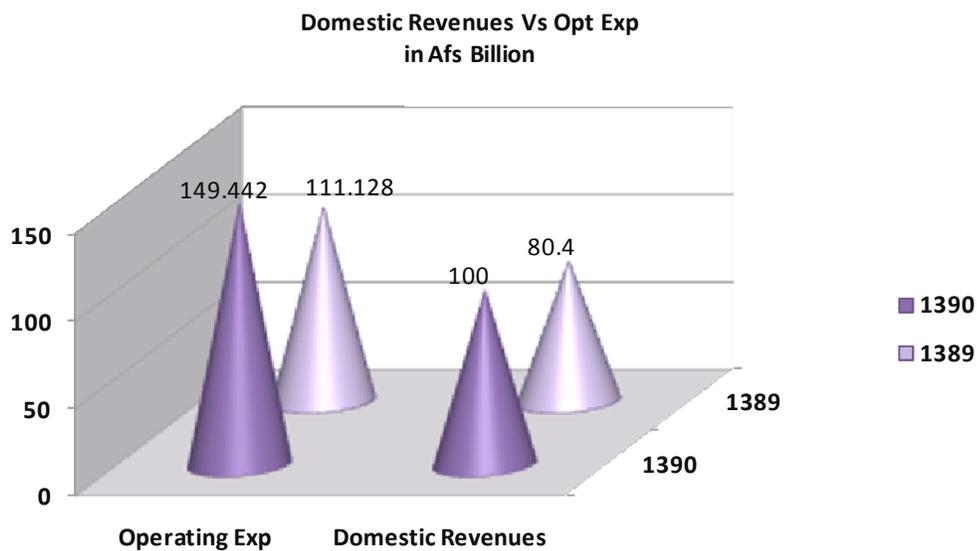




Islamic Republic of Afghanistan
Ministry of Finance
Office of the Deputy Minister for Administration
Reform Implementation & Management Unit

Annual Performance Review Report 1390
On Strategic Plan



Submitted to: MoF Top Management

Submitted by: RIMU

Submission Date: 23 Sawr 1391

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Executive Summary:

In 1390, Ministry of Finance has had significant performance towards realization of the annual targets particularly on the core budget revenues side; on the other hand, in terms of core budget expenditure, the core development budget expenditure remained low due to certain factors. Most of the other supporting and development activities were achieved as per the set targets.

Domestic revenues both tax and non tax reached to Afs 100 B as at the end of the year 1390 showing almost an increase of 3% against the IMF target of Afs 97.4 B for the year. In comparison with revenues of last year, Afs 80.4 B, it shows an increase of 24%.

As a part of domestic Revenue, customs revenues reached to Afs. 48.1 B as at the end of 1390, showing a shortfall of 14% against the customs revenues annual target of Afs 56 B. Compared to customs revenues of last year, Afs 44.5 B, it shows an increase of 8%.

Core budget (national budget) for 1390 was Afs 258.354B (operating budget Afs 155.943 B and core development budget Afs 102.411B). Compared to previous year's core budget of Afs 231.749 (operating budget Afs 119.849 B and core development budget Afs 111.9 B), it has increased 11%. The operating budget has increased 30%, while core development budget has decreased 8%.

The execution rate of core development budget is 52% for the year of 1390, while last year it was 41%. This shows a significant improvement as compared to last year's core development budget execution rate. Similarly, execution rate of operating budget for the year of 1390 is 96%, while last year was 93%.

Domestic revenues covered 67% of the total operating expenditures in the current year, while last year it was 72%. The expected target for 1390 was 62%.

Macroeconomic framework is developed for 1391 Pre-Budget Report (MTBF) and 1391 budget / budget statement. FPU updated and revised MTFP for the fiscal year 1391-1394 which contains the projections for revenues donor grants and expenditures for the medium.

The Afghanistan Financial Management Information System (AFMIS) system has been maintained and all line Ministries and 34 Provinces are connected with AFMIS. Regarding Verified Payroll Program, thus far, more than 622,000 government employees have been covered. Steady progress under the VPP program resulted in reaching 407,000 employees to the EFT program in 1390, whereby the employees receive monthly salaries to their bank accounts.

Regarding internal audit, a total 103 units were audited & reports were sent to the relevant entities for improvement. And different internal audit manuals have been drafted.

In the field of procurement capacity building, 1,115 trainees have been trained in basic, intermediate and special courses. Out of whom 669 trainees received basic, 299 trainees received intermediate and 147 received special courses.

Under the Institutional Development Program, MoF tashkeel chart was reviewed and updated in line with MoF strategic plan which was approved by the Independent Administrative Reform and Civil Service Commission (IARCSC). MoF 1390 pay and grading taskheel reached to 7679 positions, 9% higher than that of 1389, which were totally 7036 positions.

Regarding Monitoring and Evaluation of the Strategic Plan, the MoF Annual and Semi Annual Performance Review Events were organized. In these events, MoF 1389 performance, problems and challenges and 1390 first six months performance and issues were reviewed and decisions were taken on how to solve the issues. MoF quarterly, semi annual and annual reports were prepared.

Related to privatization, The Enterprises Law was completed and sent to MoJ. Also technical studies of five Stated Owned Enterprises (SOEs) are under the process. Also, SOE Department has collected Afs 200m from SOEs as their tax, profit and other obligations as end of the year 1390. Regarding to Industries balance sheets, during the current year, 27 balance sheets have been evaluated and approved.

Under the Governance Program, management meetings have been held regularly, 26 Presidential Decrees, 1100 Presidential Orders and 21 decisions of Cabinet were followed up for execution.

Office of the Deputy Minister for Policy has recently been established in Ministry of Finance. Under this office, two Main Departments are functioning (Policy Execution and Strategy Implementation). The mentioned departments are working on development National Priority Programs in line with Afghanistan National Development Strategy (ANDS) priorities and running the Civilian Technical Assistance Program.

It is worth mentioning that the PIU has recently been established and is working on coordinating and expediting the implementation process of development projects. These two new activities have yet to be covered under MoF programs.

1. Main Achievements

1.1 Public Finance Management

Core Budget:

Core budget (national budget) for 1390 was Afs 258.354B (operating budget Afs 155.943 B and core development budget Afs 102.411B). Compared to previous year’s core budget of Afs 231.749 (operating budget Afs 119.849B and core development budget Afs 111.9 B), it has increased 11%. The operating budget has increased 30%, while core development budget has decreased 8%.

Figures in Afs Billion:

Fiscal Year	Operating Budget	Core Development Budget	Total
1390	155.943	102.411	258.354
1389	119.849	111.9	231.749

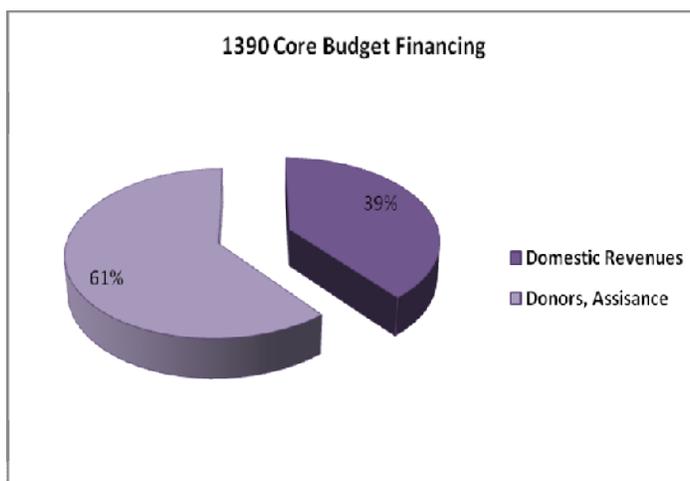
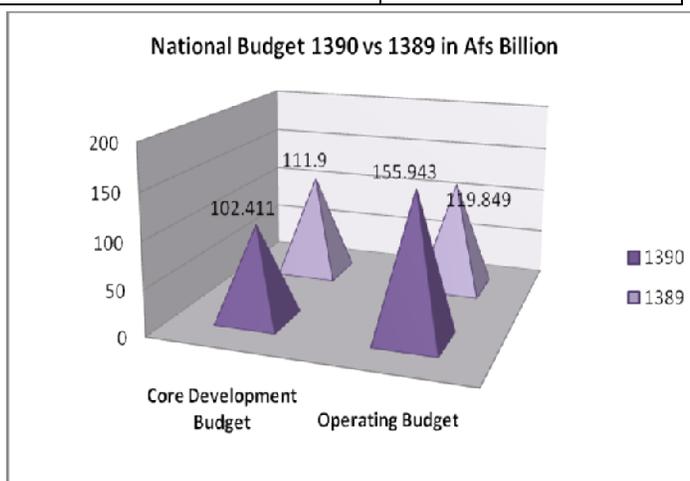
Source: Budget Department

The share of operating budget in the core budget has increased as compared to that of last year. Operating budget as % of the core budget in 1390 is 60%, while last year, it was 52%.

However, the share of the core development budget in the core budget has decreased as compared to that of last year. Core development budget as % of core budget 1390 is 40%, while last year, it was 48%.

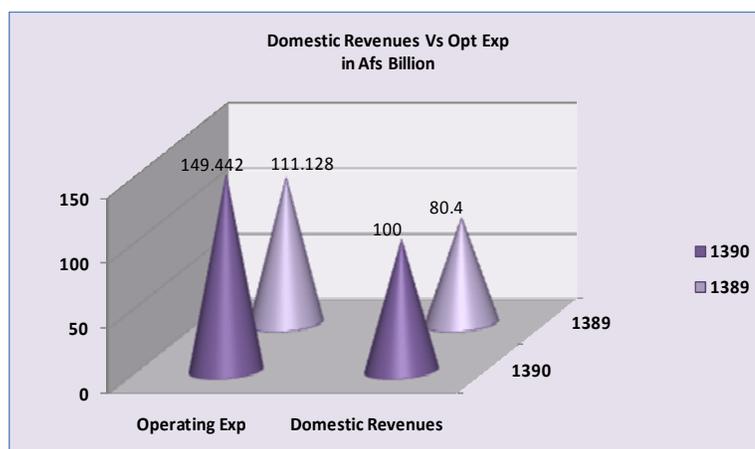
Core Budget Financing:

Referring to the core budget financing, domestic revenues covered 39% of the core budget in 1390 while the short fall of 61% was covered by donors’ assistance to core budget. Compared to operating budget, it was projected that domestic revenue would cover 62% of it, but fortunately it covered 67% of it as end of 1390.



% of Operating Expenditures Covered by Domestic Revenues

Domestic revenues covered 67% of the total operating expenditures in the current year against the projection of 62%, while last year it did 72% of it.



Figures in Afs Billion:

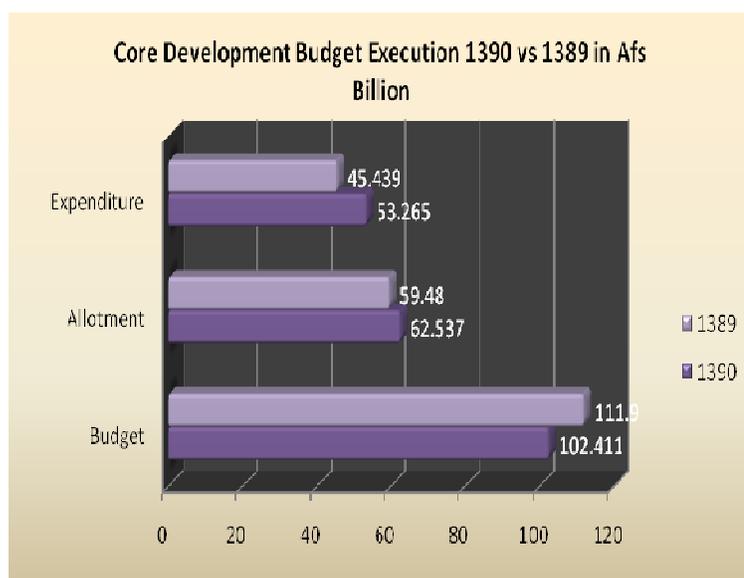
Fiscal Year	Domestic Revenues (A)	Operating Exp (B)	A/B
1390	100	149.442	67%
1389	80.4	111.128	72%

Source: AFMIS/Revenue & Budget Departments

Core Budget Expenditure:

The execution rate of core development budget is 52% for the year of 1390, while last year it was 41%. This low execution rate of the core development budget is primarily due to low capacity at ministries and government agencies in planning and executing projects

However, the execution rate of operating budget for the year of 1390 is 96%, while last year was 93%.



Core Development Budget Expenditures:

Fiscal Year	Budget	Allotment	Expenditure	% Exp of the Budget	% Exp of the Allotment
1390	102.411	62.537	53.265	52%	85%
1389	111.9	59.48	45.439	41%	76%

Source: AFMIS/Budget Department/ in Afs Billion/Cumulative

Operating Budget Expenditures:

Fiscal Year	Budget	Allotment	Expenditure	% Exp of the Budget	% Exp of the Allotment
1390	155.943	152.619	149.442	96%	98%
1389	119.849	116.294	111.128	93%	95%

Source: AFMIS/Budget Department/ Figures in Afs Billion/Cumulative

The approved 1390 budget is posted on the website on time (immediately after approval by Parliament) and circulated among different ministries/departments, the. For 1390, all ministries were covered with program budgeting mechanism. Also In 1390 budget the total of 54 ministries have allocated provincial budgets and 57 budgetary units are planned it for 1391.

ANDS priorities incorporated in the budget formulation; BC1 submissions and BC2 submission was based on ANDS result frameworks.

Also a 9 month budget time table is prepared for 1392 budget formulation and is approved by budget committee.

Treasury:

The Afghanistan Financial Management Information System (AFMIS) system has been maintained and all line Ministries and 34 Provinces are connected with AFMIS. Regarding Verified Payroll Program, thus far, more than 622,000 government employees have been covered, Steady progress under the VPP program resulted in reaching 407,000 employees to the EFT program as of Qaws 1390, whereby the employees receive monthly salaries to their bank accounts.

All banks reconciliations completed within 20 days monthly and the differences are resolved and posted to AFMIS ledger. Monthly financial statements have been issued on time during the 4th quarter of 1390.

Audited Qatia statements and World Bank Grant and Loan statements were submitted on time. Also Special Disbursement Unit Procedure Manual has been updated. Accounting Manual, including the accounting forms mandated for use in the budgetary units of government of Afghanistan, have been prepared and approved. FreeBalance has provided the Treasury with the FreeBalance functionality upgrade to enable producing multi-currency checks.

Fiscal Policy:

Macroeconomic framework is developed for 1391 Pre-Budget Report (MTBF) and 1391 budget / budget statement. FPU updated and revised MTFF for the fiscal year 1391-1394 which contains the projections for revenues, donor grants and expenditures for the medium term Narrative detailed analysis of domestic revenue performance and outlook that includes improvement in

tax and customs administration, operating and development expenditures forecasts with donor grants and loans inflow as stated in the budget Statements.

Technical Coordination Committee (TCC) benchmarks are updated after every 15 days. The meeting is chaired either by H.E Minister or DM for Finance and the progress is reported to IMF.

FPU conducted two meetings with Civil Service Commission. FPU updated the *Pay & Grading Model*, and shared the data with sector managers, to help them calculate the budget ceilings for the respective ministries for the year 1391.

Revenue projections are done for the pre-budget report and for the budget statement for the year 1391.

Procurement Policy:

A Joint Advisory Committee (JAC) held its final meeting on finalization of structure of seven selected LMs on March 18, 2012 which was attended by Representatives of PPU, IARCSC and 7 LMs except Ministry of Transportation and Aviation. The JAC members approved the structure of 6 LMs (MoUDA, MoHE, MoCIT, MoCI, MoCN and MoM) to be implemented during 1391.

Four Line Ministries, Ministry of Agriculture, Irrigation and livelihood, Ministry of Public Works, Ministry of Energy and Water and Ministry of Communication and Information Technology are assessed for capacity certification purpose, report is finalized and officially communicated to relevant LMs.

During 1390, a number of 1,115 trainees have been trained in basic, intermediate and special courses. Out of which 669 trainees received basic and 299 trainees received intermediate and 147 received special courses.

As per decision of Ministry of Finance on inclusion of PPU in the structure of MoF during 1391, PPU prepared the structure along with TOR for 26 civil servant posts for PPU and officially submitted to HR department of PPU.

Procurement Appeal and Review Committee has reviewed four cases from Da Ariana Afghan Hawayee Shirkat, MoPW, MoEW and MoPH and has debarred two firms from participating in public procurement proceedings for one and two years.

A one day awareness workshop for private/public sectors including representatives of ACCI was conducted in which a remarkable number of participants took part. At the end of the workshop, all participants expressed a positive feedback and asked for conducting such workshops in future.

1.2 Domestic Revenues

Revenues:

Domestic revenues both tax and non tax reached to Afs 100 B as at the end of the year 1390 showing almost an increase of 3% against the IMF target of Afs 97.4 B for the year. In comparison with revenues of last year, Afs 80.4 B, it shows an increase of 24%.

Figures in Afs Billion/Cumulative:

Domestic Revenues			
Fiscal Year	Plan	Actual	% of the Year
1390	97.4	100	103%
1389	77.7	80.4	103%

Source: AFMIS/Revenue Department

Domestic Revenues as % of Operating Expenditures:

Domestic revenues covered 67% of the total operating expenditures in the current year against the projection of 62%, while last year it did 72% of it.

Figures in Afs Billion/Cumulative:

Domestic Revenues vs Operating Expenditures			
Fiscal Year	Domestic Revenues (A)	Operating Exp (B)	A/B
1390	100	149.442	67%
1389	80.4	111.128	72%

Source: AFMIS/Revenue & Budget Departments

Domestic revenues as % of GDP:

Domestic revenues to GDP ratio reach to 11.6% by the end of the year, while the projection was 10.6%.

Fiscal Year	Plan	Actual	% of the Year
1390	10.6%	11.6%	109%

Implementation of SIGTAS in Ministry of Commerce, Central Board of Revenue, and other section of LTO and taxpayer identification office and in Herat and Balkh provinces is in progress.

Customs:

As a part of domestic Revenue, customs revenues reached to Afs. 48.1 B as end of 1390, showing a shortfall of 14% against the customs revenues year base target of Afs 56 B. Compared customs revenues of last year, Afs 44.5 B, it shows an increase of 8%.

Figures in Afs Billion/Cumulative:

Customs Revenues including 2% Tax on Imports			
Fiscal Year	Plan	Actual	% of the year
1390	56	48.1	86%
1389	51	44.5	87%

Source: Customs Department

It is worth mentioning that Afs. 3.7 m of short levy was recovered by the Post Clearance Audit (PCA) Units at regional customs stations in the fourth quarter of 1390. The total revenue realized through PCA for the twelve months is Afs. 11.5 m. In addition, Afs 23 m was realized in 4th quarter of 1390 by Mobile Verification Teams (MVT). The total revenue realized through MVT for 12 months is Afs. 126.3 m.

The AYSCUDA system has been implemented in Mazar. Training facility has been prepared and a number of Customs Brokers and Officers received Basic Computer Training. Computers, printers and other hardware are procured and sent to the site. The ASYCUDA national team members are in Nimroz and the ASYCUDA is implemented at Zaranj now as well. ASYCUDA DPS in Kandahar is 100% done and the transit between Wiesh and Kandahar is finished.

Regarding capacity building, around 160 officers have been trained from different custom houses in Afghan National Customs Academy till end of 1390. The total number of custom officers trained in 1390 is about 130.

1.3 Institutional Development

Administration and Executive Support:

MOF Budget Execution:

The 1390 operating budget of the Ministry of Finance is Afs 5,816.61 of which Afs. 5,816.52m, allotments have been issued and Afs. 5,699.02m has been spent within the year of 1390. Operating budget execution is 98%.

Figures in Afs Million:

MoF Operating Budget Execution					
Fiscal Year	Budget	Allotment	Expenditure	% Expenditure of the Budget	% Expenditure of the Allotment
1390	5,816.61	5,816.52	5,699.02	98%	98%
1389	3,459	3,442.54	3,335.49	96%	97%

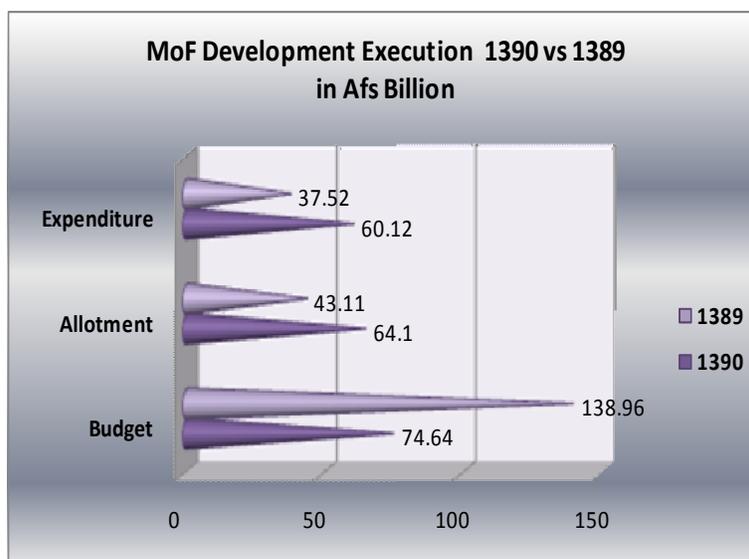
Source: Budget Department

Figures in USD Million:

MoF Core Development Budget Execution					
Fiscal Year	Budget	Allotment	Expenditure	% Expenditure of the Budget	% Expenditure of the Allotment
1390	74.64	64.10	60.12	80.5%	94%
1389	138.96	43.11	37.52	27%	87%

Source: Budget Department

MOF core development budget execution rate is 80.5% as end of the year, while last year it was only 27% for the same period. This shows a considerable improvement in MoF core development budget execution.



General Admin Services:

In comparison with the last two years, significant improvement and changes have been occurred in the MoF Admin General services. More than ever, provinces and large spending Departments (Revenue and Customs) are satisfied with the efforts of Administration services

Regarding MoF asset management, very basic asset management database is developed and used and all the data about each employee is recorded accordingly. MoF assets with a value of Afs 32 m have been recorded in the database of assets management during this quarter.

Concerning construction of Mustofiats, the construction work of new buildings for Bamyan, Sar-e-Pul, Ghore, Paktika and Helmand Mustofiats has been completed.

Reform Implementation and Management (RIMU):

A: Strengthening Human Resources Management Department (HRMD)

A final review of the HR Newsletter and brochure were done and also their Pashto version was prepared. They are now ready for print in three languages (Dari, Pashto and English). Likewise, a final review of the HR Policies Handbook and Induction Manual was done. They are now ready for print. Also, two new policies i.e. extra financial benefits management policy and internship management policy were developed and added to the book.

Related to capacity building, Training Needs Assessment (TNA) form and action plan have been developed to conduct TNA. Three TNA groups have been selected and assigned to start the TNA. Training coordination mechanism is developed and sent out for comments and suggestions. And, training materials were prepared for General Human Resources Management within Civil Services System. These materials were used for the regional trainings.

As per our sub-national level training program, a one week training program on general HRM was launched in west zone, covering 5 provinces (Herat, Ghor, Nimroz, Badghis and Farah) on 1st Dec 2011. In this training, 40 staff of Mustofiats and Provincial Customs Departments participated. Similarly, one-week training on general HRM was conducted in east zone, covering 4 provinces (Nangarhar, Kunar, Laghman and Nooristan) on 15th Jan 2012. In this training also, we trained 40 staff of Mustofiats and Provincial Customs Departments. As per the agenda, all provinces shall be covered in the next year.

Furthermore, under the HRMD shared services modal, TNA for the Customs Department HQs, Kabul Airport Customs, and Kabul Customs Department was conducted and major training areas were identified.

A one-day workshop on HRM for 65 provincial Custom officers was conducted where it also included 5 female participants. The major part of the program was recruitment and its process as well as performance management.

The most important event of the quarter was the two-week Strategic Human Resources Management Training course (26 Feb -10 March 2012) organized by ASCI in India & Singapore. In this training, 13 staff participated (6 from HRMD and 7 from RIMU).

B: Monitoring and Evaluation:

RIMU conducted the annual performance review of MoF in line with strategic plan and draft report has been prepared in both Dari and English languages. RIMU is also assisting MoF in organizing the annual performance review gathering which will take place soon.

The TA report was also updated based on the information from all departments and distributed to MoF top management. Work is underway on updating the MoF five year strategic plans. A results-framework for the Office of the DM for Admin has been drafted and will be finalized soon.

C: PFMR and PFMR II Projects Coordination:

PFMR II Project Operation Manual was approved by WB and distributed to implementing units as guidance for their day to day operations. The 4th quarter interim-unaudited financial monitoring reports for the PFMR/PFMR II projects were prepared and submitted to the WB on time. Also, the PFMR project procurement monitoring plan/report, summary of the contracts and list of the consultants hired and equipment procured were further reviewed, updated and submitted to the WB as per the agreed action of the Jan 2012 Aide Memoire of the PFMR II .

RIMU also assisted in coordinating most of the prior review contracts with the WB and provided assistance to implementing units as well. It also participated in hiring of the individual consultants for the PPU.

Human Resources Management:

During the year 1390, Human Resources Management Department had noteworthy performances in all areas of its work. Annual action plans for each section of HRMD was developed in line with HRMD five year strategic plan with assistance of RIMU and monitoring and reporting was also established for it and put into practice. Important achievements under each section of HRMD are mentioned as below.

Organization Development:

Regarding organization development, MoF taskheel was reviewed and updated in line with MoF strategic plan which was approved by the Independent Administrative Reform and Civil Service Commission (IARCSC). MoF 1390 Taskheel reaches to 7712 positions, 10% higher than that of 1389, which were totally 7036 positions.

Out of Tashkeel of 7712 positions, 2799 positions have been allocated to Headquarter of which 33 are new positions and not part of the pay & grading system, 3286 positions to Mustofiats and 1627 positions to Provincial Customs, showing the share of 36%, 43% and 21% in the total taskheel respectively. 7674 positions of Tashkeel are now under the pay and grading system, which reaches to 90% of MoF total Tashkeel.

A number of 8550 positions for the Tashkeel of year 1391 have been approved by Tashkeel commission of department of Government Affairs, which shows an addition of 838 positions as compare to the Taskheel of year 1390. The follow up for the approval of Tashkeel for year the 1391 has been in process.

Recruitment:

In the field of recruitment, merit based appointment is now prevailing all over the ministry and implementation of Pay & Grading system is going smoothly with a rapid pace covering 90% of total MoF Tashkeel. In fact, recruitment has been done in line with IARCSC policies and most of the Taskheel positions have been filled based on merit. During the year 1390, 228 positions at the Headquarter, 323 positions in Mustofiats and 47 positions in the Provincial Customs were filled based on merit under Pay and Grading Program. In addition a number of 100 positions, contract staff of Ajeers, grades 7 and 8 are recruited through merit based appointment.

MoF 1390 P&G Progress			
Department	Tashkeel Positions	Hired Under P&G	% Progress
Headquarter	2766	2566	93%
Mustofiats	3286	2868	87%
Customs	1627	1458	90%
Total	7679	6892	90%

Source: HRMD/Recruitment Section

Performance Appraisal & Record Keeping:

Concerning performance appraisal and record keeping, Performance appraisal of the employees has been carried out in line with IARCSC policies. During the year 1390, 6565 performance appraisal forms were distributed to the relevant departments both at the Headquarter and Provinces and performance appraisal of this number of employees was done. As a result 173 employees received motivations letters, a number 350 employees received appreciation letters, 6 employees got appreciation letter grade 1 and 2. A number of 22 employees received salary bonus.

In the field of record keeping, Human Resources Management Information System (HRMIS) has been updated regularly. In addition, leave tracking database was developed and linked with HRMIS. This new system creates efficiency to the system and properly tracks the leave of the employees enabling them to know how much leave they have taken and what is their balance. All records of the employees have been properly updated and maintained. Also new records have been developed for the new recruits.

In total, 7712 employees' records have been registered both in HRMIS and the Personnel Book (Enderaaj).

Training & Development:

In the sphere of training and development, 43 training programs were held during the year 1390, which included workshops, seminars and courses. These programs included different trainings as per the need of the ministry such as time management, fundamentals of management, Communication, report writing, negotiation, leadership, human resources management, financial management, financial supervision, computer and IT courses, English, HRMIS, Customs Law, orientation of new employees, a strategic human resource management training for HRMD sections head and RIMU team etc. In total, 973 employees of the ministry benefited from these training programs. Furthermore, HRMD specialty trainings were conducted successfully for all sections of this department separately and covered all the staff.

Employee Relations:

In the area of response to employees' complaints, 34 complaints related to merit based appointments have been solved and different employee's problems are addressed and dealt with. HR Policies handbook, which includes policies such as; Health and Safety, Job Rotation, Training and Development, Scholarship Management, Employment of Relatives, Performance Appraisal, Merit Based Appointment and Leave Management got approved by H.E Finance Minister and IARCSC and are under implementation now.

Property Management:

With reference to registration of the government properties, properties of 600 government departments have been registered in 34 provinces during the year of 1390. From the mentioned figure, 83 properties during the first quarter, 43 during the 2nd quarter, 28 during the 3rd quarter and 446 during the 4th Quarter of the year have been registered which includes lands, apartments, shops, electricity stations, mosque, gardens and restaurant.

Also within Year of 1390, a total of 56 governmental properties have been rented or leased by the Property Department.

Also, during the 4th quarter of the year Property Department has collected 43,370,965 revenues from the rent or leases of their properties and has deposited it in the government revenues account.

Privatization:

Related to privatization, The Enterprises Law was completed and set to MoJ. Also technical studies of five Stated Owned Enterprises (SOEs) are under the process. Meanwhile, SOE Department has collected Afs 200 m from SOEs as their tax, profit and other obligations as at the end of the year 1390.

Also, by the end of year 1390, Afs 52 m as rent of liquidated properties and Afs 0.27 m from stated owned enterprise privatization process income have been collected by SOE Department.

Regarding to Industries Balance sheets, during the current year, 27 balance sheets have been evaluated and approved.

Insurance Affairs:

The number of Insurance Companies reaches to 3 during the year of 1390, the Afghan National Insurance Company, Afghan Insurance Company and Afghan Global Insurance Company, which have been monitored during the year as well.

Two conferences were conducted regarding insurance industry development in Herat, Mazar and work is underway to conduct such a conference in Jalalabad.

Information has been provided on the Insurance Law and establishment of the insurance companies and brokers in Afghanistan for the insurance customers.

Also work is underway on finding the insurance companies and brokers which illegally work in Afghanistan. And, two Insurance companies in Herat and one tourism insurance company in Kabul were found working illegally.

Monitoring and audit training were conducted to Insurance staff in India and Pakistan.

1.4 Governance

Minister's Office:

As end of the year 1390, management meetings have been held regularly, 26 Presidential Decrees, 1100 Presidential Orders and 21 decisions of Cabinet were followed up for execution.

The Media Office has held conferences and many interviews on various issues. MoF website has also been updated.

Arrangement of press conferences, invitation of media, publishing of press release and news releases are the main performances that are executed by Media Office. The Media documents of Internal events of the Ministry like workshops, seminars, signing ceremonies and press conferences are stored in safe archives of Ministry and the external media documents of other publications that are related to Ministry of Finance are also recorded and stored in archive.

Internal Audit:

During the year of 1390, a total of 103 MoF entities were audited and reports were sent to the relevant entities for improvement. Draft Audit Manuals of Performance, Procurement, Donor Funded Projects Audit and Post Audit Quality Review System were prepared and are under review by IAD's Directors and other senior staff.

Also Treasury, Budget and Process Audit Manuals have been drafted and are currently being translated into local languages.

Eighteen Internal Auditors are given on the job training by US Treasury Technical Advisors on regular basis in the techniques for accomplishing an assessment, procedures for auditing revenue processes and conducting risk assessment in line ministries. These 18 auditors have been appointed for carrying out article 61 audits in line ministries. Fourteen Fraud Investigation Unit Staff were given Specialized Fraud Investigation Training in Dubai by a Fraud Investigation Consultancy Firm for one week.

2. Main Problems:

1. The non availability of customs laboratories in the customs houses is causing severe loss of revenue as correct classification of goods is not being done.
2. Bonded carrier procedure could not be implemented due to non cooperation of other ministries and the transporters /freight forwarders.
3. The electronic funds transfer facility for the Treasury with DAB has been in the process of development and would require higher priority assigned on the DAB side.
4. Security condition is a huge problem in development and establishment of insurance companies in Afghanistan. Also, lack of public awareness regarding insurance premium and lack of sufficient capacity in the Insurance Department is a major issue.

3. Recommendations:

1. Provision of Cargo Handling Equipment in the regional Customs stations to improve the performance of Customs officers. Also Establishment of Customs Laboratories in the border customs stations and main inland customs stations.
2. CAO must realize what the function of external and internal audit is
3. Finalizing electronic payments implementation with DAB.