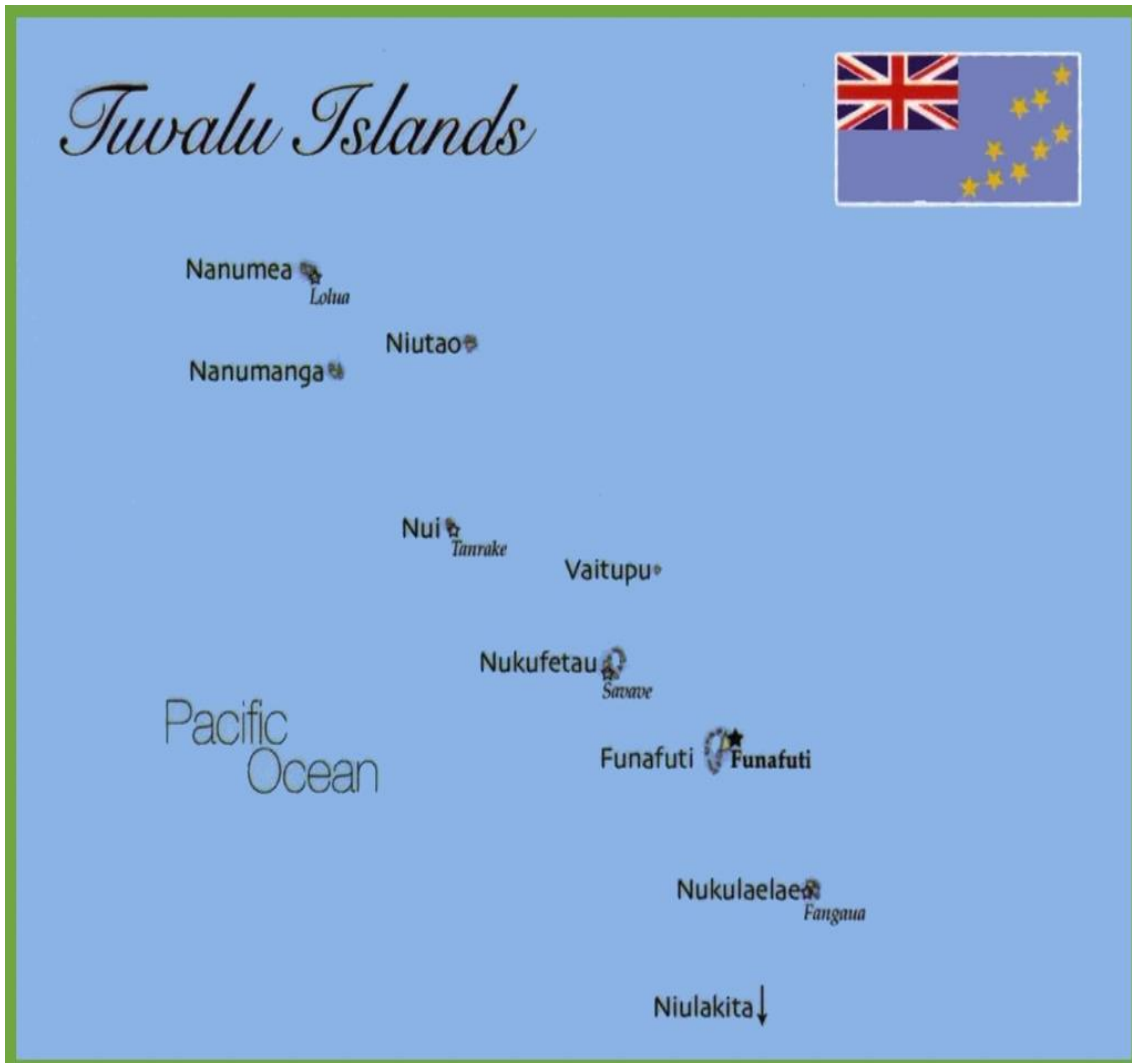


# Inception Report



## DFAT/GIZ CLIMATE FINANCE READINESS FOR THE PACIFIC

# TUVALU DEVELOPMENT FUND TECHNICAL ADVISER

**Transaction number:** 81233517

**Vertragsinhalt:** Technical Adviser for Tuvalu Development Fund

**Project number:** 1621291 011 00

**Country:** Fiji

**Prepared for:**

Government of Tuvalu

Pacific Islands Forum Secretariat (PIFS)

Gesellschaft für Internationale Zusammenarbeit (GIZ)

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## 2.0 ACRONYMS

ACU	Audit Coordination Unit
AF	Adaptation Fund
CCPDCU	Climate Change Policy and Disaster Coordination Unit
CEO	Chief Executive Officer
CFRP	Climate Change Finance Readiness for the Pacific
DFAT	Australian Department of Foreign Affairs and Trade
DP	Development Partners
DRM	Donor Recipient Ministry
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit or Germany Technical Cooperation
GoT	Government of Tuvalu
IA	Internal Audit
IAU	Internal Audit Unit
IATA	Internal Audit Technical Adviser
MFED	Ministry of Finance and Economic Development
NIE	National Implementing Entity
ODA	Official Development Assistance
PBACD	Planning, Budget and Aid Coordination Department
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFTAC	Pacific Financial Technical Assistance Centre
PICs	Pacific Island Countries
PIFS	Pacific Islands Forum Secretariat
SOP	Standard Operating Procedures
SPC	Pacific Community
TA	Technical Adviser
TDF	Tuvalu Development Fund
TDFTA	Tuvalu Development Fund Technical Adviser
TNDPCP	Tuvalu National Development Coordination Policy

### 3.0 EXECUTIVE SUMMARY

Tuvalu along with other Pacific Island Countries (PICs) has taken an active role in progressing national climate change priorities. The Climate Change Finance Readiness for the Pacific Project (CFRP), implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in partnership with the Pacific Island Forum Secretariat (PIFS) on behalf of the Australian Department of Foreign Affairs and Trade (DFAT), has committed to supporting Tuvalu in enhancing its access to climate change finance.<sup>1</sup>

The aim of this project is to support the Government of Tuvalu (GoT) in obtaining accreditation to the Adaptation Fund (AF) which is a key priority. In 2013, the Ministry of Finance and Economic Development (MFED) was identified as the potential ministry to be the National Implementing Entity (NIE) for Tuvalu. Accordingly, the Planning, Budget and Aid Coordination Department (PBACD) was nominated and delegated to work on the streamlined accreditation process.<sup>2</sup>

The Aid Coordination Unit (ACU) of the PBACD has been progressing the work on the NIE application and has received feedback from the AF Board review with some of the AF criteria for fiduciary standards being met while some outstanding issues still remain to be addressed. Specifically, for this assignment it will review and identified weaknesses in the control framework for the Tuvalu Development Fund (TDF) Account and help address them.

On the initial findings it was noted that there is a lack of awareness, no coordination within departments and personnel who manages TDF. During the consultation, capacity has been highlighted as one of the major issues with Donor Recipient Ministry (DRM). They mentioned that there are not enough qualified people at the operational level who have been tasked to do reconciliation and to prepare regular reports. In addition, staff rotation, promotion and staff on study leave is an obstacle for management when fronting to meet deadlines.

An overhaul awareness on the TDF operation system to its stakeholders is imminent to ensure prudent and sound financial management of resources. The enhancement and improvement of the current operating environment cannot be addressed independently; this requires a holistic approach to improve the management of TDF. The list of activities and the methodology in this report is targeted at strengthening the compliance with the rules of TDF. As for sustainability there is a need for regular training and capacity building in this area of operation.

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<sup>1</sup> From TOR

<sup>2</sup> From TOR

## 4.0 INTRODUCTION

The underlying aim of this Tuvalu Development Fund Technical Adviser (TDFTA) is to support the Tuvalu Government to fulfill the AF's NIE accreditation criteria for Financial Management. Based on the review by the AF earlier this year, there are pending issues which need improvements and enhancements to enable sound management of grants. A key issue identified by the AF report is the weaknesses in the control framework for the TDF, lack of clear rules in the disbursement of the TDF, lagging behind of bank reconciliations, TDF project portfolio monitoring not carried out and, the ACCPAC/Sage300 FMIS system which is in need of further strengthening. This lack of capacity and controls could increase the risks of weak management of the AF financial management.

For the first three weeks in Tuvalu, the Technical Adviser (TA) will provide guidance to the MFED through the PBACD, to assess, verify and update all donor-funded projects accounts in the TDF ensuring they comply with internal controls, reconcile the TDF bank account and close donor-funded projects for 2016 and 2017. This inception report was formulated after consultations with MFED Executive management, Director PBACD, Acting Chief Accountant and the Treasury officials.

The Terms of Reference (ToR) for TDFTA, was agreed for an initial period of 40 days, in partnership with the GoT. The recruitment of the TA was completed in March 2019, in which I was the successful candidate to take up the position due to my previous experiences with Ministry of Economy as a former Chief Accountant (Treasury) in the Fijian Government. The appointment commenced on 1 March 2019.

Specific areas identified by the AF review that require further strengthening and compliance, which are included in the ToR: –

- Clarifications of the rules of the TDF (management);
- Bank reconciliation; and
- Training and capacity building.

This Inception Report sets out the: -

- Context for the assignment;
- Project Terms of Reference;
- Initial findings;
- Priority policies and actions;
- Project methodology; and
- Overall timeframe for the delivery of various milestones.

## 5.0 PROJECT TERMS OF REFERENCES

### 5.1 Scope of Work

The TDFTA will work in-country to provide technical support and guidance to national counterparts from the PBACD, Treasury, other departments within MFED and DRM to enhance institutional capacity, reconciliation, project accounting, portfolio management, audit, reporting and completion.<sup>3</sup>

### 5.2 Key Deliverables

Below are the deliverables from the ToR with its proposed timeline.

	<b>Deliverable</b>	<b>TDFTA Update as at 20 March 2019</b>	<b>Timeline</b>
1.	Inception report including a workplan clearly defining tasks to be undertaken, timing and inputs/contributions required from counterparts and PBACD.	Complete	Two weeks after start of contract
2.	Evidence to support the reconciliation, update and closure of all donor-funded projects in the TDF (2016 & 2017) including collation of required documents such as project appraisal, acquittal and evaluation reports including 3-5 acquittal reports completed by the team and submitted to PBACD.	In Progress	Four weeks after start of contract
3.	Evidence to support the reconciliation of TDF Bank Account General Ledger Account to the Bank Module Balance by the team.	Tentative Submission date 12 <sup>th</sup> of April	18 April 2019
4.	Training programme for relevant staff to enhance understanding of roles and responsibilities, and to strengthen compliance with the Rules of TDF, and a brief report on recommended additions or changes to the Rules in line with AF criteria.	Tentative Submission date 3 <sup>rd</sup> of May	10 May 2019
5.	Final report outlining the tasks carried out, outcomes and deliverables achieved, and suggested strategies for ensuring internal controls for TDF are adhered to and strengthened beyond the TA's assignment.	Tentative Submission date 17 <sup>th</sup> of May	24 May 2019

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<sup>3</sup> From TOR

## 6.0 PROJECT OBJECTIVES

The objective of this Inception Report is to highlight the progress in the management of TDF from the implementing agency and the steps taken by MFED to rectify internal control issues as well as progress in compliance with the AF requirements. Included in this report is the ToR and some specificities in the methodology, tasks of the assignment and the various work activities to be implemented.

The list of detailed tasks and various work activities included in this Inception Report are summaries from the initial meetings, information gathered and observations at the commencement of the assignment.

## 7.0 POLICY AND STRATEGY ASSESSMENTS

### 7.1 International and Regional

At the international level, Tuvalu has endorsed the Busan Partnership. These are (i) ownership of development priorities by developing countries, (ii) focus on results; (iii) inclusive development partnerships; and (iv) transparency and accountability to each other. The Busan Partnership emphasis on these four principles is to guide and strengthen coordination of development co-operation and the GoT has to work on implementing this principle.

The Tuvalu National Development Coordination Policy (TNDCP) 2017-2020 policy direction and strategies highlighted key challenges constraining development coordination. In particular, reference number 3 (*Use of GoT systems for public financial management (PFM), risk management (RM), environment and social safeguards (ESS), and monitoring and evaluation (M&E) systems*) and 4 (*Aid modalities*) on Part 3 of the TNDCP has the broad direction and strategies to improve the management of the TDF.<sup>4</sup>

### 7.2 National

At the national level, the policy and strategies have been highlighted by the TNDCP 2017-2020 at the whole of government level and the ODA Handbook 2017 has set out the institutional arrangement for planning and managing all official development Assistance (ODA) activities but there should be detailed processes at the operational level for things to materialize.

To streamline the management of TDF, the GoT is considering introducing the standard operating procedures (SOP) for different institutions or detailed guidelines on how to manage the TDF. This will result in better management of TDF if implementation is guided by the principles of ODA through proper management, accountability and transparency.

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<sup>4</sup> From Tuvalu National Development Coordinating Policy (2017-2020) Pg.9



## 8.0 INITIAL MEETINGS

To gauge the current understanding of the current processes, initial meetings were arranged in early March 2019 to outline the ToR and encourage in country support of the proposed work for the review of TDF. The Climate Finance Advisor from GIZ /DFAT CFRP, ACU staff and the TDFTA met with the following GoT officials:

CEO Finance - Mr. Talavai Iona  
CEO Health - Mr. Faivatala Lee Moresi  
Auditor General - Mr. Eli Lopati  
Director Climate Change - Ms. Pepetua Latasi  
MFED Director Planning Budget and Aid Co-ordination – Mr. Niuatui Niuatui  
Aid Advisor – Ms. Silaati T. Filiake  
Internal Auditor – Mr Manatu Siose  
Acting Chief Accountant – Ms. Emelisa Tuilagi  
TDF Accounts Officer – Ms. Tepalu Lemeke

The Senior Managers and officers have assured support to the ACU staff and the TDFTA with the proposed tasks. They will work together in providing guidance to the MFED through the PBACD, to assess, verify and update all donor-funded projects accounts in the TDF to ensure they comply with internal controls and audit recommendations, and in turn satisfy the AF's NIE accreditation criteria for Financial Management and Integrity. They welcomed the donor support for providing technical assistance which will fulfil the criteria for accreditation as a NIE for gaining direct access to funding.

Each of these officers will assist the ACU staff in the execution of future ACU reports with recommendations for improvement of the TDF. It was noted by the TDFTA that a good working relationship has already been established by the Aid Coordinator with these key stakeholders but they are not meeting all the management requirements of the TDF rule.

## 9.0 ACU STAFF AND STRUCTURE

There are four confirmed posts at the ACU comprising the Head of the Unit and three Aid Advisers. Currently, one staff is manning the office while two staff are on study leave, one of which is the Head of ACU and the fourth is on an acting Assistant Secretary position. However, one staff is on secondment from within the Division to assist the lone ACU staff. The 2019 budget has been approved and there is no need for additional staff since all the staff will be back in the office by next year (2020).

Initial discussions between the TDFTA with the staff at ACU about staffing options to be considered during the 2019 financial year include attachment. It was suggested for 2019 only that industrial attachment for one university student to assist in the administrative work for the Unit while the other two staff are to implement the proposed process changes. Allowances could be paid from within the current budget to make this industrial attachments scheme look attractive and competitive for students.

## 10.0 ASSESSMENTS

To satisfy the AF's NIE accreditation criteria for Financial Management and Integrity, the TA had initial meeting with all Units involved with the TDF at the MFED. This includes meetings some DRM officials from Ministry of Home Affairs, Ministry of Health, Ministry of Education, Ministry of Foreign Affairs and Department of Environment. Meeting conducted with management level, vote keepers and project managers to gauge their overall understanding on the TDF process and procedures. This has provided a fair knowledge on the status of the TDF process and better understand the capacity level of staff involved.

Consultations with relevant ministries were successful as this provide a diagnosis of the current weaknesses and suggested recommendations were raised, noted and action items being listed for implementation. Some of which can be resolved immediately while others need improvements, therefore will need time for implementation. Other improvements will need approvals from the management which involves other Ministries, new processes to be developed and the review of the ODA Handbook and policy. It is important to note that training is needed to improve these new processes. It was unanimously agreed that all new processes and procedures to be developed to improve the efficiency and effectiveness of the TDF management framework.

### 10.1 Aid Coordination Unit

The ACU staff have the skills to implement changes which they have recommended through the initial discussion. They have indicated that they have some understanding in areas of financial, administration and management. After the initial discussion with the staff, it can be concluded that they have the capability and confidence to implement the necessary changes to improve the TDF process.

The current AUC staff qualification and experiences are excellent. The core Aid staff who is manning the Office has a Master's Degree with 2 years' working experiences while the secondment staff has a Bachelor's Degree and 3 years' working experience. The two staff have the technical capacity to progressively implement proposed changes. Currently, the ACU and Internal Audit will work with the TDFTA to review all the manuals and policies relating to TDF processes.

The initial assessment showed that there are available resources but weaknesses in coordinating them efficiently. The requirements are highlighted in the legislation, policy and handbook but there is a weakness in its compliance. They have highlighted these weaknesses and raised some recommendations (*Annex I*). The TDFTA will guide them through streamlining of process and on the job training.

### 10.2 Treasury

There are two staff overseeing TDF at the Treasury division where by, the responsible officer prepares payment vouchers and the senior officer verifies and endorses payments. The responsible officer's role is to undertake reconciliation of TDF on a regular basis. Tasks and responsibilities will include reconciliation of TDF bank accounts, verification of all TDF allocations and the preparation of daily payments etc.

During the initial meeting with the Treasury staff looking after the TDF account and the acting Chief Accountant, there were some comments and recommendations raised for TDF which are listed in *Annex 2*.

### **10.3 Auditors**

Internal Audit Unit was established in 2017 following the PEFA assessment. Similar to internal audit operations in other jurisdiction, the internal audit function is to assess the internal controls, investigate and report on fraudulent activities and follow up on external audit findings. Apart from capacity issues, the Internal Audit staff have to broaden their understanding of internal audit functions.

Currently, there has been no audit carried out by the Internal Audit for the TDF management and processes. Comments and recommendation raised from the discussion with the Internal Auditor are listed in *Annex 3*.

### **10.4 Donor Recipient Ministry**

The initial assessment meeting was conducted with relevant officials from the Climate Change Policy and Disaster Coordination Unit, Ministry of Home Affairs, Ministry of Foreign Affairs, Ministry of Health, and the Department of Environment. From the discussions, it was noted that the Vote Keepers and Project Managers have little understanding on the overall process and procedures of TDF. In addition, there is a lack of communication, support and coordination between DRM and the MFED with regards to updates, reconciliation and submission of report.

After the first round of meeting with stakeholders, it was concluded that the first key activity be implemented by TDFTA is to conduct an overview presentation regarding the TDF processes. Comments and recommendations from the discussion with the DRM are listed in *Annex 4*.

## **11.0 TRAINING AND CAPACITY BUILDING**

The TDFTA is committed to capacity building mainly to impart skills and knowledge and demonstrate their application to complement the assignment deliverables. On that note, the TDFTA has commenced a training and mentoring program with the ACU staff, Treasury TDF staff and the Internal Audit staff which will continue for the duration of the assignment.

Training and capacity building is a major requirement in the areas of reconciliation and reporting. It is essential to improve the skills and understanding of ACU staff, Treasury Staff, Vote Keepers, and the Project Managers on TDF processes. A Capacity Development and Training Plan will be drafted by the TA to meet these needs. These trainings will be conducted using Microsoft PowerPoint presentation, notes and examples from precedents, reconciliation, SOP and flow charts.

On the job, just in time training, mentoring and coaching of the ACU, Treasury TDF and Vote Keepers staff will be ongoing with 2-way discussions on the ODA Policy, concepts, best practices, and Tuvaluan government and to ensure that they are contextualized. The Capacity Development and Training Plan will have to be conducted as outlined in the key deliverables and its methodology **13.0** which are detailed in the Project Schedule in **Annex 5**.

## 12.0 INITIAL DOCUMENTS REVIEW

The following documents relevant to the assignment were acquired by the TDFTA:

- Public Finance Act
- Regulations
- Financial Instructions
- Finance Circulars
- ODA Handbook
- Aid Policy
- Donor Matrix
- Tuvalu National Development Coordination Policy (2017-2020)
- Cairns Compact on Strengthening Development Coordination in the Pacific (2011)
- Public Financial Management Reform Roadmap 2017-2021
- Budget for ACU 2019
- Job Description ACU staff
- PEFA Assessment Report for Tuvalu 2015
- Tuvalu legislation – Public Finance Act, Regulations, Financial Instructions and Circulars

The documents will be reviewed and discussed with the stakeholders, including ACU staff, Director Budget and CEO for Finance. For any recommended modification, the TDFTA will first discuss with the Director for PBACD and CEO for Finance.

## 13.0 KEY RESPONSIBILITIES AND METHODOLOGY

In consultation with the Director for PBACD, the DFAT/GIZ CRFP Project team and other key stakeholders, the key responsibilities and methodology are summarized below. The detailed project timetable is attached as an annexure.

<b>1. TDF Financial Management</b>		
<b>Responsibilities</b>	<b>Methodology</b>	<b>Timeline</b>
Support the ACU to complete a stock-take of all projects in the TDF to identify status of projects and take necessary action to update, acquit or close projects in the ACCPAC Sage300 FMIS and accounting System.	<ul style="list-style-type: none"> <li>• ACU to have view access and extra TDF account report access only on ACCPAC Sage300 FMIS and accounting System.</li> <li>• Extra list of TDF open project from ACCPAC Sage300 FMIS &amp; Accounting System and verify with ACU records.</li> <li>• Categorizes Projects to four stage.</li> <li>• Update records for Treasury, ACU and DRM.</li> <li>• Templates to be designed for compliance of processes.</li> <li>• Sign Off documents for complete projects and FMIS close GL account.</li> </ul>	In progress
Review and strengthen the rules of the TDF, including (but not limited to) payments and disbursements (to ensure they align with their intended purpose) and to clearly define the role of the ACU in the payments and warranting process.	<ul style="list-style-type: none"> <li>• Initial Meeting with Treasury, ACU, Internal Audit and DRM.</li> <li>• Review ODA Handbook, Aid Policy, Instruction and current practices.</li> <li>• TDF process and procedures review.</li> <li>• Awareness presentation to stakeholders of TDF a/c.</li> <li>• SOP formulated or Finance Manual for TDF account payments.</li> <li>• Flow Chart Design for ACU in the payments and warranting process.</li> <li>• Finance Circular issued on TDF processes.</li> </ul>	In progress
<b>2. TDF Accounts reconciliations (2016 and 2017)</b>		
<b>Responsibilities</b>	<b>Methodology</b>	<b>Timeline</b>
Support the ACU in ensuring that the TDF Bank Account General Ledger Account is reconciled with the Bank Module Balance.	<ul style="list-style-type: none"> <li>• View and verify 3 months of reconciliation from Treasury.</li> <li>• List outstanding adjustments in the TDF Bank reconciliation.</li> <li>• Check reconciliation format Identify weakness and adjustments.</li> <li>• Highlight the way forward (SOP on Reconciliation).</li> <li>• Conduct TDF Bank Reconciliation Training with Treasury TDF staff and ACU staff.</li> </ul>	In Progress
Provide support and guidance to the reconciliation of project accounts in the TDF for financial year 2016 and 2017.	<ul style="list-style-type: none"> <li>• Compile project listing for 2016-2017.</li> <li>• List monthly variance for 2016-2017.</li> <li>• Work with stakeholders in identifying this variance.</li> <li>• Awareness on the project account reconciliation.</li> </ul>	In progress

Assist and guide the team with data extraction from the ACCPAC-Sage300 System to prepare proper accounting, financial management and project acquittal reports.	<ul style="list-style-type: none"> <li>• DRM to have view access on their TDF account only and extra report on ACCPAC Sage300 FMIS and Accounting System.</li> <li>• Awareness on the use of ACCPAC.</li> <li>• Awareness presentation on the process and SOP for TDF account.</li> <li>• Presentation on the report preparation including project acquittal reports.</li> <li>• On the job training on extraction of report and report preparation.</li> </ul>	In progress
Provide support and advice on how to gather minimum documentation such as project planning, appraisal, closure and evaluation reports from ministries for each project in accordance with the rules of the TDF.	<ul style="list-style-type: none"> <li>• Awareness presentation on the SOP and TDF rules.</li> <li>• Contract on DP to be sighted with the regards to the reporting requirements.</li> <li>• Awareness presentation on the report preparation including for all stages in the project reports and minimum documentation.</li> <li>• On the job training on different stage of project report preparation.</li> </ul>	In Progress
<b>3. Training &amp; Capacity Building</b>		
<b>Responsibilities</b>	<b>Methodology</b>	<b>Timeline</b>
Develop and implement a training program for capacity building and development of relevant staff from the ACU, PBACD and Treasury in TDF financial management.	<ul style="list-style-type: none"> <li>• Awareness presentation will be provided.</li> <li>• SOP on TDF account will be provided.</li> <li>• Monthly meetings will be organized.</li> <li>• Training on the overall process for TDF account will be conducted by ACU on half yearly basis.</li> </ul>	In Progress
Provide on-the-job training, coaching and mentoring of staff in the ACU in applying and adhering to internal controls associated with project appraisal, management, acquittal, reporting and closure processes for the TDF.	<ul style="list-style-type: none"> <li>• Awareness presentation on the process and SOP for TDF rules.</li> <li>• Awareness presentation on report preparation on all stages of project.</li> <li>• On the job training will be provided to ACU and all stakeholders.</li> <li>• Appraisal, Aquittals, completion and Donors Report preparation training.</li> </ul>	In Progress

## **14.0 IMPLEMENTATION ISSUES**

### **14.1 Start Up Issues**

The assignment has had a good start with an excellent level of engagement and commitment from the TDFTA's counterpart such as ACU and Treasury staff, and a pleasing level of support from the Director PBACD, CEO for Finance and other key stakeholders.

### **14.2 Implementation Issues**

The pace of change and capacity building will be in collaboration with the stakeholders of TDF taking into account the current working environment, access to information and the staff availability of government officers. Any delays or deferment of the proposed activities in the work plan will be communicated to the appropriate party.

### **14.3 Sustainable Issues**

At the end of the assignment it is recommended that a follow up should be done to gauge how the stakeholders have understood the new processes and procedures of TDF. With regard to the current experiences and current management being shared by stakeholders on the TDF processes and procedures, thus it is acknowledged that the stakeholders cannot work in isolation. Regular awareness is vital for the efficiency and compliance with the TDF rules. Most important of all on these processes, they must be monitored frequently.

**Necani Lagicere**

Tuvalu Development Fund Technical Adviser

25/03/2019.

**Annex 1. Meeting outcomes with the ACU and below are some concerns and suggested recommendations.**

<b>Aid Coordination Unit (ACU)</b>		
	<b>Comments</b>	<b>Recommendations</b>
1	Adaptation Fund Accreditation Panel	TA and ACU will work together on the comments
2	Ministry of Foreign Affairs lead the discussion with Foreign Partners	The discussion with Development Partner (DP) should be done in consultation with ACU to align the need from the Economic level. Overall co-ordination of ODA is centrally administrated by the PBAC based within the MFED. <sup>5</sup>
3	Project officers and vote keeps to submit progress report to ACU	Aid and Project officers including vote keepers to work together
4	Non submission of Quarterly Report	Awareness with Ministries. Training on preparation of report. Circular on Role of Vote Keepers and Payments from TDF
5	No Site Visit by ACU	ACU to conduct site visit as part of monitoring/evaluation, appraisal and closing of projects.
6	Access to FMIS	Training on the Usage of ACCPAC-Sage 300. For TDF monitoring Purposes. Read Only Access
7	Involve in the Aid Proposal Process	Align the MFED with Ministry of Foreign Affairs. Request Foreign Affairs for briefing of ACU. ACU to be involve throughout the process
8	Reporting to DP	ACU to have the sole responsibility, DP to contact ACU for progress report and If DP contact Ministry of Foreign Affairs then they should update ACU.
9	Reports templates to be designed on stages of projects	Review all stages of projects and design templates to improve the reporting and TDF management rules
10	Payments of TDF	Strength compliance and release of funds (Initial/Progress payments)
11	No SOP on preparation of TDF processes	Design SOP
12	Review related documents	Act, Instruction, Hand Book- to implement templates effectively by donors and Policy- vote keepers to familiarize with the revised aid policy

<sup>5</sup> ODA Handbook 2017 – Part A Pg. 5



**Annex 2. Meeting outcomes with the Treasury Unit and below are some concerns and suggested recommendations.**

<b>Treasury Unit</b>		
	Comments	Recommendations
1	Identifying Ministry with IP payments	Create group email to inform/update Vote Keepers on the financial matters. If there are no improvement then progress report to CEO on outstanding issues with Ministries to be highlighted at the CEO meetings
2	Identifies list of open TDF projects	Extra list of TDF projects and categorizes them.
3	Voters Keepers don't update Vote Books for Actual and Commitments	The copies of the vote book could be added as a requirements in the release of TDF payments.
4	No SOP on preparation of TDF payments	Design SOP
5	Journalising project related expenditures in the TDF (i.e. for donor funded development projects) allow negative balances to be recorded on ACCPAC for many projects.	Monthly reconciliation of individual projects align to GL account allocation to be submitted. This will cause an early detection and amendments of misposting in the ACCPAC system.
6	TDF account reconciliation not submitted.	Training on the reconciliation to be conducted. Submission of reconciliation to be part of the requirements on release of payments.

### Annex 3. Meeting outcomes with the Internal Auditor and below are some concerns and suggested recommendations.

Listed below are major concerns and suggested recommendations as per the meeting outcome with the Internal Auditor:

<b>Internal Audit Unit</b>		
	Comments	Recommendations
1	Audit Comments on TDF	TA, Treasury and Internal Audit will work together on the comments
2	There is no systematic follow up of audit recommendations by MFED or the PAC.	Internal Audit staff to start working with Units with MFED on their 2017 management comments (responses to the Auditor Generals recommendation). Follow up on the management comments to be conducted as part of the work plan.
3	Review of policy and manuals	Internal Audit is to be informed on all proposed addition and amendments
4	Current responsibilities	Using the 2017 Auditor General's report to assist in the identification and management of risks and internal control weaknesses.
5	Proposed improved processes	Internal Auditor to be involved in the discussion or updated on the proposed change and his comments to be considered.
6	Training and awareness	Part of the participants

**Annex 4. Meeting outcomes with the Donor Recipient Ministry and below are some concerns and suggested recommendations.**

<b>Donor Recipient Ministry</b>		
	<b>Comments</b>	<b>Recommendations</b>
1	Access and training on ACCPAC	If they could be given access and training on the ACCPAC for view and extra report only
2	No clear direction on process to follow	SOP to be formulated
3	Have little understanding on the preparation of reports	Training on the preparation of reports to be conducted.
4	Have little understanding on the preparation of reconciliation	Training on the preparation of reconciliation to be conducted.
5	No enough staff at Treasury to look at their concern	Two full time staff at Treasury to look after the management of TDF
6	Staff movement is an issues	Regular training and awareness to be conducted.
7	Lack of support staff from Treasury and Delay in updating of data in ACCPAC report	Additional staff is need at Treasury for TDF

**Annex 5. Detailed Project Schedule**

The Project Schedule provides a detailed outline of deadlines for specific activities that have been mentioned in these key deliverables and methodology. It is of duly importance to note that activities had commenced even before the final approval from the partners mainly due to the preparation of this Inception Report that requires a holistic understanding of the status of the TDF processes to be able to align the activities outlined in the ToR.



