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HIS ROYAL MAJESTY'S GOVERNMENT OF NEPAL
FAMILY PLANNING AND MATERNAL AND
CHILD HEALTH PROJECT:

Vol. I FINANCIAL MANAGEMENT
Vol. II FISCAL MANAGEMENT CONTINUATION

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FAMILY PLANNING AND MATERNAL AND
CHILD HEALTH PROJECT:**

**FINANCIAL MANAGEMENT
(Vol. 1)**

C O N T E N T S

	<u>Page</u>
LIST OF TABLES AND FIGURES.	i
GLOSSARY.	ii
EXECUTIVE SUMMARY	iii
I. INTRODUCTION	1
II. PUBLIC HEALTH AND FAMILY PLANNING IN NEPAL	7
A. Evolution of Family Planning	7
B. FP/MCH Project Funding	9
III. FINANCIAL MANAGEMENT OF FP/MCH PROJECT	10
A. Administrative Organization	10
B. Constraints	14
C. Problems.	16
IV. ACTIVITIES AND RECOMMENDATIONS	18
A. Activities	18
B. Recommendations	19
V. OFFICIALS CONTACTED	21

ATTACHMENTS:

- Attachment 1: Nepal FP/MCH Project - Budget: FY 2036/37
- Attachment 2: FP/MCH Project Central Office - Fiscal Management Staff
- Attachment 3: HMG/Nepal Chart of Accounts
- Attachment 4: Memo, Swezy to Pande, 11/26/79
- Attachment 5: Letter, Pande to van der Vlugt, 12/17/79
 - 5-A Financial Management Course Outline
 - 5-A-1 HMG Accountant General Accounting Procedures Course Outline
 - 5-A-2 Guidelines for Maintaining Sub accounts
 - 5-B PBHW Expansion 2036/37: Fiscal Management Training Work Plan
- Attachment 6: Letter, Long to Pande, 12/12/79
- Attachment 7: Letter, Pande to Long, 12/17/79
 - 7-A-1 1976
 - 7-A-2 1977
 - 7-A-3 1978
- Attachment 8: Memo, Swezy to Pande, 12/1/79
- Attachment 9: Letter, Pande to Butterfield, 12/13/79
- Attachment 10: Letter, Rose to Pande, 12/14/79
- Attachment 11: Memo, Swezy to Nance, 12/11/79
- Attachment 12: References

LIST OF TABLES AND FIGURES

	<u>Page</u>
TABLE 1: Increase in Nepal Gross Domestic Product: 1965-1985	2
TABLE 2: Population Growth in Nepal: 1951/52 - 1980	3
TABLE 3: Selected Health Indicators: Nepal	4
TABLE 4: Comparison of Nepal Physician and Hospital Bed Ratios with Selected other Developing and Developed Nations	5
TABLE 5: Family Planning Association of Nepal Branches	8
TABLE 6: USAID/N Support to FP/MCH General Operating Expenses: FY 76 -- 80	9
TABLE 7: HMG/N TA/DA Rates	15
FIGURE 1: FP/MCH Project Within the Ministry of Health	10
FIGURE 2: FP/MCH Project Central Office Organization Chart	11
FIGURE 3: FP/MCH Project Fiscal Management Organization Chart	12

GLOSSARY OF ABBREVIATIONS

APHA	American Public Health Association
AVS	Association for Voluntary Sterilization
CEDA	Center for Economic Development and Administration
CRS	Commercial Retail Sales
FPAN	Family Planning Association of Nepal
FP/MCH	Family Planning and Maternal and Child Health
FPO	Family Planning Officer
FY	Fiscal Year
GDP	Gross Domestic Product
HMG/N	His Majesty's Government of Nepal
ICHP	Integrated Community Health Programme
IPPF	International Planned Parenthood Federation
JOICFP	Japanese Organization for International Cooperation in Family Planning
NMEO	National Malaria Eradication Organization
TA/DA	Travel Allowance and Daily Allowance
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations Children's Fund
USAID/N	United States Agency for International Development, Nepal Mission

EXECUTIVE SUMMARY

Increasing population pressure continues to inhibit the economic and social development of Nepal. The nation, 95 percent agricultural, may become a net food importer in the next decade. In recognition of this problem the Government of Nepal has planned socioeconomic changes to slow population growth. Concurrently, the government inaugurated a contraceptive service program.

The "vertical" Family Planning/MCH Project has been operating in Nepal for 14 years. In that time a nationwide network of family planning service centers has been established. Currently, service delivery is slowly being transferred to the regular Ministry of Health structure under the Integrated Community Health Program.

Since the FP/MCH Project's inception, the U.S. Agency for International Development has been a principal financial supporter. USAID/Nepal funds are added to Government of Nepal monies. This is done on a proportional basis in support of overall program expenses.

As the project continued to grow and budgets increased, a number of financial management problems surfaced. The APHA consultant was requested to assist project staff in resolving some of the major problems confronting efficient management of the project.

The consultant worked with the three senior fiscal officers under the general direction of the Project Chief. A review was made of constraints within which the FP/MCH Project must be operated. Key inhibitors within the HMG/Nepal accounting management system include:

- system rigidity
- staff turnover
- low skill levels
- salary advances
- low TA/DA rates
- donors' short funding
- integration

Responses to present fiscal problems were conditioned by these constraints.

During the consultancy period, six problems were addressed:

- commingling of funds,
- staff training,

- uncleared advances,
- release of USAID/Nepal funds,
- USAID/Nepal internal audit, and
- limiting USAID/Nepal's obligation.

To promote continuing efficient management of project finances, the consultant makes three recommendations.

- retain a fiscal management advisor for the project,
- hire a chartered accountant, and
- conform donor agency support to the standardized HMG/N Chart of Accounts.

The writer is confident that the efforts of the FP/MCH Project fiscal management staff during the consultancy period will significantly improve program efficiency. In addition, the consultant hopes that the three recommendations will be implemented so that permanent improvements in fiscal management will result.

I. INTRODUCTION

Nepal is a small developing nation located between India and China. The total area of 54,400 square miles is comparable to the State of North Carolina and its location between approximately 26° and 30° north latitude is equivalent to the State of Florida.

There are three distinct geographic belts, running east and west, for the entire length of Nepal. The southernmost belt, the Terai, is an extension of the north Indian Ganges Plain with elevations less than 600' above sea level. The Terai is the most densely populated area in Nepal. The economy is based upon double crop paddy rice agriculture. Ethnically the population is akin to their Indian neighbors to the south; in fact, many Indians have migrated across the international boundary and settled in the Terai of Nepal.

The central geographic belt of Nepal is the Middle Hills, rugged mountains rising to 10,000' above sea level. Here monsoon season paddy rice is alternated with winter wheat, particularly in valley bottomlands. As population pressure continues to increase, paddy rice terraces are cut higher and higher up the slopes of the Middle Hills. Covering timber is harvested for firewood and to clear for cultivation precipitating serious land erosion in extensive areas of the Middle Hills.

The Middle Hills belt has the most cultural diversity within Nepal. Here over 15 identifiable languages are spoken by more than 50 different castes and ethnic groups. The Nepali language, native to approximately 50 percent of the population of the country as well as the official language of the government, is the lingua franca. English is becoming a second lingua franca among the educated elite. The population density of the Middle Hills, per cultivatable acre, is four times higher than the Terai.

The northernmost belt in Nepal is the sparsely populated Himalayan mountain range. Six of the highest mountains in the world are in Nepal, including Sagarmatha (Mt. Everest), over 29,000' above sea level. The topography of Nepal rises from the tropical plains of the Terai to the formidable Himalayan Mountains across the north of the country, less than 150 miles.

Administratively, the country is divided, east to west, into four regions: Eastern, Central, Western and Far Western. Each of these regions runs north and south for the entire width of the country, thus containing portions of all three geographic belts. The country is further subdivided into 14 Development Zones. Each Development Zone is comprised of Districts with a unit of local government at each District seat. The Family Planning and Maternal and Child Health (FP/MCH) Project has administrators assigned to 40 Districts.

The Government of Nepal is a constitutional monarchy. Since 1951 the King has assumed an activist role in the day-to-day operations of the government. The Cabinet and 15 percent of the national legislature are appointed by the King.

Nepal is essentially a rural nation with 95 percent of the 14 million population living in rural areas and 94 percent of the gainfully employed working in agriculture. The single largest source of foreign currency is tourism. For the past decade the Gross Domestic Product has been slowly increasing and is forecast to continue to rise in the immediate future. In 1976 the GDP was estimated to be U.S. \$120/capita.*

TABLE 1

Increase in Nepal Gross Domestic Product:
1965-1985**

<u>Period</u>	<u>Estimated Increase in GDP</u>
1965 - 1975	2.2% per annum
1975 - 1980	3.0% per annum
1980 - 1985	4.0% per annum

By contrast food grain production has declined 2.2 percent in the 1975/ period. There has been a decline in agricultural yield per person per acre.

Whatever increase has been achieved in agricultural production is not due to increased productivity but by bringing extra acreage of land under cultivation.***

A drought in western Nepal during the past monsoon season seriously curtailed rice production. A United Nations emergency food relief program has scheduled the importation of 11,000 metric tons of food into Nepal to relieve serious food shortages; this in a country that is 95 percent agricultural.

The consequences of population growth for Nepal seems to be profound. If past trends continue, Nepal may very well become a food deficit area in the near future --

*Population Policy Compendium: Nepal. N.Y., United Nations Department of International Economic and Social Affairs, Population Division and United Nations Fund for Population Activities, 1979, p 1.

**Agrawal, Govind R.: Population Management in Nepal. Kathmandu, CEDA (mimeo) 1979, p 3.

***Ibid, p 4.

indeed nine districts of a total of 75 are already deficit in food at present.*

The average food consumption in Nepal is below subsistence level. Nutritional estimates indicate that the average Nepali requires 2,256 calories/day for a subsistence diet. The national food consumption average is 2,193 calories/day.** More than 40 percent of Nepali households live below the poverty line, defined as consumption expenditures of less than two rupees per person per day (U.S. 16.8¢ per day).

In the foreseeable future, population growth may very well outstrip the economic growth. Population planning therefore, is fundamental to the development strategy of Nepal.***

TABLE 2

Population Growth in Nepal:
1951/52 - 1980

<u>Period</u>	<u>Population</u>	<u>Estimated Annual Growth Rate</u>
1951/52 ^a	8,235,079	
1961/62 ^a	9,412,996	1.8%
1971/72 ^a	11,555,983	2.07%
1977/78 ^b	13,136,237	2.16%
1980	14,256,000 ^{****}	2.5% ^{*****}

^aCensus enumeration; see HMG/Nepal, Ministry of Health, Family Planning/MCH Project: Annual Report, 1977/78, p 11.

^bEstimate, Annual Report, 1977/78.

The status of health in Nepal, by any measurable standard, is low. There are approximately 430 indigenous physicians, 17 of whom work in the FP/MCH

* Ibid, p 4.

** Thapa, Yadab S.: Distribution of Health Services in Nepal. Kathmandu, CEDA (mimeo) 1979, p 8. The United Nations cites this figure as 2,093 for 1974. See Population Policy Compendium: Nepal, p 1.

*** Agrawal, p 5.

**** Population Policy Compendium: Nepal, p 11.

***** Agrawal, p 3.

Project. The Ministry of Health of His Majesty's Government of Nepal (HMG/N) has made great strides to extend public health and family planning services through the use of paramedical personnel. But the population growth rate, estimated to be about 2.5 percent per annum, has offset increases in staff and facilities. "Most of the increase in (health) facilities is nullified by the growth in population."*

The number of physicians and hospital beds in Nepal increased about 8 percent in the period 1971/75, but ratios of physicians per population and hospital bed per population were more disparate at the end of the period.

Between 1971 and 1975 the population per physician, hospital bed and health centre either increased or remained constant. The population per physician increased from 37,158 to 37,461; per health centre it increased from 321 thousand to 381 thousand, and per bed it increased from 5,761 to 5,790.**

TABLE 3

Selected Health Indicators: Nepal

Crude Birth Rate ^a	42.9	1979
Crude Birth rate ^b	43.2	1975/80
Crude Death Rate ^a	22.8	1979
Infant Mortality ^a	152/1,000 live births	1979
Infant Mortality ^b	200/1,000 live births	1975/76
Life Expectancy		
Males ^a	46 - 47.5	1979
Females ^a	42.5	1979
Total Population ^b	43.3	1975/80
Protein Calorie ^a	3.8% of all rural	1979
Malnutrition (wasting and stunting)	children (68,000 children aged 6 mo - 72 mo.)	

^aThapa, Yadab S.: Distribution of Health Services in Nepal, p 1.

^bPopulation Policy Compendium: Nepal, p 1.

* Thapa, p 1.

** Thapa, p 12.

In comparison with other developing countries in the region, Nepal's health facilities and staff are relatively low.

TABLE 4

Comparison of Nepal Physician and Hospital
Bed Ratios with Selected other Developing
and Developed Nations

<u>Country/Year</u>	<u>Physician/Population Ratio</u>	<u>Hospital Bed/ Population Ratio</u>
Nepal/1971 ^a	1:37,158	1:5,761
Nepal/1975 ^a	1:37,462*	1:5,790**
Afghanistan/1974 ^b	1:28,313	1:6,592
Bangladesh/1975 ^b	1:15,054	1:5,644
Burma/1975 ^b	1:1,180	1:5,436
India/1969 ^b	1:4,097	1:1,590
Indonesia/1973 ^b	1:18,863	1:1,625
Sri Lanka/1976 ^b	1:4,007	1:333
Thailand/1974 ^b	1:8,374	1:796
Hong Kong/1975 ^b	1:1,517	1:241
Belgium/1974 ^b	1:530	1:112
Canada/1974 ^b	1:584	1:109
U.S.A./1975 ^b	1:622	1:152

^aThapa, p 14.

^bUnited Nations Statistical Yearbook, 1977. N.Y., United Nations, 29th Issue, 1978; Table 209, "Hospital Establishments and Health Personnel," pp 887-89.

*The U.N. gives a figure of 1:36,450 for the year 1974; see b.
Current estimates of 430 physicians in a population of 14 million yields a ratio of 1:32,558.

**The U.N. gives a figure of 1:6,630 for the year 1974; see b.

Now, if Nepal were to achieve in 2001 A.D., the level of health services (population per hospital bed 333, per physician 4,007 and per nurse or midwife, 1,297) that Sri Lanka had provided to her population in early 1970's, the number of physicians would have to be increased by 17.7 times, and hospital beds by 32.9 times. This is the case when population also is assumed to decline by 20 percent. In other words, the additional requirements are so high that to meet them, the annual increase in health facilities has to be more or less equal to existing stocks.*

* Thapa, pp 22-23.

II. PUBLIC HEALTH AND FAMILY PLANNING IN NEPAL

The official HMG/N family planning program has been operating for 14 years. Currently, there is a mix of public and private, including non-profit, organizations promoting family limitation. The government program dominates service delivery primarily through the FP/MCH Project and, to a lesser extent, the Integrated Community Health Programme in the Department of Health Services.

A. Evolution of Family Planning

Family planning as an organized government activity began in Nepal in 1966. This was in response to the inhibiting effect rapid population growth was having upon national development. "Official policy is to reduce the rate of growth primarily through socioeconomic changes and, secondly through the family planning programme."*

A formal system of development planning was inaugurated in Nepal in the early 1950's. This culminated in the establishment of the Ministry of Economic Planning in 1952 (replaced by the National Planning Commission in 1968). The first multi-year development plan was launched in 1956. The current development plan, 1975 - 1980, is the fifth. Public health activities were initiated in conjunction with these multi-year development plans.

The Nepal Malaria Eradication Organization (NMEO) was established in 1958. Leprosy and tuberculosis control projects were started in 1965. The smallpox project began in 1967 and smallpox was officially declared eradicated from Nepal in 1976. During the third development plan the official government family planning program was begun with the creation of the Family Planning/MCH Project in 1966. These five public health programs are designated "vertical" projects under the administrative jurisdiction of the Ministry of Health. As vertical projects they receive special funding, particularly from foreign funding sources. They are generally reputed to have greater flexibility than regular government programs. However, employees do not receive civil service tenure; when the project ends the staff are not guaranteed continued government employment (analogous to AID FSR/L employees).

The malaria program (NMEO) began converting project staff a couple of years ago to regular Ministry of Health civil service status. The purpose was to reward loyal staff and improve morale. Many converted staff proceeded to transfer out of the malaria program; subsequently, NMEO has curtailed converting employees.

In 1969 the Department of Health Services created a division to provide comprehensive public health services. This was expanded to the Integrated Community Health Programme (ICHP) in 1975 within the regular Ministry of Health

* Population Policy Compendium: Nepal, p 2.

budget and staffing pattern. A process is currently underway to integrate the vertical projects referred to above into the ICHP project. This process of integration is to be completed by 1985.

The ICHP is currently providing government family planning services in 13 integrated districts. The consultant was not requested to examine the use of USAID/N funds in support of family planning activities under the ICHP. However, an internal USAID/N audit currently in progress is revealing some of the same constraints in the fiscal management of the ICHP as were found in the FP/MCH Project.

In addition to government provided services by FP/MCH and ICHP family planning is also offered by the Family Planning Association of Nepal (FPAN). This affiliate of the International Planned Parenthood Federation (IPPF) was formed in 1959 before the official government program, and, the FPAN was influential in the government developing an official policy on population growth control.

There are 15 branches of the FPAN. Their activities center on motivating family planning acceptance and providing surgical contraception, particularly in sterilization camps during the dry season, FPAN funds received from AID are channeled through intermediate organizations and are not included in the present fiscal review.

TABLE 5

Family Planning Association of Nepal Branches

Kathmandu Valley	Mahendranagar
Kavre	Doti
Janakpur	Baglung
Nepalganj	Pokhara
Bhadrapur	Dhankuta
Rajbiraj	Dharan
Bharatpur	Dang
Surkhet	

Family planning services are also becoming available through the private sector. In 1976 an agreement was signed with Westinghouse Electric Corporation, Health Systems Division to initiate a commercial distribution network for condoms and pills. The Commercial Retail Sales (CRS) project operates under the direction of the FP/MCH Project, although it has an independent advisory board. A subsidized price was set of 50 paisa (U.S. 4.2¢) for a packet of three condoms and 1 rupee 50 paisa (U.S. 12.6¢) for a one-month supply of pills. Sales began in 1978.

Private physicians and non-government (missionary) hospitals also offer contraceptive services. The Nepal Women's Organization distributes contraceptive pills and lobbied, unsuccessfully, to have abortion legalized. Currently, women can undergo the procedure of menstrual regulation in government hospitals under restrictive conditions. Other government and private agencies promote family limitation in Nepal and refer interested persons to appropriate clinics.

B. FP/MCH Project Funding

The FP/MCH Project is funded by a combination of HMG/N funds and external donors. Two agencies provide the largest amounts of external funds to the government program; the U.S. Agency for International Development and the United Nations Fund for Population Activities (UNFPA). Funding is also provided by the United Nations Children's Fund (UNICEF). UNICEF used to be the implementing agency for the UNFPA, but UNFPA now provides support directly. UNICEF's current role is principally in supplying MCH supplies for the program. The UNFPA is particularly interested in supporting information/education/communication activities which promote family planning and contraceptive usage. USAID/N has provided support for a number of years to the general operating expenditures of the FP/MCH Project. USAID/N funding is on a proportional basis to HMG/N monies. More recently USAID/N has also funded specific service program activities. Large quantities of supplies, particularly condoms and pills, have been provided to the project by AID/W.

TABLE 6

USAID/N Support to FP/MCH General Operating Expenses: FY 76 -- 80*

<u>HMG/N Fiscal Year</u>	<u>USAID/N's Obligations: Nepal Rs (U.S. \$)</u>	<u>USAID/N's Funds Release: Nepal Rs (U.S. \$)</u>	<u>Project Agreement Number</u>
76 (7/16/75 - 7/15/76)	3,675,000 (\$308,824)	3,675,000 (\$308,824)	76-3
77	4,357,500 (\$366,176)	3,623,317 (\$304,480)	TQ-7
78	4,357,500 (\$366,176)	4,117,061 (\$345,972)	77-3
79	4,300,000 (\$361,345)	3,812,733 (\$320,398)	78-7
80	4,300,000 (\$361,345)	to be determined	79-4

Small, but important, funding support for government and private family planning activities has been provided by IPPF, the Association for Voluntary Sterilization (AVS), The Pathfinder Fund and the Unitarian Services of Canada. The Japanese Organization for International Cooperation in Family Planning (JOICFP) also provides short-term training/seminar participation for family planning staff (see Attachment 1, Nepal FP/MCH Project Budget: FY 2036/37).

* Data provided by USAID/N Office of Financial Management.

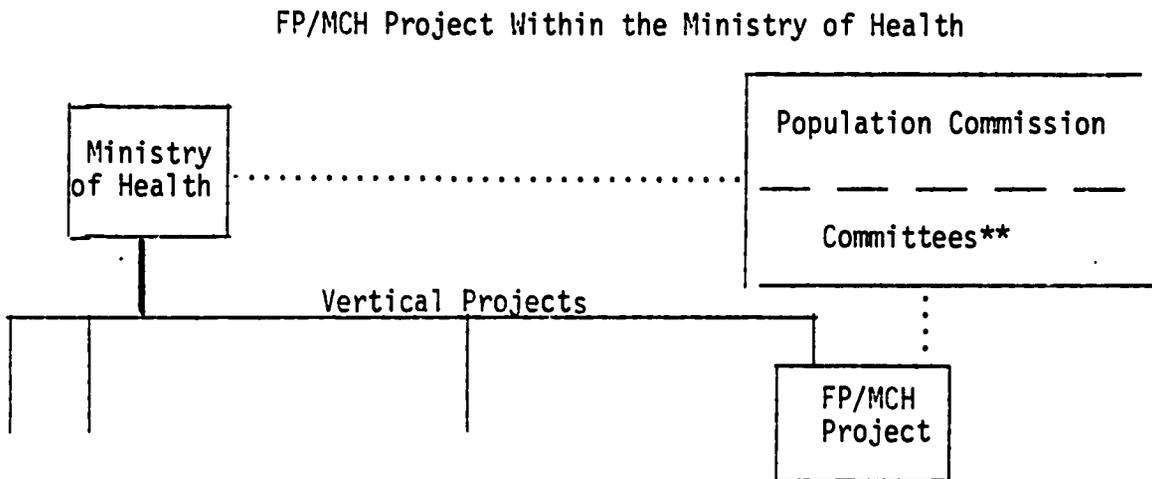
III. FINANCIAL MANAGEMENT OF FP/MCH PROJECT

The consultant was assigned to work with the Family Planning/MCH Project, a vertical program within the Ministry of Health. The writer worked with the three senior financial officers of the FP/MCH Project under the general guidance of the Project Chief. A review was made of current constraints on the operation of the project. The consultant assisted project staff in dealing with a number of fiscal problems currently confronting the project. Recommendations were also made on continuity of fiscal management activities after the departure of the consultant from Nepal.

A. Administrative Organization

As a vertical public health program, the FP/MCH Project is administratively responsible to the Ministry of Health. But policy guidance is provided by the independent Population Commission and its four committees. The Minister of Health and the Project Chief, Dr. B.R. Pande, serve on the Population Commission. This assures continuity between policy formation and project implementation.*

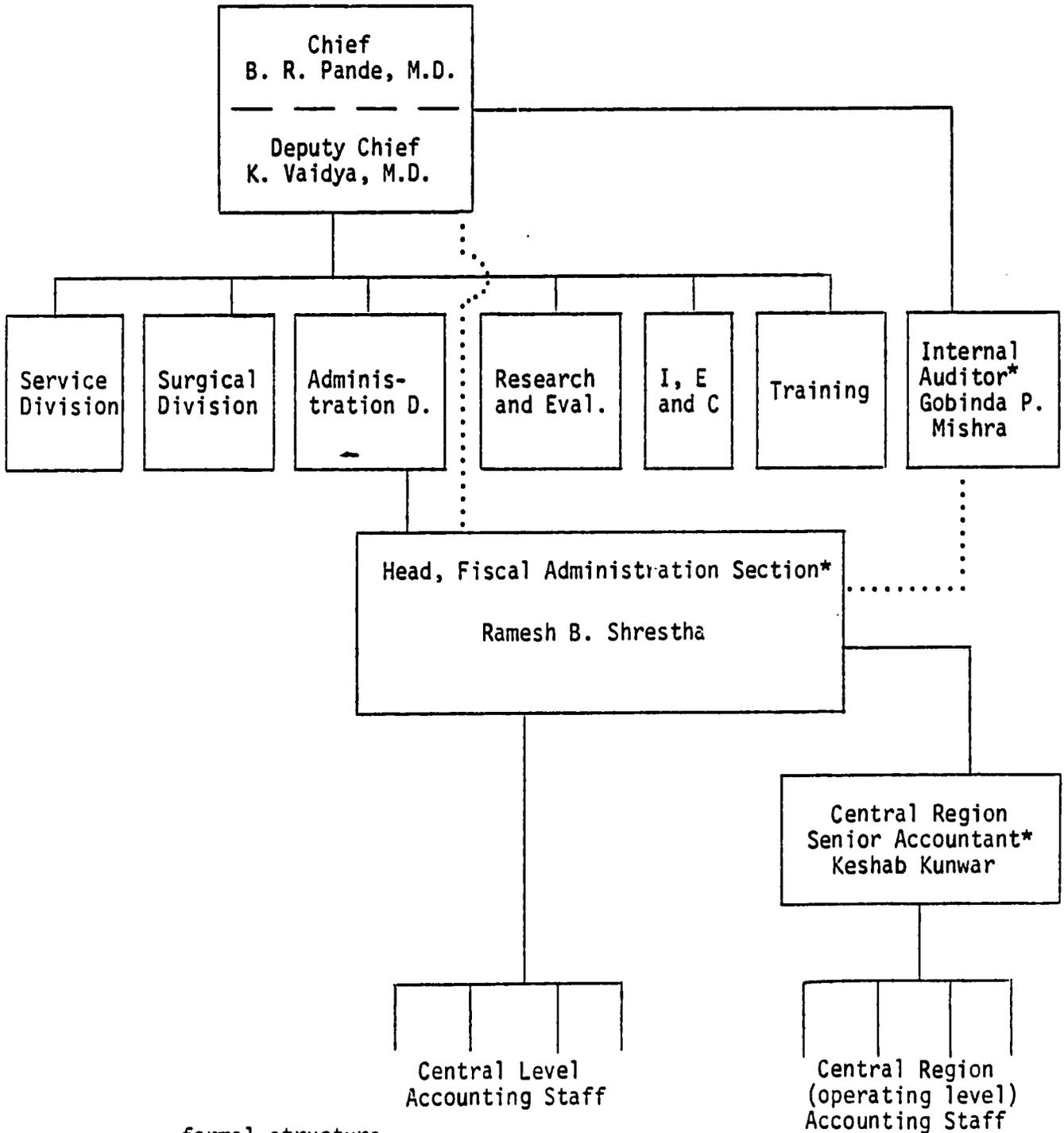
FIGURE 1



* Other representatives on the Population Commission include the Ministers of Home Panchayat, Law and Justice, and Education as well as members of the National legislature (National Panchayat), the National Planning Commission and interested civic groups.

** The four Population Commission Committees are: (1) Family Planning Services; (2) Population Education and Publicity; (3) Population Distribution, Citizenship and Migration; and (4) Population Law.

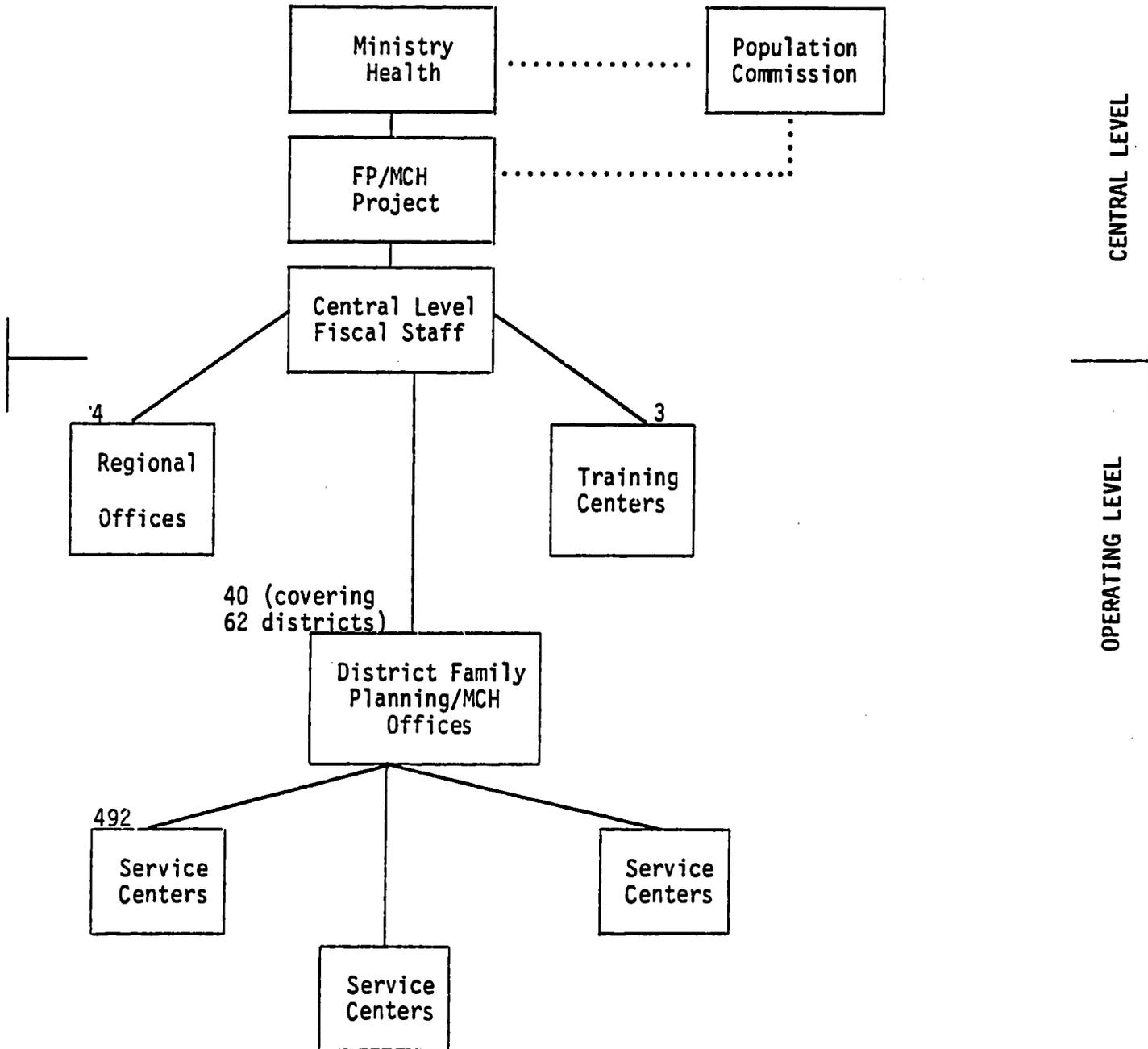
FIGURE 2
FP/MCH Project Central Office
Organization Chart



_____ formal structure
 operational structure

*For a complete listing of FP/MCH central office fiscal management staff see Attachment 2.

FIGURE 3
FP/MCH Project Fiscal Management
Organizational Chart



The central office in Kathmandu has six divisions and one branch. Fiscal management of the overall Project (Central Level) is the responsibility of the Fiscal Administration Section in the Administration Division. Project implementation is done through 40 offices at the district level (Operating Level). The 40 district offices are coordinated by four Regional Offices, one for each administrative Region in Nepal.* In addition, the project has staff at the sites of three training centers operated by the Ministry of Health. The Regional Office of the Central Region is housed in the project central office in Kathmandu.

The one administrative branch in the FP/MCH Project, Internal Audit, formally is responsible to the Office of the Project Chief. The Internal Auditor is responsible for independently verifying the appropriateness and accuracy of Operating Level expenditures. In day-to-day operations the Section Head of Fiscal Administration coordinates the activities of the Internal Auditor and the Central Region Chief Accountant; the three work as a team dealing with the financial administration of the entire project.** The Project Chief takes a particular interest in the fiscal management of the project and the Fiscal Administration Section Head normally reports directly to Dr. Pande rather than through the Chief of the Administration Division.

The Central Level staff are responsible for receiving funds from the Ministry of Finance and trans-shipping the monies to the 47 operating level units. The central office staff review monthly expenditure statements from the operating level offices, follow up on errors and delinquent reports and report to funding sources including the HMG/N Ministry of Finance and foreign donors.

Finances are managed from the central level to the individual districts, not through the regional offices. Accounting staff in the regional offices are responsible only for their office's finances, not the districts they supervise (with the notable exception of the Central Region Chief Accountant who participates in the management of the national project as noted above.)***

*There is no organizational unit in the FP/MCH Project corresponding to the 14 Development Zones in Nepal.

**No one in the project appears to perceive a conflict of interest in this working arrangement. Approximately half way through the consultancy period the Project Chief switched the Internal Auditor and Fiscal Administration Section Head with each other with no apparent disruption to the program.

*** The Regional Medical Officers provide administrative and medical support and supervision to the district offices and training centers in their respective jurisdictions with the exception of financial management which is centralized in Kathmandu under the direct supervision of Dr. Pande.

B. Constraints

A number of constraints exist which affect efficient fiscal management of the project. These constraints precipitate many of the management problems confronting the project. The constraints also condition staff responses to the problems.

1. System Rigidity: The FP/MCH Project must be operated in accordance with HMG/N standard accounting procedures.* The government system has inherent limitations. The system was designed primarily as a mechanism for expenditure control rather than, for example, a budgeting system or planning tool. With this focus there is an emphasis on accountability; what has been described as overaccountability.** This tradition dates back to the time before the King assumed the primary leadership role in the government. Even though many reforms were instituted with the revitalization of the monarchy the tradition of fiscal conservatism remains. The manner in which the standardized HMG/N accounting system is implemented is very rigid; individual projects are not permitted to modify the accounting system by, for example, expanding the Chart of Accounts to suit their needs (see Attachment 3, HMG/N Chart of Accounts).

2. Staff Turnover: A second constraint upon the FP/MCH Project is that, as a vertical program, staff do not enjoy permanent civil service tenure. Staff turnover is common and this affects rigorous accounting of funds.

3. Low Skill Levels: Skill levels of project accountants are low.*** Of the 40 accountants in the district offices 31 have received no training in standard HMG/N accounting procedures or specific FP/MCH Project recording/reporting requirements.

4. Salary Advances: There are practices within the standard HMG/N system traditionally permitted that create problems in maintaining accountability of funds. All government employees are entitled to a one-month salary advance - not a bonus - at the time of the large annual fall festival (Desain). The employees are permitted a two-month grace period and then an additional five months to pay back this salary advance. Therefore, virtually every employee owes money to the project for at least seven months of every year.

*HMG/N Office of the Accountant General. HMG Manual of Accounts (in English) 1962.

**Beyer, John C. Budget Innovations in Developing Countries: The Experience of Nepal. N.Y., Prager, 1973, p 16.

***Fiscal managers are commonly referred to as accountants or sub-accountants. In Operating Level offices they are not graduate accountants, but bookkeepers, some with very little training.

5. Low TA/DA Rates: Another constraint in the HMG/N system is very low rates for travel (travel allowance and daily allowance: TA/DA). HMG/N procedures permit up to 75 percent of anticipated expenses to be advanced to travelers. Because the funds are so minimal district Family Planning Officers frequently advance 100 percent of anticipated costs to encourage staff to perform essential field work.

TABLE 7
HMG/N TA/DA Rates

<u>Rank</u>	<u>Rates</u>		<u>Daily Allowance</u>	
	<u>Travel Allowance</u> <u>RS</u>	<u>U.S.\$</u>	<u>Rs</u>	<u>U.S.\$</u>
1st Class Officers (Project Chief)	5	0.42	22	1.85
2nd and 3rd Class Officers (Senior Financial Staff)	4	0.34	18	1.51
Non-Gazetted 1st and 2nd Class Staff	3	0.25	12	1.01
Non-Gazetted 3rd and 4th Class Staff (Family Planning Village Workers)	2	0.17	7.5	0.63

6. Doners' Short Funding: Donor agencies make commitments to support the project prior to the beginning of the HMG/N Fiscal Year. In the case of USAID/II, funds for general operating expenses have been tied to HMG/N budget releases. When HMG/N funds have been less than planned USAID/N funds releases have been less than budgeted (see Table 6, USAID/N Support to FP/MCH General Operation Expenses, p 11). For various reasons other donor agencies have frequently released less funds than budgeted. In HMG/N FY 77/78 the program was budgeted at Rs 14.1 million, but only Rs 11.5 were received by the project (and Rs 11.2 expended). Of the Rs 11.5, Rs 6 million was from HMG/N funds:

Since all the funds needed from foreign aid were not received, a loan of Rs 400,000 from the Health Service Department is included in this (Rs 6 million) figure.*

7. Integration: Overriding the implementation of the project is the realization that the vertical program will be integrated into the ICHP over

* HMG/N Ministry of Health, FP/MCH Project. Annual Report, FY 1977/78, p 50.

the next five years. Even though some project employees have been reassigned to permanent Ministry of Health status, feelings of rivalry exist between the respective staffs. One contention, unsubstantiated at the time of this report, is that staff members of one program are discouraging potential sterilization patients from participating in camps organized by the parallel government program.

C. Problems

The consultant assisted the three senior fiscal officers in the central office address a number of problems affecting the fiscal management of the project.

1. **Commingling Funds:** When Central Level staff receive funds from the Ministry of Finance funding sources are identified (see Attachment 1, Nepal FP/MCH Project Budget: FY 2036/37). When funds are sent to the 47 Operating Level units funding sources are not identified. Expenditure reports are sent back to the Central Level, but expenditures are not tied to discrete funding sources. Even if Operating Level accountants were informed of funding sources they have no mechanism for recording/reporting expenditures by more than one funding source. The result, through no intent or design, is to commingle funds at the level of expenditure (Operating Level).

The central office fiscal management staff have attempted a number of accounting techniques to obtain data on discrete funding sources for reporting to foreign donors. Sub-ledgers were established at the Central Level by funding source. A second set of sub-ledgers was maintained for the 47 Operating Level units. A third attempt to capture the information was the establishment of general ledgers by discrete program activity; for example, the Panchayat Based Health Workers funded exclusively by USAID/N.

The flaw with each of these attempts is that there is no tie to funding sources at the point of expenditure (Operating Level). If a district office spends 100 percent of its funds it may be assumed that expenditures are as budgeted by funding source. In every instance where expenditures are less than 100 percent there is no way to apportion unexpended funds to respective funding sources.

2. **Staff Training:** Thirty-one of the 40 district accountants have received no training in HMG/N standard accounting procedures. Many of the accountants are deficient in one or more areas of bookkeeping. District FPO's and Regional Medical Officers do not provide accounting supervision to their accountants. This problem is heightened by lack of continuity; many accountants leave for other government or private sector positions.

3. **Uncleared Advances:** Reconciling salary and travel advances (TA/DA) has been a persistent problem throughout the life of the project. Uncleared advances are of particular interest to USAID/N. Under the procedure of providing funds for general operating expenses a proportion of these uncleared advances are USAID/N monies. Uncleared advances remain a major problem for the fiscal management staff:

The reason for the great difficulty in making a full account for these sums are that previous accounting did not stand up under scrutiny or had not been finished, workers with charge of these advances had been transferred to other agencies and their addresses were unknown, payments greater than advances had been made for which there was no money in the budget, and similar problems.*

4. Release of USAID/N Funds: As noted previously, project management staff are concerned about the release of foreign donor funds (see Section III, Part B, No. 6, p 15). The Project Chief, Dr. Pande, specifically informed the consultant of his concern over the slowness in release of USAID/N funds (see Attachment 4, memo, Swezy to Pande, 11/26/79, item number 1).

5. USAID/N Internal Audit: To determine the use of USAID/N funds the Office of Financial Management audited the FP/MCH Project.** This audit made ten recommendations for strengthening the fiscal management of the project. Further, a second project audit by the USAID Area Auditor General called into question the propriety of future USAID/N support if some of the accounting management problems of the project cannot be resolved.***

6. Limiting USAID/N's Obligation: Problems of accountability continually delay releases of USAID/N funds. The suggestion was made to limit USAID/N's commitment to a set time. The purpose would be to prompt project staff to close outstanding accounts. Failing this, a time limit would relieve USAID/N of further obligation to financially support outstanding accounts.

* HMG/N FP/MCH Annual Report, pp 47-48.

** USAID/N, Office of Financial Management. Audit Report on Population/Family Planning, Project No. 367-0096, as of June 30, 1978.

*** AID Area Auditor General, Audit Report on the Examination of USAID Nepal's Health and Family Planning Program, September 24, 1979.

IV. ACTIVITIES AND RECOMMENDATIONS

A. Activities

The three senior fiscal officers of the FP/MCH Project, working with the APHA consultant, addressed the problems enumerated in Section III, Part B. Actions were taken to resolve these issues within the constraints of the HMG/N system. This sometimes meant that the easiest solution was not permissible. But, workable solutions were found to each problem.

1. **Commingling of Funds:** A procedure was developed for tying expenditures to discrete funding sources. This technique will leave a valid audit trail, permit reporting to funding sources including USAID/N, and be permissible under constraints of the HMG/N accounting system.

Standard HMG/N recording/reporting procedures will be followed by Operating Level accountants. This will include the forwarding of the monthly summary of expenditures (HMG/N Auditor General Report Form No. 8) to Central Level staff. In addition, expenditures will be recorded in the same format, but in accordance with an expanded Chart of Accounts (separate line items for each funding source). A summary report of expenditures by the expanded Chart of Accounts will also be forwarded to the central office.

Central Level staff will collate the reports of expenditures by funding source. This will relieve less skilled Operating Level accountants of the responsibility. Recording of expenditures will leave an audit trail at the point of expenditure. Central Level staff will generate reports to foreign donors. Because the required HMG/N summary report (Auditor General Report Form No. 8) will still be utilized the HMG/N Auditor General is expected to accept this procedure.

Central Level staff will also monitor Operating Level expenditures to ensure individual funding source budgets are not overspent. The central office currently maintains budgets, by funding source, for the 47 Operating Level units. The additional reporting procedure will not only tie expenditures to funding sources, but permit monitoring by discrete funding source budgets.

2. **Staff Training:** A Work Plan was written detailing a training program for project staff (see Attachment 5, letter, Pande to van der Vlugt, 12/17/79). The purposes of this training activity are to: (1) introduce untrained accountants to HMG/N standard recording/reporting requirements, (2) upgrade the accounting skills of project accountants, (3) institute recording/reporting procedures, by funding source, (detailed in Section IV, Part A, No. 1), and (4) train administrators in the appropriate tasks for supervising accountants.

Four sessions are planned to train a total of 120 accountants and administrators. The three senior project accountants will conduct the training with assistance from the Project Training Division and the Office of the HMG/Accountant General. The consultant's suggestion that the training be done by the

training staff of the Accountant General was rejected in favor of the FP/MCH Project senior accountants taking the lead in the four training sessions.

3. Uncleared Advances: Outstanding salary and TA/DA advances for the Fiscal Years 1976, 1977 and 1978 were intensively reviewed. A final statement on outstanding advances for 1976 and 1977 was forwarded to USAID/N (see Attachment 6, letter, Pande to Long, 12/17/79).

In addition, a current status report was included for 1978. The Section Head, Fiscal Administration wanted to review the reports of two teams just returned from the field before submitting a final statement on 1978 advances. USAID/N was requested to write off a small amount of funds for the few remaining uncleared advances in 1976 and 1977. USAID/N's initial response to this request was favorable (see Attachment 7, letter, Long to Pande, 12/12/79).

4. Release of USAID/N Funds: At the request of Dr. Pande the consultant prepared a review of USAID/N release procedures (see Attachment 8, memo, Swezy to Pande, 12/1/79). This memo detailed USAID/N report requirements, constraints, and suggestions to Dr. Pande for accelerating the process in the future.

5. USAID/N Internal Audit: A detailed reply was forwarded to USAID/N in response to the Internal Audit (see Attachment 9, letter, Pande to Butterfield, 12/13/79). USAID/N agreed that the FP/MCH Project responded appropriately to all the recommendations contained in the Internal Audit. The Mission indicated that the broader financial questions beyond just the Family Planning Project Agreement would be reviewed with appropriate representatives of the Ministry of Finance (see Attachment 10, letter, Rose to Pande, 12/14/79).

6. Limiting USAID/N's Obligation: A recurring problem is the project staff's inability to completely account for USAID/N funds. This has resulted in delays in additional funds released. To eliminate this problem an amendment to the Project Agreement was prepared. This amendment would limit USAID/N's financial obligation on unreconciled accounts to a set time. At the suggestion of Dr. Pande the time limit was set at six months after the conclusion of the Project Agreement (see Attachment 11, memo, Swezy to Nance, 12/11/79). USAID/N was evaluating the proposed amendment at the end of the consultancy period.

B. Recommendations

Some initiatives were taken during the consultancy period to improve the fiscal management of the FP/MCH Project. To promote long term improvements three recommendations are made for follow-up on the activities outlined in this report.

1. Fiscal Management Advisor: Dr. Pande and his fiscal management staff would benefit from having access to a financial management specialist on an "on call" basis. When questions arise this person could provide appropriate technical expertise so that the issues could be quickly resolved.

An appropriate candidate for this "on call" specialist is Govind R. Agrawal, D.B.A. Dr. Agrawal, a member of the Economic Commission, has provided similar

management consultation to four other public sector firms in Nepal. A chartered accountant, he holds a doctoral degree in business administration. Dr. Agrawal is completely familiar with HMG/N accounting requirements and procedures. If his assistance is made available to the three senior project accountants the management of the FP/MCH Project will be significantly improved.

2. Chartered Accountant: The budget of the FP/MCH Project is approaching \$2 million per year. The needs of the family planning program in Nepal are larger than current resources. Both USAID/N and the UNFPA are contemplating significant increases in financial support. To ensure the proper utilization and accountability of these funds a chartered accountant should be assigned to the project. With the excellent accounting staff that currently work for the project, the addition of a chartered accountant would promote rigorous management and accountability as the program continues to grow.

3. HMG/N Chart of Accounts: The HMG/N Chart of Accounts is fixed by the HMG/N Auditor General (see Attachment 3, HMG/N Chart of Accounts). Donor agency budgets, including USAID/N, are not written to comply with the HMG/N Chart of Accounts. In the past, single line items in USAID/N Work Plan budgets applied to as many as three different line items in the HMG/N system.

The consultant recommends that in future programming USAID/N retain working papers of detailed budgets on file. But, in formal agreements funds be budgeted in accordance with HMG/N Chart of Accounts. This will make it much easier for Central Level staff to budget the funds. In addition, Operating Level staff will be better able to retain accounting control. Program administrators will have some flexibility within the broad HMG/N line items for implementing the program as specific needs arise. USAID/N can maintain fiscal control by not permitting the transfer of funds between line items (except with prior USAID/N approval). An example of this budgeting approach is contained in the Work Plan for the proposed staff training (see Attachment 5, page 4, Budget).

V. OFFICIALS CONTACTED

It would not have been possible for the consultant to perform his duties without the cooperation and support that he received from representatives of HMG/Nepal and the U.S. Agency for International Development. Important insights were gained from representatives of other donor agencies and non-government organizations. The writer is most grateful for the extensive professional and personal courtesies extended him during his stay in Nepal. Following is a list of the key officials contacted that made this consultancy a success.

FP/MCH Project

B.R. Pande, Chief

Kokila Vaidya, Deputy Chief

Ramesh B. Shrestha, Head, Fiscal Administration

Gobinda P. Mishra, Internal Auditor

Keshab Kunwar, Central Region Senior Accountant

B. N. Vaidya, Medical Director, Central Region

Kalyan Raz Pande, Medical Director, Eastern Region

B. Goneshman, Director, Warehousing and Supplies

Y. Sharma, Supply Officer

Ministry of Health

Tirtha R. Tuladhar, Secretary

Laxman Poudyal, Director General

Rita Thapa, Director, ICHP

Ministry of Finance

B. N. Sapkota

Office of the Account General

Shivchandra Shrestha, Accountant General

CEDA

Govind R. Agrawal

Y. S. Thapa

Family Planning Association of Nepal

T. S. Malla, Director

T. K. Vaidya, Medical Director (in U.S.)

UNFPA

Peter Witham, Resident Representative

D. B. Lama, Program Assistant

UNICEF

Naripa Jang Thapa, Medical Program Officer

USAID/N

Samuel Butterfield, Director

William Nance, Program Officer

Robert Mills, Assistant Program Officer

Gerold van der Vlugt, Chief, Health/Family Planning

Sigrid Anderson, Population Officer

Donald Long, Controller

Molran R. Sharma, Auditor

Chandra Man Pradhan, Accountant

Robert Nathan Association

John Beyer

John Varley

AID/W

Vernon Peterson

William Oldham

Michael Jordan

John Burdick

APHA

Barry Karlin

Philip Weeks

ATTACHMENT 1

**Nepal FP/MCH Project
Budget:FY 2036/37**

Attachment 1
Nepal FP/MCH Project - Budget: FY 2036/037⁽¹⁾

BUDGET LINE ITEMS	HMG+USAID ⁽²⁾	UNFPA	UNICEF	U.S.CANADA	USAID/VSC	USAID/PBHW	TOTAL
1. SALARIES	5,612,000	830,000	-	-	-	2,928,000	9,370,000
2. ALLOWANCES	1,365,000	-	-	-	-	644,000	2,000,000
3. TA/DA	734,000	718,000	-	-	150,000	787,000	2,389,000
4. SERVICES	500,000	266,000	-	-	400,000	200,000	1,366,000
5. RENT	300,000	210,000	-	-	150,000	50,000	710,000
6. REPAIR/MAINTENANCE	280,000	70,000	-	-	-	-	350,000
7.1 OFFICE EQUIP.	165,000	65,000	-	-	-	100,000	330,000
7.2 BOOKS/MAGAZINES	16,000	59,000	-	-	-	-	75,000
7.3.1 FUEL - VEHICLES	277,000	263,000	-	-	-	60,000	600,000
7.3.2 FUEL - OTHER	200,000	121,000	-	-	-	11,000	332,000
7.4 FOOD/CLOTHING	50,000	100,000	-	-	-	-	150,000
7.5 OTHER MATERIAL	900,000	767,000	-	-	220,000	350,000	2,237,000
8. FINANCIAL AID	20,000	20,000	-	-	-	-	40,000
9. CONTINGENCIES	65,000	66,000	-	-	-	41,000	172,000
10.1 FURNITURE	-	20,000	-	-	100,000	230,000	350,000
10.2 VEHICLES	-	-	80,000	-	-	-	80,000
10.3 MACHINERY	-	169,000	-	-	-	-	169,000
11. REAL ESTATE	-	-	-	-	-	-	-
12. CONSTRUCTION	30,000	-	-	-	1,700,000	-	1,730,000
T O T A L	10,505,000	3,744,000	80,000	-	2,720,000	5,401,000	22,450,000

(1) July 17, 1980 - July 16, 1981. (2) Combined HMG/N funds and USAID/N budget support.

ATTACHMENT 2

**FP/MCH Project Central Office
Fiscal Management Staff**

FP/MCH Project Central Office Fiscal Management Staff

<u>Central Level (National)</u>		<u>Internal Audit (National)</u>		<u>Operating Level (Central Region)</u>	
<u>Name</u>	<u>Position</u>	<u>Name</u>	<u>Position</u>	<u>Name</u>	<u>Position</u>
Ramesh Bahadur Shrestha	Head, Fiscal Administration Section	Gobinda Prasad Mishra	Internal Auditor	Keshab Kunwar	Senior Accountant
Prem Bahadur Prajapati	Accountant	Bhim Bahadur Khadka	Accountant	Kedar Babu Katuwal	Accountant
Kundan Kumar Khanal	Accountant	Kanak Raj Shrestha	Accountant	Sinhabir Tamang	Accountant
Shyam Bahadur Napit	Accountant	Gajendra Man Shrestha	Accountant	Ganga Bahadur Pachhai	Accountant
Bishnu Regmi	Accountant	Birendra Bahadur Amatya	Sub-Accountant	Prem Bahadur Bistha	Sub-Accountant
Pushpalal Shrestha	Sub-Accountant	Rajendra Sapokta	Sub-Accountant	Tikaram Rai	Sub-Accountant
Birendra Bahadur Lanke	Sub-Accountant	Janardan Raj Panta	Sub-Accountant	Bijey Khatiwada	Sub-Accountant
Badri Prasad Chalise	Assitt Accountant	Dhan Bahadur Singh	Sub-Accountant	Bishnu Prasad Sharma	Assitt Accountant
Dhanjey Prasad Marhata	Assitt Accountant	Durga Bikram Joshi	Assitt Accountant	Shyam Bahadur Tandukar	Typist Accountant
Yades Prasad Paudel	Peon	Chandra Bahdur Silwal	Assitt Accountant	Krishna Prasad Acharya	Peon
		Sanu Kaji Mali	Sub-Accountant Typist		
		Tika Bahadur Sijapati	Wage Basis Accountant		
		Gopi Lal Shrestha	Wage Basis Accountant		
		Ram Chandra Basnet	Peon		
		Ram Gobinda Maharjan	Peon		
		Tika Ram Shrestha	Peon		

ATTACHMENT 3

HMG/Nepal Chart of Accounts

C

HMG/Nepal Chart of Accounts

<u>Account Number</u>	<u>Line Item</u>
1	Salaries
2	Allowances
3	TA/DA
4	Services
5	Rent
6.1	Maintenance/Repair - salaries
6.2	Maintenance/Repair - materials
7.1	Office Supplies
7.2	Books/Magazines
7.31	Fuel - vehicles
7.32	Fuel - other
7.4	Food/Clothing
7.5	Expendable Supplies - other
8	Financial Aid
9	Contingencies
10.1	Non-Expendable Supplies - furniture
10.2	Non-Expendable Supplies - vehicles
10.3	Non-Expendable Supplies - equipment/machinery
11.1	Land Purchases
11.2	Building Purchases
12.11	Building Construction/Repair - salaries
12.12	Building Construction/Repair - materials
12.21	Other Construction/Repair - salaries
12.22	Other Construction/Repair - materials

ATTACHMENT 4

Memo Swezy to Pande

11/26/79:

Fiscal Management of FP/MCH Project

OFFICE MEMORANDUM:

Nov. 26, 1979

TO : Dr. Badri Raj Pande, Chief, FP/MCH Project
HMG/Nepal

FROM : Curtiss Swezy, APH/ Consultant

SUBJECT : Fiscal Management of FP/MCH Project

I want to thank you and Dr. Vaidya for making your valuable time available to me yesterday. I very much enjoyed discussing the FP/MCH Project with you and learned a great deal about the program from both of you. Your willingness to share the intimate details of the program with me is most appreciated.

Allow me to summarize our discussion and my understanding of the specific requests for assistance that you made of me.

You outlined the priority fiscal management problems confronting the program as:

1. Foreign donors being slow to release FP/MCH Project funds to the Ministry of Finance.
2. The generation of accurate statements of expenditure in a timely manner.
3. Uncleared Project Advances:
 - A. Auditing
 - B. Training

You specifically requested that I:

1. Explore why the two principle foreign donors -- UNFPA and USAID/N -- are so slow in releasing funds and to report back to you on what I learn.
2. Continue to work with Mr. Ramesh Bahadur Shrestha on the preparation of a statement detailing problems and progress to date on clearing project advances; particularly those utilizing USAID/N funds.

We further discussed that if you request me to perform additional specific tasks in the future that I am confident that I can be of some assistance in:

1. Formulating a simple procedure, including a format for budgeting, for maintaining accurate records that can withstand the test of audit.

2. Assisting the preparation of HMG/N's response to the Regional USAID Auditor General's audit.
3. Drafting the necessary information for in-country and 3rd-country training in fiscal management.

Thank you again for discussing the FP/MCH Project at length with me yesterday. Please do not hesitate to call on me for assistance in any of the areas we discussed. Upon reflection, if there are additional issues you would like me to address please let me know.

cc: Dr. Gerold V. van der Vlugt, Chief
HFP Division, USAID/Nepal

ATTACHMENT 5

Letter, Pande to van der Vlugt, 12/17/79:

- 5-A. Financial Management Course Outline
- 5-A.1 HMG Accountant General Accounting
Procedures Course Outline
- 5-A.2 Guidelines for Sub-Accountants
- 5-B. PBHW Expansion 2036/37: Fiscal
Management Training Work Plan

b

His Majesty's Government
Health Ministry

Nepal Family Planning & Maternal Child Health Project



Our Ref.....

Central Office

Tel. { 12733 Central Office
14147 Supply Sec.

Your Ref.....

(.....Section)

Ram Shah Path.

Date Dec. 17, 1979.

Gerold V. Van der Vlugt, M.D., Dr. PH
Chief, HFP
USAID/Nepal

Dear Dr. van der Vlugt:

Attached please find a copy of a Work Plan entitled:

FBHW Expansion 2036/037 Fiscal Management Training
Work Plan

The total funds requested for this subactivity are \$22,213. If you concur in the implementation of this subactivity please sign and date the attached Work Plan and return to the FP/MCH Project Office.

Very Sincerely,

Badri R. Pande, M.D.
Chief, FP/MCH Project

Attachment: Fiscal Management Training Work Plan

ATTACHMENT 'A'

Course Outline

**A.1 EMO Accountant General Accounting
Procedures Course Outline**

A.2 Guidelines for Sub-Accounts

Family Planning/MCH Project

Financial Management Course Outline :

1. H/G/N Accounting Procedures, as enumerated in the training curriculum designed by the Comptroller General's Office for the accountant training(attached).
2. Guidelines for maintaining the additional sub-accounts by program to tie back expenditures to funding sources(attached). The sub-accounts consist of the Chart of Accounts (H/G/N Form No. 8) and the Statement of Advances (H/G/N Form No. 14).
3. Instructions to the supervisors especially on their role in the financial management of the program.

BEST AVAILABLE DOCUMENT

श्री ५ को सरकार
अर्थ मन्त्रालय
महालेखा नियन्त्रक कार्यालय
(प्रशिक्षण शाखा)

त्रिभुवन
काठमाण्डौ, नेपाल

श्री ५ को सरकारको केस्ता प्रणाली तालिम सम्बन्धि प्रशिक्षार्थिहरूलाई जानकारी राख्नु पर्ने कुरा आवश्यक छुनुहाइ ।

(क) पाठ्यक्रम सम्बन्धि

यस प्रकारको तालिम मा यसै तंग संलग्न पाठ्यक्रम अनुसार मुख्यतः निम्न ४ वटा विषयहरू हुने छन् ।

(१) केन्द्रीय स्तर लेखा

(क) केन्द्रीय स्तर लेखा

(ख) सार्वजनिक निर्माण सम्बन्धि लेखा

(२) कार्य संचालन स्तर लेखा

(३) बजेट तथा लेखा परिचालन

(४) आर्थिक ऐन नियमहरू, राजस्व लेखा र जिविती लेखा

उपर्युक्त मुख्य ४ विषयहरू बाहेक आवश्यकताअनुसार आर्थिक प्रशासन लेखा तथा प्रशिक्षार्थिहरूको कारोबार सम्बन्धि अरु विषयहरू पनि समावेश गर्न सकिने छ ।

(ख) कक्षा संचालन सम्बन्धि

उपर्युक्त ४ विषयहरूको लागि एक दिनमा ३ वटा कक्षाहरू संचालन हुने छन् र सम्पूर्ण तालिम अवधि जम्मा ३८ दिनको हुने छ ।

कक्षा संचालन निम्न प्रकारको हुने छ ।

पहिलो ग्रुपको लागि (पुनःगुन देउने आर्थिक वर्ष सम्म)	पहिलो ग्रुप (कार्तिक देउने माघ संम)
पहिलो कक्षा १०.३० - ११.१५	पहिलो कक्षा १०.१० - १०.५५
दोस्रो कक्षा ११.२० - १२.०५	दोस्रो कक्षा ११.०० - ११.४५
तेस्रो कक्षा १२.१० - १२.५५	तेस्रो कक्षा ११.४५ - १२.३५
पहिलो ग्रुपको जियापान:- १.०० - १.३०	जियापान-- १२.४० - १.००

- २ -

<u>दोस्रो ग्रुपको लागि (फागुन देखि आश्विन सम्म)</u>		<u>दोस्रो ग्रुपको लागि (कार्तिक देखि माघ सम्म)</u>	
पहिलो कक्षा	१.४५ - २.३०	पहिलो कक्षा	१.०० - १.४५
दोस्रो कक्षा	२.३५ - ३.२०	दोस्रो कक्षा	१.५० - २.३५
दोस्रो ग्रुपको विद्यापान :-	३.२० - ३.५५	विद्यापान :-	२.४० - ३.००
तेस्रो कक्षा	४.०० - ४.४५	तेस्रो कक्षा	३.०५ - ३.५०

(ग) प्रशिक्षार्थिहरूको लागि

- प्रत्येक प्रशिक्षार्थिहरूले तालीम संघालन अघि मा ४ दिन भन्दा बढि गैर हाजिर भयेमा तालीम मा बन्धन दिइने छैन ।
- प्रशिक्षार्थिहरूले कक्षामा प्रश्नको समयमा पूरा ध्यान दिनु पर्नेछ ।
- प्रशिक्षण प्रभावकारी बनाउनको निम्ति प्रशिक्षार्थिहरूले कक्षामा विषय, वस्तु संग सम्बन्धित छलफल गर्नु पर्दछ र आफ्नो न बुझेका विषय वस्तु सम्बन्धित प्रशिक्षक संग सोध्नु पर्दछ ।
- प्रशिक्षकले कक्षामा दियेका कार्यहरू तोकिएको समय भित्र सम्पादन गरि देखाउनु पर्दछ ।
- प्रत्येक कक्षामा समयमा उपस्थित हुनु पर्ने र कक्षामा अनुशासनको पालना गर्नु पर्ने ।

(घ) प्रशिक्षार्थि सुव्यांकन को आधार (लिखित परिक्षा)

<u>विषय</u>	<u>पसल मार्क</u>	<u>पास मार्क</u>	
१. <u>केन्द्रिय स्तर लेखा</u>			
(क) केन्द्रिय स्तर लेखा	७०	} १००	सुटा पसेरमा २५ भन्दा कम
(ख) सार्वजनिक निर्माण सम्बन्धि लेखा	३०		त्यासमा परेले मानिने छ र
			हुइटे मिनासर ६० त्यासमा उजिर्ण मानिने छ ।
२. <u>कार्य संघालन स्तर लेखा</u>	१००	४०	
३. <u>बजेट तथा लेखा परिष्कार</u>			
(क) बजेट -	४०	} १००	सुटा विषयमा २० भन्दा कम
(ख) लेखा परिष्कार	६०		त्यासमा परेले मानिने छ र हुइटे मिनासर ६० त्यासमा उजिर्ण मानिने छ ।
४. <u>आर्थिक ऐन नियम</u>	६०	} १००	
(क) राजस्व लेखा	२०		३०
(ख) जिम्सा लेखा	२०		

उपर्युक्त मुल्यांकन आधारमा कुल प्राप्तांक

- ६५। वा लो मन्दा बढि प्राप्त गर्ने गरि प्रथम देणी
 ५०। वा लो मन्दा बढि प्राप्त गर्ने लार्ड दोस्रो श्रेणी
 ५०। मन्दा कम प्राप्त गर्ने लार्ड तृतीय देणी घोषित गरिने छ ।

(घ) तालीमको आवश्यकता हेरी उपर्युक्त कौर्त तथा समय तालीममा हेर-चरेर गर्न सकिने छ ।

शी ५ को सरकारका विभिन्न मन्त्रालय तथा कार्यालयहरूमा लेखा तर्फ काम गर्ने कर्मचारी, (रा.प. अंकित) हरूलाई दिइने तालीममा समावेश गरिने विषय तथा त्यसको वर्गिकरण निम्नानुसार समावेश गरिएको छ ।

विषयहरू :-१. केन्द्रीय स्तर लेखा

- (क) केन्द्रीय स्तर लेखा
 (ग) तार्कनिक निर्माण सम्बन्धि लेखा

२. कार्य संचालन स्तर लेखा३. आर्थिक ऐन नियम

- (क) आर्थिक ऐन नियम
 (ख) राजस्व
 (ग) रजिन्ती लेखा

४. बजेट तथा लेखा परिष्कारण

- (क) बजेट (ख) लेखापरिष्कारण

(क) केन्द्रीय स्तर लेखा

- (क) केन्द्रीय स्तर
 (१) सरकारी केस्ताको अर्थ परिभाषा र ऐतिहासिक पृष्ठभूमि
 (२) सरकारी केस्ता उद्देश्यहरू
 (३) स्कोपीरो केस्ता र दुई केस्तामा फरक
 (४) सरकारी केस्ता र व्यवसायिक केस्तामा फरक
 (५) वर्तमान केस्ता प्रणालीका विशेषताहरू
 (६) नगदी रजिद
 (७) गौश्वारा लेख
 (८) आवाहक

- ४ -

- (स) जिनसी लेखा (१) जिनसी प्रेस्ताकी परिभाषा उद्देश्य तथा महत्व
 (२) जिनसी सामान्यी वर्गिकरण
 (३) जिनसी प्रेस्ता रास्ता याद रास्तु पर्ने गौणिक सिद्धान्तहरू
 (४) पन्तरागहरू
 (५) अर्ध वार्षिक तथा वार्षिक रिपोर्ट
- (ग) त्रार्विक निगमिण सञ्चालि लेखा
 (१) त्रार्विक निगमिण सञ्चालि लेखा व्यवस्थाकी परिचय
 (२) ग.ले.प.पन्.नं. १६६, १६७, १७७, १६८, १६९, १७०, १७१
 १७२, १७३, १७४, १७५, १७६, १७७

२. कार्य संवाजन स्तर लेखा

१. कार्य संवाजन स्तर प्रेस्ताकी कारीवार
२. जानी नगदी कीण र यस्की सिद्धान्त
३. डेबिट र क्रेडिटकी सिद्धान्त
४. चेक्की र यस्का सिद्धान्त र समस्याहरू
५. प्रेस्तामा फांटवारीहरू की महत्व र उपयोगिता

कार्यसंवाजन स्तरया रास्तु पर्ने आताहरू

१. बंक नगदी हिलाव	-	५
२. नगदी रतिद	-	११
३. नगद मुजाना पचा	-	६
४. नगद मुजाना जोध पर्ना गा. फाराग	-	६ (क)
५. बनेट हिलाव	-	८
६. गी वारा कीवर	-	१०
७. अर्धकी फांटवारी	-	१३
८. फांटि गर्न वाकि चेक्कीकी फालीवारी	-	१४
९. बंक हिलावकी विवरण	-	१५
१०. मुजाना दिन वांदिती फांटवारी	-	१८
११. विनियोजनकी गौणिक फांटफांट	-	२०
१२. त्रैमासिक अनुमान	-	२१
१३. बनेट हिलावकी विवरण	-	२७
१४. आताहरू	-	२२
१५. फांटवारी हिलावकी विवरण	-	२५

-4-

३. आर्थिक दिन नियम

१. आर्थिक कार्य प्रणाली
 २. व्यवस्थापन विधि
 ३. सरकारी सेवा एवं सम्बन्धित कार्यविधि नियम २०२६
 ४. वेतन तथा प्रदान सेवा विधि -- २०३०
 ५. आर्थिक सेवाओं सम्बन्धित विधि -- २०२६
 ६. सरकारी सेवा अर्द्ध कर्मीट विधि -- २०२५
 ७. सरकारी सेवा अर्द्ध कर्मीट सम्बन्धित विधि २०२७
 ८. वेतन कर्मीट विधियाँ -- २०३२
 ९. समय प्रवृत्ति एवं वि. वाट मन्त्री परिषद
 १०. कार्यप्रणाली विधि
 ११. नि.के.वि. नियमावली आर्थिक सेवा
 १२. गलतियाँ नियन्त्रण कार्यप्रणाली काम वर्तव्य र अधिकार
- (३) राजस्व सेवा
१. राजस्व की परिभाषा उद्देश्य र महत्व
 २. राजस्व वर्गीकरण
 ३. राजस्व आर्जन वर्ग प्रयोग (१) पूर्ण पन्नासमह म. के. म. ६,२१,२३,२०८
२०६,२२०
- (४) राजस्व प्राप्ति विधि सम्बन्धित कार्य

४. बजेट तथा वित्तिय प्रणाली

- (क) बजेट -
१. बजेट की उत्पत्ति र विकास परिभाषा
 २. बजेट का प्रकार - आभारण तथा विकास आर्थिक
पुरक, पैरों
 ३. बजेट वर्गीकरण प्रणाली
 ४. विभागीय बजेट व्यवस्था
 ५. बजेट वर्गीकरण विधि
 ६. बजेट बनाने के लिए पूर्ण पन्नासमह
 ७. बजेट विभागीय सम्बन्धित प्रणाली, वर्गीकरण र कार्य प्रणाली
बजेट

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(3) शिक्षापरिषदाण :-

१. शिक्षापरिषदाणकी अर्थ उद्देश्य र शिक्षान्ति
२. महाशिक्षा परिषदाणकी मान कर्तव्य अधिकार
३. आन्तरिक शिक्षा परिषदाण र अन्तिम शिक्षा परिषदाण र त्यसकी प्रकारक ।
४. विनियोजन कर्तव्य शिक्षापरिषदाणकी सामान्य शिक्षान्ति
५. विभिन्न उपाय विधिहरूको शिक्षापरिषदाण
६. सरकारी शिक्षा पदको शिक्षापरिषदाण
७. आर्थिकिक अनुसर्माणको शिक्षा र तत्सम्बन्ध शिक्षापरिषदाण
८. जिम्मेवारी तथा विनियमहरूको शिक्षापरिषदाण ।।
९. आर्थिक समिति
१०. केन्द्रिय सहसित कामलय
११. कार्य मूल्य शिक्षापरिषदाणको स्थापना मान
१२. म. के. पते उठाउनेको केन्द्रिय कर्तव्य कर्तव्य गर्ने
(केन्द्रिय विनियम अनुसंधान र स्थापना)

: विष्ट:

Guidelines for Maintaining Sub-accounts :

HIC/N Accounting procedures.

The trainees will be trained on HIC/N accounting procedures especially in the following areas :-

TO FILL OUT THE STATEMENT OF EXPENDITURES (FORM NO. 13),
CHART OF ACCOUNT (FORM NO. 8), BANK CASH BOOK (FORM NO. 5),
ADVANCE LEDGERS (FORM NO. 22), STATEMENT OF ADVANCES
(FORM NO. 14), STATUS FUND (FORM NO. 16), STATEMENT OF
OUTSTANDING OR PENDING CLAIMS (FORM NO. 18).

They will also be instructed when and how they have to prepare and submit the MONTHLY STATEMENT OF ACCOUNTS so that they will enable the Central Level Project staff to ^{prepare} timely and accurate reports by discrete funding sources.

- - - - -

1

**PRHW Expansion
2036/037 Fiscal Management Training Work Plan**

The FP/MCH Project intends to train the Operating Level accountants and administrators in HMG/N accounting procedures and a format for recording expenditures which can be tied back to funding sources, including USAID/N.

Trainees

Training will be provided for the Operating Level accountants and supervisors in appropriate recording/reporting procedures so that the FP/MCH Project financial management procedures will comply with HMG/N rules and regulations as well as generating requested financial reports to funding sources (USAID/N). Trainees will include:

- a) 40 District accountants,
- b) 6 Regional Medical Office accountants,
- c) 3 Training Center accountants,
- d) 40 District Family Planning Officers,
- e) 4 Regional Medical Officers,
- f) 3 Training Center Officers-in-Charge,
- g) 24 Central Office accounting staff

TOTAL; 120

Training Content

The accountants will be trained in HMG/N recording/reporting requirements. In addition, they will receive instruction in the recording of expenditures by an expanded Chart of Accounts so that expenditures may be tied (by Central Level staff) back to specific funding sources (see Attachment 'A').

The FP/MCH Operating Level administrators will also be trained in general HMG/N and specific FP/MCH accounting requirements. In addition, they will be instructed in the proper supervision of their staff accountants including a monthly checklist of items they should review.

Central Level accountants will also receive this instruction to prepare them for collating Operating Level reports and tying expenditures back to discrete funding sources.

Problems Addressed

This training subactivity is particularly germane to the appropriate operation and expansion of the PRHW program. One of the constraints currently affecting the program is the gap in tying expenditures to separate funding sources. Standard HMG/N recording/reporting procedures do not require this. This makes rigorous accountability of USAID/N funds impossible. This training subactivity is the necessary antecedent to instituting a format which will tie expenditures at the Operating Level back to discrete funding sources including USAID/N.

BEST AVAILABLE DOCUMENT

A second constraint on the fiscal management of the FP/MCH Project is that many of the current Operating Level accountants have not received training in HMO/N accounting procedures. Of the 40 District Office accountants 31 have received no training. Therefore, this training subactivity will also provide in-service training for the Operating Level accountants (as recommended by USAID/N audit 367-79-6, July 10, 1979).

A third factor inhibiting accurate timely accounting is a lack of understanding by FP/MCH administrators of their role as supervisors. Specific instruction will be given on supervising accountants including items supervisors should review with their accountants monthly.

Trainers

Instruction for this subactivity will be provided by the three senior financial management staff at the FP/MCH Central Level. They will be assisted by a trainer from the FP/MCH Training Division, a management trainer from the Accountant General's office, and a selected outside resource persons. In addition, one expatriate financial management specialist will be called upon to assist in designing the subactivity and conducting the training.

Training Schedule

Four training sessions will be conducted for the 120 trainees. The sites of the training will be the four locations of the Regional Medical Offices as these are the most centrally located places for the Operating Level staff. Where training facilities/furniture exist they will be utilized. In some instances the facilities/furniture will have to be rented.

Training Schedule

<u>Site</u>	<u>Dates</u>
Nepalgunj	April 22, 1979 - May 4, 1979
Kathmandu	May 20, 1979 - June 1, 1979
Pokhara	July 29, 1979 - August 10, 1979
Dharan	Aug. 26, 1979 - Sept. 7, 1979

Funds Release

After approval of this Work Plan by FP/MCH and USAID/HFP the funds obligated by Project Agreement number FY 1978-7 for this purpose (\$22,213) will be released. These funds will be converted by USAID/N to local currency in accordance with the General Agreement for Technical Cooperation, January 23, 1951, but in no case at less than \$1.00 = Nepal Rs. 11.90

Reporting Requirements

The FP/MCH will maintain specific accountability for the use of these funds. At the end of each training session two reports will be submitted to USAID/N: (1) a training report and (2) a financial report.

The training report will specify:

- a) Site and dates of training,
- b) Numbers of trainees by category.
- c) Course outline,
- d) Name and title of trainers.

The fiscal report will be a Certified Statement of Expenditures for the individual training session. These two reports will be due after the completion of each training session; the last reports will be submitted to USAID/N no later than 30 days after the completion of the last (fourth) training session.

From time to time the FP/MCH Project will provide USAID/N such additional reports on this subactivity as the USAID/N may require.

Unused Funds

Should any funds released to the FP/MCH Project for the conduct of this subactivity in 2036/037 remain unexpended they will be carried over into 2037/38. If, for any reason, the subactivity is terminated and released funds remain unexpended these funds will be returned by HMG/N to USAID/N and any uncleared amounts will be debilitated.

APPROVED

FP/MCH : _____
Name/Title: Bedri R. Pande
 Chief, FP/MCH

USAID/N: _____
Name/Title: Gerold V. van der Vlugt
 Chief, HFP

Date : _____

Date: _____

Budget

FP/MCH Financial Management Training Program

<u>Item</u>	<u>Nepal Rs.</u>
1. Salary (Honorarium)	16,000/-
2. Allowance (training allowances)	1,13,750/-
3. TA/DA	83,944/-
4. Service (Printing + Paper)	5,240/-
5. Rent	6,400/-
7.1 Office Supplies (Stationery)	10,000/-
7.3.1. Fuel for vehicle	10,000/-
7.5. Other expendable equipment	5,000/-
9. Contingency	14,000/-
Total Rs.	<u>2,64,334/-</u> NC
	(\$ 22,213)

ATTACHMENT 6

**Letter, Long to Pande, 12/12/79:
Clearance of 1976 Advances**

USAID/Nepal
Kalinati Durbar

Dec. 12, 1979

FM-80-81

Dr. B. P. Fante, Project Chief
Nepal Family Planning & MCH Project
Ban Shah Path, Kathmandu

Dear Dr. Fante:

We acknowledge receipt of your letter dated December 7, 1979 identified with FY 1975 uncleared advances (Project Agreement # 76-3) and thank you very much for the additional information provided therein.

It is requested that you provide us with a certified 'Statement of Uncleared Advances' in the standard format incorporating all the additional progress made in clearing the advances as you have been doing until recently. Submission of 'Statement of Uncleared Advances' is required for the sake of standardization as well as for avoiding any possible confusion in the future.

With respect to your request for USAID/US considering the questionable amount of Rs.43,005.59 as cleared, we would be willing to accept it as cleared under the stated circumstances, if this amount is shown as cleared in your 'Statement of Uncleared Advances'.

We thank you once again for your cooperation in the clearing of the advances.

Sincerely yours,

Donald L. Long
Controller

FM: Cmp:lm
2/12/79

BEST AVAILABLE DOCUMENT



His Majesty's Government
Health Ministry

Nepal Family Planning & Maternal Child Health Project



Our Ref.....

Central Office

Tel. { 12733 Central Off
14147 Supply Sec

Your Ref.....

(.....Section)

Ram Shah Path

Date Dec. 17, 1979

Mr. Donald L. Long
Controller, USAID, Bhabbhavan.

Subject: Uncleared Advances, - 1976, 1977, 1978

Ref: Letter, Pande to Long, 12/7/79
Letter, Long to Pande, 12/12/79

Dear Mr. Long,

We are most grateful for your letter of Dec. 12, 1979 and your understanding of the problems we face in clearing old advances. This letter is a final report of the uncleared advances for the years 1976 and 1977 as well as a current status report on 1978. We will be sending a final report on 1978 in about one week. We hope and trust that with this report that you may close the USAID/N books on 1976 and 1977 funds in support of the HEC/N Family Planning/MCH Project.

In clearing the advances and compiling this information for you we face many obstacles. Allow me to review for you some of the problems that I and my staff must deal with in resolving the disposition of these monies.

It has taken us 10 years to reach the current stage of development of the program. The evolution of the program can be viewed as having gone through three phases. First, we embarked upon the establishment of the now 40 District Offices and their satellite family planning clinics. It took approximately 5 years to establish the network.

Next, we concentrated our efforts on establishing and then improving upon our record keeping and reporting system. This took approximately two years. Throughout this two year period staff at the Central Level gave assistance and persistent feedback to the accounting staff at the operating level.

We now have entered a period of consolidation. Foremost among our concerns for the past three years has been the implementation of the service and management system. In the latter the clearing of advances is our highest priority and this report to you marks an important milestone. From the perspective of the three phases the program has undergone we feel that we are right on schedule in the continuing maturation of the program.

A number of administrative and cultural constraints have had to be dealt with in the administering of the FP/MCH program. A number of these have inhibited our efforts in clearing advances. In a number of instances advances were repaid to the F./MCH accounts, but the repayment was not appropriately recorded resulting in the apparent uncleared advances being larger than the actual amounts due.



His Majesty's Government

Health Ministry

Nepal Family Planning & Maternal Child Health Project



Our Ref.....

Central Office

Tel. { 12733 Central Of
14147 Supply Sec

Your Ref.....

(.....Section)

Ram Shah Path

- 2 -

Date

a. Departure of Experienced Accountants

Both at the Central Level and in the individual 40 District Offices there has been considerable turnover of trained and experienced accountants. When this occurs there is an inevitable gap in the record keeping until suitable replacements can be recruited and trained. This problem persists to the present day.

b. Precipitous Departure of Staff from Government Employ

On a number of occasions employees in the FP/MCH program have abruptly left government service. This has occurred both with employees that have had outstanding advances as well as accountants. This enormously complicates record keeping and makes the reclaiming of unpaid salary and travel advances extremely difficult.

c. Inadequately Trained Accounting Staff

Accounting staff, particularly in the District offices, are not sufficiently trained to handle the complexity of transactions required by the program. In recent years this problem has been aggravated by demands of foreign donors supporting the program for ever more demanding accountability of their funds. As these demands for specific donor accountability continue to increase the gap in skill levels will become more and more apparent. Of the 40 present District accountants 9 have received training in standard HMG/N accounting procedures.

d. Communications

The issue of uncleared advances has been complicated by breakdowns in communications. This has frequently resulted in advances being reclaimed but not appropriately recorded in the records. Two examples will demonstrate this point.

When staff are recruited for the FP/MCH program they are routinely trained before assuming their new responsibilities. An initial travel advance is issued by the Regional Training Center. When the employee assumes her duties the advance is cleared at the District office where she works. But in numerous instances this information is not communicated back to the Training Center where the presumably uncleared advances has remained on the books.



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- 3 -

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The same phenomenon has repeatedly occurred when employees are transferred from one post to another. An employee will repay, for example, a salary advance at the new work site. But this information is not conveyed to the original District office where the advance appears on the books as unpaid.

Cultural Factors

Certain work features are unique to Nepal. Some of these impinge upon the clearing of advances. In September and October of each year the largest festival — Dashain — is celebrated. It is customary to give government employees an advance of one month's salary for this holiday. FF/MCH staff members have a two month grace period before starting to pay back this salary advance and then five months to complete payments for a total elapsed time of seven months. During this long period when all employees owe money to the Project the problems enumerated above, including staff transferring, leaving government service, etc., come into play and enormously complicate the task of reclaiming salary advances to virtually every employee of the FF/MCH project.

Despite these constraints my fiscal management staff have made enormous strides in clearing these advances. Your letter of December 17, 1977 acknowledges your understanding of the unique issues we face in Nepal and we are most grateful for your insight and sensitivity.

UNCLEARED ADVANCES

Year	1 1976(2032/33)	1 1977(2033/34)	1 1978(2034/35)
o/o USAID/N share	1 31,14 o/o	1 36.65 o/o	1 34.53 o/o
Uncleared Advances	1 14,990.03	1 44,450.81	1 178,483.04
Cleared to Date (per attachments)	1 12,122.11	1 40,242.40	1 142,561.55
Balance, Uncleared Advances	1 2,867.92	1 4,208.40	1 32,922.49
FF/M Share	1 1,374.75	1 2,666.02	1 21,553.79
USAID/N Share	1 893.07 1 (75.05)	1 1542.38 1 (129.63)	1 11,367.79 1 (955.28)

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- 4 -

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The total remaining USAID/N share of the uncleared advances for 1976 and 1977 is \$ 204,66. We believe that we have reached the point of diminishing returns; it will now cost more money to clear the advances than the total amount of money outstanding. We, therefore, respectfully request you to accept as cleared the USAID/N share of uncleared advances for 1976 and 1977. As noted above, a final accounting for 1978 will be forwarded to you in about one week.

Again let me take the opportunity to thank you for your understanding and Support in strengthening the financial management of the FP/MCH Project. We are most grateful for your efforts which have directly led to improvements in the program and we look forward to continuing to work with you in a spirit of cooperation and mutual respect.

Very sincerely yours,

B.E. Pande

Attachments: 4

ATTACHMENT 7

**Letter, Pande to Long, 12/17/79:
Uncleared Advances -- 1976, 1977, 1978**

A-1. 1976

A-2. 1977

A-3. 1978

STATEMENT OF UNCLEARED ADVANCES

7/1 1976
(082/33)

As of... Dec. 17, 1979. ...

Activity : Nepal Family Planning & Maternal Child Health Project

Location : Ram Shah Path.

Name of Office	Advance as of Oct 1, 79	Advance Cleared		Balance uncl- eared to date	Remarks
		By Bills received	Cash refund received		
Central Level	43005.69	43005.69	-	-	
Operating Level	6452.14	741.00	4299.00	1452.14	
Reg. Office Dharan	1180.00	1180.00	-	-	
Dist. .. Biratnagar	2291.63	-	2291.63	-	
Reg. Training Dharan	16.25	16.25	-	-	
Reg. Office Kathmandu	52.50	52.50	-	-	
Dist .. Bhojpur	210.00	-	-	210.00	
.. .. Chhaldhunga	223.00	-	-	223.00	
.. .. Moharajpur	237.00	-	-	237.00	
.. .. Trijuli	507.08	-	-	507.08	
.. .. Janakpur	250.00	-	-	250.00	
.. .. Dhaulakhal	231.00	-	-	231.00	
Reg. Training Pathalaya	487.00	-	-	487.00	
Dist. Office Harnayanpur	35.50	35.50	-	-	
Reg. .. Fokhara	1148.00	-	-	1148.00	
Dist. .. Birtawa	719.50	-	-	719.50	
.. .. Goruha	27.00	27.00	-	-	
Reg. .. Nepaljung	7328.12	-	-	7328.12	
Dist. .. Mahendranagar	560.00	-	-	560.00	
.. .. Doti	1742.30	1000.00	-	742.30	
.. .. Nepaljung	584.89	-	-	584.89	
.. .. Mitadi	300.00	-	-	300.00	
.. .. Dang	42.75	42.75	-	-	
Total:-	67642.35	46101.69	6550.63	14990.03	

Certified that the above statement is true & correct

Submitted by: Date: Approved by... .. Date..

STATEMENT OF UNCLEARED ADVANCES

As of

Activity: Nepal Family Planning & Maternal Child Health Project

Location: Ram Shah Path

Name of Office	Advances as of	Advances Cleared		Balance unclesared to date	Remarks
		By Bills received	Cash refund received		
Operating Level	1,458.14	997.94	-	454.20	
Dist. Off. Bhojpur	210.00	-	-	210.00	
" " Okhaldhunga	223.00	-	-	223.00	
" " Bhadrapur	237.00	-	-	237.00	
" " Trisuli	507.08	507.08	-	-	
" " Janakapur	250.00	250.00	-	-	
" " Dhulikhel	231.00	-	-	231.00	
Reg. Trng. Pathalaya	487.00	487.00	-	-	
" " Pokhara	1,148.00	1,148.00	-	-	
Dist. Off. Bhairahawa	719.50	719.50	-	-	
Reg. " Nepalgunj	7,338.12	6,567.70	-	770.42	
Dist. " Mahendranagar	560.00	560.00	-	-	
" " Doti	742.30	-	-	742.30	
" " Nepalgunj	584.89	584.89	-	-	
" " Baitadi	300.00	300.00	-	-	
TOTAL:	14,990.03	12,122.11	-	2,867.92	

Certified that the above statement is true & correct

Submitted by: Date..... Approved by..... Date.....

Name of Office	Advance as of	Advance Cleared		Balance un-cleared to date	Remarks
		By Bills received	Cash refund received		
D. O. Bhairahawa	200.00	-	-	200.00	
" Gorha	588.87	-	-	588.87	
Reg. Off. Nepalgunj	8,104.01	550.00	-	7,554.01	
Training Center, Surkhet	1,295.00	500.00	-	795.00	
D. O. Jajarkot	1,565.60	-	-	1,565.60	
" Salayan	396.35	-	-	396.35	
" Doti	600.00	-	-	600.00	
" Dangrahi	2.00	-	-	2.00	
" Dhangrahi	1,937.05	-	-	1,937.05	
" Surkhet	500.00	-	-	500.00	
" Mahendranagar	2,360.25	-	600.00	1,760.25	
" Bahang	500.00	-	500.00	-	
" Dailekh	100.00	-	-	100.00	
" Rolpa	3,793.50	-	-	3,793.50	
" Baitadi	1,718.66	-	-	1,718.66	
TOTAL	1,75,483.04	1,39,189.15	3,371.40	32,922.49	

Certified that the above statement is true & correct

Submitted by: Date Approved by: Date...

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FY 1977
(033/034)

STATEMENT OF UNCLEARED ADVANCES

As of :

Activity : Nepal Family Planning & Maternal Child Health Project

Location : Ram Shah Peth

Name of Office	Advance as of	Advance Cleared		Balance uncleaned to date	Remarks
		By Bills received	Cash refund Received		
Operating Level	24,262.20	23,799.70	379.00	91.50	
Reg. T.C. Patalaiya	400.00	400.00	-	-	
Dist. Off. Dolkha	170.00	170.00	-	-	
" " Sindhuli	250.00	250.00	-	-	
" " Dhading	846.71	402.96	-	443.75	
" " Dhulikhel	550.00	550.00	-	-	
" " Bhaktapur	1,677.07	1,677.07	-	-	
Reg. Off. Dharam	62.65	62.65	-	-	
Dist. Off. Ilam	230.60	230.60	-	-	
" " Biratnagar	21.00	21.00	-	-	
" " Dhanकुटा	259.00	-	-	259.00	
" " Taninthar	1,249.40	499.55	-	749.85	
" " Okhaldhunga	508.10	508.10	-	-	
" " Bhojpur	1,041.00	553.00	-	488.00	
" " Sankhuvashaha	1,460.33	1,103.88	214.00	142.50	
K.A.P. Pokhara	3,882.49	3,882.50	-	-	

Cont'd ...

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FY 1978
(2034/035)STATEMENT OF UNCLEARED ADVANCES
As of

Activity : Nepal Family Planning & Maternal Child Health Project

Location : Ram Shah Path

Name of Office	Advance as of.....	Advance Cleared		Balance uncleared to date	Remarks
		By Bills received	Cash refund received		
Operating Level	143,964.67	137,375.63	855.10	5,733.94	
Regional Off. Dharan	36.40	-	-	36.40	
D.O., Dhankutta	275.52	275.52	-	-	
" Bhojpur	875.30	201.00	-	674.30	
" Ilam	203.75	-	203.75	-	
" Biratnagar	2,048.00	228.00	650.00	1,170.00	
" Janktvasabha	1,817.56	-	-	1,817.56	
" Panchthar	111.05	-	111.05	-	
" Dhulikhel	485.50	4.00	-	481.50	
" Lalitpur	405.50	-	-	405.50	
" Sindhuli	277.00	-	-	277.00	
" Dolakha	55.00	55.00	-	-	
Training Center Pathalaya	595.00	-	-	595.00	
D. O. Sivanja	200.00	-	-	200.00	
" Gulmi	271.50	-	271.50	-	
" Lamjung	180.00	-	180.00	-	

Name of Office	Advance as of	Advance Cleared		Balance unaccounted to date	Remarks
		By Bills received	Cash refund received		
Dist. Off. Gorkha	300.00	300.00	-	-	
" " Palpa	90.00	90.00	-	-	
" " Bhairahawa	801.67	461.17	-	340.50	
Reg. T.C. Nepalgunj	446.38	250.00	196.38	-	
" Off. Nepalgunj	1,014.65	542.65	-	472.00	
Dist. Off. Surkhet	356.50	356.50	-	-	
" " Dang	200.00	200.00	-	-	
" " Rolpa	489.25	489.25	-	-	
" " Jajarkot	556.30	-	-	556.30	
" " Bajhang	200.00	700.00	-	-	
" " Achham	76.80	76.80	-	-	
" " Daitikh	60.00	60.00	-	-	
" " Ballyan	276.25	276.25	-	-	
" " Doti	847.00	752.00	-	95.00	
" " Baitadi	575.00	-	-	575.00	
" " Mahendrasagar	548.25	548.25	-	-	
" " Jumla	240.65	240.65	-	-	
Dep. of Health	1.50	1.50	-	-	
TOTAL	44,450.61	39,457.03	175.33	4,203.40	

Certified that the above statement is true & correct

Submitted by: Date Approved by: Date

ATTACHMENT 8

**Memo, Swezy to Pande, 12/1/79:
Release of Funds to FP/MCH Project**

MUMD

F

To: B. R. Pandey M.D, Chief, FP/MCH Project HMG/ Nepal

From: Curtiss Sway, APHA Consultant

Date: December 1, 1979 USAID/N

Subject:- Release of Funds to FP/MCH Project

Per your request I have discussed the Issue of the amount of releasing the funds to the FP/MCH Project with staff of USAID/N. They explained that there have been a number of reasons in the past the release of funds was delayed.

Approximately a year ago the following sequences occurred

- 1, Request from HMG/N Oct. 5, 1978
- 2, AMR/N voucher to regional accounting office (Banglades) Oct. 16, 1978
- 3, Check to bank Nov. 15, 1978

Last winter and spring the following occurred.

1. Request from HMG/N Feb 4, 1979
2. Project Agreement signed April 18, 1979
3. Voucher to regional accounting of office (Banglades) April 26, 1979
- 4, .Check to bank May 11, 1979

To facilitate releases to the HMG/N, USAID/N amended the Project Agreement eliminating previous conditions that had to be met prior to funds release. These conditions included:

1. HMG/N documentation demonstrating that agreed upon project goals and aims of HMG/N a funds have been released,
2. Other donor funds released.

The delay from February to April 1979 was to consider amending the Project Agreement to (a) eliminate the requirement for documenting release of HMG/N funds and (B) to add 400,000 of centrally funded support (AID/w purchased commodities to the program.

Comment

There is a one month to two weeks turnaround time from the receipt of an HMG/N request until the checks is issued and delivered from Bangladesh. The U.S. Agency for International Development has made a policy decision that it is more efficient for them to disburse funds regionally from Bangladesh rather than in individual Misors. There is nothing FP/MCH Project staff can do to eliminate this constraint.

In the future it can be suggested that amendments to the Project Agreement involving dollar expenditures can be negotiated independently from our end matters affecting Rupee releases. Then the latter negotiations will not delay local currency disbursement.

G.S.G.

G.V.D. vlungt, Chief
USAID/N Health and FP

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ATTACHMENT 9

**Letter, Pande to Butterfield, 12/13/79:
USAID/N Internal Audit,
Report No. 367-79-6.**



His Majesty's Government
Health Minister

Nepal Family Planning & Maternal Child Health Project



Our Ref. **59/167/263**

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Ram Shah Path

Date Dec. 13, 1979

Mr. Samuel H. Butterfield
Director
USAID/Nepal

BEST AVAILABLE DOCUMENT

Ref: USAID Audit Report No. 367-79-6

Letter, Vaidya to Butterfield 11/2/79

Letter, Kose to Vaidya 12/7/79

Dear Mr. Butterfield:

Our sincere thanks to the staff of USAID/N for clearing recommendations No. 4 and 8 of the subject audit. Your continuing assistance and support to resolve these issues is sincerely appreciated. This communication refers to the remaining recommendations of your audit. However, recommendation No. 1, 2, 3, 5 and 10 refer to USAID/N and we have just given our feed backs.

No. 1 - USAID/N should assist the POP/FP Project-in-Charge in developing project work plans and in devising a progress report which could be easily identified with the FP outputs.

We have been pleased to work with the USAID/N technical staff in developing Work Plans under the Project Agreement. Since the audit was completed, on June 30, 1979, we have developed and signed four Work Plans:

- a) PBHW; letter, Pande to Butterfield, 1/12/79;
- b) VSC Ground Transportation; signed 2/12/1979;
- c) VSC Helicopters; signed Sept. 11, 1979;
- d) VSC Vasectomy Training; (2/22/79) signed 3/12/79.

We believe these activities amply satisfy the conditions of Recommendation No.1.

As far as relating outputs to the USAID Project Paper, we realize that this is an internal USAID document. Nonetheless, we will attempt to comply with the recommendation of linking future Work Plans with this general USAID/N planning document.

No. 2 - In the future USAID/N should consider financing of specific elements of POP/FP project activities which are easily identified with joint HMG-USAID activities instead of financing general operating costs of POP/FP project.



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- No. 5 - USAID/N should request the Project-in-Charge to ensure that a separate advance ledger is maintained for the joint HMG-USAID project activities and this ledger is posted currently and appropriately closed.
- No. 9 - The Project-in-Charge be requested to arrange refresher accounting training courses for the accountants/sub-accountants on the basis of review of the financial statements submitted by them.

According to HMG/N regulations, under which the FP/MCH Project operates, funds received from the Ministry of Finance are identified by funding source, including USAID/N. Records are maintained of these revenues at the Central Level. Under HMG/N regulations funds are then disbursed to the 47 Operating Level jurisdictions. But no mechanism currently exists to tie expenditures at the Operating Level to funding sources. Summary reports received at the central level from the District FPOs cannot be tied back to specific donors. Therefore, no definitive report on the use of donor funds, including USAID/N, can be made based upon actual expenditures.

With the continuing assistance and support of USAID/N we have just completed drafting a plan that will redress this problem. These procedures will be in compliance with HMG/N regulations as well as ensuring foreign donors strict accountability on the use of their funds. The plan will include:

- a) discrimination of expenditures by an expanded Chart of Accounts,
- b) training Operating Level accountants in HMG/N procedures and the expanded format,
- c) implementing the system in FY 2037/038 (beginning July 17, 1980).

Currently, District accountants are required to submit a Statement of Expenditures according to the 19 item HMG/N Chart of Accounts (HMG/N Auditor General, Report Form No. 8). We will require each Operating Level accountant to fill out a second Statement of Expenditures utilizing an expanded Chart of Accounts (carefully defined). Each new line item will represent a different funding source. Expenditures will be recorded by these expanded line items. The monthly reports will be collected by the FP/MCH Central Level accounting staff ensuring that expenditures are tied back to discrete funding sources. When errors appear Central Level staff will schedule a prompt site visit to additionally instruct District staff.



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- 3 -

The new reporting format will be implemented after the Operating Level staff are trained. We plan to conduct this training in the near future. In addition to the Operating Level accountants we also plan to train the 40 District FPOs as well as appropriate senior management staff from the four regions and three training centers. The intent of this latter training is to make administrators aware of the HMG/N recording/reporting requirements and their responsibility to supervise the accounting staff and ensure accurate timely reporting. We feel this additional training will increase the quality of the bookkeeping at the Operating Level.

In conjunction with this reporting format the Central Level accounting staff is in the process of establishing advance ledgers, by funding source. These records will be available for your inspection at any mutually convenient time.

We are confident that you will agree that this new format for reporting expenditures by funding source will eliminate past ambiguities in the record keeping. Further, we feel that with these procedures USAID/N can continue to support general operating costs with confidence in fund accountability. We, therefore, respectfully request that audit recommendations Nos. 2, 5 and 9 be closed.

No. 3 - USAID/N should review with the HMG/N concerning payment of airtickets and incidental expenses thru the points served by its National Carrier and reconfirm that these costs will be financed entirely from HMG/N's own resources and then take necessary action to reflect the understanding in the current project agreements.

As noted by the Audit Report the contractual agreement for USAID/N to support the FP/MCH Project is the Project Agreement. We have received repeated assurances that we operate in compliance with the Project Agreement including arrangements for using Royal Nepal Airlines for Nepal participants undergoing training. If USAID/N desires to amend the Project Agreement we will review such revision at that time.

No. 6 - The Project-in-Charge should be requested to reconstruct the Family Planning/Maternal Child Health (FP/MCH) accounting records to show only those expenditures related to the joint HMG-USAID project activities and to submit corrected statements for those years showing receipts, expenditures, and balances.

The issues raised in this Audit Recommendation pertain to general HMG/N fiscal policies, not procedures specific to the FP/MCH Project. Therefore, on this same date we are addressing a letter (~~attached~~) to the Ministry of Finance. We are requesting that they address the fiscal issues revolving about the auditor's questions on:

- a) participant costs



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- b) construction costs
- c) dress allowances
- d) the International Statistical Institute

When we receive a reply from the Ministry of Finance we will immediately inform you.

No. 7 - The Project-in-Charge be requested (a) to establish an effective follow-up system for the uncleared advances, and (b) to ensure that the project personnel are not cleared for transfer and/or separation without settlement of uncleared advances.

Progress continues on resolving uncleared advances and is the subject of a parallel series of correspondence (see letter, Fande to Long, 12/7/79).

District FROs have been reminded to rigorously enforce MFC/N regulations on the clearance of advances (35 days after completion of assignment). An automatic review process will be instituted at the Central Level. Statements of Advances submitted by Operating Level accountants will be reviewed monthly. If any discrepancies are noted in submitting of claims or in resolving advances immediate corrective action will be initiated by Central Level fiscal management staff.

To prevent advances becoming a problem in the future, directives have been issued to all Operating Level administrators stating that no final pay check is to be issued until advances are cleared. Regular follow-up will be carried out. Central Level fiscal staff will review monthly financial reports to ensure compliance. If instances occur where advances are not properly cleared before departure of staff corrective action will be immediately taken.

No.10 - USAID/N should assist the Project-in-Charge in finding ways to settle pending TA/DA claims without further delay.

The FE/MCH Project staff are as concerned as USAID/N about problem of settling TA/DA claims. Some claims have already been paid. As additional funds become available the remaining outstanding claims will be paid. The Operating Level offices have been strongly instructed not to issue Travel Orders without having enough funds in their accounts for TA/DA. If this policy begins to damage the program we may have to request foreign donors, including USAID/N, to provide additional support for this most important activity.



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Thank you for your observations on how the FP/MCH Project may be strengthened. As you will note from this correspondence we have taken steps to implement your audit recommendations. We sincerely appreciate the spirit of cooperation in which USAID/N has consistently supported us as we move forward with the FP/MCH Project.

Very Sincerely yours,

Badri Raj Pande, M.D.
Chief, Family Planning and
Maternal Child Health Project

संस्थापक कार्यालय

Enclosure: Circular.

ATTACHMENT 10

**Letter, Rose to Pande, 12/14/79:
Clearance of USAID/N Internal Audit**

USAID/Nepal
Kalimati Durbar

Dr. Badri Raj Pande
Chief, Family Planning and
Maternal Child Health Project
Ran Shah Path, Kathmandu

Dear Dr. Pande:

Thank you for your letter of December 23, 1979 addressed to Mr Samuel
L. Butterfield regarding open audit recommendations of Audit Report
No. 367-79-6 on IOP/FP project.

We are very much appreciative of your and your staff's efforts in respond-
ing most appropriately to the open recommendations. On the basis of your
excellent responses we are closing Recommendation Nos. 1, 2, 3, 5, 7, 9,
and 10 as far as the FP/MCH Project is concerned. We will resolve the
remaining issues pertaining to Recommendation Nos. 1 (raising a progress
report with the PP outputs), 2 (financing of specific elements of IOP/FP
activities instead of general operating costs), and 3 (payment of partici-
pant costs) with the offices within the Mission. We will be eagerly
waiting to hear a satisfactory response regarding Recommendation No. 6 from
the Ministry of Finance, EO/N.

Once again let me thank you for your excellent responses to our audit
recommendations. We look forward to your continued cooperation in
implementing effectively our joint programs in the Family Planning Project.

Sincerely yours,

Thomas L. Rose
Assistant Director

Clearance: HFP: 

cc: HFP, FPM, FDIS, AD, C&F

FHM: DLong: MRS: lm
12/14/79

BEST AVAILABLE DOCUMENT

ATTACHMENT 11

**Memo, Swezy to Nance, 12/11/79:
FP/MCH Project Agreement Amendment**

OFFICIAL MEMORANDUM:

Dec. 11, 1979

TO : Mr. William B. Hance, Program Officer
THRU : Donald Long, Controller
THRU : Gerold V. van der Vlugt, Chief HFP
FROM : Curtiss Suwezy, AFHA Consultant

SUBJECT : Family Planning/MCH ProAg Amendment

Due to recurring problems in clearing advances in the FP/MCH Project it is proposed that the ProAg be amended to limit USAID/N's financial commitment. Any USAID/N component of uncleared advances beyond a set time limit will be deobligated.

In recent discussions with B. R. Pande, M.D., Chief, FP/MCH Project, Dr. Pande agreed that a six-month time limit was reasonable for his fiscal management staff to clear outstanding advances. As a result, the following amendment is proposed for the ProAg.

Any advances by the Family Planning/Maternal and Child Health Project which remain six months after the end of the Fiscal Year 2036/37 (January 16, 1981) will be deducted from the total expenditure for 2036/037.

If this amendment meets with your approval please include it in the next ProAg revision.

ATTACHMENT 12

References

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USAID/Nepal, Office of Financial Management. Audit Report on Population/Family Planning, Project No. 367-0096, as of June 30, 1978.

**HIS ROYAL MAJESTY'S GOVERNMENT OF NEPAL
FAMILY PLANNING AND MATERNAL AND
CHILD HEALTH PROJECT:**

**FISCAL MANAGEMENT CONTINUATION
(Vol. II)**

C O N T E N T S

	<u>Page</u>
EXECUTIVE SUMMARY	ii
I. INTRODUCTION	1
Background	1
Problems	2
II. ACTIVITIES	3
Uncleared Advances	3
Fiscal Management Policies and Procedures	3
Financial Management Training.	3
III. RECOMMENDATIONS	5
Uncleared Advances	5
Fiscal Management Policies and Procedures	5
Financial Management Training	5
IV. OFFICIALS CONTACTED	6

APPENDICES

Appendix A: Letter, Long to Pande, 1/3/80

Appendix B: Letter, Pande to Smith 4/20/80

Appendix C: Monthly District Financial Reports
(July 1979 - December 1979)

Appendix D: Operating-Level Financial Management

D-1: Daily Forms Flow
D-2: Monthly Forms Flow

Appendix E: List of Policies and Procedures on FP/MCH Project
Financial Management

Appendix F: Course Outline: Financial Management Training Program

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The writer spent five weeks working with the senior financial management staff of the Nepal Family Planning/Maternal Child Health (FP/MCH) Project. The consultancy was a follow-up to a visit to Nepal in November - December 1979. At that time, the effort to streamline the financial management of the Nepal FP/MCH Project had begun.

The consultant addressed three areas of management:

- uncleared advances;
- policies and procedures; and,
- training.

During the five-week consultancy, the three senior financial management staff succeeded in clearing advances for the HMG fiscal years, 1970-1975. In addition, an updated report on the staff's efforts to clear advances for 1978 and 1979 was prepared.

The senior financial management staff wrote both policies and procedures for 20 components of financial management of the Nepal Family Planning Project. The majority of these policies and procedures apply to operating-level (field) offices. Others increase the rigor of financial management at the central-level (headquarters) office.

Having accomplished the above tasks, the FP/MCH financial management staff prepared a course outline for teaching improved financial procedures to central- and operating-level administrators and accountants. A series of four training sessions is planned. One hundred twenty FP/MCH staff will be trained in appropriate financial management.

The writer is most grateful to the FP/MCH staff and the Chief of the project, Dr. Badri Raj Pande, for the opportunity to work with and learn from the financial management staff.

I. INTRODUCTION

I. INTRODUCTION

This consultancy was a follow-up to initial technical assistance on financial management provided the Family Planning/MCH Project in November-December 1979.* At that time, constraints within His Majesty's Government (HMG's) financial management system were identified.

Background

This report details activities undertaken during the writer's second in-country consultancy working principally with the senior financial management staff of the Family Planning and Maternal and Child Health (FP/MCH) Project. No attempt is made to document background information contained in the first report.

Three program areas were addressed during the current consultancy period:

- resolving uncleared advances;
- writing policies and procedures on FP/MCH Project fiscal management; and,
- designing a fiscal management training program for project administrators and accountants.

These three tasks were completed. In evaluating the activities, the financial management staff took into account the constraints within the MCH accounting system.** As enumerated in the consultancy report noted above, the constraints inhibiting the development of an efficient accounting system for the FP/MCH Project are:

- system rigidity;
- staff turnover;
- low skill levels;

*Swezy, F. Curtiss, His Royal Majesty's Government of Nepal, Family Planning and Maternal and Child Health Project: Financial Management, November 2, 1979-December 17, 1979, American Public Health Association.

**See HMG Manual of Accounts, HMG/N Office of the Accountant General, 1962. (In English)

- salary advances; and,
- low TA/DA rates.*

Problems

During the consultancy, the three FP/MCH senior financial management staff worked with the APHA consultant to address three problems.

1. Uncleared Advances

During the first consultation, the management staff cleared outstanding advances for the HMG fiscal years 1976 and 1977. USAID/Nepal agreed to treat as cleared small sums of funds that could not be accounted for in these two fiscal years. (See Appendix A, Letter, Long to Pande, 1/3/80.) Advances remained uncleared for fiscal years 1970-1975 as well as 1978 and 1979.

2. Policies and Procedures

HMG/N has a number of regulations on handling and accounting for government funds. The project chief, Dr. Badri R. Pande, reported that many of the project field offices were not complying with these standard regulations. Dr. Pande asked the consultant to help the financial management staff write policies and procedures for proper fiscal accounting, particularly by operating-level (field) offices.**

3. Financial Management Training

Much of the accounting at operating-level offices is inaccurate. Records are not kept current and reports to project headquarters (central-level) financial management staff are frequently late and inaccurate. (For a perspective on this problem, see Appendix C, Monthly District Financial Report, July 1979-December 1979.) Operating-level accounts are inadequately trained to handle this task. The problem is exacerbated by insufficient supervision of accountants by district administrators (family planning officers, or FPOs). Supervision is inadequate because the FPOs do not understand the requirements of the HMG/N regulations and the mechanics of accounting.

*Swezy, op. cit., pages 14-15. Two additional constraints, not applicable to activities during the present consultancy, were enumerated in the initial report: donors' short funding and integration.

**Ibid., Figure 3, p. 12.

II. ACTIVITIES

II. ACTIVITIES

Three tasks were undertaken by the senior financial management staff during the consultant's residence in Nepal.

Uncleared Advances

FP/MCH financial management staff made an enormous effort to track down and reclaim uncleared advances from prior fiscal years. Special teams were dispatched to the four regions of the country. Primary records in operating-level offices were examined; employees who were transferred or who had left government service were located; and sums owed to the FP/MCH Project were collected. For the six fiscal years, 1970-1975, a total of Rs 262,997 were collected or accounted for. (See Appendix B, Letter, Pande to Smith, 4/20/80.) Two fiscal years, 1970 and 1973, were resolved completely. Small amounts remain untraced for the other four fiscal years.

The consultant was particularly impressed with the diligence with which FP/MCH staff recovered these small outstanding debts. Additional effort for fiscal years 1970-1975 would not be cost-efficient. USAID/N has been asked to consider as cleared \$374 of USAID/N-supplied local currency for the six fiscal years.

Fiscal Management Policies and Procedures

The consultant assisted central-level financial management staff in drafting a series of policies and procedures on financial management. These are intended to specify the requirements for recording and reporting receipts and the expenditure of funds. In addition, they attempt to fix responsibility for proper financial management with the chief administrative officer (head of office), with the accountant working under his direction.

The policies and procedures are designed primarily to guide operating-level (field office) administrators and accountants. (See Appendix D-1, Operating-Level Financial Management Daily Forms Flow; and Appendix D-2, Operating-Level Financial Management Monthly Forms Flow.) However, some management problems at the central level (national headquarters) were also addressed. (See Appendix E, List of Policies and Procedures on FP/MCH Project Financial Management.)*

Financial Management Training

At the same time the policies and procedures were being drafted, a course outline was prepared to train family planning officers and accountants in

*For brevity, the policies and procedures are not included in this report. Copies, in English and Nepali, may be obtained from the FP/MCH Project.

fiscal administration. The purpose of the training is to acquaint field office accountants with standardized HMG/N regulations on accounting. The particular needs of the FP/MCH Project will be stressed.

Another goal of the training program is to help FPOs learn their role as supervisors of the accountants who work for them. The training will involve both administrators and accountants. Five major topics of financial administration will be covered. (See Appendix F, Course Outline: Financial Management Training Program.

III. RECOMMENDATIONS

III. RECOMMENDATIONS

The writer has recommended further action to facilitate the work of FP/MCH financial staff. Implementation of these recommendations will further enhance improved fiscal management, particularly of foreign donor funds.

Uncleared Advances

FP/MCH financial management staff have certainly cleaned the Augean stables in resolving uncleared advances for fiscal years 1970-1975. The expenditure of more time and resources on this effort would not be cost-efficient. Other problems are more pressing and require attention. The small sums still outstanding for four of the fiscal years are insignificant. The writer strongly recommends that USAID/N consider as cleared the remaining \$374 of uncleared advances.

Fiscal Management Policies and Procedures

FP/MCH fiscal management staff should continue to add to the corpus of policies and procedures as specific needs are identified. Project staff may want to consider expanding the policies and procedures to include other than financial management, both for the central and operating levels.

Financial Management Training

The writer notes with satisfaction that a recommendation made in the initial report has been implemented. USAID/N is now drafting budgets in accordance with HMG/N line-items.* Unfortunately, the other major external donor to the FP/MCH Project, the United Nations Fund for Population Activities (UNFPA), has not yet agreed to this accommodation. Under UNFPA's current requirements, FP/MCH administrators and accountants must be trained in two accounting systems: the standard HMG/N system, accepted by all other donors, and the UNFPA classifications. This places an unrealistic burden on accountants at operating-level offices whose accounting skills are particularly limited. Therefore, FP/MCH Project staff should continue to urge the UNFPA to make this accommodation so that timely and accurate financial reports can be produced.

* See, for example, the Work Plan: "FP/MCH Project, Panchayat Based Health Worker Expansion, 2036/37."

IV. OFFICIALS CONTACTED

IV. OFFICIALS CONTACTED

The consultant very much enjoyed working with the staff of the FP/MCH Project. It is their efforts that are summarized in this report.

As in the past, the staff at USAID/N went out of their way to support the consultant. Information, from written reports to informal discussions, was made available in an open and timely manner. Whatever success can be attributed to the consultancy being reported can be directly traced to this Mission support. The writer is most grateful for the assistance he received.

FP/MCH Project

B.R. Pande, M.D., Chief

Kokila Vaidya, M.D., Deputy Chief

Achut Mani Acharya, M.D., Chief, Services Division

Pramila Sharma, M.D., Chief, Surgical Division

Ramesh B. Shrestha, Head, Fiscal Administration Section

Gobinda P. Mishra, Internal Auditor

Keshab Kunwar, Central Region Senior Accountant

USAID/Nepal

Samuel Butterfield, Director

William Nance, Program Officer

Robert Mills, Assistant Program Officer

George Smith, Controller

Gerold V. van der Vlugt, M.D., Chief, Health/Family Planning Branch

Sigrid Anderson, Population Officer

Phillip Weeks, Family Planning Commodity Specialist

Chandra ManPradhan, Accountant

Molran R. Sharma, Auditor

APPENDICES

Appendix A

LETTER, LONG TO PANDE, 1/3/80

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
MISSION TO NEPAL



USAID
FI-80-99

3118 (✓)
96/60
R. H. G.

Kalimati Aritar

KATHMANDU, NEPAL.

January 3, 1980

BEST AVAILABLE DOCUMENT

Dr. B. R. Panue, Project Chief
Nepal Family Planning & MCH Project
Jama Shah Path
Kathmandu

Dear Dr. Panue:

We are appreciative of your letter No. 268 dated December 17, 1979 and believe that you will soon succeed in liquidating the FY-76 uncleared advances also to a negligible level. The FY-76 uncleared advance balance at present is Rs. 32,922.49 and we expect to receive your final report on it as quickly as possible.

relative to the USAID/M's shares of FY-76 and FY-77 uncleared advance balances in the amount of Rs. 893.07 and Rs. 1,542.30 respectively, we are in agreement with you that taking further actions in clearing the balances will cost more money than the balances. Therefore, we will take necessary actions to remove the balances from our records.

Our records indicate that you have received cash refunds, as listed below, in the process of clearing the project advances. It is requested that you arrange to issue a check for Rs. 40,579.41 in the name of American Embassy and send the check to this office for appropriate disposition. Until we receive the check, we will not be in a position to completely close our records identified with the Project Agreement No. 76-3 for FY-76 and No. 77-7 for FY-77. We hope you will send your check as quickly as possible.

List of cash refunds received by your office as of your letter No. 260 dated December 17, 1979 is as follows:

- Project Agreement No. 76-3

FI-76 (Nepali 032/33) -	Rs. 84,867.75	
USAID/M's share is 31.14% of 84,867.75 =		Rs. 26,427.82
- Project Agreement No. 77-7

FI-77 (Nepali 033/34) -	Rs. 28,859.88	
USAID/M's share is 36.65% of 28,859.88 =		10,577.15

3118 (✓)
96/60
3-25-

3118 (✓)
96/60
amc
with/mt

9

Dr. G. N. Panda, Project Chief

Page Two
January 3, 1960

3. Project Agreement No. 77-3

FY-77 (Nepali 034/35)
USAID/US share is 34.54% of

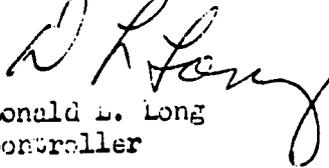
Rs. 10,351.70
10,321.70

= Rs. 3,574.44

Total USAID/US share

Rs. 40,573.41

sincerely yours,



Donald L. Long
Controller

Appendix B

LETTER, PANDE TO SMITH, 4/20/80



His Majesty's Government
Health Ministry

Nepal Family Planning & Maternal Child Health Project



Our Ref... 9/901

Central Office

Tel. { 12733 Central Office
14147 Supply Sec.

Your Ref. FM 80-99/-/Letter, Lang (...Int. Audit.....Section)
to Pande, 1/3/80

Ram Shah Path.

Date .. 20..Apr/..1980.....

Mr. George Smith, Controller
USAID. Nepal
Kalinati, Kathmandu.

Subject: Uncleared advances, 1970-
1975; 1978 and 1979

Dear Mr. Smith:

We are most appreciative of letter, referenced FM 80-99, clearing outstanding advances for 1976 and 1977. We are particularly grateful that USAID/N accepts our reasoning that it is not cost efficient to continue to trace small amounts of uncleared advances in previous fiscal years.

In this communication we would like to present a final report on uncleared advances for the years 1970-1975. In addition, we are including an updated status report on uncleared advances for 1978 and 1979. As in the case of 1976 and 1977 some years have minor amounts of funds that we are unable to trace. For these we similarly request that you accept as cleared the USAID/N share of these advances.

BEST AVAILABLE DOCUMENT

Fig. 1

UNCLEARED ADVANCES: 1970 - 1975

	\$	1970	1971	1972	1973	1974	1975
		2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Previous Uncleared Advances		2,297.91	36,340.95	8,096.63	58,625.12	116,199.40	49,809.24
Cleared to Date (For attachments)		2,297.91	33,748.95	6,751.63	58,625.12	113,194.40	48,378.61
Balance, Uncleared Advances		-0-	2,992.00	1,345.00	-0-	2,965.00	1,430.63
IME/H Share		-	648.00	511.10	-	1,733.05	987.14
USAID/H Share		-	1,944.00 (\$ 163.36)	833.90 (\$ 70.07)	-	1,231.95 (\$ 103.52)	443.49 (\$ 37.26)
USAID/H O/D		-	75.00 \$	65.00 \$	-	41.55 \$	31.00 \$

We respectfully request that you consider the advances for 1970 - 1975 as cleared.

Our efforts continue to resolve uncleared advances for 1975. Below is summarized the current status of advances for these two years.

3

Fig.2

Current Status of Uncleared Advances of
1978 and 1979

	1978 2034/35	1979 2035/36
Previous Uncleared Advances	32,922.49	127,531.25
Cleared to Date (Per attachments)	11,951.36	39,476.01
Balance Uncleared Advances	20,971.13	88,055.24

In the months ahead we will continue to inform you of our success in clearing these outstanding amounts for 1978 and 1979.

Thank you again for your assistance and support in resolving Uncleared Advances.

Sincerely Yours,

(Dr. B. R. Pande)
Project Chief

cc: USAID/ H/FP
Att: 8

PROJECT 3 NEP

Appendix C

MONTHLY DISTRICT FINANCIAL REPORTS
(July 1979 - December 1979)

1

Appendix C

MONTHLY DISTRICT FINANCIAL REPORTS
(July 1979 - December 1979)

<u>Districts</u>	<u>Month</u>						<u>Number Total Reports</u>
	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	
Illam	X	X	X	X	X	X	6
Bahadrapur	X	X	X	X	X	X	6
Biratnagar	X	X	X	X	X	X	6
Sankhuwasabha	X	X	X	X	X	X	6
Dhankuta	X	X	X	X	X	X	6
Paachthar	X	X	X	X	X	X	6
Okhaldunga	X	X	X	X	X	X	6
Bhojpur	X	X	X	X	X	X	6
Udayapur	X	X	X	X	X	X	6
Tehrathum	X	X	X	X	X	X	6
Dolakha	X	X	X	X	X	X	6
Janakpur	X	X	X	X			4
Makawanpur	X	X	X	X	X	X	6
	X	X	X	X	X		5
Ramechhap	X	X	X	X	X	X	6
Lalitpur	X	X	X	X	X	X	6
Dhulikhel	X	X	X	X			4
Baglung	X	X	X	X	X	X	6
Gorkha	X	X	X	X	X	X	6
Syangja	X	X	X	X	X	X	6
Parbat	X	X	X	X	X	X	6
Palpa	X		X	X	X	X	5
Bhairahawa	X	X	X	X	X	X	6
Lamjung	X	X	X	X	X	X	6
Gulmi	X		X	X	X		4
Kapilbastu	X	X	X	X	X	X	6
Dang	X	X	X	X	X	X	6
Piuthan	X	X	X	X	X		5
Doti	X	X	X	X			4
Dhangadi	X	X	X	X	X	X	6

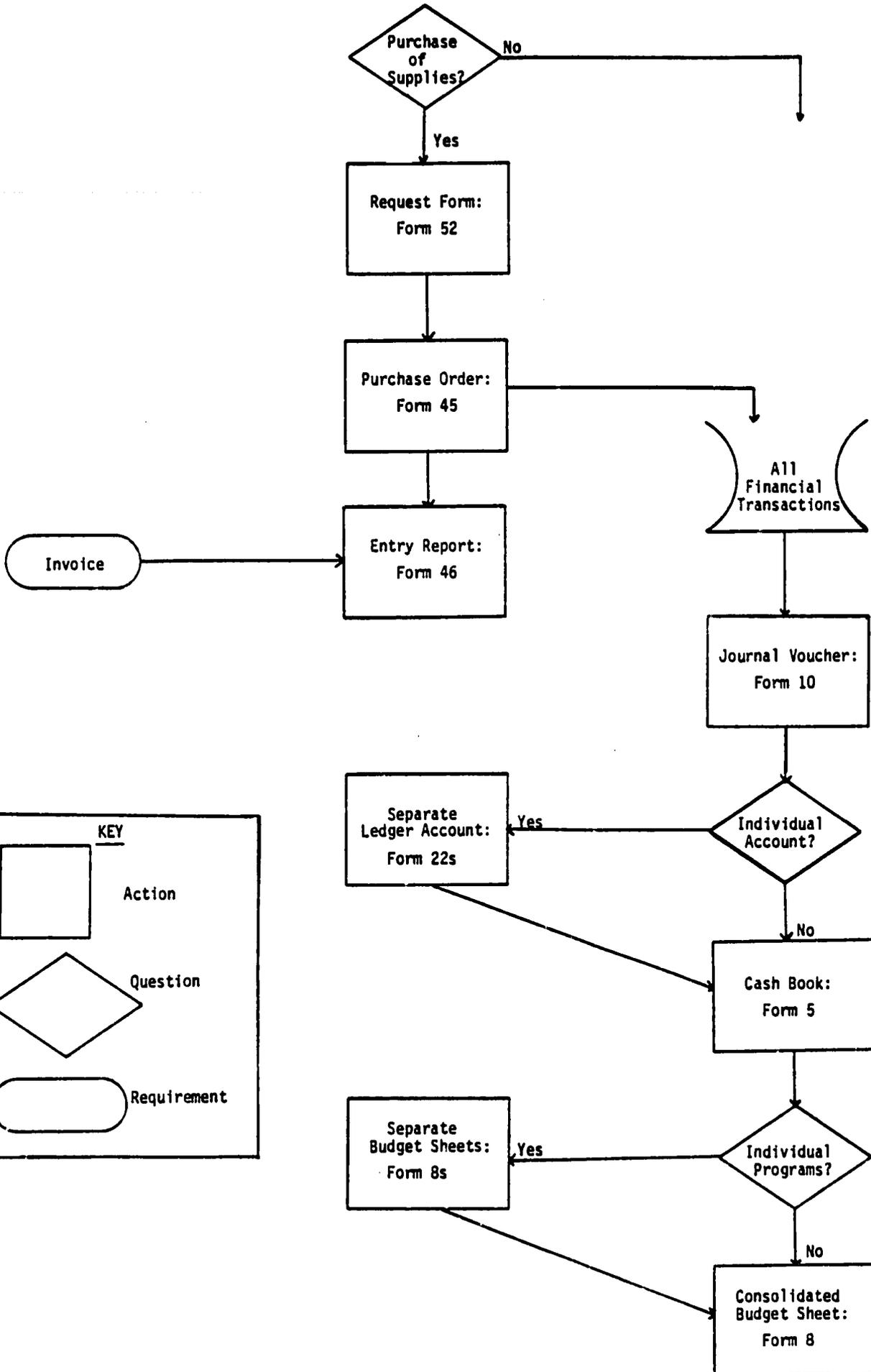
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<u>Districts</u>	<u>Month</u>						<u>Number Total Reports</u>
	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	
Mahendranagar	X	X	X	X	X	X	6
Jumla	X	X	X	X	X		5
Baitadi	X	X	X	X	X	X	6
Rolpa	X	X	X	X	X		5
Jajarkot	X	X	X	X	X	X	6
Bajhang	X	X	X	X	X		5
Dailekh	X	X	X	X			4
Accham	X	X	X				3
Salyan	X	X	X	X	X		5
Surkhet	X	X	X	X	X	X	6

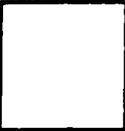
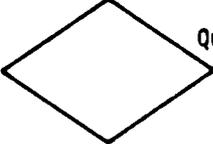
Appendix D-1

**OPERATING-LEVEL FINANCIAL MANAGEMENT:
DAILY FORMS FLOW**

I
OPERATING LEVEL FINANCIAL MANAGEMENT
DAILY FORMS FLOW



KEY

 Action
 Question
 Requirement

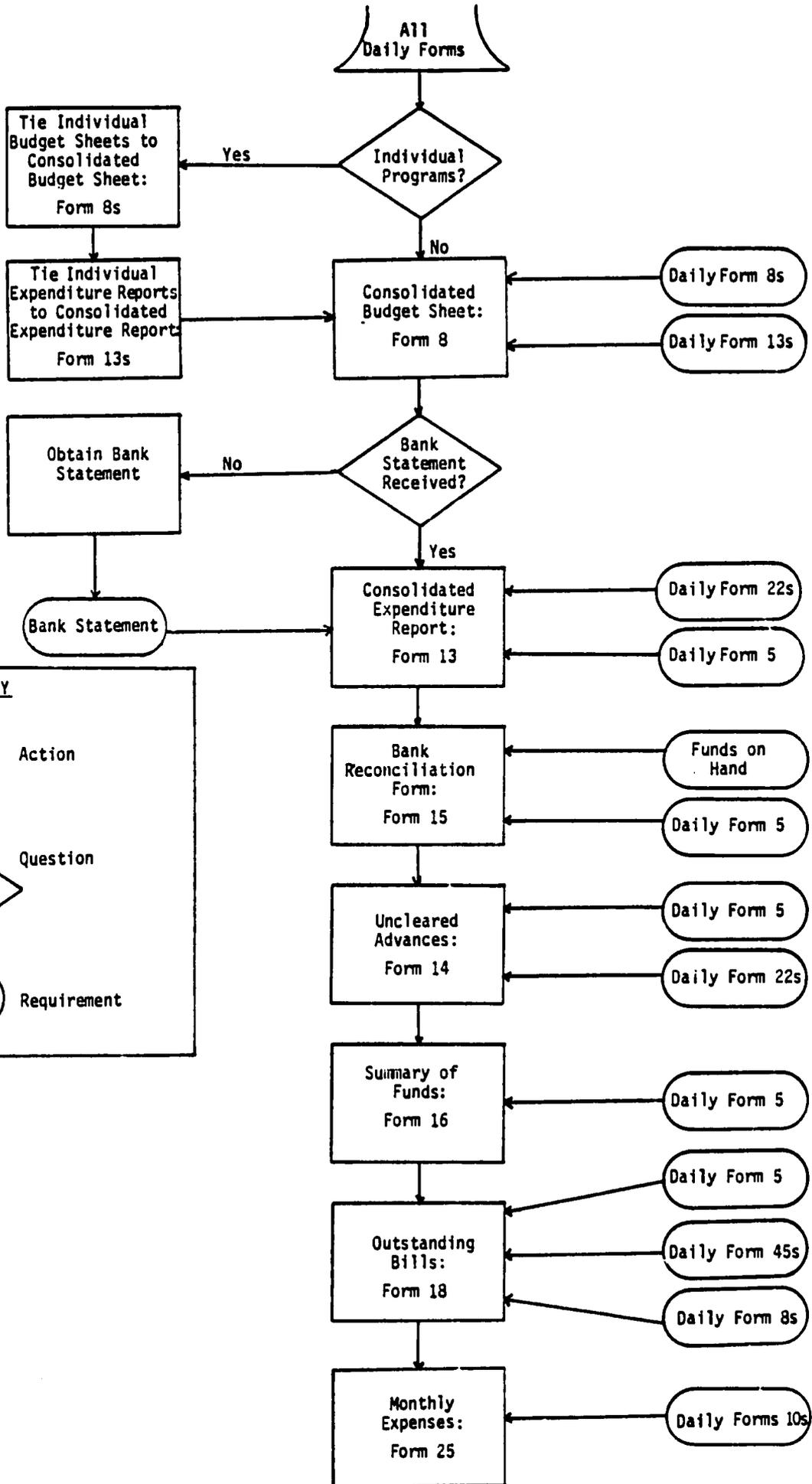
Appendix D-2

**OPERATING-LEVEL FINANCIAL MANAGEMENT
MONTHLY FORMS FLOW**

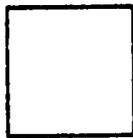
OPERATING LEVEL FINANCIAL MANAGEMENT

MONTHLY FORMS FLOW

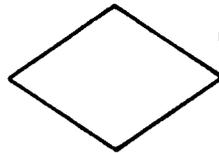
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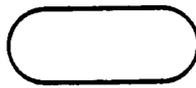
KEY



Action



Question



Requirement

Appendix E

**LIST OF POLICIES AND PROCEDURES ON
FP/MCH PROJECT FINANCIAL MANAGEMENT**

K

Appendix E

LIST OF POLICIES AND PROCEDURES ON FP/MCH PROJECT FINANCIAL MANAGEMENT

The senior financial management staff of the FP/MCH Project wrote a policy and a procedure on each of the following topics. Copies of the policies and procedures, in English and Nepali, are available from the FP/MCH Project Office, Ram Shah Path, Kathmandu. Items 1-16 apply to Operating Level Offices; 19-20 to the Central Level Offices, and 17-18 to both.

1. Maintaining Journal Vouchers.
2. Maintaining Ledger Accounts.
3. Maintaining Cash Books.
4. Maintaining Budget Sheets.
5. Preparing Consolidated Budget Sheets.
6. Preparing Supply Request Forms.
7. Preparing Purchase Orders.
8. Preparing Entry Reports.
9. Preparing Expenditure Reports.
10. Preparing Bank Reconciliation Forms.
11. Preparing Reports on Uncleared Advances.
12. Preparing Summary of Funds.
13. Preparing Outstanding Bills.
14. Preparing Records of Monthly Expenses.
15. Submission of Monthly Financial Reports.
16. Preparing, Submitting, Reviewing and Approving the Quarterly Release Form.
17. Making Salary and TA/DA Advances.
18. Clearing Staff Transferring Within or Leaving the Employ of the FP/MCH Project.
19. Submission of Annual Budget for Procurement of Supplies, Equipment and Services.
20. Procurement of Supplies, Equipment and Services.

Appendix F

**COURSE OUTLINE:
FINANCIAL MANAGEMENT TRAINING PROGRAM**

Appendix F

COURSE OUTLINE: FINANCIAL MANAGEMENT TRAINING PROGRAM

I. Program Accounting

A. Needs

1. Accountability, by program
2. Maximize donor sources

B. Components

1. Multiple funding sources; budget by program
2. HMG accounting does not always satisfy foreign donor accountability
3. FP/MCH must conform to HMG Auditor General reporting requirements

C. Procedures

1. HMG Auditor General
 - a. Form #10
 - b. Form #5
 - c. Form #22
 - d. Form #8
 - e. Form #13
 - f. Form #14
 - g. Form #15
 - h. Form #16
 - i. Form #18
 - j. Form #25
2. Foreign donors
 - a. Separate Form #8s
 - b. Form #13
 - c. Consolidated Form #8

D. Schedule

1. Daily
 - a. Form #s 10, 5, 22, 8
 - b. Form #s 8 and Consolidated 8
2. Spot Checks
3. Monthly

4. Quarterly

5. Annually

E. Staff

1. Chief Administrative Officer

2. Accountant

3. Other

II. Budgeting

A. Needs

1. FP/MCH obtains funds

2. Operating Level obtains funds

B. Components

1. Plan

2. Elements

a. Program

(1) targets

(2) camps

(3) special projects

(a) PBHW

(b) VSC

(c) UNFPA Training

b. Funding Sources

(1) HMG

(2) USAID

(a) PBHW

(b) VSC

(3) UNFPA

(a) Training

(b) I/E/C

(c) R/E

(d) Sterilization

(4) USC

(5) UNICEF (commodities)

c. Expenditures

(1) Recurrent costs

(2) New Costs

(3) Increasing Costs

C. Procedure

1. Optimum Budget

a. Recurrent costs

b. Targets

c. New costs

d. Increasing costs

2. Funding Sources

D. Schedule

1. Annual

2. Rebudgeting

a. National

b. Operating Level

(1) Increases

(2) Decreases

E. Staff

1. FPO

2. Accountant

III. Financial Management

A. HMG rules and regulations

B. FP/MCH policies and procedures

IV. Auditing

A. Pre-Audit

B. Uncleared Advances

V. Property