monthly AQ settlement statements to MoHP	

A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
6.2.10	Clearance of unsettled AQs related to devolved provincial and local-level offices	MoHP (AD)	Unsettled AQs related to devolved offices		Consultation with FCGO/OAG	Very few audit queries settled related to devolved provincial and local-level offices. Data are not available	
6.2.11	Positive and negative awards for recognition of achievement of targets for AQs	MoHP (AD)	In practice	Number of officials rewarded/punished	Rewarding as decided by Audit Queries Clearance Evaluation and Monitoring Committee (AQCEMC) Negative awards determined by yearly performance evaluation	Three years ago it was followed. Recently it has not been followed.	
<b>6.3</b>	<b>AQs Reduced Against Audited Amount</b>						
6.3.1	Minimisation of the percentage of AQs against audited amount	SUs	6.75% in HIs, and 8.7.% in AHIs in FY 2018/19 audit	% of AQs against the audited amount	6% in the FY 2019/20 audit	In FY 2012/13, the proportion of AQs against audited amount was 13.79%, while in FY 2017/18 it was 4.77%. It increased from 3.9% in FY 2015/16 to 7.01% in FY 2017/18 but in FY 2017/18 it improved to 4.77%. However, in FY 2018/19 audit, it has increased to 6.75% The audit of FY 2019/20 is ongoing, so data is not available	
6.3.2	Minimisation of the PAR, presenting basic compliance documents at the time of audit process	SUs	Weighting of non-submission of basic compliance documents greater in PARs	Number of non-compliance items	Absence of basic compliance-related AQs with due attention to audit proceedings. Audit is not completed, data not available	Audit is not completed, data not available	
<b>6.4</b>	<b>Discussion with Public Account Committee (PAC) on OAG Report, Maintain the Records of Committee Directives and Execute the Decisions</b>						

A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
6.4.1	Complete response to the PAC on OAG Annual Report within the time specified by the PAC and representing in PAC hearing	MoHP (AD)	Response on OAG Report provided to PAC for hearing	Response letter to PAC sent	Timely submission of annual response with sufficient proof	MoHP has responded to the PAC on OAG Annual Report within the time specified by the PAC and representing in PAC hearing	
6.4.2	Maintaining the PAC verdict	MoHP (AD)	No records in TABUCS	PAC verdict in TABUCS entered Letter to SUs circulated	Recording verdict and action taken on TABUCS	MoHP has maintained records of the PAC verdict	
6.4.3	Regular action on PAC verdict and reporting to PAC	MoHP (AD)	Reporting on 'as and when' basis	Reporting letter to PAC submitted	Action taken report on PAC verdict delivered to Audit Committee	MoHP has instructed subordinate entities to follow the PAC verdict	
<b>7</b>	<b>Improved Assets Management</b>						
<b>7.1</b>	<b>Advance Management and Monitoring</b>						
7.1.1	Regulated advance transactions	SUs	There is a separate chapter in FPR, 2064 about advance control Weak implementation	OAG Form 211 generated in TABUCS	Advances will be given only when necessary and justified No double advances will be given Timely settlement of advance transactions	There has been improvement in advance transactions	
7.1.2	Controlled/minimised cash advance	SUs	Advance to staff is in minimisation trend	OAG Form 211 generated in TABUCS	No cash advance on possibility of direct payment to vendors	There has been improvement in cash advances being controlled/minimised	
7.1.3	No advance to be given if not settled within FY (except mobilisation, Letter of Credit (LC) and TADA advances)	SUs	Advance to staff is in minimisation trend	OAG Form 211 generated in TABUCS	In each advance transaction	There has been improvement in such advances	
7.1.4	Systematic carryover of unsettled advances in next year's books of accounts	SUs	Maintained	Statement of unsettled advances in TABUCS	At the beginning of the new FY unsettled advances shall be carried over (entered) in TABUCS	Unsettled advances carried over in next year's books of accounts	

A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
7.1.5	LC, mobilisation, TADA, and programme advances to be monitored through TABUCS	MoHP (AD, SUs)	Manual monitoring (monitoring by visit time)	OAG Form 211 generated in TABUCS	Monthly advance monitoring	Mechanism has been developed in TABUCS to monitor such advances However, CGAS has been implemented by FCGO since FY 2020/21 instead of TABUCS	
<b>7.2</b>	<b>Safety of Non-monetary Assets and Monitoring</b>						
7.2.1	Updating of assets transferred to devolved offices	MoHP (AD) DoHS/DoAA/DDA	Order to transfer to local level and provinces but no actual data	Assets transferred record maintained	Collection transfer details and registration in inventory book	FCGO has rolled out the integrated PAMS from FY 2077/78 (2020/21) for all federal, provincial and local-level governmental entities MoHP is processing to implement this PAMS	
7.2.2	Registration of transferred assets in inventory books of devolved office	MoHP (AD)	No complete records	Inventory book maintained	Collection of transfer details and registration in inventory book	No inventory books of devolved office	
7.2.3	Handover and takeover of assets between staff	All staff, in case of separation from their posts	Weak implementation	Handover and takeover certificates	Handover and takeover will be performed within 21 days of separation	Handover and takeover have occurred within transferring time	
<b>7.3</b>	<b>Improved Inventory Management</b>						
7.3.1	Preparation of inspection and verification report of non-spending inventory and maintenance thereof in TABUCS	SUs	Inspection and verification report prepared No recording in TABUCS	OAG Form 411 generated in TABUCS	Development of the inventory record portal in TABUCS	FCGO has rolled out the integrated PAMS from FY 2077/78 (2020/21) for all federal, provincial and local-level governmental entities MoHP is in the process of implementing PAMS	
7.3.2	Preparation of annual stock of non-spendable inventory and maintenance of its record in TABUCS	SUs	Annual stock inventory prepared No recording in TABUCS	OAG Form 413 generated in TABUCS	Developing the inventory record portal in TABUCS	GoN has decided that all public institutions use PAMS from FY 2020/21	



A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
7.3.3	Maintenance of updated records of land and building in TABUCS	SUs	No records in TABUCS	OAG Form 417 generated in TABUCS	Updated records of each office's land and buildings in TABUCS	MoHP has to consolidate the assets and inventory record to be submitted to FCGO and OAG However, PAMS has only been partially adopted. It will require double work to update the assets and inventory records in TABUCS.	
7.3.4	Maintaining updated statements on maintenance and use of medical equipment	HIs	No records in TABUCS	Status of medical equipment updated	Inventory Verification Report and development of portal in TABUCS		
7.3.5	Timely auction as required	SUs	Partial fulfilment of legal provision	Number of Auction Reports	Annual auction as reported in Inventory Verification Report		
<b>8</b>	<b>Improved Institutionalization and Human Resource Capacity</b>						
<b>8.1</b>	<b>Update of Guidelines and Disseminations</b>						
8.1.1	Updating of Financial Management Handbook (FMH) training materials	MoHP (AD)	FMH, 2072 (2016)	FMH updated		Updating of FMH is in process	
8.1.2	Updating of AQ Clearance Directives	MoHP (AD)	AQ Settlement Directives 2070 (2014)	AQ Settlement Directives updated	No plan this year	No plan this year	
8.1.3	Updating of TABUCS User Manual	MoHP (AD)	TABUCS User Manual	TABUCS User Manual updated	Updating of TABUCS User Manual	Updated time to time	
8.1.4	Preparation of M&E Framework	MoHP (AD)	Monitoring template is in Internal Control Guidelines, 2075	M&E Framework prepared		Prepared	
<b>8.2</b>	<b>Conducting Orientation/Workshop/Training for Capacity Building</b>						
8.2.1	Training programme on use of TABUCS for finance staff from FHIs	MoHP (AD) NHTS	Yearly training on use of TABUCS	Number of staff trained	Training for TABUCS users as required	Training programme reflected in annual budget and programme As a result of COVID-19, training could not be conducted this year	

A.N	Output/Key Interventions	Responsible Unit	Base Year 2019/20 (2076/77) Status	Key Indicators	Implementation Plan for FY 2020/21 (2077/78)	Achievements	Remarks
8.2.2	Orientation to Federal Office In-charge to retrieve data from TABUCS for monitoring purposes	MoHP (AD) NHTS	Orientation in previous three years	Number of Office In-charges oriented User ID and password to Office In-charge provided	Orientation programme as required	Informally oriented	
8.2.3	Workshop for Office In-charge and Finance Chief of FHIs in financial management	MoHP (AD)	Workshop as required	Number of participants	Annual workshop	Workshop on Budget Planning conducted Other workshops could not be conducted due to COVID-19	
8.2.4	Facilitation in implementing TABUCS in the health directorates and Provincial MoSDs as per demand and requirement	MoHP (AD) NHTS	Facilitating to those persons who are interested to use TABUCS	Number of staff trained	Facilitation as demanded by MoSDs	Some entities at province level are using TABUCS and facilitation has been provided in response to their demands	
8.2.5	Financial Management capacity development including exposure visits abroad	MoHP (PPMD/ AD)	Fewer exposure visits abroad	Number of staff visited	Exposure visit abroad for five people	No exposure visits abroad because of COVID- 19	

**ANNEX 2 RESPONSE TO PRIMARY AUDIT REPORT BY SPENDING UNITS WITHIN 35 DAYS**

<b>FY</b>	<b>Total SUs</b>	<b>SUs without AQs</b>	<b>SUs with AQs</b>	<b>SUs responding within 35 days</b>
2015/16 (2072/73)	308	119	189	85 (44.97%)
2016/17 (2073/74)	312	81	231	129 (55.84%)
2017/18 (2074/75)	313	131	182	111 (60.99%)
2018/19 (2075/76)	43	5	38	37 (97.4%)

**Source:** MoHP DLI Reports of respective years.

- This audit response report was prepared by the MoHP for the first time in FY 2015/16 (2072/72) for the purpose of detailing the achievement of DLIs.
- In FY 2015/16, 44.97% of SUs responded to the PAR within 35 days.
- The target for the second year (FY 2016/17) was 55%. This year, 55.84% of SUs responded within 35 days.
- The target for the third year (FY 2017/18) was 60%. In this FY, 60.99% of SUs responded within 35 days.
- There was great improvement in the fourth year (FY 2018/19). In this year, 37 out of 38 SUs (97.4%) responded to the PAR within 35 days.

**ANNEX 3 CUMULATIVE AUDIT QUERIES AND CLEARANCE**

SN	Up to FY (FY)	Cumulative Audit Queries	Clearance (Amount NPR 000)		
			FY	Amount	%
1	2012 mid-July	2,498,288	2012/13	921,253	36.88
2	2013 mid-July	3,077,463	2013/14	1,203,114	39.09
3	2014 mid-July	4,339,008	2014/15	1,960,272	45.18
4	2015 mid-July	4,775,873	2015/16	2,460,141	51.51
5	2016 mid-July	4,552,118	2016/17	2,095,538	46.03
6	2017 mid-July	3,639,688	2017/18	1,508,562	41.45
7	2018 mid-July	4,773,332	2018/19	1,985,658	41.60
8	2019 mid-July	4,282,086	2019/20	473,423	11.65
9	2020 mid-July	5,130,429	2020/21	Audit queries clearance ongoing	

**Source:** Audit Query Clearance Evaluation and Monitoring Committee annual reports and MoHP reports of respective years.

- Above Table shows the AQ clearance trends. The clearance of AQs had been in increasing trend from FY 2012/13 (36.88%) to FY 2015/16 (51.51%) but it is in decreasing trend from FY 2016/17 onward. The reason behind this is the non-transferral of the volume of AQs, which were under MoHP before federalisation, to related provincial offices. Due to the COVID-19 crisis, audit clearance in FY 2019/20 decreased to 11.65%.

**ANNEX 4 AUDIT QUERIES AGAINST AUDITED EXPENDITURE**

SN	Audit of Year	Audited Amount	Audit Queries (Amount NPR 000)	
			Amount	%
1	2012/13	17,874,272	2,464,659	13.79
2	2013/14	20,833,612	2,397,137	11.51
3	2014/15	23,683,400	2,236,386	9.44
4	2015/16	30,324,700	1,183,108	3.90
5	2016/17	37,674,000	2,642,206	7.01
6	2017/18	31,323,000	1,494,412	4.77
7	2018/19	19,637,600	1,321,766	6.73
8	2019/20	Audit ongoing: the audit for FY 2019/20 is currently being conducted and will be finalised by mid-July 2021		

**Source:** OAG annual reports of respective years

- The above table shows the trend of AQs against audited amount: audit queries against audited amount is in decreasing trend.
- In FY 2012/13, AQs made up 13.79% of the audited amount, while in FY 2018/19 it was 6.73%. Comparing FY 2015/16 (3.9%) to FY 2016/17, the proportion of AQs has increased (7.01%) but in FY 2017/18 it had reduced (4.77%). Overall, AQs as a proportion of audited amount is in decreasing trend.

**ANNEX 5 CATEGORIES OF AUDIT QUERIES (AMOUNT NPR IN 000)**

FY	To be recovered		To be regularised		Advance		Total queries
	Amount	%	Amount	%	Amount	%	Amount
2012/13 (2069/70)	122,320	4.96	1,426,173	57.86	916,166	37.17	2,464,659
2013/14 (2070/71)	128,046	5.34	1,713,118	71.47	555,973	23.19	2,397,137
2014/15 (2071/72)	398,849	17.83	1,308,348	58.50	529,189	23.66	2,236,386
2015/16 (2072/73)	52,295	4.42	604,843	51.12	525,970	44.46	1,183,108
2016/17 (2073/74)	113,210	4.28	1,337,067	50.60	1,191,929	45.11	2,642,206
2017/18 (2074/75)	23,970	1.60	545,907	36.53	924,535	61.87	1,494,412
2018/19 (2075/76)	33,153	2.51	342,547	25.92	946,066	71.58	1,321,766

**Source:** OAG annual reports of respective years.

- Above Table shows the trends of AQ categories: advance queries are in increasing trend.
- In FY 2012/13, the proportion of AQs that were advance queries was 37.17%, while in FY 2018/19 it was 71.58%. However, the amounts (figures) were relatively similar in FY 2012/13 (916,666,000 NPR) and FY 2017/18 (946,066,000 NPR). In FYs 2013/14 and 2014/15, the proportion of advance queries was lower than in other FYs.
- The proportion of AQs that are to be recovered is in decreasing trend. In FY 2014/15 it was 17.83%, but in FY 2018/19 it was 2.51%.
- Similarly, the proportion of AQs that are to be regularised is also in decreasing trend. In FY 2013/14 it was 71.47%, but in FY 2018/19 it was 25.92%.

**ANNEX 6 ADVANCE QUERIES TRENDS**

	FY		Advance queries (Amount NPR 000)				Total Advances (NPR 000)
	BS	AD	Staff	%	Others	%	
1	2070/71	2013/14	94,144	<b>16.9</b>	461,829	<b>83.1</b>	<b>555,973</b>
2	2071/72	2014/15	48,623	<b>9.2</b>	480,566	<b>90.8</b>	<b>529,189</b>
3	2072/73	2015/16	70,207	<b>13.3</b>	455,763	<b>86.7</b>	<b>525,970</b>
4	2073/74	2016/17	74,582	<b>6.3</b>	1,117,347	<b>93.7</b>	<b>1,191,929</b>
5	2074/75	2017/18	17,402	<b>1.9</b>	907,133	<b>98.1</b>	<b>924,535</b>
6	2075/76	2018/19	306	<b>0.03</b>	945,760	<b>99.97</b>	<b>946,066</b>
7	2076/77	2019/20					

**Source:** OAG annual reports of respective years.

- Advance for staff is in decreasing trend. The percentage of staff (personnel) related advances is decreasing trend. In FY 2013/14 audit it was 16.9%, in FY 2015/16 13.3%, in FY 2017/18 1.9%, and in FY 2018/19 0.32% (306 thousand)

**ANNEX 7 LIST OF PEOPLE INVOLVED AND CONSULTED**

<b>S.N</b>	<b>Name</b>	<b>Designation</b>	<b>Office</b>
1.	Mr. Damodar Regmi	Joint Secretary	Division Chief, AD, MoHP
2.	Mr. Laxmi Prasad Joshi	Under Secretary (Finance)	Finance Chief, MoHP
3.	Mr. Diwakar Ghimire	Chief Finance Controller	Finance Section, DoHS
4.	Mr. Deepak Maharjan	Account Officer	Finance Section, MoHP
5.	Mr. Chhabilal Pandey	Account Officer	Finance Section, MoHP
6.	Mr. Phadindra Giri	Computer Officer (Planning)	Planning Section, MoHP
7.	Dr. Suresh Tiwari	Strategic Advisor	NHSSP
8.	Dr. Devendra Gnawali	L&G Lead	NHSSP
9.	Dr. Ghanshyam Gautam	Governance Advisor	NHSSP
10.	Ms. Hema Bhatt	Planning Advisor	NHSSP
11.	Mr. Shiva Prasad Pandit	Financial Management Information System Officer	NHSSP
12.	Mr. Ram Kaji Bhomi	Procurement Advisor	NHSSP
13.	Dr. Lal Mani Adhikari	Lead Provincial Co-ordinators (L&G)	NHSSP
14.	Mr. Rajan Adhikari	Capacity Building Advisor	NHSSP
15.	Mr. Bhanu Bhakta Niroula	PFM Advisor	NHSSP
16.	Mr. Khem Prasad Dahal	Consultant	NHSSP



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