

**Value-for-Money Audit  
Medicine and Service Delivery Initiative**

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## **Preface**

A noble objective of the CCAF International Audit Assistance Program is to strengthen the role of comprehensive auditing in national audit offices in developing countries. One of the assistance programs provides value-for-money (VFM) audit training in Canada to selected auditors of national audit offices. The purpose of this audit training is to enhance the performance reporting, accountability, and governance capacities in Fellows' respective countries.

The preparation of strategic papers by participating Fellows is one of the activities of the training. The papers are developed to put into practice the principles, knowledge, and skills obtained from the training and experience in the Office of the Auditor General of Canada (OAGC). The introductory sessions organized by the CCAF on intercultural learning and on the concept and practices of accountability, governance, and management reporting were key to the Fellows' understanding and knowledge of the VFM audit process.

This paper deals primarily with the processes to undertake a VFM audit of the medicine and service delivery issue, which is one of the major activities of the procurement and delivery of essential medicine and equipment (PDEME) program executed by the Department of Health (DOH) in Nepal. The government delivers some basic medicines and services to the people through several health centres established in various parts of the country. The objective of this paper is to examine the effectiveness of the delivery initiative using the VFM audit methodology learned in the OAGC.

## Acknowledgements

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I extend my gratitude to the OAGC Team 105 members, especially to Ronald J. Campbell and Jaak Vanker who accompanied me to participate in a series of meetings with federal department officials to observe the VFM audit processes and how draft audit findings are communicated.

I am also very indebted to the OAGN and especially to the Auditor General (AG), Bishnu Bahadur KC, who encouraged me to participate in the Fellowship and acquire VFM audit skills and knowledge in Canada. I also appreciate the support and assistance provided by former CCAF graduates Diwaker Prasad Bhattarai, Ram Babu Nepal, and Dev Bahadur Bohara in the OAGN. Similarly, I extend my appreciation to all colleagues in the OAGN, especially to Padam Dayal Shrestha, Rajaram Sedhain, Krishna Lal Shrestha, Damodar Aryal, and Sarita Manandhar, for their continuous support and enthusiasm.

I also highly appreciate the support and encouragement from Manfred Kuhnappel, Director, International Relations in the OAGC and Kimberley Speek, the CCAF Administrative Coordinator, especially during my period of sickness in the Ottawa winter.

I would like to sincerely thank Richard Gagné, Johanne McDuff, and Donna Bigelow who cordially invited me and my wife to join in their French Canadian Christmas and many other social programs. Similarly, I extend my appreciation to Amos Kuttner, Rosemary Maranger, and Viviane Dunn for their excellent support and assistance to make my training pleasant and beneficial.

I also express my sincere thanks to Radha Basnyat, Ram Acharya, and other members of the Nepalese Community in Ottawa for their extensive support and co-operation provided to make my visit in Canada enjoyable and memorable.

Finally, I am very grateful to my wife Ganga, who stayed with me for the second half of my training, for all her support and assistance through sickness and health. I also extend my thanks to my brother Lava Aryal who took care of my mother, sons, and daughter in my absence.

## Executive Summary

This strategic paper is focussed on the VFM audit strategies to conduct a VFM audit of the Medicine and Service Delivery (MSD) initiative in the Nepalese audit environment. The strategies fairly present the steps and processes of VFM audit that are in practice in the OAGC. They also take into account the *Nepalese Audit Act*, Auditing Standards, and Performance Audit Guide (PAG) manuals and guidelines. The project aims to promote accountability, governance, and management reporting processes in the Ministry of Health (MOH), the Department of Health (DOH), and the Logistic Management Division (LMD) in the DOH.

The OAGN has a clear mandate to examine the economy, efficiency, and effectiveness of every rupee spent from the Consolidated Fund. It also has to report to Parliament and to the public on whether the Nepalese people have achieved value from government spending. The project document will be a tool for the OAGN audit team to use to report to Parliament on whether the Nepalese have obtained value from the MSD initiative run under the PDEME program of His Majesty's Government of Nepal (HMGN).

PDEME and its service delivery activity have a broad objective to make common Nepalese people healthy. The Logistic Management Division has been established to ensure proper procurement and delivery of drugs to the public. The objective assessment of the quality and quantity of service provided by the LMD to the general public is an area of interest to parliamentarians and the public.

The strategic plan covers three main phases. The major planning phase activities include, among other regular activities, establishing the VFM audit checklists and process control framework. During the examination and report phase, the audit team carries out the programs specified by the survey/ plan document. Advisory committee meetings are held to determine audit criteria and discuss primary audit findings.

This strategy paper outlines a VFM audit of the MSD initiative during a year and a quarter. The establishment and development of inter-related systems and processes and a framework needs a bit longer time for implementation. The development, practice, review, update, and extension of VFM audit templates and guidelines, a process control framework, training programs, and a quality assurance strategy need to be continued after completing the strategy.

Thus the whole processes is intended to foster accountability and effectiveness of government performance and make a difference to the Nepalese people.



# Value-for-Money Audit Medicine and Service Delivery Initiative

## 1. Objectives

This strategy paper is designed to conduct value-for-money (VFM) auditing of the Medicine and Service Delivery (MSD) initiative currently run under the Procurement and Delivery of Essential Medicine and Equipment (PDEME) program by the Department of Health (DOH) in Nepal.

Procurement of goods and services is vital in implementing programs of economic and social significance. The program's budget size, potential risks, absence of health technicians, delivery mismanagement, low quality of service, public interest, and the need for adequate information make the initiative suitable for a VFM audit. Therefore, the objectives of the strategy paper are the following:

- Conduct a VFM audit of the MSD initiative to provide objective information to Parliament, the public, and management and thus to serve the accountability process with a high-quality audit report.
- Develop a concise and practical VFM audit tool or framework to train other OAGN auditors for VFM audits and enhance audit capability of the OAGN.
- Determine whether an adequate accountability framework has been established to ensure better quality of the MSD.

## 2. MSD Background

The National Health Policy of His Majesty's Government of Nepal (HMGN) emphasizes upgrading the quality of health services to the Nepalese people. The policy stresses the need to equip national and regional hospitals and health centres with modern equipment and furniture whereby better referral and specialized facilities are provided to the people. The PDEME is one of the major programs to attain the policy objectives. The Logistic Management Division (LMD) in the DOH has been established to implement the PDEME program effectively.

Hospitals located in urban areas and regional headquarters are better equipped than those established in rural areas. People living in remote villages have to get primary health services from the health centres (HCs), health posts (HPs), and sub-health posts (SHPs) established in various local units of the government. Basic drugs and equipment are supplied to them by the LMD and later supplied to HCs, HPs, and SHPs for delivery to the people.

LMD policy is to help upgrade the health status of the majority of the rural Nepalese people in the country. To this end, logistic support is vital to ensure effective routine implementation of all health-related activities of HMGN from the central to community level. The support aims to manage the regular supply of medicine, equipment, contraceptives, vaccines, and other commodities for the operation of preventive and curative health services programs in the country.

The three major operating activities of the LMD include the following:

- procurement of medicines and equipment in the centres;
- medicine and services delivery to the general public; and
- management of the facilities.

## **LMD budget and performance record**

The budget size of the PDEME program is increasing every year. Appendixes III at the end of the paper show the continuous expansion of the budget for the last three years and the performance record during that period.

## **3. Strategic Approach**

### **The audit project and reasons for selection**

As mentioned earlier, this paper presents a strategy for a pilot VFM audit of the MSD activity under the PDEME of the LMD. A VFM audit of all three activities of the LMD seems too big a job for auditors to complete at one time. Thus the audit work for the first year is limited to the MSD activity.

The major reasons for selecting the MSD for the VFM audit are as follows:

- medicine and service delivery risks, assessment to meet the public requirement, remoteness that may cause absence of qualified health technicians to serve the people, the need for adequate and appropriate service delivery points, and the need for adequate communication by the MSD initiative to the people;
- interest of parliamentarians to know the quality, adequacy, and continuity of service delivery;
- significant budget size;
- donors' wish for objective information; and
- entity's responsiveness.

### **Expected outputs**

The VFM audit of MSD shall enable management to carry out the following:

- produce a high-quality VFM audit report to the Parliament and the public;
- use the VFM audit as one of the major tools to improve the quality of service delivery to the people;
- strengthen the accountability process;
- strengthen and enhance practical knowledge and skills of auditors for future VFM audits;
- effectively execute the audit mandate; and
- enhance the credibility of the OAGN.

## **Audit criteria**

Auditing cannot be done without predetermined audit criteria. Therefore, the strategy presumes a few criteria for the audit. The central co-ordination unit (CCU) discussion and consultant's advice may add to or change some of the criteria. The audit criteria expected by the VFM audits are the following:

- LMD has appropriate tools developed and operating to ensure the effectiveness of the MSD. These would include information, strategic plans, training, and guidance.
- LMD has performed the required assessment of the need for drugs for every HC, HP, and SHP and has followed up regularly to meet the public need.
- LMD has ensured the presence of adequate and qualified health technicians at every HC, HP, and SHP year-round to provide medicine and services to the people.
- Appropriate control measures are in place for the proper safety and delivery of medicine and services.

## **Audit location**

The audit is carried out by visiting various stations including hospitals, HCs, HPs, and SHPs located in various regional headquarters and remote places of the country.

## **Time of implementation**

The project is scheduled to start 1 August 2002, which is the beginning of the Nepalese new fiscal year. Most of the audit operational plans and new assignments begin in the new fiscal year. The project is estimated to be completed by the end of August 2003. The time allocated for each activity of every phase of the audit is noted in Appendix II at the end of the paper. Systems development, review, and update are the continuing processes required for effective VFM audits -- even after completing the audit.

## **Responsibility for the project**

The audit team under my supervision has the overall responsibility to complete the proposed audit project. The OAGN needs to provide the necessary resources and support for the effective and efficient implementation of the project. Similarly, the MOH, DOH, LMD, and other root-level project authorities, as well as the donors and the local authorities also need to provide their support to make the project a success. The overall co-operation of all those involved, from project authorities to the beneficiaries, is important to make the project results-oriented.

## **Resources**

The project is expected to be completed by three or four audit personnel from within the OAGN. As well, a few consultants experienced with MSD need to be hired. The project is estimated to cost around 200,000 Nepalese rupees. This will be reflected

in the annual estimates of the OAGN for the fiscal year 2002/2003. The necessary computer facilities also need to be made available to the audit team.

## **Methodology**

The audit is conducted through meetings and interviews with management authorities, stakeholders, donor agencies, and service recipients. Examination of books, accounts and documents is carried out by visiting various service centres.

## **Planning**

The project is to be completed in three phases that will involve planning, examining, and reporting. The planning phase of the audit is estimated to take about five months, which is around 40 percent of the total time allocated. The main activities under the planning phase would include the following:

- Establish major audit checklists, quality management system (QMS) process control framework, and design audit templates. Arrange orientation training for auditors to enhance competence and skills.
- Have the CCU in the OAGN present, discuss, and approve the strategic project under Clause 20.2.1 of the Performance Audit Guide (PAG).
- Review the MSD business (mandate, programs and activities, organization, resources, management climate) and identify lines of enquiry and matters of potential significance.

(The audit tool (AT) -3 Segment Operational Model and AT -4 Information Collection Form shall be used to evaluate and understand the LMD operations. Similarly, AT-5 and 6 shall be used to identify the matters of potential significance.)

- Survey and develop a detailed audit plan and program, identifying audit objectives, scope, and criteria, and obtain approval from Assistant Auditor General (AAG).  
(AT - 7, the Audit Program Template shall be used to define the audit plan in detail.)
- Hold advisory committee meetings to finalize the objective, scope, and criteria of the audit and modify these with the meeting results.
- Obtain departmental agreement on the predetermined audit criteria.
- Continue the review and update of established guides, templates, and the process control framework.

Appendix II at the end of the paper sets out the details of further audit plan activities.

## **Examination**

The examination phase of the audit work is estimated to be completed within about four months, which is around 30 percent of the total time allocated for the project. The audit activities under this phase will include the following:

- Deploy audit team to various service delivery points.
- Collect data from review of the documents, accounts, and performance records, and interviews with service recipients, stakeholders, and field managers providing services to the people.
- Review, analyze, interpret, and document data collected and compare MSD operations against predetermined audit criteria.

(The audit team shall use AT - 10 to ensure adequate documents are ready in the control binder.)

- Develop primary audit findings and assess them for significance, reportability, causes, and effects.  
(AT – 8, the Audit Finding Form shall be used by auditors to make a drafts of the audit report)
- Analyze causes and effects in case of significant deviations and hold advisory committee meeting to ensure that the audit criteria are met.
- Prepare a list of main points.

## **Reporting**

The reporting phase of the audit is estimated to take about four months, which is around 30 percent of the total time allocated. The VFM audit reporting activities will include the following:

- Prepare the director's initial draft (point form report, final report, and management letter) of the tentative audit findings.
- Obtain AAG's approval of the report.
- Hold the Advisory Committee meeting to discuss the draft report with tentative findings and proposed recommendations.
- Discuss the table of contents of the report and its general thrust with the auditee to get their initial reaction on factual errors, omissions, new information, or contextual changes.
- Rearrange the draft as required after auditee's response and get clearance from the responsible audit Director and the AAG.
- Issue the protected draft to the auditee asking for the departmental response.
- Send third party reference to other government departments.
- Discuss drafts in the CCU after all adjustments have been made for third party reference.
- Brief the Auditor General.
- Submit the report to His Majesty the King.
- Table the report in Parliament, answer media questions, and distribute the report.

## **Quality assurance strategy**

The audit is dedicated to maintaining the highest quality of work. The strategies presented in this report will be carried out with due consideration of the relevant *Audit Act*, 1991, the existing VFM Audit Standards, Performance Audit Guide, audit tools, and the Departmental Code of Ethics for public sector auditing. The VFM audit templates and guides of the OAGC will be established and used in places not referred to by the OAGN Performance Audit Guide and audit tools.

The OAGC has defined three key components of a quality management system in VFM auditing practice. These components are based on audit management, people management, and continuous improvement. The QMS aims to ensure that the Office delivers high-quality audit work and meets the standards of excellence. The QMS helps to ensure that quality is built into the audit process. These three components comprise the following:

- key elements of the quality management system;
- process control framework; and
- VFM auditing standards.

The OAGC has defined 11 quality management elements. These include the following:

- |  |                          |
|--|--------------------------|
| • Authority                                    | • Independence           |
| • Conduct of the audit                         | • Consultation           |
| • Personal security, access and file retention | • Resourcing             |
| • Leadership and supervision                   | • Performance management |
| • Professional development                     | • Respectful workplace   |
| • Practice review                              |                          |

Every element has been designed to ensure reasonable assurance and to be measured in the audit practices. Similarly, every element has identified the key instruments (relevant acts, office policies, audit standards and guides, committees, etc.) to be used for measuring quality in the audit practices. The OAGC has also established a process control framework that examines every product made during the VFM audit operation. This QMS environment looks very encouraging for defining and establishing such a quality framework in the OAGN as it continues to expand and enhance its audit operations.

### **Internal practice review**

The Performance Audit Guide, Clause 70.6.1, requires peer review of VFM audit by the in-house team. The AAG and his team members in the performance audit division in the OAGN are responsible for reviewing the overall process of the audit to ensure that all conclusions are consistent with each other, relevant, logical, constructive, and supportive to making positive changes in the delivery process.

The Quality Control Committee (QCC) is responsible for reviewing the selected VFM audit practices carried out by the OAGN. Under clause 70.6.3 of the Performance Audit Guide, the team will review the overall VFM audit process for the MSD and report to the Auditor General. The review results will be the further guidelines for future audit practices.

## **4. Supporting Factors**

### **VFM auditing standards, manuals, and guidelines**

The VFM Auditing Capability Strengthening Project under the IDA assistance in the OAGN has developed the Performance Audit Guide and audit tools. These were published in mid-June 2000 and are considered the milestones for the development of the VFM audit process. Every auditor is required to have a thorough knowledge of the guidelines and be competent in applying them in practice. Training programs, seminars, and discussions are helpful to auditors in communicating and applying the

guidelines in audit operations. The practical training provided to auditors offers significant support for the effective implementation of the project.

## **Parliamentarians and local authorities**

Lawmakers, local authorities, and the general public are expected to provide objective information in the overview, survey, and examination phase of the project. This information helps the project identify key issues in the efficiency and effectiveness of service delivery.

## **Stakeholders**

Various bilateral and multilateral donors have funded the PDEME. The donors' internal audits, monitoring reports, and aids memoirs help auditors identify issues in PDEME and MSD operations. The Ministry of Finance is also involved in the arrangement of funds to the PDEME and the MSD, which contributes to better project results.

## **The MOH, DOH, and LMD**

These organizations are key in the support and success of the project. Information on the affairs of business, data banking, and management reports must be collected for the project. Further improvement in the performance of PDEME service delivery to make a difference to the people highly depends on the participation of the MOH, DOH, and LMD.

## **The OAGN support service**

The OAGN support service plays a major role in the project. It needs to provide personnel with knowledge and competence, internal as well as external advisory services, travel and other support resources, and timely monitoring and supervision of the audit for effective implementation of the project. Inadequacy of any of these resources will have a direct impact on the achievement of the desired goal--that is, to make a difference to the Nepalese people.

## **5. Problems**

The proposed audit team is committed and dedicated to implementing the strategic approaches specified in the project and conducting a high-quality VFM audit. The OAGN has established guidelines, circulars, and a professional code of conduct for implementation of all audit activities. The Office has also published the VFM Auditing Standards and new manuals to enhance and support audit operations. The project is expected to be completed in time with high-quality results. So, while there appears to be little chance of major problems, some limitations in the following areas may arise during the audit.

## **Skilled and competent staff**

The key factor for the VFM audit is to have a team of people who have the collective knowledge and competence to do the job in a professional manner. Although many of the OAGN auditors are experienced in financial and compliance auditing, the team members require orientation training in basic VFM audit processes. External consultants and some functional responsibility leaders will need to train the team in the methodology for using some of the audit tool kits.

## **Advisory services**

External and internal advisory services are a main element in contributing to a high-quality VFM audit. Advisors play an important role in identifying key issues in government operations, setting audit criteria and lines of enquiry, and monitoring the audit findings. The availability of advisory services in the OAGN requires further expansion to provide sufficient, meaningful, and timely information to the audit team.

## **Financial and technical resources**

An important factor in the success of this audit is the availability of necessary financial and **technical** (computers, Internet, Intranet, and Microsoft programs) resources. The Public Accounts Committee of Parliament has recommended that the government provide adequate financial, human, and technical resources to the OAGN to run its audit operations efficiently and effectively. The Ministry of Finance has also been making a gradual increase in the budget size in recent years. This process will definitely lead to success of the project.

## **6. Conclusion**

The OAGN is continuing to develop its VFM audit practice. The number of VFM audits is increasing and the quality enhancement process is improving. The lawmakers and other stakeholders are encouraging the OAGN to further extend the scope of its audit and to ensure its quality. The present VFM audit mandate and the VFM audit standards and guidelines are established to support the OAGN audit operations.

The audit team is dedicated to performing the job and maintaining high quality. The VFM audit report will recommend objective information to management to serve the people better and make a difference to them. The main thrust of the strategic project is to promote accountability and good governance and management reporting processes in public sector management in Nepal.

## **Appendices**

I. Abbreviations

II. Strategy Implementation Timetable

III. PDEME Budget Size and Performance Record

# Appendix I

## Abbreviations

AAG	-	Assistant Auditor General
AG	-	Auditor General
AT	-	Audit tool
CCAF	-	Canadian Comprehensive Auditing Foundation*
CCU	-	Central Coordination Unit
DRF	-	Debt Relief Fund
DOH	-	Department of Health
HCS	-	Health centres
HMGN	-	His Majesty's Government of Nepal
HPs	-	Health posts
IDA	-	International Development Association
IDEA	-	Inter-active data extraction and analysis
IT	-	Information technology
KFW	-	Kreditanstalt für Wiederaufbau (German Development Bank)
LMD	-	Logistic Management Division
MOF	-	Ministry of Finance
MOH	-	Ministry of Health
MSD	-	Medicine and Service Delivery
OAGC	-	Office of the Auditor General of Canada
OAGN	-	Office of the Auditor General of Nepal
PDEME	-	Procurement and Delivery of Essential Medicine and Equipment
QCC	-	Quality Control Committee
QMS	-	Quality management system
SHPs	-	Sub-health posts
VFM	-	Value for money
WHO	-	World Health Organization

- **The CCAF, previously known as the Canadian Comprehensive Auditing Foundation, has now expanded its scope from auditing to further foster accountability, governance, and performance reporting in public sector management.**

# Appendix II

## Strategy Implementation Timetable

Year / Activities		2002/2003 Service Delivery												
		8	9	10	11	12	1	2	3	4	5	6	7	8
<b>Audit Assignment</b>														
1.	<p><b>Planning</b></p> <ul style="list-style-type: none"> <li>Establish major audit checklists, QMS process control framework and audit templates</li> <li>Get the project approved by the CCU</li> <li>Arrange orientation training to auditors</li> <li>Identify outside peers and/or experts for consulting</li> <li>Keep a directory of key lawmakers, advisors, media people, and stakeholders</li> </ul> <p><b>Overview</b></p> <ul style="list-style-type: none"> <li>Understand LMD mandate, programs, activities, organization and resources, management climate, and environment</li> <li>Consult literature</li> <li>Determine lines of audit enquiry to establish areas or matters for preliminary examination</li> <li>Meet with departmental officials and stakeholders</li> <li>Prepare overview report including brief description of the MSD and the PDEME; operational activities of the PDEME; broad areas of examination; and lines of audit enquiry</li> <li>Send out the solicitor/client privilege letter</li> <li>Obtain Cabinet Documents, Records of Decision</li> </ul> <p><b>Survey</b></p> <ul style="list-style-type: none"> <li>Develop plan to conduct, control, and report the audit</li> <li>Gather specific information by seeking opinion from departmental officials, stakeholders and selected lawmakers</li> <li>Visit selected locations</li> <li>Analyze documents, reports, manuals, and modeling (program delivery model)</li> <li>Define specific areas or issues for detail audit tests (Examine materiality, major activity concerns, adequacy of systems, risks, potential areas of waste etc.)</li> <li>Develop a survey report with               <ul style="list-style-type: none"> <li>- audit objective, scope, and criteria, brief description of the MSD, areas for detailed examination, and audit plans including audit programs</li> <li>- realistic Estimate of time and cost</li> <li>- probable audit constraints and measures</li> <li>- reporting strategy with app. length</li> <li>- develop detailed audit programs for each line of audit enquiry and obtain AAG's approval.</li> <li>- hold advisory committee meetings</li> <li>- inform the audit objective, scope, lines of enquiry and audit criteria to the LMD</li> <li>- obtain LMD agreement on the audit criteria</li> <li>- submit a chapter proposal</li> <li>- review and update established guides, templates and process control framework</li> </ul> </li> </ul>													

<p><b>2. Examination</b></p> <ul style="list-style-type: none"> <li>• Carry out audit programs</li> <li>• Deploy teams to various LMD locations</li> <li>• Collect data and compare LMD operations Against predetermined audit criteria</li> <li>• Develop audit findings</li> <li>• Assess the findings in terms of significance, reportability, causes and effects</li> <li>• Analyze causes and effects in case of significant deviations by <ul style="list-style-type: none"> <li>Interviews</li> <li>Inspections</li> <li>Analysis of data</li> <li>Confirmations</li> <li>Comparisons</li> </ul> </li> <li>• Obtain sufficient and appropriate evidence to support any opinions and recommendations</li> <li>• Maintain control and substantiation binder with detail records of evidence that are <ul style="list-style-type: none"> <li>Complete and accurate</li> <li>Concise and clear</li> <li>Pertinent</li> </ul> </li> <li>• Prepare fact sheets</li> <li>• Hold advisory committee meetings</li> <li>• Prepare a list of main points</li> </ul>										
<p><b>3. Reporting</b></p> <ul style="list-style-type: none"> <li>• Prepare Director's draft report <ul style="list-style-type: none"> <li>Point form report</li> <li>Final report</li> <li>Management letter</li> </ul> </li> <li>• Obtain AAG's approval on the draft report</li> <li>• Hold advisory committee meeting for opinion</li> <li>• Discuss the draft informally with the auditee</li> <li>• Submit the draft to DAG for review</li> <li>• Complete VFM review checklist</li> <li>• Send protected copy of draft report to auditee for departmental response</li> <li>• Discuss with third party.</li> <li>• Incorporate departmental response in the report</li> <li>• Discuss the report in the CCU</li> <li>• Brief Auditor General on the report</li> <li>• Prepare AG briefing material</li> <li>• Submission of report by Auditor General</li> <li>• Tabling of report to Parliament</li> <li>• Response to media questions</li> <li>• Distribution of report to media, clients, and the public</li> </ul>										

**The following quality - building strategy will be strengthened continuously**



- Establish, review, and update VFM audit templates and guidelines.
- Quality management system development
  - Define the quality management elements
  - Establish the process control framework
  - Extend internal practice review of VFM audits
- Expand training programs for professional development

## Appendix III

### PDEME Budget Size and Performance Record

#### Budget Size

Nepalese Rupee in "000"

Contributions	1997/1998		1998/1999		1999/2000	
	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure
Government	47500	44882	61247	58391	99006	94608
International Development Association (The World Bank)	8830	7130	-	-	-	-
Debt Relief Fund (Japan)	15000	14999	15000	15000	-	-
Kreditanstalt fur Wiederaufbau (German Development Bank)	56008	56098	206947	91329	161799	50418
<b>Total</b>	<b>127338</b>	<b>123109</b>	<b>283194</b>	<b>164720</b>	<b>260805</b>	<b>145026</b>

#### Performance Record

Activities	1997/1998 %		1998/1999 %		1999/2000 %	
	Target	Result	Target	Result	Target	Result
Drugs Procurement	100	100	100	75	100	90
Packaging and Delivery of Drugs and Equipment	100	100	100	100	100	85
Equipment Procurement	100	100	100	90	100	100
Machinery Purchases	100	100				
Repair and Maintenance of Machinery and Equipment	100	50	100	100	100	85
Furniture Procurement	100	50	100	100	100	81
Community Program Execution and Supervision	100	100	100	100	100	12
Office Operation and Supervision	100	100	100	100	100	100