Funds Flow Management
Townships Medical Office - Role as Funds Manager
Summary of Findings and Recommendations

Location: Yangon
Presentation Date: 5 June 2013

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Three “windows” for funding with harmonized SOP:

1. **Window 1**: A mechanism for direct flow of funds to the Government, using as much as possible the national systems and institutions.

2. **Window 2**: Maintain a modified version of the UN Agencies’ mechanism for funding their directly implemented activities.

3. **Window 3**: Continue the NGO mechanism but standardize costs.

All activities so funded would be included in the Townships Coordinated Health Plans. Other activities centrally planned and executed would also be funded.

Could be scaled up wherever it works best.
Three Millennium Development Goals Fund
Salient Features of Funds Flow (1)

1) **Fiduciary framework** of:
   - UNOPS as the Fund Manager
   - 3MDG Fund for IPs

2) **Funding Application Processing and Approval**
   - Planning and Budgeting; Work Plans
   - Preparation and Endorsement by Townships, State/Region, MOH
   - Steps and Actors

3) **Review and Approval by FMO**
   - Fiduciary and Capacity Assessment of IP
   - Technical Assessment of Proposal

4) **Flow of Resources**
   - Flow of funds and in-kind; Cash flow projections; Procurement Plans
   - Bank accounts and payments by cheque/transfer
   - Name of the Bank Account and Signatories
   - Cash Management and Petty-cash Arrangements
Salient Features of Funds Flow (2)

5) Segregation of Duties
   – Approval and Authorization for Execution
   – Execution of Transaction and Certification of Entitlement, Receipt of Goods, Services, Works, and Payment Request
   – Payment Authorization
   – Payment and Cheque Signing/Cash Payment
   – Recording of transactions

6) Documentation, Ledgers, Accounts and Record keeping
   – Cash-book
   – Expense Accounts/Database
   – Use of Unified Codes for Classification (Chart of Accounts)
   – Bank Reconciliation and Risk Management
   – Other Assets and Stores Management
   – Documentation and Archiving
Salient Features of Funds Flow (3)

7) Internal Audit and other controls
   - Internal Audit
   - Planned Regular Supervision and Implementation Support
   - Un-planned/surprised inspections and compliance monitoring

8) Reporting
   - Monthly Bank and Cash Management Reports
   - Periodic Bank Account Replenishment requests
   - Quarterly/6-Monthly financial and progress Reports
   - Annual Financial reports and Financial statements
   - On-site public reports for Social Accountability and public Knowledge

9) External Scrutiny
   - Audit Committee
   - Annual Independent External Audits
   - Ad-Hoc Special Audits
   - Investigations and fraud and corruption measures
Field Visits to Townships and Observations:

• March - May 2013: 6 townships were visited in 3 states/regions to assess their capacity in terms of
  – financial / funds management and
  – supplies management.

• Based on those visits and discussions with MoH, MF&R, and the Office of the Auditor General in Nay Pyi Taw the following observations/conclusions are presented:

  1. Financial transfers from central level to townships level: most are for salaries and expenses only (approximately 95%).

  2. therefore, little experience at townships level with financial / funds management and huge need for capacity building.
Field Visits to Townships and Observations:

3. **Human Resources**: insufficient levels of accountants and financial support staff in place, qualified accounts need to be appointed in participating townships.

4. **Cold Chain** assets and management rated as marginally satisfactory, other supplies chain management rated as unsatisfactory.

5. **NGOs**: to bridge the capacity gap during a transitional phase, there appears to be a role for IPs to assist the townships for the immediate future.

6. **Operational Risk**: overall the risk is rated as moderate to substantial, and

7. **Supervision**: the role of supervision during the project life is extremely important, given the above observations and recommendations.
Thank you.