



**REPUBLIC OF THE SUDAN**  
**FEDERAL MINISTRY OF HEALTH**



**JOINT FINANCIAL MANAGEMENT ASSESSMENT**  
**REPORT**



**June 2016**

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1. This Joint FM Assessment was carried out from June 6 to June 18, 2016 by a team representing the Global Alliance for Vaccines and Immunization (Gavi), the Global Fund (GF), the World Health Organization (WHO), the United Nations Children’s Fund (UNICEF) and the World Bank (WB). The team wishes to express its gratitude to the Government officials and Development Partners who participated in the exercise and were very generous with their time. In particular, we wish to express our thanks to the Ministers and the senior management teams of both FMoH and MoFEP, the Officials from both ministries namely Dr. Isam Eldin Mohammed Abdalla - Undersecretary of FMoH, Dr. Mohammed Hassan Awad Mustafa - Head of Health Economics Department, Mr. Mohammed Yahia Idris Mohammed - Health Economist, Mr. Mohammed Elsayid Bukheri - UN Plans Desk Officer, the honorable members of the Supreme Coordination Council (SCC) of the Parliament, the members of the Local Councils, for the time they accorded to the team and for their guidance and support.

### JFMA team members

2. The assessment team consisted of the following: Maxwell Dapaah – SFMS – TTL, Udo Mba Kalu - FM Consultant, Sura Khuzai – FM Consultant, Omer Ahmed – FM Consultant (World Bank), Rosemary Owino – PCA, Cosmus Wahinya - FS (Gavi); Lamin N’jai – FMS, Helen Neyrand, FS (Global Fund), Dr. Qaiser Pashe – Consultant (WHO), Sali Gasim – Capacity Development Analyst (UNDP), Abdul Azum, Yassir Ibrahim (UNICEF).

## ABBREVIATIONS AND ACRONYMS

AIDB	African Intentional Development Bank
AFROSAI-E	Organization of English-speaking African Supreme Audit Institutions
AOP	Annual Operational Plan
ARABOSAI	Arab Organization of Supreme Audit Institutions
BCC	Budget Call Circular
BD	Budget Directorate
BFP	Budget Framework Paper
CAATs	Computer Assisted Audit Techniques
CCMs	Country Coordination Mechanisms
CIFA	Country Integrated Fiduciary Assessment
CoA	Chart of Accounts
COA	Chamber of Audit
CSB	Civil Service Bureau
DFID	Department for International Development
DG	Director General
DPs	Development Partners
ERP	Enterprise Resource Planning
FFAMC	Fiscal and Financial Monitoring Allocations Commission
FM	Financial Management
FMOH	Federal Ministry of Health
FS	Financial Statement
Gavi	Global Alliance for Vaccines and Immunization
GF	Global Fund
GoS	Government of Sudan
GRP	Government Resource Planning

HAC	Humanitarian Assistance Commission
HPC	High Procurement Committee
HR	Human Resources
IDB	Islamic Development Bank
INTOSAI	International Organization of Supreme Audit Institutions
IAS	International Auditing Standards
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IFMIS	Integrated Financial Management Information System
IHP+	International Health Partnership Plus
IPSAS	International Public Sector Accounting Standards
IPFMRP	Integrated Public Financial Management Reform Program
ISSAIs	International Standards of Supreme Audit Institutions
JICA	Japanese International Cooperation Agency
JFMA	Joint Financial Management Assessment
LTA	Long Term Agreement
MBA	Master of Business Administration
MDAs	Ministries Department s and Agencies
MNCH	Maternal, Neonatal and Child Health
MoIC	Ministry of International Cooperation
MoJ	Ministry of Justice
MDGs	Millennium Development Goals
MoFEP	Ministry of Finance and Economic Planning
MO	Medical Officer
MOL	Ministry of Labor
NAC	National Audit Chamber

NGO	Non-governmental Organization
NHIF	National Health Insurance Fund
NHSP	National Health Strategic Plan
NHSSP	National Health Sector Strategic Plan
NMSF	National Medical Supplies Fund
OCHA	UN Office for the Coordination of Humanitarian Affairs
ODA	Overseas Development Assistance
OECD	Organization for Economic Co-operation and Development
OOP	Out of Pocket Expenditure
PBB	Program Based Budgeting
PETS	Project Expenditure Tracking System
PPCC	Public Procurement and Concession Commission
PMU	Project Management Unit
PFM	Public Financial Management
PO	Purchase Order
SACA	Sudanese Association of Certified Accountants
SCC	Supreme Coordination Council
SFMS	Senior Financial Management Specialist
SHSCC	Supreme Health Services Coordination Council
SAI	Supreme Audit Institution
SDGs	Sustainable Development Goals
SHF	Sudan Health Fund
SHIs	Social Insurance Schemes
SMOH	State Ministry of Health
SPF	Sudan Pooled Fund
THE	Total Health Expenditure

ToR	Terms of Reference
TSA	Treasury Single Account
TTL	Task Team Leader
UHC	Universal Health Coverage
UNDP	United Nations Development Program
UNFPA	United Nations Population Fund
UNICEF	United Nations Children Fund
USAID	United States Agency for International Development
WB	World Bank
WHO	World Health Organization

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## EXECUTIVE SUMMARY

1. This report attempts to assess the financial management (FM) systems and practices of public health institutions in the Republic of Sudan with a view to: (i) determining the strengths and weaknesses of the fiduciary and public financial management (PFM) arrangements for implementing donor financed projects; and (ii) making recommendations that will help to improve the current country financial management (FM) system. The assessment focuses on the following areas of financial management, accountability and transparency. After a brief review of the statutory, legal, institutional and regulatory framework, as well as the environment within which the health sector operates, the assessment makes an orderly review of:

- Funds Flow and Banking arrangements;
- Planning, Budgeting and Budget Execution;
- Accounting, Financial Reporting and Information Technology;
- Controls and Oversight Functions;
- Procurement Arrangements;
- Asset Management and
- Donor Coordination and National Insurance Fund.

2. The report's recommendations are supported both by collected and analyzed evidences and by direct observations. The observations, analyses and recommendations were discussed at a debrief meeting with officials and staff of both the MOH and MoFEP as well as participating donor representatives. Our report also identifies areas of strength including those requiring improvement. It also recommends improvements including identifying areas requiring immediate, short-and medium-term actions for harmonization and alignment.

3. The assessment has provided practical recommendations for the use of country systems for donor-financed projects (where systems and processes are acceptable or nearly acceptable) with a description of a common financial management framework. Where alignment is not feasible, recommendations have been made for harmonization among the DPs towards the use of common arrangements as a medium term transition arrangement to the use of country systems. A Memorandum of Understanding (MoU) for joint fiduciary arrangements (commonly referred to as JFA) will be drafted for the consideration and completion by active donors and the Government of Sudan (GoS).

4. The joint financial management assessment was conducted at the behest of the Minister of Health in order to determine whether or not the public financial management system of Sudan

is adequate and whether the ongoing PFM reforms have strengthened the systems to a level that would be acceptable to Development Partners who support investments in the health sector. To help ensure that resources are used for intended purposes, a key goal under the National Health Sector Strategic Plan (NHSSP) is to ensure that the financial management system meets national and international standards, and produces reports appropriate for decision-making, oversight and analysis. As first step towards building capacity, the strategy acknowledges the need to conduct an assessment of the financial management systems, capacity, and practices in the sector to identify strengths, weaknesses and gaps in the system. Accordingly, plans to strengthen financial management system will be developed and implemented.

5. The agreed objectives of the Joint Financial Management Assessment are to:

- (a) Enhance and improve the National Financial Management Systems through strengthening the capacity for sustainable accountability and transparency;
- (b) Enhance and increase the use of country Financial Management Systems by participating partners;
- (c) Reduce the transaction costs due to duplicated Financial Management Assessments, processes and parallel FM systems applied by different partners;
- (d) Develop and implement a single, comprehensive, integrated Technical Assistance (TA) and capacity building program, agreed by the government and DPs, to harmoniously support the country in the areas of planning, budgeting, internal controls and processes, accounting and reporting.

6. This financial management assessment is intended to contribute to strengthened implementation of core functions in Sudan's health care delivery system through strengthened financial management systems that are aligned to those of the Ministries of Health and Finance. Another key outcome will be to determine the extent to which development partners can rely on the current arrangements for implementing their support to the health sector. And, if not, what future arrangements could be pursued to minimize fragmentation of health support implementation among development partners, including which medium to long term interventions are pursued to strengthen the system.

7. The Sudan has signed the IHP+ Global and also has a country compact. It aspires to implement the IHP+ principles of harmonization and alignment in the health sector. As an IHP+ member, The Sudan requested that development partners who support the health sector conduct this exercise jointly with participation from a national counterpart team established by the MoH to facilitate conducting of the assessment.

8. The assessment was conducted in the public health system at the Federal Ministry level and two selected States of Gazeera and Khartoum. The assessment team visited three hospitals – one in Gazeera State, two in Khartoum State (Umdawanban Rural Hospital and Maternity Hospital in Omdurman) to assess their financial management systems.

### Strengths Identified

9. Key areas of strength noted in the assessment include:

- (a) GoS has robust statutory and regulatory framework for PFM. There are well documented guidelines, procedures and rules for budget formulation, execution and fiscal oversight.
- (b) GoS has high level of interest in harmonization and alignment of PFM through the IHP+;
- (c) Treasury Single Account (TSA) has been implemented and is operational;
- (d) Use of GRP/ERP to support the implementation of TSA; opportunities exist in principle for donors to use ERP system, GRP, at MoFEP, deployed at federal level including FMOH with implementation of additional modules that support project accounting and reporting;
- (e) Budget formulation is centralized at MoFEP and budget calendar is well observed since it is supported by statutory and regulatory framework at federal level;
- (f) Clear organizational structure, segregation of duties exists for MoH finance function;
- (g) The external audit function is handled by the National Audit Chamber (NAC) a member of global and regional supreme audit organizations such as INTOSAI, ARABOSAI and AFROSAI-E and it is facilitating the adoption of International Financial Reporting Standards (IFRS) and International Auditing Standards (IAS);
- (h) Government is committed to achieving Universal Health Coverage (UHC) and has established a National Health Insurance Fund in furtherance of this goal. Support of key actors like the MOF to provide additional resources is positive;
- (i) At the state ministry of health level (Gazeera and Khartoum), good record keeping on sources and uses of funds is maintained, albeit manual processes are used; and
- (j) The National Medical Store Fund is well managed, and has adequate procedures and processes for drugs procurement and storage.

### Weaknesses Identified

10. The assessment identified the following key weaknesses in the PFM systems:

- (a) Use of parallel systems by DPs (e.g. Global Fund and Gavi administered by the FMOH PMU) alongside GOS systems for financial management;
- (b) Fragmented and weak donor coordination mechanisms;
- (c) A significant amount of programs funded by development partners remains off-budget.
- (d) There is also weak linkage between sector strategic and operational plans to the national budget due to limitation in the sector planning and budgeting processes.
- (e) Cash plans and forecasts are not prepared, therefore quarterly cash allotments are not informed by operational needs.
- (f) The full complement of GRP financial modules is yet to be activated (only cash management and budget modules exist) at FMOH. Commitment control and preparation of financial reports are not done;
- (g) Chart of accounts is one-dimensional and does not make it possible to capture financial transactions by location, unit, function and activity/projects: no asset/liability accounts.
- (h) Procurement function appears fragmented, inefficient and lacking complementarity due to limited segregation of duties and therefore not efficient.
- (i) Internal audit function is rudimentary, not risk-based and lacks capacity.
- (j) Fixed Assets tracking is manual and inefficient. Tracking of assets movements in the MoH, States and the hospitals/health facilities remains weak.
- (k) External audit reports are not published except for speech on day of report submission to legislature.
- (l) Reconciliation between the payroll system at FMOH with the human resources database maintained at the Civil Service Agency is not done. This poses a risk of salary payments being made to individuals who are not legitimate employees of the ministry.
- (m) With respect to health insurance, different sources of pooling which are dedicated to use by different eligible clients limit the efficiencies that could be gained from a larger pool including equitable pooling and cross subsidization to the poor.

## Recommendations

11. The following issues are for consideration by the stakeholders:

- (a) Strengthen donor coordination mechanisms, and actively solicit support from MoF and DPs to both address the weaknesses identified to help improve control environment and minimize off-budget financing of the sector;
- (b) Strengthen planning and resources allocation processes across the MoH, including state levels;

- (c) Consider adopting a system that releases GoS funds on quarterly basis according to proper cash forecasts; MoH could be a pilot for this.
- (d) Strengthen and raise the profile of internal audit as strategic risk management function;
- (e) Activate the remaining modules for GRP to allow for donor project accounting and financial reporting; MoH could be a pilot for this given the high number of donor support received;
- (f) Clarify and capacitate finance staff at all levels on applicable accounting and reporting standards;
- (g) Consider consolidating procurement functions so as to make the procurement processes more efficient and less complex by instituting guidelines aimed at improving transparency and consistency; and
- (h) Explore the possibility of establishing a cross-functional integrated health administration unit to manage all funds received from donors;

12. Other key strengths and weaknesses identified are stressed in the report including recommendations for consideration of stakeholders.

### **Conclusion and next steps**

13. Alignment of implementation arrangements for aid support with country systems is possible but would require a medium approach by first targeting harmonization of procedures amongst donors. This would be done in tandem with PFM strengthening measures led by MoFEP and MOH to support the use of country PFM systems in the health sector.

14. Harmonization would involve an expanded form of a PMU with sufficient capacity within MOH to undertake fiduciary work. The PMU will be centralized at the federal level, with oversight responsibility or representation at the state level for all DP-funded programs.

Alignment in the long-term would require use of the GRP system for donor funds, phasing out or integrating the PMU into MOH finance department, and use of national procedures and staff for implementing donor funds. Given the weaknesses identified in FM capacity, alignment will require intensive training of government staff at all levels of government on financial management procedures and in the use of the newly upgraded GRP systems.

15. As a next step to this report, GoS could hold stakeholder consultation to agree on an action plan with timelines for implementing the recommendations of the report.

## INTRODUCTION

### Background

1. The Republic of The Sudan National Health Strategic Plan (2012-2016) provides a unified framework through which all health programs are expected to be executed. Challenged by a growing population needs and a pressing need to achieve the targets of the MDGs (now Sustainable Development Goals, SDGs) while depending on limited resources, the strategy has been guided by three directions. To help bridge the existing gap in the desired continuum of care, horizontal and vertical expansion of primary health care services with focus on cost-effective interventions; and enhancement of quality of services in the existing secondary as well as tertiary healthcare facilities boosted by good referral system is being pursued. In view of the high vulnerability of the majority of Sudan's population segments, a crucial complementary element to these directions is financial risk protection.

2. At the same time, recovery from post-conflict reconstruction to development poses challenges that are further aggravated in light of the lower than expected post-peace donor flows. Moreover, the co-existence of higher poverty levels (both urban and rural) and the increasing dependence on oil revenues render the issue of sound management of public financial resources an urgent priority. In response to these challenges, Sudan has pursued public financial management reforms with donor support in the past decade aimed at strengthening the legal and regulatory compliance with applicable rules and procedures.

3. To help ensure that resources are used for intended purposes, a key goal under the National Health Strategic Plan is to ensure that the financial management system meets national and international standards, and produces reports appropriate for decision-making, oversight and analysis. As a first step towards building capacity, the strategy acknowledges the need to conduct an assessment of the financial management systems, capacity, and practices in the sector to identify strengths and gaps in the system. Accordingly, plans to strengthen financial management system will be developed and implemented.

4. The purpose of the JFMA is to assist the Government of the Republic of the Sudan and more specifically, the Ministry of Health (MOH) in:

- a) Enhancing and improving the National Financial Management Systems through strengthening the capacity for sustainable accountability and transparency;
- b) Enhancing and increasing the use of country Financial Management Systems by participating partners;
- c) Reducing the transaction costs due to duplicated Financial Management Assessments, processes and parallel FM systems applied by different partners;



- d) Developing and implementing a single, comprehensive, integrated Technical Assistance (TA) and capacity building program, agreed by the government and DPs, to harmoniously support the country in the areas of planning, budgeting, internal controls and processes, accounting and reporting.

5. This financial management assessment is intended to contribute to strengthened implementation of core functions at Sudan's health care delivery system through strengthened financial management systems that are aligned to those of the Ministries of Health and Finance. Another key outcome will be to determine the extent to which development partners can rely on the current arrangements for implementing their support to the health sector. And, if not, what future arrangements could be pursued to minimize fragmentation of health support implementation among development partners; and which medium to long term interventions can be pursued to strengthen the system.

### **Purpose and Scope of the Assessment**

6. The objectives of the assessment were to:
  - (a) Undertake a joint financial management assessment (JFMA) in the health sector;
  - (b) Determine the strengths and weaknesses of the fiduciary and public financial management (PFM) arrangements for implementing donor financed projects;
  - (c) Recommend improvement in the current country PFM system;
  - (d) Develop an action plan on financial management improvements.

### **Methodology**

7. A series of face-to-face discussions with heads of pertinent institutional divisions and units along with a review of relevant documents informed this report.

### **Desk Review**

8. The assessment team reviewed Strategic Plans, legal/regulatory framework, major policy documents and operational reports available at FMoH; Quarterly and Annual Reports produced by Chamber of Accounts; factual information obtained from frontline staff working on health sector financing and expenditure management; the team also reviewed a summary budget estimate submitted to MoFEP. Also, financial management reports from a sample of internal audit documents were extensively reviewed. In addition to specific financial management reports, the team reviewed major policy documents such as the National Health Sector Strategy. The review involved a detailed cross-referencing of sources of information and the analysis of data collected.

## **Interviews and Meetings**

9. To obtain the perspectives of all those who are involved in day-to-day management of sector expenditures, senior management of FMOH and MoFEP as well as those of macro institutions and agencies involved in the implementation of the GoS's public finances were interviewed. In view of the fact that service delivery is undertaken at the decentralized level of care (state level), the team conducted specific interviews, which focused primarily on the core functions at the state level, Gazeera and Khartoum states. Key institutions interviewed were FMOH, MoH at state level, MoFEP, National Health Insurance Fund, Health Committee at the National Assembly, National Medical Supplies Fund and Auditor General's Office in addition to three hospitals (Gazeera Specialized Hospital for Renal Diseases and Surgery, Umdawanban General Rural Hospital and Omdurman Maternal Hospital).

10. Personnel in Planning, Financial and Administrative Directorates including, Accounting, Procurement, Payroll, Internal Audit, Final Accounts and Budget Departments of the MoH were interviewed. The senior management of the institutions visited were also interviewed in Khartoum and Gazeera states.

## **Statutory, Legal, Regulatory and Institutional Framework**

### **Statutory, Legal and Regulatory Framework**

11. Sudan has a relatively well-developed system of legislation and financial regulations governing public financial management. This system has been prescribed in the Sudan's Constitution as well as in subordinate legislations. The existing PFM legal and regulatory framework is fairly comprehensive in identifying roles and responsibilities of the various institutions, prescribing provisions for internal control and the internal audit functions and supporting external audit. The Financial and Accounting Act of 1995 as amended in 2007 largely prescribes the PFM framework. It covers the entire PFM cycle and has detailed provisions governing the budget process, the roles and duties of the Chamber of Accounts and National Audit Chamber (NAC), regulations governing procurement, internal controls and internal audit, and oversight.

### **Statutory Framework**

12. Issues of fiscal federalism and decentralization are increasingly important for the Sudan. The country is divided into 18 states. Each state is sub-divided into about 7 to 16 localities (total country localities were 184 in 2016). The Sudan's Constitution of 2005 specifies the powers of the executive, legislative, and judicial branches of government. The following describes the main institutional arrangements:

- (a) The President of the country is the Head of the Government. The President is elected by direct vote and nominates a council of ministers subject to the approval of the National Assembly. The President nominates two vice-presidents and assistants;
- (b) The legislative body is the National Assembly of 426 elected members of which 128 are reserved for women;
- (c) The Sudanese public sector is composed of 174 government institutions and 29 federal ministries. Key institutions that impact the performance of the PFM system as a whole are the MoFEP, the Civil Service Bureau, and the Central Bank of Sudan. In addition, Ministry for International Cooperation (MOIC) is the contracting authority for donor funds;
- (d) At the national level, there is the **Federal Governance Chamber** (a federal ministry) that has responsibility for co-ordination between the Federal Government and states;
- (e) The **Fiscal and Financial Monitoring Allocations Commission (FFAMC)** is responsible for distribution of resources between the Federal Government and states;
- (f) Institutions at the state and local level are significantly weaker than the federal level. A major increase in resource flows down to state and local governments, without adequate capacity building, has greatly increased the fiduciary risk for these funds;
- (g) Internal Auditing is essentially an ex ante control and is performed in the MoFEP through the Internal Audit Chamber by the Internal Audit Units present in all government spending units under direct supervision of the Ministry's Under Secretary. The Internal Audit Chamber is an independent entity and reports to the Finance Minister and the Financial Oversight Committee. The organizational arrangements of internal auditing resemble that of accounting. National and subnational legislatures exert a fundamental impact in budget preparation stage in their capacity to authorize annual allocation of resources and revenues and to approve annual budget. They also provide a check on budget implementation and execution in their capacity to interrogate respective ministers and government officials on performance and general outcomes of ongoing budgets.
- (h) **The Auditor General** is the Head of the National Audit Chamber (NAC). It is a constitutional body accountable to the National Assembly. Its powers are set out in the NAC Act 2007, and it is mandated to inspect, audit, and report on the public accounts and the use of public resources. It is in need of capacity building, but within its current constraints, its reports are acted upon by the Finance and Economic Affairs Committee.

The GoS manages its own finances (budgeting, planning, execution, reporting, and audit) using primarily the resources transferred to it as specified in the Sudan's Constitution of 2005.

## Strengths Identified

- (a) There exists a framework that supports end to end financial management functions from budgeting, accounting and reporting to assurance including legislative oversight;
- (b) The composition of the legislative body exemplifies diversity although the proportion can be improved;
- (c) Autonomous external audit body is in place although it needs strengthening and capacity building to enable it to improve the quality of audit reports to be in line with International Auditing Standards issued by the International Organization of Supreme Audit Institutions (INTOSAI).

## Weaknesses Identified

- (a) Coordination by Federal Governance Chamber appears weak in that states do not respond to directives of the MoFEP in a timely manner to avoid delays in executing required health activities;
- (b) Formula for allocation and distribution of resources to decentralized levels is still shrouded in secrecy and this denies lower levels of government the vital information on resources available to them for implementation of health activities;
- (c) Major increases in resource flows to state and local governments are not matched by commensurate capacity building activities required for managing the resources and this poses increased fiduciary risk for the funds transferred;
- (d) Performance of ex-ante internal audit with no clear plan of moving toward post audit nor sufficient capacities at auditing units to handle ex-ante checks;
- (e) The NAC lacks the capacity it needs to fully carry out its constitutional mandate.

## Legislative Oversight over the Health Sector

13. The Health, Environment and Population Committee of the National Assembly provide oversight over the social sectors – health, education and Social protection- and the environment sector. The committee is expected to perform a wide range of responsibilities which include, but not limited to, the following: (i) reviewing and providing feedback on sector strategic plans and policies; (ii) reviewing and approving sector budget; (iii) reviewing sector operational performance; and (iv) following up with the MoFEP on allotments for projects in the sectors for which the committee is responsible. There are four subcommittees derived from this committee (Health, Environment, Social Welfare and Population) with each playing oversight roles over related ministry/sector to ensure service delivery. The National Health Committee is composed of 40 members.

14. While subcommittees meet periodically to discuss matters relating to their sectors, they do not appear to exercise robust oversight in terms of ensuring that the health sector, for

example, is held accountable for results in respect of resources made available to the sector in the national budget. The apparent “non-interference” stance of the subcommittees concerning the affairs of their sectors has been overstretched, undermining the effectiveness of demand-side governance in the sector.

### **Strengths Identified**

- (a) A framework for oversight exists in the creation of the parliamentary committee for the health sector;
- (b) Periodic deliberations on health emergency issues help to build support and accountability for sector program delivery.

### **Weaknesses Identified**

- (a) Limited hearings and policy dialogue with sectors at the committee level;
- (b) Lack of records, such as minutes of meetings, recommendations, work program and actions taken, to substantiate the deliberations of the committee;
- (c) Weak capacity of members in terms of their institutional role in demanding accountability for the use of resources and results from the sectors;
- (d) Limited capacity to follow up on multiple strategic plans as oversight only covers prioritized projects and therefore not comprehensive.

### **Recommendations**

- Develop a program of work with clear schedules for periodic hearings and dialogue with the FMOH. This will help the committee engage more effectively and proactively, as a key stakeholder in ensuring health service delivery;
- The committee should keep records of its deliberations to help track progress on implementation of agreed actions;
- Improve coordination with MoIC through reports on donor agreements before budget adoption;
- Maintain records of committee deliberations to help track implementation progress of recommended and agreed actions;
- Consider knowledge exchange amongst effective health committees from other countries in the sub-region for the benefit of the Committee members, its Secretariat and support staff.

### **Funds Flow and Banking Arrangements**

15. There are three main sources for the funds that are received by the FMOH , namely:

- (a) Funds received from the government which are based on the annual budget of the FMoH. These are allotted on a monthly basis and streamed into the FMoH account at the Central Bank of Sudan.
- (b) Funds received through the Projects Management Unit (PMU), which are remitted by Global Fund and Gavi. Each development donor's fund is managed through separate accounts (foreign and local) kept at a commercial bank.
- (c) Funds received from the UN Agencies (WHO, UNECEF and UNEFPA) and other donors. UN Agencies' funds are managed by the respective agencies according to a plan agreed upon between the agency and the FMoH's International Health and External Relations Department. Only a small fund relating to specific activities are streamed into the bank account of the International Health and External Relations account which is kept at a commercial bank. On rare situations, mostly during emergencies, funds are received from other donors and deposited in the same previously mentioned bank account.

16. Funds received from the government are tracked through the GRP system and the FMoH bank account kept at the Central Bank of Sudan. Monthly allotments by the MoFEP appear in the GRP and same amounts deposited in the FMoH's account at the Central Bank. Expenditures paid from the fund are managed by the Account Department at the FMoH. Transfer orders are submitted to the Central Bank of Sudan to effect payments to the beneficiaries. Monthly reconciliations are made by the Accounts Department showing the bank account opening balance, the allotment of the month, disbursements made during the month and the closing balance of the bank account which is compared with the bank account statement balance. A similar reconciliation is done by a Central Bank system and is available upon request from the FMoH. Comparisons are made between the two reconciliations and any discrepancies are investigated and reconciled.

17. With regard to the funds received from Global Fund and Gavi through the PMU, transfers made by the donors are notified to the PMU and the PMU tracks its credit to the respective bank account of the donor. Outflows are managed in accordance with an operations manual. The Financial Manager at the FMoH is an authorized signatory on all payments made from the PMU's bank accounts.

18. Usage of funds received from the UN agencies by the FMoH's International Health (IH) Department are limited to certain activities e.g. external staff training. Transfers are made upon approval of activity and are notified to the department by the Agency when transfer is effected. Outflows are controlled using government financial procedures. The Financial Manager at the FMoH is an authorized signatory on all payments from the IHER department's bank account. The

limitation of funds flowing into the IH department is due to the fact that both in flow and outflow of funds, relating to the main planned activities, take place at the respective UN agency. The following describes the reporting of funds process:

- (a) Funds received from the GoS are reported on monthly and annual bases through the monthly and annual accounts closing reports. Monthly reconciliations of funds are made at the FMoH and at the Central Bank of Sudan and the two reconciliations will be checked and agreement between them assured;
- (b) For funds received through the PMU, monthly reports are prepared for the PMU internal management purposes while quarterly reports are submitted to the donors. Each of the donors from whom the funds are received has its own disbursement method. While GAVI adopts an Interim Financial Report (IFR) disbursement method, Global Fund adopts an annual funding commitment cycle with staggered cash releases for program implementation, informed by quarterly reporting on cash balance and open advances;
- (c) No regular flow of funds reports are received by the FMoH from the UN agencies. Information about the implementation of the agreed plans is only presented in quarterly/annual joint meetings;

### **Strengths Identified**

- (a) Adoption of the Treasury Single Account (TSA);
- (b) Use of Government Resource Planning (GRP)/ which is an Enterprise Resource Planning (ERP) to support the implementation of TSA;
- (c) GoS interest in harmonization and alignment with PFM best practices is in line with IHP+ commitments in the health sector.

### **Weaknesses Identified**

- (a) The current practice adopted by the Ministry of Finance through assigning monthly allotments of funds to the MoH is not based on any kind of cash forecasts that originated from operational needs. Such practice negatively impacts FMoH performance and ability to deliver on its work Plan;
- (b) The current management of donors' funds does not ensure capturing all Donors' funds flow relating to health activities;
- (c) Humanitarian assistance represents International NGOs registered under HAC; Such funds are not captured in the MoFEP/MoH FM system;
- (d) Development partners' funding are accounted for using parallel systems (e.g. Global Fund and Gavi administered by the MoH PMU) and therefore are not captured in GOS systems; nor is there evidence or assurance that UN agencies' funds currently managed in isolation from the MoH system are captured by the MoFEP system.

## Recommendations

- Adopt a system that releases funds on quarterly bases according to proper cash forecasts;
- Expansion of current PMU scope of work to enable management of all funds received from donors.
- Harmonize DPs funding accountability systems to integrate these into GOS systems.

## Planning, Budgeting and Budget Execution

### Framework for Implementing the Budget Process

19. Remarkable progress has been made in the areas of planning, budgeting and expenditure management in the Sudan. The 2009 *Planning and Budgeting Guidelines* require each sector Ministry to prepare an annual budget. In the Ministry of Health, the responsibility for preparing the annual budget is assigned to the Directorate of Planning. The key principles and procedures for preparing the annual budget are specified in the *Planning and Budget Guidelines* issued by the MoFEP. The principles require that plans and budgets be: (a) realistic, (b) prioritized, and (c) include quantified outputs. All of the Departments and Units within the MOH prepare their budgets based on the guidelines specified in the *Planning and Budgeting Guidelines*.

20. The annual plan and budget process must be participatory at all levels of the MOH. Participation in the planning and budgeting process starts with gathering information on identified needs from all Departments and Units. The Strategic Planning Council sends a letter to all ministries including the MOH to prepare annual plan and budget. All Directorates and Departments/Units within the MOH submit their annual planned activities. The plans of the directorates are incorporated into a five-year Strategic Plan which contains the MOH's Operational Plan for each of the five years.

21. The initial step of the planning and budgeting process is the development of a framework that captures sources of revenues to ascertain the GoS's resource envelope for the health sector. Based on the resource envelope issued by MoFEP, the Planning Director, in collaboration with Heads of Department within MOH, reviews and edits the activities set forth in the Annual Operational Plan (AOP). The plans are prioritized, then costed and consolidated into a Master Plan. The MoFEP sets sector ceilings based on the available resource envelope and according to priorities of the government. The sector (health) allocates ceilings to individual spending entities within the sector. To reinforce the link between government priorities and the budget, and in line with the Budget Regulation, the framework provides two phases (a strategic phase and an operational phase) of the budget preparation process. The States and other sub-national (or decentralized) levels follow the same procedures in preparing their annual plans and budgets.



## Budget Preparation Process

22. The national budget formulation process remains centralized at the Federal Ministry of Finance and Economic Planning (MoFEP). Moreover, a well-observed budget calendar (September – December), underpinned by an adequate statutory and regulatory framework exists at federal level. The enactment of the INC of 2005 and state and local government legislation are significant steps towards bringing Sudan’s budget preparation and approval processes in line as one of the most orderly and streamlined process practices in Africa.

23. Although a process to involve line ministries in the budget formulation process exists, in that they are invited to send their proposals to the MoFEP for consideration in the development budget, such proposals have little influence on the national budget document. For example, the budget guidance provided to federal ministries does not include a ceiling within which the ministry is required to prepare its proposal. Only the MoFEP knows this amount, until very late in the budget process when the amounts are disclosed to the federal ministries. As a result, the proposals prepared by the federal ministries are not informed by realistic estimates, leading to over-estimated proposals in an attempt to get more resources from the budget. Moreover, given a short window to prepare and submit proposals to the MoFEP, there are times when the FMOH, for instance, has had to rush the preparation of their proposals to meet the timelines of the budget calendar.

24. There are plans to implement program-based budgeting (PBB) in 2017, although the level of preparation for a full-scale implementation of this reform remains unclear given existing weaknesses in the planning processes at the federal ministries and state levels. Besides, a significant amount of programs funded by development partners, in the ministry of health for example, remains off-budget.

### Strengths Identified: Budgeting

- (a) Budget formulation is centralized at MoFEP;
- (b) Budget calendar is well observed supported by statutory and regulatory framework at federal level.

### Weaknesses Identified: Budgeting

The budget formulation process faces the following challenges

- (a) Weak strategic planning and budgeting at the federal ministries with little link to the national budget;
- (b) Compressed budget timetable for federal assembly discussion;
- (c) Coordination problems between finance and planning functions at all levels;

- (d) Program-based budgeting (PBB) proposal to be rolled out in 2017 remains unrealistic due to existing challenges in the planning processes at national and state levels;
- (e) A significant amount of programs funded by development partners, in the Ministry of Health, for example, remains off-budget;
- (f) Short window to prepare and submit proposals to the MoFEP, resulting at times in state budgets not being incorporated into the initial budget estimates;
- (g) Coordination gaps between finance and planning functions at all levels impacting credibility of the budget;
- (h) Line ministries are unaware of the budget estimates leading to over-estimated proposals in an attempt to get more resources from the budget.

These have significant implications, and ultimately adversely affect the credibility of the budget.

### **Recommendations**

- Reinforce performance-based budgeting system at the federal ministry level to better link budgets to planning processes and make the flow of public expenditures more predictable and transparent.
- Given the program nature of the activities financed in the health sector, FMOH could be used as pilot ministry for the proposed program-based budgeting before a full-scale implementation of the reform.

### **The Budget Calendar**

25. The above process is guided by a budget calendar, which details the key activities to be implemented until the budget is submitted to the Legislature. The President submits the proposed budget and accompanying documents to the Legislature at most two months prior to the start of the fiscal year. MOFEP develops and issues the budget calendar for activities in the Annual Operational Plan (AOP).

### **MOH Planning and Budgeting Process**

26. As a public entity, the FMOH must follow the GOS's budget preparation process and cycle as specified in the Public Financial Management Act, which is further supplemented by a detailed timetable or a published annual budget calendar issued by the Minister. In line with this provision, the MOH must prepare and submit its budget estimates within the time frame indicated in the budget calendar. The Ministry, therefore, starts the preparation of its budget as soon as a Budget Call Circular (BCC) is issued by MoFEP. With this in mind, the assessment team focused on identifying areas where MOH has made significant progress and where it needs further improvement. Key strengths and weaknesses identified include:

### **Strengths Identified: Planning**

- (a) Federal government is responsible for planning and development in Sudan. The state government carries out implementation using the local context by referring to the annual plan;
- (b) Priorities of the states are specified and discussed with federal planning directorate.

### **Weaknesses Identified: Planning**

- (a) There is no tool to link all the sub-plans to national strategic plan;
- (b) Delays in submitting state plans impact on MoFEP's submission to the Supreme Coordination Council (SCC);
- (c) There is no starting planning point for Development Partners (DPs) thereby creating a bottle neck in the planning process;
- (d) Fragmentation of planning coordination including priorities of each DP. Different departments are responsible for meeting different DPs;
- (e) Lack of capacity of FMOH in effectively supporting DPs coupled with weak collaboration between donors.

### **Recommendations**

- Develop a planning template for states to fill in activities;
- Planning for FMOH should be submitted on a timely basis so as to be included in the MoFEP consolidated planning report sent to SCC;
- Realignment of activities should occur at the annual work plan level;
- Consistency of DP and the government systems is important to avoid donor funds going through a tortuous channel before reaching the FMOH.

### **Accounting Financial Reporting and Information (Technology) Systems**

27. Financial management administration in relation to accounting and financial reporting in the Republic of Sudan is governed by constitutional, statutory and regulatory provisions. These are from the 2005 National Constitution, Financial and Accounting Procedures Act 2007 and the 2011 Financial and Accounting Procedures Regulations.

28. Authority is vested in the Chamber of Accounts (CoA) office at Federal and State Ministries of Finance and Economy Planning (MoFEP) for centrally regulating accounting practices and also for the resourcing and management of personnel executing accounting functions in Ministries, Departments and Agencies (MDAs) including that of the Ministry of Health (MoH). The remit/job of the COA extends to the lowest responsibility center at State Level which is health care facilities including hospitals in Localities.

29. The accounting function is executed by an Accounts Department which has a defined organogram both at Federal and State level Ministries of Health and is headed by a Financial Manager who reports to a Director of Finance and Administration with reporting responsibilities to the Under-Secretary in the Ministry. The accounts department at the FMOH is divided into clusters broadly handling payroll, treasury including payments, revenues, budget inventory/stores management, and financial statements preparation responsibilities. A similar arrangement and organization is in place at State level.

30. The basis of accounting in use by MDAs, both at federal and state level is cash-basis of accounting which recognizes and reports on revenues received and cash paid out in a fiscal year and therefore does not consider revenues earned or expenditures incurred. There are plans underway to introduce accruals basis of accounting in 2017.

31. Monthly and annual reconciliations and reporting of transactions in financial statements is undertaken by the Federal and State MOH with stipulated submission to respective CoA by the 15<sup>th</sup> of the month following the reporting month, for monthly financial reporting, and by 31<sup>st</sup> March of every year for annual financial reporting. The specific ledgers and formats for reporting are prescribed by the respective CoA to cover revenue, payments, commitments, loans, contracts and grants of each MOH entity. In terms of monthly financial reports, these are 2 types, a comprehensive financial report covering sources and uses of funds in accordance with chapters 1 and 2 (i.e. salaries and pensions, and goods and services, respectively) and Chapter 3 (i.e. an automated revenue report) from the Government Resource Planning (GRP) system submitted on the 1<sup>st</sup> of every month. Annual financial statements contain reporting on sources and uses of funds including budget variance reporting specific to Chapters 2 and 3 on goods and services and revenue, respectively. At FMOH, there is no requirement for it to receive and consolidate the financial statements of State MOHs due to federal system of governance.

## **Chart of Account**

32. One of the essential pre-requisites for financial accounting and reporting is the chart of accounts. Administration and management of the chart of accounts is under the purview of the CoA which prescribes the format including segments for the chart of accounts. The Chart of Accounts being used for public financial management has 8 digits catering for the segment relating to economic classification (i.e. coverage on expenses and revenue by nature only). Therefore, it is impossible to fully capture financial transaction attributes relating to organization code (to identify the vote controller and entity type), fund code (for source of funding identification), program/functional code (for assigning transactions to national strategic priorities, objectives and activities), and location code (for transactions linkage to sub-central locations including state and locality levels). There is consistency in chart of accounts application

both at federal and state levels. A typical example of an 8-digit chart of accounts at the Federal Ministry of Health is shown below to capture expenditure on stationery:

### Accounts Closing

33. A monthly journal voucher is made to close the monthly accounts which reconcile monthly expenditure plus closing balances of bank and deposits with the monthly receipts plus opening bank balance and opening deposits. Also, a monthly bank reconciliation statement is prepared by the accounts department.

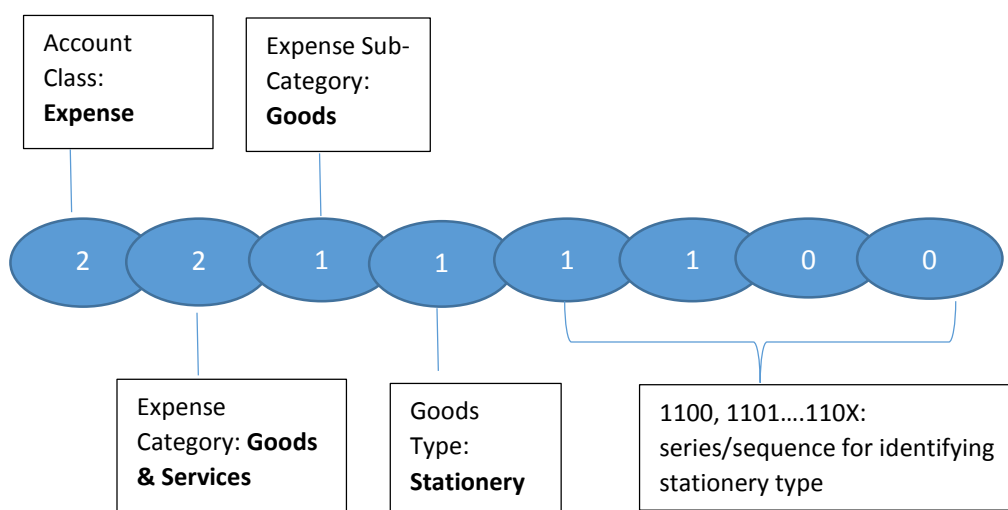


Fig 1: chart of accounts structure

### Integrated Financial Management Information System

34. In 2010 the MoFEP's COA introduced a new Microsoft web-based integrated enterprise resource planning platform named GRP (Government Resource Planning). This was limited to federal MoFEP as a pilot until April 2016 when it was rolled out at federal level to FMOH. The MoFEP has plans for the introduction of an Integrated Financial Management Information System (IFMIS) to impact all levels of PFM administration through a grant from the African International Development Bank. As a result of this, roll out of GRP to States will not occur since it is unclear on what platform the IFMIS system will be based. The expected timeline for roll out of IFMIS is an estimated long-term horizon of 3 years. The strategy of MoFEP is to put integration of systems at the fore between the current GRP and the IFMIS platform expected to be used. At the FMOH, the GRP system is limited to payment and budget module functionalities as other modules are yet to be activated by MoFEP. As a result, FMOH staff use in parallel a manual paper-based legacy system of ledgers for recording transactions and in some cases Microsoft Excel.

35. Donor funds are currently not budgeted, accounted for and reported on through the GRP system; however, through discussions with COA and MoFEP, it is possible for donor budgeting, accounting and reporting to be hosted in, or configured to interface with, the GRP. There is a parallel information system being used for financial management of Global Fund and Gavi grants through the Tally Accounting Software at FMOH's PMU. This software would require further reconfiguring for it to meet minimum standards for financial management under a harmonized donor platform in case the GRP may not be suitable for use. The gaps in the use of Tally are mainly on systems controls bordering on segregation of duties in addition; Tally is not web-based.

36. From what has been mentioned above it is apparent that there is great need to establish means for consolidating the accounts that relate to government funds with those that relates to funds received from other donors. An option that could be considered would be strengthen and expand the current PMU's role to include the management of all donors funds. A financial management section in the expanded PMU would be established with a Fund Code Accounting software with capabilities for recording and reporting on funds received from all the donors. This will enable the presentation of reports to all donors whenever requested.

37. Furthermore, monthly summarized reports pertaining to government receipts and expenditures can be entered in the fund code accounting software to arrive at the grand consolidated financial reports for financial activities of the MoH.

### **Strengths Identified**

- (a) Clear organizational structure for finance function at both federal and state levels. Generally, there are experienced staff with the minimum criterion for recruitment being a bachelor's degree in Finance and Accounting. Ad-hoc trainings are organized for finance staff at FMOH as part of developing capacity to deliver on responsibilities;
- (b) Finance staff are subject to policies on ethical behavior and conflict of interest including whistle-blowing as per the civil service code;
- (c) Roles and responsibilities including processes observed present a clear segregation of duties;
- (d) Accounting and supporting documents are filed in a sequential manner and archived for a sufficient time (5 years at FMOH). The mission observed that documents are stored in locked cupboards and only 2 staff have the keys;
- (e) Reporting is undertaken regularly on a monthly basis and also annually with the latter including budget consumption analysis (i.e. budget variance reporting);
- (f) There is a defined chart of accounts for public financial management which is consistent between MoFEP and FMOH;

- (g) The use of GRP financial system in FMOH signifies a huge effort towards automation of budgeting, accounting and reporting.

### **Weaknesses identified**

- (a) There is a lack of adequate documentation of procedures as the current Financial Management and Accounting Procedures Regulations lack detailed coverage on standard operating procedures for all aspects of financial management including but not limited to budgeting, accounting and reporting;
- (b) There is no evidence of finance staff upon being recruited, being subject to officially accepting provisions for ethical behavior, conflict of interest and whistle-blowing;
- (c) Review of cash reconciliations demonstrated a wrong understanding as reconciling items (which we were informed is mostly mistakes from the bank and did not investigate further) were plugged in the manual ledger instead of being presented as reconciling items on the reconciliation sheet. No bank statement was attached to the reconciliation sheet and there was no evidence of further investigation with banks to clear reconciling items in dispute;
- (d) Chart of accounts is one-dimensional and limited to expenditure and revenue classification by nature (i.e. has only economic class segment) and therefore it is impossible to capture transaction information by vote controller or organization, implementing unit, program/projects, activity and location including an inability to provide meaningful financial data for tracking budgets and expenditures in accordance with national strategic priorities including that of the health sector;
- (e) The full complement of GRP financial modules is yet to be activated (only cash management and budget modules exist) at FMOH and as a result it would not be feasible for donor financial management needs to be met. Critical capture of commitments in the system was non-existent;
- (f) No automated reporting can be issued from GRP for FMOH at the moment. Reporting is currently done manually in Excel templates based on manual ledger entries. There is no formal reconciliation between the reporting pack and the manual ledger.

### **Recommendations**

- Procedures on all aspects of financial management would need to be detailed out to address the high level/principles-based nature of the current financial and accounting procedures manual as part of a comprehensive amendment to the current 2011 Financial Management and Accounting Procedures Regulations. Annexes elaborating on standard operating procedures for financial management activities is being recommended to align with international best practice;
- As a condition for being recruited in the finance function at MoFEP's CoA and also periodically, staff must sign declarations guarding against unethical behavior and conflict

of interest. Similarly, this approach is also recommended for the promotion of whistle-blowing;

- In order to improve on the framework for reporting, MoFEP needs to introduce a multi-dimensional chart of accounts for enhanced analytics by introducing additional segments to capture financial data relating to organization or unit, funding source (including all donors), programs and activities and also geographic location. This is in addition to extending coverage to assets and liabilities accounts beyond the current coverage on revenue and expenses;
- MoFEP needs to activate remaining financial modules in the GRP system at FMOH in order to achieve its full benefits including eliminating reliance on the use of the manual paper-based system for recording and reporting on transactions;
- MoFEP would need to focus on financial management capacity building support in the area of training to enhance knowledge and understanding of financial management responsibilities and requirements in light of the intended move to full accruals basis of accounting in 2017;
- MoFEP, in concert with FMOH and development partners, is to provide for the use of the GRP system to meet budgeting, accounting and reporting needs of both the government and donors. The expectation is that the existing platform will be used in order to take advantage of integration into the expected IFMIS roll out in the medium to long term. Should this be feasible, it may necessitate the discontinuation of the current parallel information system, Tally, at the PMU to cater for Gavi and Global Fund system needs. To this end, the MOFEP's Department of Information Technology and COA is expected to conduct a feasibility study or needs assessment including road map on what it will take to bring donors into the GRP system including ensuring that the system can:
  - Capture commitments (signed contracts, placed orders and all other pending obligations not yet cashed out);
  - Provide automated and timely reporting for:
    - Managerial decision support;
    - Statutory obligations;
    - Donor specific reporting requirements;
  - Tackle multicurrency (mainly due to sources of funding);
  - Perform monthly hard close;
  - Incorporate memorandum accounts for fixed assets;
  - Demonstrate sufficient audit trail;
- Apply fund code accounting software and adopt fund code accounting system for recording funds including government funds by at least entering the latter's financial activities on monthly summaries basis.



## Payroll Management

38. As a government ministry, payroll management at FMOH is subject to National Civil Service Law, policies and guidelines. The Ministry of Labor has set up personnel units at the various MDAs. At FMOH, the personnel unit is placed in the General Directorate of Financial and Administration Affairs. The unit is headed by a Personnel Manager who works with three personnel officers each responsible for payroll matters for each of the three categories of staff at FMOH: housemanship doctors, specialist doctors and other staff (professional and support staff).

39. Entries on the payroll system for new joiners at FMOH are made by the respective payroll officers once an appointment letter is received from the Civil Service Agency in the Ministry of Labor. There is no approval required to validate entries, or evidence of linkage or reconciliation of the payroll system at FMOH with the human resources database maintained at the Civil Service Agency. The payroll system (has check boxes which allow the respective personnel officer to uncheck names of staff leaving the civil service to make them inactive for payroll processing purposes.

40. Towards the end of every month, personnel officers run the payroll and prepare summaries of payments to different banks for staff and entities receiving the various salary deductions. Also, reconciliations for differences between current and prior monthly totals are prepared, clearly showing causes of differences e.g. joiners and leavers, promotion of staff etc. The payroll, summaries and reconciliations are then printed out from the system in hard copies and submitted to the internal auditors for approval. The internal auditors signify their approval by signing on every printed page, after which the Personnel Manager stamps and sends out the documents for payment.

41. The mission noted that due to low level of salaries across the civil service in the country, staff receive incentives/salary top-ups from the government and some development partners across the various ministries. The top-ups are managed outside of the government payroll system and are based on salary scales and whether a staff member is working on a project/programme funded by a development partner which pays such top-ups. There is no national policy and guidelines on the incentive payments which results, to some degree, in imbalance in payments to staff. The imbalance results in staff preferring to work in some ministries or projects which offer better incentives, thus resulting in turnover of staff in others.

42. After completion of all regulatory approvals and procedures, the payroll section forwards all payroll payments to the transfers section of FMOH in the form of payment requests, which are accompanied by lists prepared in the names of the commercial banks which host the accounts of the MoH's staffs. Each Bank list contains the name, the account number and the amounts

payable relating to each member of staff who keep their accounts in the specific commercial bank. The total amount of the bank list will be transferred to it through the transfer section. Accordingly, a journal entry will be prepared by the payroll section showing basic salary plus allowances and the corresponding deductions, e.g. health insurance, contributions in staff's organizations etc...

### Incentives

43. Monthly staff incentives are prepared at the payment section and approved by the Director General of the Directorate of Finance and Administration Department. Approved requests are then sent to the transfer department to make the payments to the respective banks where staffs' accounts are kept.

### Contracts payments

44. Payments relating to contracts are also forwarded to the accounts department for recording and transfer upon approval by the Director General of the Directorate of Finance and Administrative Department.

### Strengths Identified

- (a) There is a computerized payroll management system in use at FMOH, which makes payroll processing efficient and minimizes risk of errors and mistakes;
- (b) Internal Audit unit reviews payroll which creates an additional layer of oversight. However, with the proposed change of internal audit role, these checks may need to be **conducted** by a separate team.

### Weaknesses Identified

- (a) No evidence of reconciliation between the payroll systems at FMOH with the human resources database maintained at the Civil Service Agency. This poses a risk of salary payments being made to individuals who are not legitimate employees of the ministry;
- (b) Lack of national incentives/salary top-ups policy and guidelines which leads to payments which are not harmonized across the civil service thus resulting in distortions in salaries and staff turnover.

### Recommendations

- The Ministry of Labor should develop a process of reconciliation and linkage between the payroll system at FMOH with the human resources database maintained at the Civil Service Agency to ensure only genuine employees remain on the payroll. Personnel officers at FMOH should not have the rights to create or amend entries until such are made at the Civil Service Agency database.
- The Ministry of Labor should liaise with other MDAs to come up with a comprehensive policy and guidelines to govern the payment of incentives/salary top-ups across all

government MDAs. The policy should include guidelines on eligibility, computation and other modalities for payment.

## **CONTROLS AND OVERSIGHT FUNCTIONS**

### **Internal Audit**

45. The government Internal Audit function in Sudan is established through the legislative law of internal audit for government systems of 2010 and internal audit regulations of 2011. The operations and processes of the function is guided by the standards of internal auditing and internal audit manual published by the Ministry of Finance and Economic Planning in 2012.

46. There is an independent Internal Audit Chamber hosted at the MoFEP and is responsible for managing the government internal audit function. The chamber is headed by a Director who is an appointee of the President and it seconds internal auditors to Ministries, departments and agencies (MDAs). There are similar arrangements at State level where Internal Audit Chambers at State ministries of finance post internal auditors to other MDAs in their respective states.

47. At the FMoH, there is an internal audit unit with a head internal auditor who is supported by 11 auditors. At a minimum, internal auditors in Sudan should have a relevant university degree. Some are either certified accountants or pursuing qualification with Sudanese Association of Certified Accountants (SACA).

48. Internal audit in Sudan performs a pre-check role primarily responsible for transaction review before payments are made rather than a function executing risk based reviews aimed at improving the internal control environment. The mission noted that the country is planning to change the relevant legislation to transform the function to play a more strategic role in fiduciary oversight.

49. In terms of reporting and follow-up, the internal audit unit at FMoH prepares monthly reports which summarize exceptions noted and not resolved in their routine review of transactions. Reports are sent to the Under-Secretary of FMoH with copies to the Director of Internal Audit Chamber at MoFEP. The chamber compiles reports for all MDAs categorizing issues into various classes e.g. inadequate support documentation, questioned payments and so on. The consolidated reports are then shared with the Financial Observatory Committee at MoFEP, which is headed by the Minister of Finance. Depending on the magnitude of issues raised, communication is either sent to respective ministers or heads of departments to address the issues. Subsequent monthly reports provide updates on addressing prior issues.

50. The mission noted that there were plans to have a Compliance team at PMU which would perform a risk-based internal audit role. When fully resourced the team will help in improving the internal control environment

### **Strengths Identified**

- (a) The current organization and set-up of the internal audit function in the country provides adequate level of independence.
- (b) Internal audit unit at FMoH is adequately resourced in terms of number of auditors.
- (c) There is an adequate system of reporting and follow-up of issues noted by the internal auditors at the FMoH.

### **Weaknesses Identified**

- (a) There is need to review role of internal audit in the country – The current role of internal auditors in Sudan is not strategic and does not enable them to provide independent assurance that MDA's risk management, governance and internal control processes are operating effectively. The auditors currently perform a pre-check role by reviewing transactions before payments are made, thereby compromising on their independence as they are involved in management processes;
- (b) Lack of audit planning – due to the current role of involvement in routine tasks, the internal audit unit at the FMoH does not develop risk-based plans to guide their work, say on an annual basis;
- (c) Instances of inadequate handover during staff rotation - handover process - is not adequately documented.

### **Recommendations**

- GoS should consider revising the current legislation on internal audit in the country in line with International Standards for the Professional Practice of Internal Auditing. The new legislation should enable internal auditors develop and deliver risk-based plans to help in evaluating and improving all aspects of the MDA's governance and system of internal control, including the management of risk;
- The internal audit unit at FMoH should have in place annual audit plans, which should clearly outline the planned interventions at the ministry and related departments and agencies, in line with identified risks;
- The Internal Audit chamber at MoFEP should ensure that there is a defined system in place for a smooth handover of reports and documentation from outgoing to incoming officers in instances of staff rotation.

## External Audit and Reporting

51. The external auditing of public entities is conducted by the National Audit Chambers (NAC) which was established as an audit department in 1920 under the Finance Secretary. In 1933, it was divested from the Finance Secretary and became independent by the first Audit Act. It is mandated by the Constitution and the National Audit Act to undertake the audit of all MDAs including the MOH. It has offices at the federal level and 18 states. There are a total of about 1,167 staff made up of 950 professional accountants and about 217 support personnel.

52. The NAC is a Member of global and regional supreme audit organizations such as INTOSAI, ARABOSAI and AFROSAI-E and it is facilitating the adoption of International Financial Reporting Standards (IFRS) and International Auditing Standards (IAS).

53. Annual audit report of final accounts (received from MoFEP by June 30th of each year) is submitted to the President and the National Assembly (Parliament) in addition to summary reports to Parliament by 30th of September of each year. Other audit reports are produced but are neither published nor shared with stakeholders. Communication with media is after submission of report to parliament through a three-hour speech. Direct communication with Finance and Economic Affairs Committee at the parliament. A follow up on recommendations and pending matters committee is created by the Office of the President. Forensic audit manual prepared in collaboration with Ministry of Justice (MoJ).

## External Auditing By Independent Private External Audit Firm

54. The NAC may also outsource the audit of DP-funded programs to independent private external audit firms which will audit the program's annual financial statements. This will be done in accordance with TOR acceptable to the DPs (World Bank).

55. Annual audited financial statements and audit reports (including management letter) of the program/Project will be submitted to DPs within six months from the end of each fiscal year during the life of the program. The audit will cover all sources of funds.

56. The annual financial statements will be prepared in accordance with the International Public Sector Accounting Standards (IPSAS). Such financial statements would include at a minimum the sources and uses of funds of the program containing the same information as are found in the quarterly unaudited Interim Financial Reports (IFRs), with supporting schedules and other information. The formats of the annual financial statements will be included in the program's FM Manual.

57. The draft annual financial statements will be provided to the auditors 3 months of the end of fiscal year to enable them carry out and complete their audit on time.
58. The auditor would express an opinion on the program financial statements. The scope of the audit would also cover the reliability of IFRs used as the basis for disbursements and the use of the TSA. The audit will be carried out in accordance with the International Standards on Auditing issued by the International Federation of Accountants (IFAC).
59. The auditor will also provide a management letter which will, *inter alia*, outline deficiencies or weaknesses in FM systems and controls, recommendations for their improvement, and report on compliance with key financial covenants. The audit TOR will note that this is a “special purpose audit”. The auditor will prepare a work program to ensure adequate coverage of the various health institutions that receive program funds from all DPs and cover all the major risk areas.
60. NAC participates in hearing sessions of the public accounts committee of parliament.
61. All external auditing offices (except for UN agencies and its related organizations and the diplomatic missions) is not allowed to practice auditing work in the country unless they obtained a pre-recognition between the counsels or corporations that those offices belong to and registered with and the Sudanese Auditing Regulating Counsel as stated by law.

### **Strengths Identified**

- (a) NAC as the Supreme Audit Institution SAI of The Sudan enjoys financial and administrative autonomy;
- (b) NAC Strategic Plan is a living document translated into work plans to strengthen SAI legal framework through amending the law, improving their reporting by preparing quality reports and rather specialized type of reports, creation of quality control units, management development program and implementation of capacity building at the both auditors and management levels. In addition a communication strategy identification of stakeholders, audit manuals development and updating of strategic plan. New salaries scale reflecting financial independence;
- (c) Quality review (i.e. quality assurance) funded by World Bank was conducted by AFROSAI-E in conformity with international best practices for the management of SAIs.

### **Weaknesses Identified**

- (a) Quality and content of audit reports needs improvement to become more communicable and understandable by members of parliament.

- (b) No publication of annual reports except for speech on day of report submission to legislature.

### **Areas of support**

- (a) Capacity building on IPSAS;
- (b) SAI certification of GRP and TSA enabling auditors to follow up on improvements taking place at MoFEP;
- (c) Enhancement of audit reporting, preparation of executive summaries and shorter versions of audit reports;
- (d) Assist in the areas of the gaps identified within NAC's quality assurance assessment;
- (e) Capacity building at the area of performance audit and support in manual development; Risk-based and independent audit approach to be adopted;
- (f) Soft and hard wares for example and not limited to Audit software's i.e. CAATS, Documentation software;
- (g) Encouraging NAC to gradually start publishing audit reports and summaries on NAC official website;
- (h) Publication and communication of report - Improve communication mechanisms to raise the profile of the NAC with stakeholders;
- (i) Enhance, strengthen and sustain the NAC's financial and administrative independence.

### **Recommendations**

- Capacity to handle the development in information systems (IFMIS, GRP, TSA);
- Improve the quality, efficiency and impact of audit work (e.g. CAATs) to promote increased accountability and transparency in the management of public funds;
- Risk-based and independent audit approach to be adopted;
- Publication and communication of report - Improve communication mechanisms to raise the profile of the NAC with stakeholders;
- Enhance, strengthen and sustain the NAC's financial and administrative independence.

## **Public Procurement**

### **Notational Procurement arrangements at FMOH**

#### **The Procurement Management Unit (PMU)**

62. This Unit is the technical body for preparation of bidding documents, conduction of the solicitations, evaluation and ranking bidders then awarding orders and contracting. As well as providing technical assistance for the high procurement committee in addition to the execution of both high value procurements as described by the Ministerial Directive No. 4 (Annex I) that

describes the thresholds given Government entities, PMU also undertakes procurements without referring to the Ministry of Finance for Approval (Low value procurements). The PMU is also the liaising body for all transactions related to bidding with the Ministry of Finance, Chamber of Auditing, and the Economic Department of the National Security and the legal advisory (see annex 5 procurement table).

63. As the PMU is the only authorized body to execute tendering and award contracts using other resources from donor funds, Global fund had invested a lot in the training of staff at the unit.

64. The main procurement teams at the FMOH are at the following levels:

- (a) Directorate of Finance and Administration;
- (b) Project Management Unit;
- (c) Department of Development and support of States;
- (d) Respective UN desks at the beneficiary FMOH departments depending on the source of funds as summarized at annex 4

### **Staffing**

65. The unit consists of four technical staff reporting to the director general of finance and administration department who reports to the undersecretary. 2 staff have MBAs and the Senior Procurement Officer has a Master's in Economics, whereas, the fourth holds a BSC in Economics. The terms of references (TORs) of each of the staff and the role of the PMU is set by the guidelines and financial circular. The work load in the units is fairly distributed, as we can see the one staff is acting as a backup! There are also an architect Engineer, an IT Officer, a Medical equipment engineer giving technical advice to the PMU on their fields, especially for the construction services where the civil engineer prepares the Bill of quantities, designs and the scope of work, TORs, and deliverables. The IT officer is responsible for the hardware and software specifications and quality control on ICT equipment procurements.

### **Procurement Plan**

66. The Unit has an annual plan for procurement and distribution. Based on inputs from the different Directorates annual forecast for procurement, PMU consolidates a collective annual procurement/distribution plan for the FMOH.

### **The High Procurement Committee (HPC)**

67. This is the body assigned by the undersecretary to undertake procurements. The committee is comprised of: the Directorate General of planning, as chairperson, a voting member, Budget Directorate, the legal advisor, a donor representative, the requisition unit,



Representative from Ministry of Finance, representative from the national security the department of economics.

### **Execution and Work Flow within the Unit**

68. A request for procurement of service and/or assets equivalent to or more than US\$25,000, will be sent to the Undersecretary for authorization then a letter for tendering approval will be sent to MoFEP for Approval. After the approval letter is received, an advertisement will be posted in at least three newspapers 14 days before the closing date. Bidders will receive the Invitation to bid documents after they deposit 2% warranty of their offers, which will be increased to 10% for the winning bidder. The bid will be publically opened at the same date/time of the bid closure. Bids will be evaluated technically by the technical committee and financially by finance committee. The PMU will do the accompanying analysis and rating, the draft the recommendation that will be signed by the HPC and sent the Ministry of Finance for approval. The approval is then forwarded to the legal advisor for issuing the contracts. Since the contract is signed by both parties, a copy will be sent to Ministry of Finance, another for accounts, PMU and the contractor.

69. The normal receipts, completion certificates and service certificates will be issued upon verification and then payment will be made accordingly.

70. The Undersecretary FMOH usually appoints a purchasing committee of 5 persons under the Director of Administration and Finance to undertake low value purchasing that is responsible for procurement of items within the shopping limit, basically administration consumable supplies.

### **Organization and Staffing**

71. The procurement unit consists of staff members hired by FMOH, and others seconded from MOF to provide technical advice for the high value procurement activities. However, there is need to cross check the academic certifications of the staff members involved in the processes if possible.

### **Procurement Policies and Procedures**

72. The Undersecretary at FMOH delegates the authority to the director of admin and finance department to form a purchasing committee of 5 voting members and 1 non-voting member (technical) to undertake procurement of value up-to \$10,000 equivalent. Purchase of supplies from \$10,001 to US\$25,000 require another committee within FMOH to undertake the procurement. Above US\$25,000 should be handled directly and supervised by MoFEP. The major types of supplies under which the procurement activities take place are of stationaries, office furniture, consumables, etc.

73. The Comprehensive Supply Manual was updated in 2010, 2013 and 2016 to provide a procedural basis of supply procurements in the key areas of procurements (Goods, Services and HR).

### **Identification of Potential Sources**

74. FMOH procurement unit usually calls for prequalification of suppliers for specific commodities or services, interested suppliers undergo to a preliminary evaluation by the procurement unit to assess their capacity using a set of evaluation criteria which is outlined in the manual attached. Annual market survey to evaluate the suppliers' performance in each field is also conducted.

### **Solicitation and Evaluation of Bids and Proposals**

75. Based on the threshold where necessary, public advertisement in print media and formal bid opening are required for the values exceeding the designated threshold; the specifications and technical focal points are normally set in advance of the solicitation process, each department identifies its needs at the beginning of the year, the procurement committee is responsible for consolidating the supply plans in order to schedule a tender plan for the course of the year. A minimum number of three valid bids are required to open envelopes by the procurement committee.

### **Preparation of Purchase Order (PO)**

76. After solicitation process and award, the procurement unit issues standard purchase order/contract used for contract award as per the attached copy of PO. Each PO has a serial number; the unit keeps a copy for record purposes and another for payment processing. However, from the discussions, it was not clear who is responsible for what or how the duties and responsibilities are segregated and role conflict avoided/mitigated.

### **Order Follow up and Expediting**

77. A regular follow-up with the awarded suppliers is done to remind them on the time agreed to receive the supplies at the warehouse on the date and time stipulated in the PO/contract. Failure to meet the deadline will expose the suppliers to the penalty charges agreed upon and earmarked under the penalty clauses in the signed contract. Copy of signed contract/PO here attached.

### **Receipt and Inspection of the Goods**

78. Prior to the receipt of supplies at the warehouse the procurement committee is the authorized body assigned to ensure that the supplies or services are within the specifications and the scope of the work as advertised prior to the procurement.

## Clearing the Invoice and Payment

79. Upon satisfactory completion of the work and after successful receipt of the goods the mandate of the procurement committee is to issue a certificate of completion and clearance of goods receipts which acts as instruction to the payee officer to clear the payment for the favor of the supplier.

80. Maintenance of records: A manual filing system is maintained at the Procurement Unit to keep the essential documents of the entire purchasing process, the file contains the requisition, list of the invitees, bid documents, bid opening minutes, financial and technical analysis and evaluations, recommendations for award, minutes of the procurement meeting, copy of PO/contract, signed goods receipt, payment document.

## Audit and Information on Irregularities

81. PMU is regularly audit the last comprehensive audit made was 2013, audit recommendations were met with regards to; initial screening for bidders, and site supervision for civil works.

## Weaknesses Identified

- (a) Lack of segregation of duties at Federal and State level, as the procurement committee is responsible to formulate the recommendation and at the same time clears receipt of supplies and payments;
- (b) Lack of training of procurement staff;
- (c) Weak documentation management system;
- (d) Lack of segregation of duties at Federal and State level, as the procurement committee is responsible to formulate the recommendation and at the same time clears receipt of supplies and payments;
- (e) Lack of training of procurement staff;
- (f) Weak documentation management system;
- (g) There are gaps in the procurement laws and regulations including:
  - (i) Lack of mechanisms for recourse and appeal in case of disputes or complaints regarding procurement decisions;
  - (ii) Lack of clarity on some key timelines – e.g. from bid opening to decision, decision to award;
  - (iii) Lack of clarity on process for receiving and responding to clarification from bidders e.g. pre-bid meetings, responses to all, etc.
- (h) Low value or shopping committees not well adhered to the procurement regulations especially at the field level;
- (i) No written job descriptions for procurement staff to verify the roles.

## Recommendations

- Strengthen the capacity of the staff involve in the purchasing process through adequate training and knowledge exchange with other partners on the ground;
- Establish proper infrastructures such as storage facilities, software and hardware to accommodate the essential transactions and data;
- Maintain separate code numbers for each fund to streamlines the transaction and record keeping;
- Consider amending and clarifying procurement laws and regulations to address identified gaps;
- Centralization of low value procurements for alignment with high value;
- Plan and consolidate small procurements as frequent low value shopping constitutes a high risk;
- Formulate specific job descriptions for each procurement role;
- Utilize software systems for easy monitoring and reporting purposes.

## Supply Chain Management of Drugs, Consumables and Equipment (NMSF)

82. The National Fund for Medical Supplies was initially established in 1935 as a centralized warehouse for drugs controlled by the Federal Ministry of Health, and in 2015 was converted to the National Medical Supplies Fund (NMSF) in order to give it more flexibility in business operations in the purchase and sale of medicines. Thus, it became the government institution responsible for the provision of medicines, consumables and medical equipment to the government institutions including FMOH. At the beginning of the nineties, NMSF adopted the cost recovery system. During the past twenty years the Sudan has adopted a general policy of economic liberalization and cost recovery system for health service financing, NMSF was able to cover the need of governmental institutions for essential medicines and medical consumables successfully. This success was measured by providing the drug at the central stores level, after reports published of the essential medicines availability which do not exceed 50%, and the belief of the NMSF to provide health for all Sudanese citizens through increases in coverage of essential medicines and life-saving medicines. This was done through the establishment of the drug revolving projects in the states in 2002, and in 2012 the NMSF managed to increase the proportion of pharmaceutical supplies reaching 94%. As the Fund renewed the agreements and reorganized its structure under the name of the medical supply fund at state levels to achieve the most important objectives such as:

- (a) Increase the coverage of essential drugs and safe quality, at reliable cost;
- (b) Continue in the self-financing of drugs;
- (c) Rational use of medicines;

- (d) Prevent drugs from unrecallable sources;
- (e) Unification of the basic prices of medicines in all health facilities in the country.

### Highlights: Procurement, Clearance, Storage and Distribution Process

83. Warehouse facilities were established at the main cities and temperature controlled trucks were provided for transportation of drugs.

#### Storage Facilities at NMSF

84. Well established series of temperature controlled cold chain and trucks at Khartoum and states level, computerized control room to remotely observe and record of the temperature at the storage points within the HQ building and Khartoum North warehouse to ensure drugs are stored under the standard degrees of temperature, Moreover a new warehouse is currently under construction in the NMSF building at Khartoum, it has been designed to include halls for training and more spacious storage points.

#### Strengths Identified

- (a) Laws, rules and regulations exist;
- (b) The National Medical Supplies Fund (NMSF) has put in place mechanisms for procurement, warehousing and distribution of medical supplies.

#### Weaknesses Identified

- (j) Role of NMSF on procurement of non-medical supplies is not clear;
- (k) Economic Sanctions is the main factor that hinders the international cash transfer.

#### Recommendations

- Consider focusing NMSF role to procurement of medical supplies;
- Strengthening the international procurement opportunities for NMSF through partnership and collaboration with international organizations, donors and UN. This could be by building further on its co-operations which have started with UNICEF and UNDP.
- Consider exceptional and innovative financial arrangements that may enable NMSF execute its autonomous mandate to avail essential and free medicines for Sudan.

## Gazeera State: Assessment of Supply Chain

### State Ministry of Health and Nephrology Hospital

85. **Staffing and Qualifications:** The procurement unit in Gazeera state ministry of health is consisting of 7 staff members who are constituting the procurement committee at the level of SMOH, the committee is hired by the directorate general on annual basis, 3 staff members are holding university degrees whereas the others are holding secondary school certifications.

86. **Ceiling and Threshold:** The threshold granted to the procurement committee to undertake the low value purchases is SDG90, 000 (or US\$14,000 equivalent). Above this limit requires action by the state ministry of finance to proceed with the procurement.

87. **Supply Plan:** No supply plan at the level of the sections. The procurement unit normally does the forecast and submit it to the DG for approval the procurement unit takes the immediate action throughout market survey to identify the potential suppliers to be invited on the repeatable purchasing actions for the low value items. Risk identified.

88. **Shopping:** No formal bid opening neither formal distribution required to procure small value items, minimum 3 quotes is mandatory to form the recommendation competitively ,it worth mentioning that last bid collected in closed envelopes was last year 2015 at total cost of SDG28,000 (or US\$4,480 equivalent).

89. **Sourcing:** No vendor database is established and available at the level of the state.

47. **Award Recommendation:** The chairperson of the committee is responsible to undertake the financial analysis whereas the technical analysis is mainly by the technical focal point. No inspection company in place only thru individual parties on daily fees /rate. The analysis for recommendation factoring the prices, quality, delivery time. The decision is normally made during the meeting of the committee in which the chairperson made the recommendation and then the team either agrees or disagrees anonymously with the decision and form the recommendation for the endorsement by the DG, attached copy of the committee standard format includes the members' name.

90. **Purchase Order (PO):** The purchase order for the low value purchasing is lacking essential and specific terms of references to secure the rights of the organizations during the disputes, for instants late delivery time, non-conformity with the required specifications. See the attached copy of Local PO for the low value purchases.

91. **Types of Supplies:** On a frequent basis the procurement unit purchases all sorts of consumables for the blood bank such as Intravenous (IV) solutions, syringes, needles, the source of supplies from the NMSF branch located in the Gazeera State, purchases of office supplies on a frequent basis take place from the local market.

92. **Delivery, Receipt and Payment:** The procurement unit responsible for receiving the goods at the warehouse there is standard voucher called 12S mainly used by the procurement

unit to receive the items and after satisfactory receive the document goes to the account department to process the payment based on the recommendation from the procurement unit.

93. **Distribution of Supplies to Sections:** The request for supplies from Sections goes to the General Director (GD). If available in the store the financial manager who responsible for issuing the supplies from the warehouse; if not available, the request goes to the Procurement Unit for acquisition.

94. **Training of Staff:** Lack of training although the high demand from the staff but no opportunities were availed by the management to train the staff in the area of supply chain.

95. **Documentation and Record Keeping:** Documents aged 4 years are still available in the warehouse, no filling map is existed to guide the filling process.

96. **Audit:** Only internal audit to check randomly in the process and stock level.

## **Gazeera Hospital for Renal Diseases and Surgery**

### **Staffing and Qualifications**

97. A meeting was held with Mr. Abdulrahman Abdallah the Director General of the hospital and the chairperson of the procurement committee hired to undertake the low value purchases of stationaries, office supplies, electric equipment, medical consumables and IV fluids solutions. Mr. Abdurrahman explained that the finance manager is the person who usually made the nomination of the procurement committee and recommend for the endorsement by the DG. The committee consists of 5 main members and other 15 bodies representing the hospital departments to provide technical support where applicable.

### **Ceiling and Threshold**

98. The procurement unit follows the established guidelines of the purchasing manual of the state ministry of finance within the 2 divisions of the purchasing of high and low value commodities, the unit does the low value at the local level , whereas the high value purchases require a set of arrangements and coordination with the state MOF. No specific ceiling is identified for the low value neither high value purchases.

### **The Process of the High Value Purchase**

- (a) The department of procurement communicates with the state MOF to obtain the approval prior to the procurement process;

- (b) New formulation of a committee by the MOH a part of the existed traditional committee at the local level, the new committee includes a member seconded from the MOH to observe and supervise the process;
- (c) Specifications of the items is the responsibility of the biomedical engineering department who prepare the requirements;
- (d) Advertisement in public press is mandatory to ensure wide range of participation of potential suppliers;
- (e) Tenderers normally buy the bid document from the hospital the place announced to collect the documents;
- (f) Timely opening process in front of the committee members and the suppliers;
- (g) Technical evaluation by the technical focal person from the buying department;
- (h) Financial proposals will be considered for those who passed the technical evaluation only any company failed in the technical areas their price offers will remain unopened;
- (i) The procurement unit make the recommendation based on the combined result of the evaluation, the recommendation for award goes to the DG who will be communication the recommendation with the FMOH for approval;
- (j) The contractual provisions are mainly the responsibility of the legal advisor who establishes the high value contracts;
- (k) Follow up with supplier on the delivery process is the responsibility of the procurement unit;
- (l) The payment is subject to satisfactory delivery of the accepted goods by the technical focal person from the requesting section;
- (m) As part of the contractual conditions a 10% performance guarantee is mandatory to be submitted by the supplier and released by the finance after the defect liability period is over;
- (n) The certification of the quality issues is mainly undertaken by the technical focal person from the requesting section , no third party involved in this process;
- (o) Documents control is the responsibility of the admin manager the chairperson of the procurement committee;
- (p) Random actions by the internal audit department are made on frequent basis during the course of the year.

## Weaknesses

- (a) Lack of segregation of duties are observed major weaknesses, as the procurement committee are the assigned body to formulate the recommendation and in the same time clear the receipt of supplies and payment;
- (b) Lack of training to the procurement staff;
- (c) Manual procurement system and documentation;



(d) Absent of proper infrastructures such as proper storage points;

## Recommendations

- Strengthen the capacity of the staff involve in the purchasing process through adequate training and knowledge exchange with other partners on the ground;
- Establish proper infrastructures such as storage facilities, software and hardware to accommodate the essential transactions and data;
- Maintain separate code numbers for each fund to streamlines the transaction and record keeping.

## Umdawanban Hospital and Omdurman Maternal Hospital (Dayat)

99. The procurement at the visited site mainly constitute procurement of administrative consumable supplies, as the pharmaceuticals are mainly managed by MNSF. The financial circulars and regulations prohibit procurement of medical supplies (drugs and equipment) that is solely approved for the MNSF. Other government entities are allowed to procure Goods and services.

100. Establishment of a governing supply chain committee. A governing council's purpose is to give direction and help align procurement strategy with the SMOH overall strategy. The committee's membership should include the leader of the supply chain with in the entity as well as corporate executives, business unit managers, and other influential department directors. Ideally the committee should hold regularly scheduled meetings.

101. The committee should be looking into the procurement processes and recommends award purchase Orders /Contracts to the lowest acceptable offers, for the best value of money, the committee also, should help to remove barriers to success that exist within the unit.

102. For transparency, fairness neutrality, the committee provides an effective forum for cross-functional communication. An active governing body creates an opportunity for business unit that provide the management with information regarding future strategies procurement strategies.

## Staffing

103. Support staff (Supply & Logistics staff (i.e. procurement, warehousing) accountants and the internal auditors are core staff of the Ministry of Finance seconded to the ministries. The turnover for those staff is extremely high.

## Procurement thresholds

104. Local procurement thresholds. Each institution (hospitals) established a local procurement committee for processing less than 10,000 UDS value of supply. This committee is formed from four to five key personnel (see attached from Omdurman maternity hospital). For procurement between 10,000 and 25,000 USD needs an approval from the Director General of the SMOH. But for high value items above 25,000 UDS this needs an approval from the state Ministry of Finance.

## Governance Bodies

105. There is a procurement body (Purchasing Committees) at each of the sites visited, that conducts small procurement activities. The work flows and interactions could be summarized as follows:

106. **Umdawanban Rural hospital:** The procurement committee is made up of the Medical Officer (acting Director General), Budget manager, Accountant, the store keeper and a handy man (a technical person) from the requesting Unit.

107. A requisition usually comes from the store keeper, who keeps the buffer stock records that the intended item has depleted and there is a need for replenishment. The requisition will be approved by the Medical Officer, then it goes to the purchasing committee that gets the quotations (at least three quotes), evaluates the prices and lead time, then recommends a supplier, the documents then flows to the MO Medical Officer for endorsement, then work flowed to the internal auditor who checks and endorse, the process goes to finance for issuing the checks, and hand over to the supplier after delivering the supplies to the warehouse.

## Weaknesses Identified

- (a) Segregation of duties is not well adhered, as the Medical officer approves, and is part of the procurement process as well;
- (b) No supply plans in place and the committee conducts small purchases repetitively for the same item;
- (c) No Long Term arrangements to reduce the time and efforts spent on small purchases, and relieve the procurement staff to undertake other program activities.

108. **Omdurman Maternal Hospital (Dayat):** The same process could be applied to the Omdurman Maternal Hospital with the exaptation of the good internal control and the segregation of duties advert to for their procurement activities.

## Weaknesses Identified

- (a) Despite the fact that the hospital is one of the well-funded hospitals, yet it cannot procure urgently needed medical equipment such as Oxygen ventilators; two years ago a request was sent to SMOH but no action has been taken;
- (b) The high turnover of support staff could be one of the weaknesses within the supply chain at the sites visited;
- (c) Lack of adequate training in supply chain management;
- (d) Segregation of duties and lack of clear financial regulations to streamline the procurement activities can be a high risk;
- (e) Lack of monitoring and supervision from the technical staff from SMOH.

## Recommendations

- The system is barely manual, a soft hand (computer) system needs to be included for monitoring and reporting supply/funds.
- Instead of repetitively small procurements, it would be even better in Long Term Agreements
- (LTAs) are stabilized.
- A list of qualified vendor needs to be stabilized instead searching suppliers for each and every request for procurement

## Summary of Procurement findings

### Strengths Identified

- (a) Procurement rules and regulations are well adhered to at the high value and procurement of service are well understood and adhered to by the high value committee and the PMU.
- (b) Segregation of duties and work flow are clear at this high level procurement and PMU.
- (c) Procurement plans are prepared and monitored by the procurement team at the PMU.
- (d) Contract management – There are teams responsible for contract management. For instance, once contract is signed for construction projects, there is a national mechanical engineer at the PMU who works closely with field engineers stationed at each of the states to monitor the projects and certify payment requests by contractors. The engineers provide monthly progress updates. The team was set up in 2015 in response to significant issues raised by external auditors on construction projects. Similarly for IT related contracts, there is an IT expert in place.

### Weaknesses Identified

- (a) There are gaps in the procurement laws and regulations, noted as;
- (b) Lack of mechanisms for recourse and appeal in case of disputes or complaints regarding procurement decisions.

- (c) Lack of clarity on some key timelines – e.g. from bid opening to decision, decision to award.
- (d) Lack of clarity on process for receiving and responding to clarification from bidders e.g. pre-bid meetings, responses to all etc.
- (e) Low value or shopping committees not well adhered to the procurement regulations especially at the field level.
- (f) While the procurement team at the PMU explained their various roles and responsibilities to ensure adequate segregation of duties, we were not provided with written job descriptions to verify the roles.
- (g) Utilize software systems for easy monitoring and reporting purposes.

## Recommendations

- As it is clear that the centralization of high value procurement is going very well, it would be helpful to apply the same for the low value procurements.
- Plan and consolidate small procurements as frequent low value shopping constitutes a high risk.

109. Except for the National Security Agencies, the Public Procurement and Concession Commission (PPCC) performs public procurement functions for all government institutions across the country. It does post-reviews and if tender documents have major issues it asks agencies to retender. To facilitate its work and ensure transparency in the procurement of goods and services, it has established a web-based procurement procedure. The commission is planning to increase its presence in the counties by opening regional offices. The Commission also intends to decentralize government services, but the roll out is delayed due to budgetary issues. To speed up procurement processes it has introduced a framework agreement, which allows the conduct of early procurement activities to address the bottlenecks associated with delays in budget approvals. The framework has been endorsed and approved by Cabinet. It has been able to put controls in place for all 103 agencies to comply. It is now able to start the procurement process early with 1/12 provision in the PFM Law. The Commission is constrained with limited budget, lack of staff and space. It has less than 50 staff and has no training facilities.

## ASSETS MANAGEMENT

**110.** The recording and management of fixed assets is provided for in the Accounting and Finance Procedures of 2007, as amended in 2011. Fixed Assets Register (FAR) is not kept for recording and tracking of Fixed Assets owned by the government and donated by DPs. In the absence of a FAR, the risk of misuse and other forms of misappropriation is very high. However, for motor vehicles, logbooks and a system of monitoring operations, and maintenance costs are kept. This may also be exposed to misappropriation.

111. The Government of Sudan owns controls and manages a variety of tangible and intangible property. The categories of tangible assets managed by the GoS include property comprising of land and buildings, plant, vehicles, furniture and equipment. These are distributed to decentralized levels and hospitals. Other intangible capital assets are also managed by the GoS. There are no unique identification numbers assigned or tagged to the body of fixed assets. Instead, reliance is placed on the use of manufacturers' serial numbers tagged on assets for identification purposes. Asset count is carried out by a Committee made up of representatives from MOH, the Internal Audit Chamber and the External Audit Chamber.

112. Under government's cash basis of accounting, purchases of property, plant, furniture and equipment are expensed fully in the year of purchase. However, a memorandum record is maintained in the Fixed Asset Registers at historical cost for all non-current assets of the Ministries, Departments and Agencies (MDAs). Unrealized gains or losses arising from changes in the values of property, plant, furniture and equipment are not recognized in the financial statements. Proceeds from disposal of such assets are recognized as non-tax receipt in the period in which they were disposed.

### **Strengths Identified**

- The MoH has internal control systems in place for the management of the Ministry's assets as specified in the Accounting and Finance Procedures;
- Asset counts conducted by a committee of representatives from MOH, National Audit Chambers and Internal Audit Chamber;
- Separate Fixed Assets Register is kept for motor vehicles including motorcycles.

### **Weaknesses Identified**

- (a) Ineffective utilization of the fixed assets register in tracking assets acquired by FMOH and those donated by DPs. FAR is not updated;
- (b) Fixed assets are not tagged with a unique identification numbers;
- (c) The use of fixed Assets register in tracking asset movements in MoH and other decentralized units is inefficient; The tracking of assets movements in the MoH, States and the hospitals/health facilities remains weak, especially by the internal audit;
- (d) Fixed assets records maintained by the MoH are not reconciled with asset records kept by the MoFEP.

### **Recommendations**

- Capacitate the internal audit unit to enable it undertake assets verifications at FMOH and the Hospitals/Health Facilities level;

- Maintain updated fixed assets register for FMOH vehicles including the vehicles received through donations;
- The MoH should submit the copy (or a listing) of fixed assets register and reconcile same with the MoFEP records at all times;
- Utilize Fixed Assets Register Template that complies with International Standards.

## Donor Coordination

### Overall Context

113. Sudan's economy continues to suffer post the 2011 separation of South Sudan, primarily due to continuing economic sanctions on the country and the decrease in oil revenues which previously contributed 30% of its total budget outlay. Constraints on the overall fiscal space available to the Government of Sudan for the foreseeable future are likely to adversely impact resource availability for social services including health. The continuing humanitarian crisis in the Darfur states poses an additional burden. Thus the need for using available resources efficiently and attracting external assistance is clear.

114. Sudan, traditionally spends more on health compared to similar countries in Africa (US\$125 per capita). Public spending on health remains at 20% of the Total Health Expenditure (THE). However, Out of Pocket Expenditures (OOP) remains high and stands at 76% of the External support by donors are around 2% (NHA 2013; OECD). While the levels of external support are low, it supports key priority public health areas including EPI, Malaria, TB and HIV wherein it entails more than 70% of the total resources available to these programs. The proposed target in the draft National Health Sector Strategic Plan (NHSSP) 2017-20 is to work towards increasing the level of external support from 2 to 5% of the total health expenditure. Alongside this, there is increasing awareness and commitment from the Ministry of Health to increase the efficiency in usage of available resources through improvements in its PFM systems and building credibility and trust among donors to seek additional external financing. The context thus is amenable to a constructive engagement and requires a pro-active effort by the Government of Sudan and Development Partners.

115. Sudan receives both health development aid and humanitarian assistance. Per capita health development aid is US\$4.2 while humanitarian assistance is US\$2.1 (OECD and OCHA 2014). Figures for 2014 show that out of a total Overseas Development Assistance (ODA) of US\$922, US\$120 (13%) was provided as development aid for health (OECD) while of the US\$216 million humanitarian aid made available 44% was given for health (OCHA FTS). Despite repeated requests, updated details of funds provided for development aid could not be made available by the MOH or the MOIC and reflects the preference by donors for off budget support and lack of tracking of donor support as well as fragmentation of the external aid environment. This has

serious implications for the transparency, accountability and alignment parameters of aid effectiveness.

116. In humanitarian assistance the overall envelop has seen a significant decrease over the recent years. Contributions to the Sudan Pooled Fund (SPF) managed by UNDP and administered by OCHA were around US\$70 to US\$80 million in 2012 and have come down to around US\$35 million in 2016. Figures for funds provided by donors bilaterally are not included in the aforementioned amount. Availability of updated information is constrained by fragmentation of the internal government mechanisms and donor coordination responsibilities for both development aid and humanitarian assistance. Pooling of information into common databases is imperative to ensure efficiency, transparency and mutual accountability between government and the development partners across the aid spectrum.

117. Most of the funds provided through humanitarian assistance are off budget and thus not within the purview of PFM systems. This together with shorter term commitments by external partners constrains the ability of the government to determine the overall fiscal space available for health. It also minimizes the leverage that external support can exert on ensuring longer term strategic positioning and influence improvements in PFM systems to improve efficiency, reduce the probability of corruption and ensure mutual accountability.

### **Coordination between Donors**

118. Overall donor coordination is a challenge in all sectors including health. For purposes of this assessment, donor coordination is looked at from the following aspects:

- (a) Institutional arrangements and processes within government - the MoH to facilitate donor coordination and alignment
  - (i) Sudan has well documented and elaborate mechanisms for planning, budgeting and implementation at the federal and state levels which provide the opportunity to align external assistance with strategic priorities of the government at all levels of the health system. For example: there are strategic plans available at the federal and provincial level which are developed through an inter-active process, however, the participation of donors and other partners like civil society appears limited. Details of these processes and their strengths and weaknesses are covered in other relevant sections of this report.
  - (ii) The MOH is in the process of preparing the National Health Strategic Plan (NHSP) 2017-2020 which includes a target of increasing external support from 2 to 5%, however, it also needs to clearly commit a target for increasing public expenditure on health. The FMOH with WHO support is currently working with the state

governments to prepare draft strategic plans which will enhance the quality of input into the national strategic planning process.

- (iii) A move overtime to transfer health planning, management and financial responsibilities is clearly discernible such as the intent of the states to set up their own Supreme Health Services Coordination Councils, gradual transfer of hospitals from federal to state budgets and also National Health Insurance (NHIF) intent to transfer its facilities to the state. Discussions with stakeholders revealed that budgets of facilities transferred to the state have decreased over time and may compromise service availability and quality if adequate resources are not committed by state governments and/or an adequate resource base is not made available by the federal government as this transition occurs. The reduction in total budget of the Omdurman Maternity Hospital which is said to be the largest such facility in the country and the world was quoted to be about 60% post its transfer from the federal to the state budget.
- (iv) It is thus important that the strategic plans at the federal and state levels are duly costed to give a clear idea of the resources required and the sources from which they would be financed. Addressing these aspects on a sustainable basis will depend on the larger context of devolution and resource allocation framework between government levels. The development of the Health Financing Strategy supported by the World Bank and WHO and an Aid Strategy being developed by MOIC provide an excellent opportunity to underpin and anchor coordination between the government and development partners.
- (v) The primary stakeholders within government for donor coordination are MOIC, FMoH itself and the states. The Ministry of Finance while an important player, is concerned with the overall fiscal envelop and donor financing. It is positive to note that the MOIC abolished in 2012 has been re-established in 2015. It provides a focal point within government for inter-governmental coordination ( the MOIC is a member of different departmental committees in the FMoH and MoFEP) and for donors to interact with at a higher level in terms of identifying priorities based on over-arching sector plans; signing agreements and monitoring and reporting on the progress of donor supported programs and projects. The MOIC is moving to establish a Donor Coordination Committee to streamline internal government coordination. It is important that this committee has inclusion of all key ministries for development and humanitarian assistance elements such as the Humanitarian Assistance Commission (HAC). However, capacity and systems for recording, tracking and reporting on external assistance are a concern as the MOIC begins to take on its due role e.g. a development assistance database is under development with support from UNDP but datasets that the Mission observed were outdated.



The MOIC also shared that humanitarian assistance support provided by and through international NGOs was not within their purview. A separate arrangement for registering and monitoring international NGOs is in place through the Humanitarian Assistance Commission (HAC) which registers and approves technical agreements, however, mechanisms for coordination between HAC, MOIC and MOH seems to be lacking. A mechanism to link MOIC, FMOH, the HAC and the Health Cluster jointly led by FMOH and WHO is required to facilitate information sharing and overall coordination of inputs by different actors.

- (b) Institutional arrangements and processes for coordination between government and donors both for development aid as well as humanitarian assistance:
  - (i) Sudan is a signatory to Global Compact on IHP Plus. A Local Health Compact was signed in 2014, however, it took one and a half years to get the compact in place. This Local Compact provides the over-arching framework for coordination between government and donors and provides the basis for cooperation in terms of common goals and principles. The development of the 2nd National Health Strategic Plan was catalyzed by the signing of this Compact and provided the basis for alignment, harmonization and mutual accountability. However, as mentioned in preceding sections, preference for off budget support coupled with a large proportion of external assistance being provided through humanitarian channels and also the absence or lack of effective coordination mechanism has constrained progress in coordination between development partners and government.
  - (ii) Overall, there has been limited progress in translating the Compact into on the ground mechanisms for coordination Other than the over-arching role of the MoIC and HAC in donor coordination; mechanisms for government to donor coordination at the sector level are not existent and/or fragmented. There is currently no mechanism which includes all donors engaged in development aid and arrangements are limited to Country Coordination Mechanisms (CCMs) for Global Health Initiatives such as Gavi and GFATM or specific Steering Committees for bilaterally funded projects such as for EU support. A Council of Donors chaired by the Minister for Health was established in 2014, however, it has not met regularly (last meeting was held in August 2015) and has suffered from lack of interest by donors.
  - (iii) The Health Cluster jointly convened by FMOH and WHO to coordinate humanitarian assistance is the only mechanism available in this regard to FMOH and donors and is appreciated by the MoH and other partners in bringing all partners together with government. However, purview is restricted to the coordination of humanitarian assistance funds provided by the UN agencies and those that are pooled through the Sudan Health Fund (SHF) for collective distribution. Funds provided by bilaterals

directly to international NGOs are not usually in the knowledge or purview of the Health Cluster. The Health Cluster is appreciated by all partners and can serve as a model for common pooling arrangements for on budget and/or off budget support by development partners as the system transitions.

- (iv) To maintain strategic integrity and considering the importance of using humanitarian assistance to build resilient health systems in fragile and conflict affected states, a coordination forum specific to the health sector covering all players in provision of external assistance whether development or humanitarian is also an imperative. The desire to coordinate effectively is visible in discussion with key stakeholders within government; however, on the ground a pro-active effort to move forward in this regard is urgently needed. The MoH needs to take a pro-active leadership role in this regard.
  - (vi) Usage of government PFM systems for disbursement and expenditures related to development aid and/or humanitarian support is still limited. The Ministry requested that the UN intent to move towards a Harmonized Approach for Cash Transfers (HAT) be expedited as this could also serve as a positive model for integrating planning and cash flow arrangements.
  - (vii) Longer term commitments by donors are mostly not visible due to off budget support and thus forward estimates are not usually available to FMOH for effective planning and fiscal management. Variation between governments own commitments in relation to budgetary allocations as well as un-predictability in donor financing complicates effective resource planning and or fiscal management. Similarly, the preference for off budget support by donors and parallel arrangements to channel funds to the sector limits the ability and leverage of donors to advocate for improvements in PFM systems. In the words of a MoH official, “usage of government PFM systems would go a long way in ensuring improvement – we can only improve if they start using our systems.” A positive movement, however, is discernible in Gavi and GFATM being managed by a joint PMU which is in the process of developing a commonly acceptable system for financial management which primarily is based on government PFM systems but has additional add-ons to cater to the fiduciary management of funds provided by these Global Health Initiatives. Till the robustness of Sudan PFM systems is brought at par with internationally accepted standards, such arrangements developed and agreed to by all development partners including multi-lateral and bi-lateral partners may be the best way forward.
- (c) Institutional arrangements and processes between donors
- (i) A large number of donors/development partners including multilaterals, bilaterals and UN agencies support the health sector in Sudan. These include the World Bank

(WB), the African International Development Bank (AIDB), the Islamic Development Bank (IDB), DFID, USAID, JICA, Sweden, Netherlands, Irishaid, Denmark, Norway, Germany, Switzerland and the EU. An additional factor contributing to the fragmentation of donor support is the increasing engagement of “emerging and/or non-traditional donors” like China, Turkey, South Korea, Saudi Arabia and other Gulf States. Most of these new players in Sudan are also not signatories to IHP Plus and prefer to engage on a bilateral level. Advocacy to include these new players is required to bring them into the fold of donor coordination arrangements. A forum which encompasses all partners is urgently required to reduce fragmentation and harmonize support and increase the collective leverage of donors with the government. In contrast to development aid, humanitarian assistance appears to be better coordinated between UN agencies and other partners through the Health Sector Forum (Cluster) supported by WHO. FMOH and partners are generally appreciative of the role and working of this forum. The Heads of Agencies forum while covering all sectors provides the opportunity to develop consensus on the need and the shape and form of health sector specific donor coordination mechanisms with government and between donors. However, all agencies including the non-traditional donors need to be part of this forum to make it more inclusive to reduce the fragmentation between donors themselves.

## Strengths Identified

119. The following strengths of donor coordination were identified:

- (a) GoS and the MoH are moving to improve and streamline government coordination mechanisms. The re-establishment of the MOIC is a positive step and will serve to underpin donor coordination at a higher level. The Aid Coordination Committee being set up at the MOIC will provide the mechanism for inter-government coordination.
- (b) Government of Sudan is a signatory to IHP Plus and has a Local Health Compact in place which provides the over-arching framework for government to donor and inter donor coordination. A mechanism for donor coordination in the shape of Council for Donors exists but remains dormant. There is an increasing awareness and desire within government, specifically at the highest levels within the MOH, and development partners/donors to coordinate effectively and establish/activate formal mechanisms for enhancing engagement.
- (c) Documented planning, budget formulation and execution processes within *government at the federal and state levels allow for increased alignment and accountability.*

- (d) The Planning & International Health Directorate within the MOH serves as the focal point and has a strong and committed team in place which provides the nucleus for instituting a reform agenda based on the NHSP and donor coordination. However, the Directorate has suffered from frequent staff turnover which tends to compromise ownership and institutional memory.
- (e) Positive examples for movements towards use of PFM systems exist in the shape of the common PMUs for Gavi and GFATM to coordinate and use PFM systems. An operational manual and joint systems for financial management are being developed and will serve to cause further integration as they are implemented over time.
- (f) The Humanitarian Pooled Fund (HPF) and the Health Sector forum (Cluster) convened by MOH and WHO provides a model for pooling and managing resource allocation to priority needs.
- (g) Increasing number of partners and interest by emerging/non-traditional donors is highlighting need for better coordination between government and donors and within donors themselves.

### **Weaknesses Identified**

120. The following weaknesses of donor coordination are identified:

- (a) Fragmentation and weak coordination mechanisms within key government ministries relevant to donor support;
- (b) Lack of an effective coordination mechanism within the MoH for donor coordination. There is no pro-active effort to establish/use formal coordination mechanisms. The Council of Donors chaired by FMoH in 2014 met infrequently and remains dormant;
- (c) Fragmentation and weak coordination mechanisms exist amongst donors. Traditional and new non-traditional donors prefer to engage on a bilateral basis;
- (d) Inadequate attention and the linkages related to convergence between the use of development and humanitarian support for building resilient health systems at all levels within government and within donor agencies;
- (e) Continuing economic sanctions which pre-empt upscaling by traditional donors and lack of effective coordination mechanisms between donors particularly the emerging non-traditional donors.

### **Recommendations**

- The MOH should take a pro-active leadership role within government and with partners to review/streamline and establish new coordination mechanisms where required. The current leadership in the Ministry of Health has already begun to take steps in this

direction and the commissioning of the IHP Plus mission involving key partners is a case in point

- The MOH should immediately initiate a dialogue including relevant government ministries at the federal and state levels, donors supporting both development aid and humanitarian assistance, non-traditional donors and UN agencies (UNDP, UNICEF, UNFPA and WHO) to discuss and define the shape and form of donor coordination mechanisms for the health sector.
- The World Bank and WHO are already engaged actively with FMOH and can serve as the primary focal points with government and donors in this regard. Initial discussions in this regard can take place at the Heads of Agencies level, however, a health sector focused Working Group for Improving Donor Coordination in the Health Sector led by MOH /Planning & International Health Directorate and co-facilitated by WB and WHO should be formed at the earliest to identify mechanisms and develop detailed Terms of Reference
- Establish a Donor Coordination Secretariat to support overall coordination between donors and provide logistic support to the proposed Working Group and quarterly reviews. Considering WHO's role as a technical agency working across development and humanitarian assistance, it would be appropriate to house the secretariat within WHO
- The MOH should consider joint quarterly reviews of donor support to the health sector. The Health Sector (Cluster) convened jointly by FMOH and WHO provides this mechanism for humanitarian assistance and doing the same for development aid whether on or off budget would add value
- WHO and WB should continue to provide support for developing and finalizing the Health Financing Strategy which should aim at achieving the common goal of achieving UHC and use it for further alignment of donors with sector plans as well as harmonization within donors. Similarly, MOH and development partners should actively follow up with the MOIC to input and support finalization of the over-arching Aid Strategy under preparation by the government. Both of these strategies need to be disseminated to key stakeholders for their input prior to finalization
- Support the MoIC and MOH in developing and making operational database to capture and track donor support. UNDP is already supporting the MOIC in this regard. WHO and /or other agencies may consider support to FMOH as per need. The development of a plan for technical assistance needs to be incorporated into the TORs of the Working Group for Improving Donor Coordination.

## **National Health Insurance Fund (NHIF)**

121. High poverty levels coupled with substantively high out-of-pocket payments (OOP) which stand at 76% of total health expenditure and limited coverage of financial protection mechanisms

(35 to 40% of the population) pose a serious barrier to achieving Universal Health Coverage (UHC) in the country. Approximately 20% of public health expenditure is channeled through the National Health Insurance Fund. Recognizing this challenge and in furtherance of its commitment to achieving UHC, Sudan has overtime instituted a number of health protection mechanisms which include provision of free emergency care for the first 24 hour; free Maternal, Neonatal and Child Health (MNCH) services and Social Health Insurance Schemes (SHIS) which cover different segments of its population. These include schemes for personnel of the armed forces and the police, formal and informal sector workers and the poorer segments of the population. For purposes of this assessment the focus is on the National Health Insurance Fund (NHIF) due to its coverage (35 to 40% ) of the population); the fact that it is national in nature, covers the formal and informal sectors and has recently been expanded to cover the poor and the vulnerable groups of the population. Due to paucity of time, this input is not intended to be a comprehensive review of the NHIF fund but aims at teasing out the major successes, issues and providing recommendations at a strategic level.

- (a) Major contextual issues in effective coverage and upscaling of the NHIF include:
- (i) Persistently high OOP and bias towards financing hospital based care at the expense of Public Health Center (PHC) services which are critical to moving towards UHC.
  - (ii) To compensate for a lack of facilities and providers in poorer states and rural areas, NHIF made substantive investments into setting up its own facilities where required. However, in the face of limited funds sources of pooling, this takes money away from its core purpose of increasing coverage, creates an additional management burden and overhead costs and poses a potential provider moral hazard. Discussions with NHIF reveal that that this is being re-considered and facilities may be transitioned to the state governments.
  - (iii) A weak private insurance sector which is urban based and prevents its consideration as a partner or competitor to the NHIF. A lack of culture of health insurance, high poverty and a large un-regulated informal sector pre-empt consideration of this avenue as a means of expansion and/or competition to drive down costs.
  - (iv) Parallel free provision of services at government facilities reduces the incentive to enroll in NHIF.
- (b) Issues specific to the institutional arrangements for pooling and strategic purchasing include:
- (i) Coverage and pooling
    - Still low coverage of the scheme especially for the poor i.e. overall coverage stands at 40% which is up from previous figure of 35%. NHIF

registration is not mandatory except for the formal sector which is small. Registration for the informal sector is voluntary (recent changes in legislation make it mandatory, however, this sector is not well documented which makes it difficult to incorporate. Regulation systems are neither well developed nor well enforced. In addition, informal sector workers pay a flat premium which does not discriminate between income levels and is thus regressive. Coverage between states also varies widely and Khartoum State which is comparatively well resourced has chosen to institute its own Health Insurance Scheme rather than join the NHIF.

- NHIF offers free enrollment to the poor and other vulnerable groups and premiums are fully subsidized through public funds by MoFEP and the MWSS, however, resources provided are not sufficient to cover all the eligible poor of which an estimated 50% are covered. Targeting mechanisms are not well developed and rely primarily on community based identification of the eligible poor for Zakat funds.
- Availability of insufficient resources for pooling creates questions around the sustainability of NHIF service provision and its ability to cause equitable cross subsidization between different reserved/dedicated sources of financing. The NHIF has been active in reviewing its rate for premiums payments and has conducted a number of actuarial studies which are being used to inform revisions in premium rates as part of the development of the NHIFs new Strategic Plan covering the period 2016-2020. The option of investing pooled funds to generate additional resources has not been given due attention by NHIF , however, this option seems to be currently limited by the general risks associated with investing in an unpredictable economic environment and the capacity of NHIF itself to develop such options. A feasibility study and a capacity review of the NHIF is required to position it adequately to urgently explore this option.

(ii) Strategic purchasing:

- As mentioned above, parallel arrangements in terms of free provision of services and those provided by NHIF and a weak urban-based private sector limit the options for strategic purchasing. Public expenditure on health is biased towards curative, hospital based care which pre -empts a focus on PHC which is more responsive towards addressing the burden of disease patterns in Sudan's population. Raising additional resources through new earmarked taxes was discussed; however, the appetite to do so seems to be limited. NHIF colleagues shared that the MoF and the

MSWSS are supportive of providing additional resources based on a revised strategy in the new strategic plan being developed. The Health Financing Strategy being developed with support from WB presents an opportunity to clearly define the strategic choices and mechanisms to achieve UHC.

- Service delivery standards are not well defined and mechanism for accreditation are largely lacking. Standard packages of services are also not well articulated and prevent effective costing and development of more efficient provider payment mechanisms to move from supply side subsidization of fee for services to demand side choices as development of capitation fee regimes or more advanced Diagnostic Related Groups

### Strengths Identified

- (a) Government of Sudan's commitment at the highest level to provide financial risk protection to the poor and to achieve UHC. Support of key actors like the MOF and the MSWSS to provide additional resources is a positive development.
- (b) The Health Financing Strategy being developed also provides an opportunity to clarify and streamline strategic purchasing options for the health sector as a whole. As a draft was not available for review, a comment on how far it addresses SHI is not possible.
- (c) NHIF, overtime has been able to put in place a system which is functional and has been reviewed and adjusted at regular intervals. An added element is that NHIF appears to be a "learning organization" which has made an effort to commission analytical work to refine and improve overtime. This trend needs to be continued. The development of the new strategic plan 2016-20 provides the opportunity to reposition NHIF with a focus on improving the coverage and allocative/technical efficiencies of the scheme. NHIF has strong leadership and an experienced and capable team which can continue to drive and implement reforms.
- (d) The federal government is working with NHIF and state governments to improve the flow of zakat funds for the poor. While these funds were previously transferred from the federal MOF to the state MOFs and then to NHIF, a recent change has been made to transfer these funds directly to NHIF at the national level.

### Weaknesses Identified

- (a) The increasing number of eligible recipients under NHIF, particularly the poor poses a serious challenge to NHIF considering that funds available to government as a whole may not be increasing at the required level. Reasonable targets for expansion corresponding to resource availability need to be set in the strategic plan.
- (b) Parallel provision of free services at the same facilities where NHIF services are provided provides no incentive to staff or clients to ensure efficiencies.



- (c) Lack of a culture of health insurance in the communities and voluntary enrollment prevent wider enrollment particularly by the informal sector workers and the poor, however, raising expectations without adequate resources may prove counterproductive and undermine the credibility of the government as well as of the NHIF as a responsive organization.
- (d) Weak regulation and accreditation mechanism prevent improvements in service delivery as well as addressing provider and purchaser moral hazards e.g. irrational use of drugs is a major issue in Sudan.
- (e) Different sources of pooling which are dedicated to use by different eligible clients limits the efficiencies gained from a larger pool including equitable pooling and cross subsidization to the poor. Alternative options for increasing the pool by making an effort to encourage enrollment from the informal sectors, investing pooled funds and raising additional earmarked taxes is limited and have not been adequately explored.
- (f) Flat rates of premiums for the formal and in formal sectors are regressive and a source of dissatisfaction among the low paid segments of various client groups.
- (g) The NHIF system still requires an upfront co-payment for drugs from all clients, although these costs are reimbursed, this presents a serious barrier for the poor as surveys show that the bulk of the OOP is on payments for drugs. Looking into options such as waiving this requirement for the poor and contracting private pharmacies on reimbursable contracts to remove this barrier are urgently required.
- (h) States have varying degree of coverage and a mechanism for resource allocation between states from the pooled funds seems to be lacking. Also, states have limited contributions from their budgets to the pooled funds especially for the poor
- (i) Although the team at the NHIF is well experienced, the transition from supply to demand side mechanism for provider payments etc. will require additional capacity in terms of management, technical skills and software systems to support expansion and effective transition.

## Recommendations

- The Health Financing Strategy in the making has to consciously address strategic purchasing options for the sector and delineate a clear position on NHIF and social protection mechanisms in general.
- The Strategic Plan for NIH for 2016-2020 needs to be shared with all stakeholders within and outside government including development partners to seek input and consensus on resource availability and technical assistance needed to implement elements of the new strategic plan.
- A dialogue between the federal and state governments on roles and financing contributions for the poorer groups needs to be initiated to give the states ownership of

the scheme as well as secure additional financing. A mechanism for resource allocation to states from the collective pool needs to be developed and agreed too.

- NHIF should commission feasibility studies on options for investing funds available with NHIF and raising additional resources through earmarked taxes.
- Progressive premiums based on income levels for the informal and formal sectors need to be considered to make the system more equitable. Mechanisms for removing the requirement for upfront copayments for drugs need to be urgently developed to reduce a significant barrier to access
- Accreditation of all facilities whether public or NHIF needs to be standardized. Clinical audits for managing irrational use of drugs need to be instituted as considering that the magnitude of the problem may be a serious source of in-efficiency and leakage in the system. This is also an area where WHO can provide targeted support to NHIF.
- A community orientation communication program on the need for social health insurance should be part of NIHs strategy to increase enrollment and coverage across the country.
- A capacity review in terms of staff skills and management systems including IT based systems of the NIH in relation to implementation its new strategic plan should be undertaken and used to inform structural changes as well as capacity building of the NIH at the federal and state levels. WHO on account of its support to achieving UHC and extensive work on health financing and social health insurance is strongly placed to support the Government of Sudan and NHIF in this regard

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## ANNEX 1: Summary of Recommendations'

Area	Recommendations
Legislative oversight over the health sector	<ul style="list-style-type: none"> <li>(a) Develop a program of work with clear schedules for periodic hearings and dialogue with the FMOH. This will help the committee engage more effectively and proactively, as a key stakeholder in ensuring health service delivery;</li> <li>(b) The committee should keep records of its deliberations to help track progress on implementation of agreed actions;</li> <li>(c) Improve coordination with MoIC through reports on donor agreements before budget adoption;</li> <li>(d) Maintain records of committee deliberations to help track implementation progress of recommended and agreed actions;</li> <li>(e) Consider knowledge exchange amongst effective health committees from other countries in the sub-region for the benefit of the Committee members, its Secretariat and support staff.</li> </ul>
Funds flow and banking arrangements	<ul style="list-style-type: none"> <li>(a) Adopt a system that releases funds on quarterly bases according to proper cash forecasts;</li> <li>(b) Expansion of current PMU scope of work to enable management of all funds received from donors.</li> <li>(c) Harmonize DPs funding accountability systems to integrate these into GOS systems.</li> </ul>
Planning, budgeting and budget execution	<ul style="list-style-type: none"> <li>(a) Reinforce performance-based budgeting system at the federal ministry level to better link budgets to planning processes and make the flow of public expenditures more predictable and transparent.</li> <li>(b) Given the program nature of the activities financed in the health sector, FMOH could be used as pilot ministry for the proposed program-based budgeting before a full-scale implementation of the reform.</li> <li>(c) Develop a planning template for states to fill in activities;</li> <li>(d) Planning for FMOH should be submitted on a timely basis so as to be included in the MoFEP consolidated planning report sent to SCC;</li> </ul>

	<ul style="list-style-type: none"> <li>(e) Realignment of activities should occur at the annual work plan level;</li> <li>(f) Consistency of DP and the government systems is important to avoid donor funds going through a tortuous channel before reaching the FMOH.</li> </ul>
<p>Accounting financial reporting and information (technology) systems</p>	<ul style="list-style-type: none"> <li>(a) Procedures on all aspects of financial management would need to be detailed out to address the high level/principles-based nature of the current financial and accounting procedures manual as part of a comprehensive amendment to the current 2011 Financial Management and Accounting Procedures Regulations. Annexes elaborating on standard operating procedures for financial management activities is being recommended to align with international best practice;</li> <li>(b) As a condition for being recruited in the finance function at MoFEP's CoA and also periodically, staff must sign declarations guarding against unethical behavior and conflict of interest. Similarly, this approach is also recommended for the promotion of whistle-blowing;</li> <li>(c) In order to improve on the framework for reporting, MoFEP needs to introduce a multi-dimensional chart of accounts for enhanced analytics by introducing additional segments to capture financial data relating to organization or unit, funding source (including all donors), programs and activities and also geographic location. This is in addition to extending coverage to assets and liabilities accounts beyond the current coverage on revenue and expenses;</li> <li>(d) MoFEP needs to activate remaining financial modules in the GRP system at FMOH in order to achieve its full benefits including eliminating reliance on the use of the manual paper-based system for recording and reporting on transactions;</li> <li>(e) MoFEP would need to focus on financial management capacity building support in the area of training to enhance knowledge and understanding of financial management responsibilities and requirements in light of the intended move to full accruals basis of accounting in 2017;</li> <li>(f) MoFEP, in concert with FMOH and development partners, is to provide for the use of the GRP system to meet budgeting, accounting and reporting needs of both the government and donors. The expectation is that the existing platform will be used in order to take advantage of integration into the expected IFMIS roll out in the medium to long term. Should this be feasible, it may</li> </ul>

	<p>necessitate the discontinuation of the current parallel information system, Tally, at the PMU to cater for Gavi and Global Fund system needs. To this end, the MOFEP’s Department of Information Technology and COA is expected to conduct a feasibility study or needs assessment including road map on what it will take to bring donors into the GRP system including ensuring that the system can:</p> <ul style="list-style-type: none"> <li>○ Capture commitments (signed contracts, placed orders and all other pending obligations not yet cashed out);</li> <li>○ Provide automated and timely reporting for: <ul style="list-style-type: none"> <li>▪ Managerial decision support;</li> <li>▪ Statutory obligations;</li> <li>▪ Donor specific reporting requirements;</li> </ul> </li> <li>○ Tackle multicurrency (mainly due to sources of funding);</li> <li>○ Perform monthly hard close;</li> <li>○ Incorporate memorandum accounts for fixed assets;</li> <li>○ Demonstrate sufficient audit trail;</li> </ul> <p>(g) Apply fund code accounting software and adopt fund code accounting system for recording funds including government funds by at least entering the latter’s financial activities on monthly summaries basis.</p>
Payroll management	<p>(a) The Ministry of Labor should develop a process of reconciliation and linkage between the payroll system at FMOH with the human resources database maintained at the Civil Service Agency to ensure only genuine employees remain on the payroll. Personnel officers at FMOH should not have the rights to create or amend entries until such are made at the Civil Service Agency database.</p> <p>(b) The Ministry of Labor should liaise with other MDAs to come up with a comprehensive policy and guidelines to govern the payment of incentives/salary top-ups across all government</p>

	MDAs. The policy should include guidelines on eligibility, computation and other modalities for payment.
<p>Controls and oversight functions</p> <p>Internal audit</p>	<p>(a) GoS should consider revising the current legislation on internal audit in the country in line with International Standards for the Professional Practice of Internal Auditing. The new legislation should enable internal auditors develop and deliver risk-based plans to help in evaluating and improving all aspects of the MDA's governance and system of internal control, including the management of risk;</p> <p>(b) The internal audit unit at FMOH should have in place annual audit plans, which should clearly outline the planned interventions at the ministry and related departments and agencies, in line with identified risks;</p> <p>(c) The Internal Audit chamber at MoFEP should ensure that there is a defined system in place for a smooth handover of reports and documentation from outgoing to incoming officers in instances of staff rotation.</p> <p>(d) Capacity to handle the development in information systems (IFMIS, GRP, TSA);</p>
External audit and reporting	<p>(e) Improve the quality, efficiency and impact of audit work (e.g. CAATs) to promote increased accountability and transparency in the management of public funds;</p> <p>(f) Risk-based and independent audit approach to be adopted;</p> <p>(g) Publication and communication of report - Improve communication mechanisms to raise the profile of the NAC with stakeholders;</p> <p>(h) Enhance, strengthen and sustain the NAC's financial and administrative independence.</p>
Public procurement	<p>(a) Strengthen the capacity of the staff involve in the purchasing process through adequate training and knowledge exchange with other partners on the ground;</p> <p>(b) Establish proper infrastructures such as storage facilities, software and hardware to accommodate the essential transactions and data;</p> <p>(c) Maintain separate code numbers for each fund to streamlines the transaction and record keeping;</p>

	<ul style="list-style-type: none"> <li>(d) Consider amending and clarifying procurement laws and regulations to address identified gaps;</li> <li>(e) Centralization of low value procurements for alignment with high value;</li> <li>(f) Plan and consolidate small procurements as frequent low value shopping constitutes a high risk;</li> <li>(g) Formulate specific job descriptions for each procurement role;</li> <li>(h) Utilize software systems for easy monitoring and reporting purposes.</li> </ul>
Supply chain management of drugs, consumables and equipment (NMSF)	<ul style="list-style-type: none"> <li>(a) Consider focusing NMSF role to procurement of medical supplies;</li> <li>(b) Strengthening the international procurement opportunities for NMSF through partnership and collaboration with international organizations, donors and UN. This could be by building further on its co-operations which have started with UNICEF and UNDP.</li> <li>(c) Consider exceptional and innovative financial arrangements that may enable NMSF execute its autonomous mandate to avail essential and free medicines for Sudan</li> </ul>
Gazeera state: assessment of supply chain	<ul style="list-style-type: none"> <li>(a) Strengthen the capacity of the staff involve in the purchasing process through adequate training and knowledge exchange with other partners on the ground;</li> <li>(b) Establish proper infrastructures such as storage facilities, software and hardware to accommodate the essential transactions and data;</li> <li>(c) Maintain separate code numbers for each fund to streamlines the transaction and record keeping</li> </ul>
Umdawanban Hospital And Omdurman Maternal Hospital (Dayat)	<ul style="list-style-type: none"> <li>(a) The system is barely manual, a soft hand (computer) system needs to be included for monitoring and reporting supply/funds.</li> <li>(b) Instead of repetitively small procurements, it would be even better in Long Term Agreements</li> <li>(c) (LTAs) are stabilized.</li> <li>(d) A list of qualified vender needs to be stabilized instead searching suppliers for each and every request for procurement</li> </ul>
Summary of procurement findings	<ul style="list-style-type: none"> <li>(a) As it is clear that the centralization of high value procurement is going very well, it would be helpful to apply the same for the low value procurements.</li> </ul>



	(b) Plan and consolidate small procurements as frequent low value shopping constitutes a high risk.
Assets management	<p>(a) Capacitate the internal audit unit to enable it undertake assets verifications at FMOH and the Hospitals/Health Facilities level;</p> <p>(b) Maintain updated fixed assets register for FMOH vehicles including the vehicles received through donations;</p> <p>(c) The MoH should submit the copy (or a listing) of fixed assets register and reconcile same with the MoFEP records at all times;</p> <p>(d) Utilize Fixed Assets Register Template that complies with International Standards.</p>
Donor coordination	<p>(a) The MOH should take a pro-active leadership role within government and with partners to review/streamline and establish new coordination mechanisms where required. The current leadership in the Ministry of Health has already begun to take steps in this direction and the commissioning of the IHP Plus mission involving key partners is a case in point</p> <p>(b) The MOH should immediately initiate a dialogue including relevant government ministries at the federal and state levels, donors supporting both development aid and humanitarian assistance, non-traditional donors and UN agencies (UNDP, UNICEF, UNFPA and WHO) to discuss and define the shape and form of donor coordination mechanisms for the health sector.</p> <p>(c) The World Bank and WHO are already engaged actively with FMOH and can serve as the primary focal points with government and donors in this regard. Initial discussions in this regard can take place at the Heads of Agencies level, however, a health sector focused Working Group for Improving Donor Coordination in the Health Sector led by MOH /Planning &amp; International Health Directorate and co-facilitated by WB and WHO should be formed at the earliest to identify mechanisms and develop detailed Terms of Reference</p> <p>(d) Establish a Donor Coordination Secretariat to support overall coordination between donors and provide logistic support to the proposed Working Group and quarterly reviews. Considering WHO's role as a technical agency working across development and humanitarian assistance, it would be appropriate to house the secretariat within WHO</p> <p>(e) The MOH should consider joint quarterly reviews of donor support to the health sector. The Health Sector (Cluster) convened jointly</p>

	<p>by FMOH and WHO provides this mechanism for humanitarian assistance and doing the same for development aid whether on or off budget would add value</p> <p>(f) WHO and WB should continue to provide support for developing and finalizing the Health Financing Strategy which should aim at achieving the common goal of achieving UHC and use it for further alignment of donors with sector plans as well as harmonization within donors. Similarly, MOH and development partners should actively follow up with the MOIC to input and support finalization of the over-arching Aid Strategy under preparation by the government. Both of these strategies need to be disseminated to key stakeholders for their input prior to finalization</p> <p>(g) Support the MoIC and MOH in developing and making operational database to capture and track donor support. UNDP is already supporting the MOIC in this regard. WHO and /or other agencies may consider support to FMOH as per need. The development of a plan for technical assistance needs to be incorporated into the TORs of the Working Group for Improving Donor Coordination.</p>
<p>National Health Insurance Fund (NHIF)</p>	<p>(a) The Health Financing Strategy in the making has to consciously address strategic purchasing options for the sector and delineate a clear position on NHIF and social protection mechanisms in general.</p> <p>(b) The Strategic Plan for NIH for 2016-2020 needs to be shared with all stakeholders within and outside government including development partners to seek input and consensus on resource availability and technical assistance needed to implement elements of the new strategic plan.</p> <p>(c) A dialogue between the federal and state governments on roles and financing contributions for the poorer groups needs to be initiated to give the states ownership of the scheme as well as secure additional financing. A mechanism for resource allocation to states from the collective pool needs to be developed and agreed too.</p> <p>(d) NHIF should commission feasibility studies on options for investing funds available with NHIF and raising additional resources through earmarked taxes.</p> <p>(e) Progressive premiums based on income levels for the informal and formal sectors need to be considered to make the system more equitable. Mechanisms for removing the requirement for upfront</p>

	<p>copayments for drugs need to be urgently developed to reduce a significant barrier to access</p> <ul style="list-style-type: none"><li>(f) Accreditation of all facilities whether public or NHIF needs to be standardized. Clinical audits for managing irrational use of drugs need to be instituted as considering that the magnitude of the problem may be a serious source of in-efficiency and leakage in the system. This is also an area where WHO can provide targeted support to NHIF.</li><li>(g) A community orientation communication program on the need for social health insurance should be part of NIHS strategy to increase enrollment and coverage across the country.</li><li>(h) A capacity review in terms of staff skills and management systems including IT based systems of the NIH in relation to implementation its new strategic plan should be undertaken and used to inform structural changes as well as capacity building of the NIH at the federal and state levels. WHO on account of its support to achieving UHC and extensive work on health financing and social health insurance is strongly placed to support the Government of Sudan and NHIF in this regard</li></ul>
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## ANNEX 2: Procurement Summary Table

Source of Funds	Brief Description	Responsible Procurement Team	Legal framework and Guidelines	Further Facts
Government Budget – Recurrent Expenditure	All funds from government budget are disbursed from the MoFEP for small and big procurements.	Director General of the Directorate of Finance and Administration (F&A) chairs the procurement committee. He reports to the Undersecretary of FMoH.	<p>Procurement, Contracting and Disposal of Surplus Act of 2010</p> <p>Procurement, Contracting and Disposal of Surplus Regulation of 2011</p> <p>Procurement, Contracting Procedure Comprehensive Manual of 2013</p>	<p>Standard Bidding Documents – Consultants Selection of 2013</p> <p>Standard Bidding Documents – Supplies of 2013</p> <p>Standard Bidding Documents – Works of 2013</p>
Government Budget – Development Expenditure	Civil works, new buildings and rehabilitation of health facilities	Procurement is handled by the Development and Support of States Department (DSSD). The department used to host MDTF Project that ended in 2013.	Public Procurement and Disposal Act of 2010 and Procurement Regulations of 2011	<p>The Procurement Section at the DSSD at the Planning Directorate is headed by the same senior procurement officer at the PMU with different job description. As a head of the procurement section at the DSSD. This officer is the rapporteur for the procurement committee which is headed by the Director General of Finance and Administration and it is responsible for executing all high value procurements for the MOH.</p> <p>At the PMU he is responsible for procurements planning and monitoring but PMU per se does not execute procurements directly.</p>

Source of Funds	Brief Description	Responsible Procurement Team	Legal framework and Guidelines	Further Facts
Government Budget – medical and health products	Funds for procurement of pharmaceuticals, medicine and health products	The Procurement Department of the National Medical Supplies Fund (NMSF).	NMSF Procurement Guidelines and Manuals.	
Gavi and Global Fund HSS Grant Funds	Direct cash grants from Gavi and Global Fund	<p>There is a procurement team at the Project Management Unit (PMU) that handles all procurement (high value and low value).</p> <p>The team is headed by a Procurement Officer who reports to the PMU Program Manager in the Directorate of General Planning and International Health.</p> <p><b>Note:</b> Final approvals are made by the Procurement High-Value Committee of the FMOH headed by the DG, F&amp;A.</p>	PMU Operations Manual and specific development partner requirements	
UN Agencies	Funds from UN Agencies are mainly handled at the respective desks within the FMOH	<p>In most cases, the UN partners provide goods in-kind to the government.</p> <p>For small value items and services, respective User/Beneficiary Departments carry out the procurement.</p>	Respective UN partner rules and regulations	