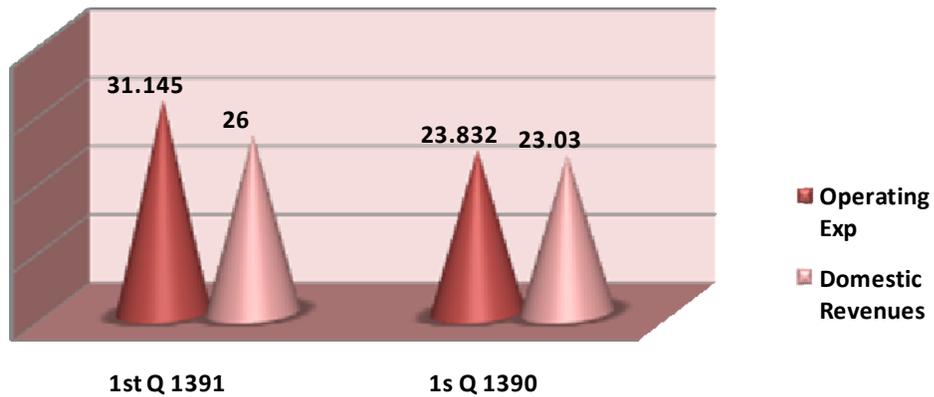




**Islamic Republic of Afghanistan**  
**Ministry of Finance**  
**Office of the Deputy Minister for Administration**  
**Reform Implementation & Management Unit**

**First Quarter Performance Report 1391**  
**On Strategic Plan**  
**(20 Mar- 21 June 2012)**

**Domestic Revenues Vs Opt Exp In Afs. Billion**



**Submitted to: MoF Top Management**

**Submitted by: RIMU**

**Submission Date: 18 Asad 1391**

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## **Executive Summary:**

Ministry of Finance had considerable performance towards realization of the annual targets in the first quarter of the year 1391 particularly on the core budget revenues side; on the other hand, in terms of core budget expenditures, the core development budget expenditures 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 26 B for the 1st quarter of 1391 showing a shortfall of 5% against the IMF target of Afs. 27.3 B for the quarter. Compared with annual target of 1391 (*which is a nine-month fiscal year*), Afs. 85.5 B, it has completed 30% of it. Relative to 1<sup>st</sup> quarter revenues of last year, Afs. 23.03 B, it shows an increase of 13%.

As a part of domestic revenues, customs revenues reached to Afs 12.2 B in the first quarter of the year, showing a shortfall of 23% against the first quarter target of Afs. 15.9 B. Compared to last year's first quarter customs revenues, Afs. 12.48 B, it shows a decrease of 2.3%. Relative to customs revenues annual target for 1391, Afs. 46.5B, it has completed 26% of it.

Core budget for 1391 is Afs 269.085B (operating budget Afs 157.082 B and core development budget Afs 112.004 B). Though a nine-month budget, compared to last year's core budget of Afs 224.781B (operating budget Afs 150.726 B and core development budget Afs 74.055 B) as indicated in the first quarter of last year, it shows an increase of 20%. The operating budget has increased by 4%, and core development budget shows an increase of 51%.

Regarding core budget expenditures, as of end of first quarter, the execution rate of core development budget is 6%, while last year it was 7.4% for the same period. 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. On the other hand, the execution rate of operating budget is 20%, while last year it was 16%.

Concerning to core budget financing, domestic revenues covered 83% of the total operating expenditures in the first quarter of the year, whereas last year it had covered 97% of it for the same period. It is expected that it shall cover 54% of the total operating expenditures by the end of the year.

Macroeconomic framework is developed for 1392 Pre-Budget Report (MTBF) and 1391 budget / budget statement. Also Medium Term Fiscal Framework (MTFF) is updated for 1392 Pre-budget and 1392 budget / budget statement. MTFF also includes projections for the outer years (at least three).

The Afghanistan Financial Management Information System (AFMIS) has been maintained in all line ministries and provinces and functionalities for payroll module have been identified. Also all obligations of debt repayment have been settled on time. Regarding Verified Payroll Program, thus far, 647,000 government employees have been covered, of whom 25,000 were done in the first quarter 1391.

Concerning procurement institutional development the Joint Advisory Committee (JAC) is established and selected LMs are introducing their representatives. Also Procurement Policy Unit (PPU) assessed and certified Ministry of Urban Development Affairs (MUDA) for standalone procurement. Concerning procurement capacity building, during 1st Quarter of 1391, a number of 155 government employees were trained in different programs.

Under the operation support program, MoF taskheel chart was reviewed and updated in line with MoF strategic plan which is under approval process by the Independent Administrative Reform and Civil Service Commission (IARCSC). MoF 1391 taskheel reaches to 8550 positions, 11% higher than that of 1390, which were totally 7712 positions.

Regarding Monitoring and Evaluation of the Strategic Plan, the MoF Annual Performance Review Event was organized. In the event, MoF 1390 performance, problems and challenges were reviewed and decisions were taken on how to solve the issues. Also, 1390 annual performance review report was prepared both in Dari and English languages, submitted to MoF top management and published in MoF website.

Related to privatization, during the 1st quarter of 1391, SOE Department has collected more than Afs 10. 34 M from SOEs as rent, profit and other obligations. Also about 14 balance sheets have been analyzed, evaluated and approved in 1st quarter of 1391.

Under Office of Chief of Staff , regular management meetings have been held, Presidential Decrees, and Presidential Orders and decisions of Cabinet were followed up for execution. Concerning internal audit, a total of 16 MoF Units have been audited in the first quarter of the current year.

Under the Office of DM for Policy, 16 National Priority Programs (NPPs) were endorsed by JCMB and fundraising started. Regular meetings of cluster ministries were held. Also, periodic data collection for 7<sup>th</sup> period action plan and 6<sup>th</sup> period monitoring reports related to development of NPPs have been done within 1st quarter of 1391.

# 1. Main Achievements

## 1.1 Public Finance Management

### Core Budget:

Core budget/national budget for 1391 is Afs 269.086B (operating budget Afs 157.082 B and core development budget Afs 112.004 B). Though a nine-month budget, compared to last year's core budget of Afs 224.781B (operating budget Afs 150.726 B and core development budget Afs 74.055 B) as indicated in the first quarter of last year, it shows an increase of 20%. The operating budget has increased by 4%, and core development budget shows an increase of 51%.

Figures in Afs Billion:

Fiscal Year	Operating Budget	Core Development Budget	Total
1391	157.082	112.004	269.085
1390	150.726	74.055	224.781

Source: Budget Department

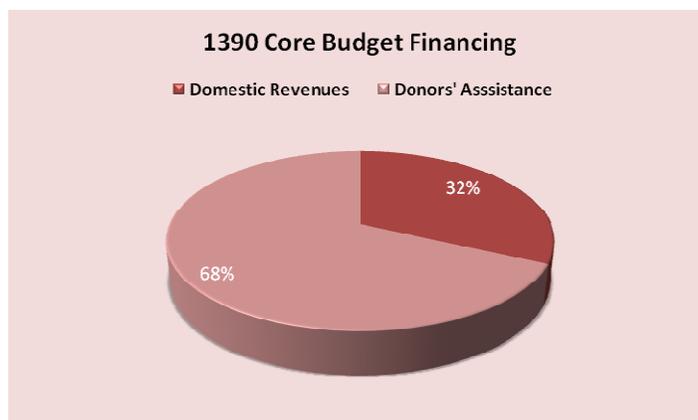
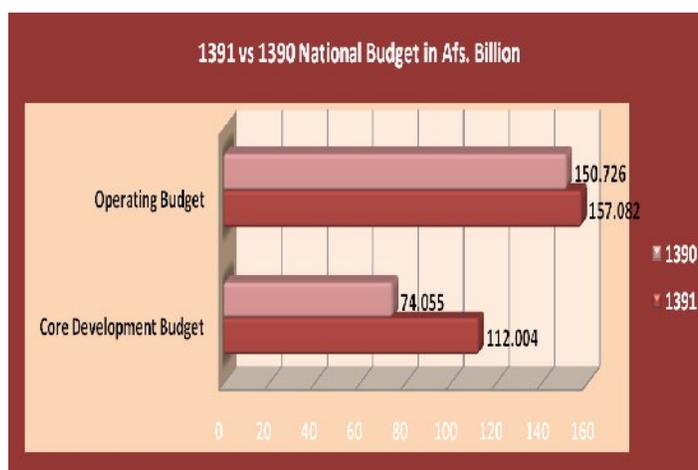
**Note:** Based on presidential decree about Afs 23.391 billion of CSCT-K is added to the total approved operating budget of 133.690 And Afs 19 million has been added in the core development budget, which raised the total core budget to Afs 269.085 billion.

The share of operating budget in the core budget has decreased as compared to that of last year. Operating budget as % of the core budget is 58%, while last year it was 67% as reported in the first quarter.

However, the share of the core development budget in the core budget has increased as compared to that of last year. Core development budget as % of core budget is 42%, while last year, it was 33% as reported in the first quarter.

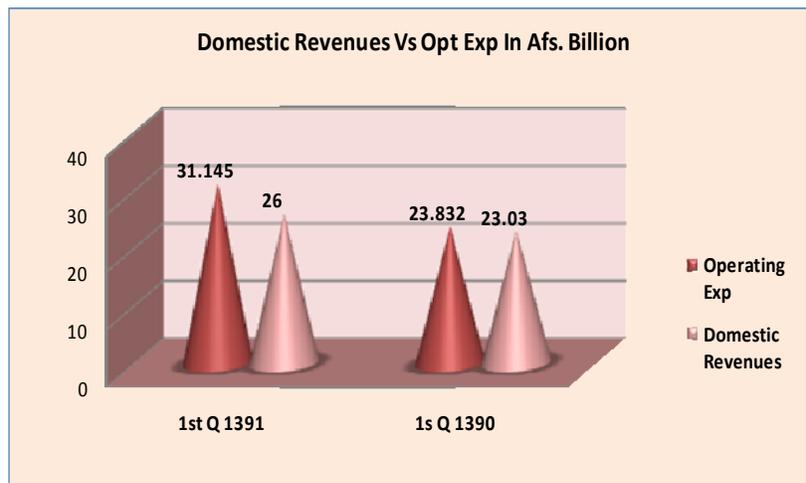
### Core Budget Financing:

Related to the core budget financing, domestic revenues shall cover 32% of the core budget in 1391 while the short fall of 68% shall be covered by donors' assistance to core budget. Compared to operating budget, domestic revenue is projected to cover 54% of it.



## % of Operating Expenditures Covered by Domestic Revenues

Domestic revenues covered 83% of the total operating expenditures in the first quarter of the year, whereas last year it had covered 97% of it for the same period. It is expected that it shall cover around 54% of the total operating expenditures by the end of the year.



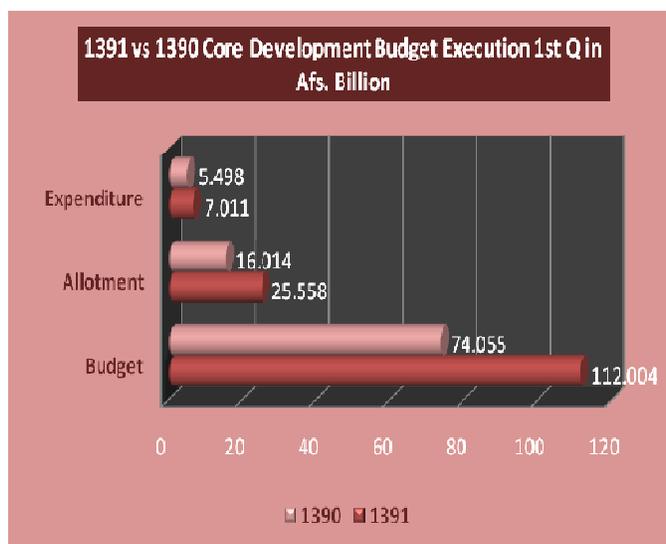
Figures in Afs. Billion:

Fiscal Year	Domestic Revenues (A)	Operating Exp (B)	A/B
1391(1 <sup>st</sup> Quarter)	26	31.145	83%
1390 (1 <sup>st</sup> Quarter)	23.03	23.832	97%

Source: AFMIS/Revenue & Budget Departments

## Core Budget Expenditures:

The execution rate of core development budget is 6% for the first quarter, while last year, it was 7.4% for the same period. 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. On the other hand, the execution rate of operating budget is 20%, while last year it was 16% for the same period.



### Core Development Budget Expenditures 1st Quarter:

Fiscal Year	Budget	Allotment	Expenditure	% Exp of the Budget	% Exp of the Allotment
1391	112.004	25.558	7.011	6%	27%
1390	74.055	16.014	5.498	7.4%	34.3%

Source: AFMIS/Budget Department/ in Afs Billion

### Operating Budget Expenditures 1<sup>st</sup> Quarter:

Fiscal Year	Budget	Allotment	Expenditure	% Exp of the Budget	% Exp of the Allotment
1391	157.082	55.895	31.145	20%	56%
1390	150.726	33.712	23.832	16%	71%

Source: AFMIS/Budget Department/ in Afs Billion

The approved 1391 budget is posted on the website on time (immediately after approval by Parliament) and circulated among different ministries/departments and provincial Mustofiats. The budget statement and the citizen budget are also posted on the website

MTFF for a pre-budget document is prepared and will be present to the budget committee for approval. ANDS priorities have been incorporated in the budget formulation; progress will be shown at the end of the year; For 1392, the BC1 submission was based on ANDS result frameworks. Nine month budget time table (starting March 20) for 1392 budget preparation was prepared, approved by Budget Committee and currently is being implemented. For 1393 budget formulation, 12 month budget time table will be prepared (starting from 23 Dec).

Related to program budgeting, in 1390, all 54 Budgetary Units and for 1391, all 57 Budgetary Units are covered in the program budgeting mechanism. For 1392 all budgetary units are covering program in budgeting mechanism.

Regarding provincial budgeting, for 1391, only 5 pilot ministries (MoEd, MoPH, MRRD, Mail, and IDLG) have been covered in provincial budgeting mechanism. These pilot ministries have covered all 34 provinces in this mechanism, but due to lack of fund one out of 5 LMs could implement this program in 1391. For 1392, all 5 pilot ministries will cover all 34 LMs under this mechanism.

### Treasury:

The Afghanistan Financial Management Information System (AFMIS) has been maintained in all line ministries and provinces and functionalities for payroll module have been identified. Regarding Verified Payroll Program, thus far, 647,000 government employees have been covered, of whom 25,000 were done in the first quarter 1391.

About reconciliations, bank reconciliations are completed within 30 days on the monthly basis. Monthly financial statements are issued on time, except for the last month of each year, when increased accuracy is required i.e. reconciling data with banks, line ministries, and provinces.

Regarding debt Management, all payments to creditor are made on time without any delinquency. Debt reports are published within 25 days after the end of the quarter. The the periodicity of publishing debt reports is being maintained. Also, operationlization of the Debt Information Management System has been maintained.

Related to capacity building, eight seminars were conducted and a total of 221 staff were trained in different relevant fields.

### **Fiscal Policy:**

Under the Fiscal Policy Unit, Macroeconomic framework is developed for 1392 Pre-Budget Report (MTBF) and 1391 budget / budget statement. Also MTFE is updated for 1392 Pre-budget and 1392 budget / budget statement. MTFE also includes projections for the outer years (at least three).

FPU, also, updated the Technical Coordination Committee (TCC) matrix almost four times. The TCC meetings are chaired by DM for Finance and update the prior actions and benchmarks with the stakeholders and report the progress to IMF (5 meetings so far).

During the 1<sup>st</sup> quarter of the year, revenue projections were done for the 1392 pre-budget report and the 1392 budget statements.

Also it is worth mentioning that during the first quarter of 1391, FPU was mostly involved in the write-ups of Fiscal Annex for Tokyo International Conference on Afghanistan taking place in July 2012.

### **Procurement Policy:**

Under procurement institutional development component, within first quarter of year of 1391, Procurement Policy Unit (PPU) assessed and certified Ministry of Urban Development Affairs for standalone procurement.

Related to procurement capacity building, PPU trained a number of 155 trainees in different programs, 50 trainees received basic course, 48 trainees received intermediate training course and 57 trainees received other training courses like short term and special courses.

Concerning Public Procurement Law (PPL) promulgation and implementation, three guiding circulars on different procurement issues are prepared and circulated to all line ministries. Work on amendment of PPL in coordination with Ministry of Justice is under process.

About PMIS, 2617 projects were inserted to PMIS Procurement Planning by line ministries and 355 procurement monitoring were initiated.

In addition, appeal and review committee of PPU received and reviewed 8 complaints/cases on violation of provisions of Public Procurement Law in bidding processes. As a result PPU debarred three companies from participating in the public bidding opportunities for a period one year.

## 1.2 Domestic Revenues

### Revenues:

Domestic revenues both tax and non tax reached to Afs 26 B for the 1st quarter of 1391 showing a shortfall of 5% against the IMF target of Afs. 27.3 B for the quarter. Compared with annual target of 1391 (*which is a nine-month fiscal year*), Afs. 85.5 B, it has completed 30% of it. Relative to 1<sup>st</sup> quarter revenues of last year, Afs. 23.03 B, it shows an increase of 13%.

Figures in Afs Billion:

Domestic Revenues as of End of First Quarter				
Fiscal Year	Plan	Actual	% of the Quarter	% of the Year
1391	27.3	26	95%	30%
1390	21.71	23.03	106%	23.6%

Source: AFMIS/Revenue Department

### Domestic Revenues as % of Operating Expenditures:

Domestic revenues covered 83% of the total operating expenditures in the first quarter of the year, whereas last year it had covered 97% of it for the same period. It is expected that it shall cover around 54% of the total operating expenditures by the end of the year

Figures in Afs Billion:

Domestic Revenues vs Operating Expenditures as of End of First Quarter			
Fiscal Year	Domestic Revenues (A)	Operating Exp (B)	A/B
1391	26	31.145	83%
1390	23.03	23.832	97%

Source: AFMIS/Revenue & Budget Departments

### Domestic revenues as % of legal GDP:

It is projected that domestic revenues to GDP ratio shall reach to 11.2% by the end of the year.

Fiscal Year	Plan	Actual	% of the Year
1391	11.2%	-	-

Source: FPU

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

## Customs:

As a part of domestic revenues, , customs revenues reached to Afs 12.2 B in the first quarter of the year, showing a shortfall of 23% against the first quarter target of Afs. 15.9 B. Compared to last year's first quarter customs revenues, Afs. 12.48 B, it shows a decrease of 2.3%. Relative to customs revenues annual target for 1391, Afs. 46.5B, it has completed 26% of it.

Figures in Afs. Billion:

1390 Customs Revenues including 2% Tax on Imports as of End of First Quarter				
Fiscal Year	Plan	Actual	% of the quarter	% of the year
1391	15.9	12.2	77%	26%
1390	14	12.48	89%	22%

Source: Customs Department

It is worth mentioning that Afs. 1.7 m of short levy was recovered by the Post Clearance Audit (PCA) Units and Afs 6.1 m was realized by Mobile Verification Teams (MVT).

Hairatan & Naibabad Guidelines have been prepared and sent to the Balkh Customs for implementation. The amendments in Valuation Regulation has been formulated and waiting for the legislations departments approval. In addition, the amendments in Bonded carrier procedure have started and to be finalized within one month. Also, the Master Sheet for Exempted goods has been developed for Maafi Nama by legislation department and implemented at Exemption department.

Regarding ASYCUDA, Implementation of its DPS at Andkhoy and Torkham Customs offices are under way. The AYSCUDA selectivity Module and customs clearance risk management has been introduced in Kabul international Airport.

The ASYCUDA system for registering and logging of the customs miscellaneous payment and enhancing ASYCUDA report is successfully installed and executed at the KIA, Kunduz, Herat, Balkh and Nangarhar ICDs.

The Master Sheet for Exempted goods has been developed for Maafi Nama by legislation department and implemented at Exemption department.

Regarding to capacity development about 50 officers have been trained in the 1<sup>st</sup> Quarter of 1391 so far at Afghanistan Customs National Academy.

## 1.3 Operation

### Operation Support:

#### Admin, Finance and Projects Coordination

##### *MOF Budget Execution:*

The 1391 operating budget of the Ministry of Finance is Afs 1,515.80 m, of which Afs. 1,096.81 m, allotments have been issued and Afs. 407.52 m has been spent as of end of Jawza 1391. Operating budget execution is 27%.

Figures in Afs Million:

MoF Operating Budget Execution as at the End of First Quarter					
Fiscal Year	Budget	Allotment	Expenditure	% Expenditure of the Budget	% Expenditure of the Allotment
1391	1,515.80	1,096.81	407.52	27%	37%

Source: Budget Department

Figures in USD Million:

MoF Core Development Budget Execution as at the End of First Quarter					
Fiscal Year	Budget	Allotment	Expenditure	% Expenditure of the Budget	% Expenditure of the Allotment
1391	87.3	15.27	7.17	8.2%	47%

Source: Budget Department

MOF core development budget execution rate is 8.2%, while last year it was 9.2% for the same period.

##### *General Admin Services:*

Regarding Admin general services, in comparison with the last two years, significant improvement and changes have 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.

Regarding MoF asset management, very basic asset management database is developed and used and all the data about each employee is recorded.

Concerning construction of Mustofiats, the construction work of new buildings for Bamyan, Sar-e-Pul, Ghor, Paktika and Helmand Mustofiats has started. Work is in progress in the mentioned provinces and projects completion is over 60% in average.

### *Projects Implementation Unit (PIU)*

Under the Project Implementation Unit (PIU), increment of projects Implementation Percentage reaches up to 10%. The procurement plan and financial plans of all departments and development projects of MOF has been integrated. Also work volumes assessment and estimation of the projects that have gone in the contract and the basic price volume list of construction projects have provided.

The regular channels of communication between all departments and development projects of MoF established. Work plan for implementation of development projects prepared and operationalized and also time line for preparing of procurement and financial plans of development projects and Mustofiats produced.

### **Human Resources Management:**

HRMD performance has been on track and noteworthy during the first quarter. Regarding organization development, MoF Tashkeel was reviewed and updated, which is under approval process and will probably be taking a number of 10 days to get approved through IARCSC.

MoF 1391 proposed taskheel reached to 8550 positions of which 1816 posts are Ajeers, which is 11% higher than the number of the tashkeel positions, 7712, in 1390.

In the field of recruitment, implementation of Pay & Grading (P&G) system is going smoothly with a rapid pace. Regarding implementation of the Pay and Grading Program, there has been significant progress to date. Since the beginning of the program in 1388, more than 90% of the tashkeel positions have been filled under the Pay and Grading System.

Also, during the first quarter of the year 1391 a number 1386 MoF staffs have gone through the Performance Appraisal process, out of which a number 304 staffs have been through the probationary period and the remaining 1082 staff were appraised based on their annual performance.

In the training area a number of 172 MoF staffs have been trained in 6 different training programs during the first quarter of the year 1391, which includes two National Customs Academy Training Programs, Risk Management, Computer Programs such as MS Excel, MS Word and HRM orientation program. A number of 41 staffs went through short term trainings to countries such as India, Pakistan and Iran.

Also the initiative of development of the Induction Manual and HR policies hand book has been taken by HR Directorate with technical support of RIMU. The mentioned documents were prepared in local and English languages.

## **Reform Implementation and Management (RIMU):**

### **A: Strengthening Human Resources Management Department (HRMD)**

HR Newsletter and brochure were prepared, finalized and printed in three languages (Dari, Pashto and English). Additionally, Induction Manual was reviewed/updated in three languages (Dari, Pashto and English) and finalized/printed for the year 1391. Similarly, HR Policies Handbook was reviewed/updated in two languages (Dari & English) and finalized/printed for the year 1391. The MoF Questions Bank manual is under development and a number of 1800 questions have been collected from MoF different departments.

General Management Curriculum was reviewed and updated. Technical assistance was provided in conducting training needs assessment all over the ministry. Accordingly, MoF wide training proposal and action plan was developed for 1391. Also, standard and quality training report templates were developed both in English and Dari to be used in the training programs. Training coordination mechanism and procedure for participation of contracted staff in training programs was developed and sent out for approval by the top management.

Related to capacity building, under the umbrella of the HRMD training plan, a two-day workshop (30 to 31 Jawza 1391) was conducted successfully to 28 participants of Budget Department on Public Finance and Expenditure Management Law at HR Training Center, MoF. Additionally, a one-day training workshop was conducted on time management and performance appraisal for 28 MoF interns. On the job training, coaching and mentoring was provided to staff of T&D Section on regular basis in particular trainings on the training of trainers, time management and training in organizations were conducted. A proposal on Archive & Warehouse Management Training Program was developed and submitted to the Asian Development Bank for funding as per the instructions of DM for Admin.

Under the HRMD shared services modal, tashkeel for the year 1391 was developed and submitted to IARCSC for approval. Annual performance appraisal for the year 1390 was completed. Assistance was provided for development of a general reward policy to allot surplus remuneration for ACD employees.

### **B: Monitoring and Evaluation:**

RIMU conducted the annual performance review of MoF in line with strategic plan. Report was prepared and finalized both in Dari and English languages and submitted to MoF top management. Copies of the reports were published in MoF website as well. RIMU also assisted MoF in organizing a two-day annual performance review gathering, 19th - 20th Sawr 1391 in the Ball Room of Hotel Intercontinental Kabul.

As a part of updating MoF strategic plan, RIMU updated MoF programs both in English and Dari languages and activities of the Office of the DM for Policy was also covered under them. Now, MoF has 4 new programs (Public Finance Management, Revenue Management, Operation Support and Policies Coordination). MoF 1391 1st quarter performance monitoring was done and report is under development in Dari and English languages.

#### **PFMR II Project Coordination:**

The 1st quarter interim-unaudited financial monitoring reports for the PFMR II projects were prepared and submitted to the WB on time. As per the recommendation of the Jan 2012 WB supervision mission, a list of all current individual consultants' contracts was prepared and submitted to WB for NOL for two years extension, which went approved. Post Procurement Review of the PFMR II project was shared with implementing units for review and the responses were consolidated and submitted to the WB on the action plan and the review it. In addition, RIMU closely assisted the implementing units in project day to day operation issues and provided them advice and assistance as and when needed. It participated in hiring of the individual consultants for the PPU and Internal Audit as well.

#### **Office of the Chief Staff Affairs:**

During the first quarter of the year, management meetings have been held regularly, 4 Presidential Decrees, 242 Presidential Orders and 12 decisions of Cabinet were followed up for execution. Additionally, letters were prepared.

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.

MoF website has been maintained and regularly updated with up-to-date information inclusive of reports, plans, laws and etc.

#### **Insurance Affairs:**

The Afghan National Insurance Company, Afghanistan Insurance Corporation and Global Afghan Insurance Company were monitored in 1st quarter of 1391. The licenses of two companies, Afghanistan National Insurance Company and Afghanistan Insurance Corporation were renewed. Regulations on fire insurance, health insurance and vehicle insurance has been drafted.

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

## **Asset Management:**

### **Privatization:**

During the 1st quarter of 1391, SOE Department has collected Afs. 103,451,21 from SOEs as rent, profit and other obligations.

Regarding SOE's balance sheets, about 14 balance sheets have been analyzed, evaluated and approved in 1st quarter of 1391. Also, the SOE law has been amended and sent to MoJ for their review.

### **Property Management:**

With reference to registration of the government properties, properties of 1233 government departments in the center and provinces have been registered in the 1st quarter which includes lands, apartments, shops, electricity stations, mosque, gardens and restaurants.

Also, in the 1st quarter, Property Department has collected revenues of Afs 48,723,732 from the rent or lease of their properties and has deposited it in the government revenues account.

## **Internal Audit:**

In the 1<sup>st</sup> quarter of the year 1391, a total of 23 units were audited. Audit findings with written management response were sent total auditees' for their corrective and preventive actions against the audit observations and recommendations.

The draft Audit Manuals of Performance, Procurement, Donor Funded Projects Audit and Post Audit Quality Review System have been prepared and translated into DARI language and are forwarded for review to IAD's directors and other senior staff.

Treasury, Budget and Process Audit Manuals have been drafted and translated into local languages. Currently they are under final proof reading and at final stage. Also, the draft Audit Manuals of Revenue, Customs and Mustofiats have been reviewed and revised as per the changes in relevant law & regulations. The final versions are again being translated and would soon be presented to Audit Steering Committee of MoF for final approval & implementation.

Related to capacity building, twenty eight 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. Also, twenty two IAD Staff were given Specialized Training in Public Sector Auditing at National Audit Academy, Malaysia for two weeks. These auditors have been appointed for carrying out article 61 audits in line ministries. Total, 30 cases were investigated in the 1<sup>st</sup> quarter of the year 1391.

In addition, a total of 52 individuals including 14 staff from Internal Audit Department and 38 from other MoF departments are under CAT (Certified Accounting Technician) Training.

Also, Pashtany Bank was audited on special orders of higher authorities of MoF. Article 61 audits were conducted in all three line ministries as planned. Audit findings with written management response have been sent to all auditees' for their consideration and rectification of the areas being pointed out in the audit.

International Institute of Internal Auditors of America has been contacted and is being requested to provide their guidance for the establishment of Audit Chapter of IIA in Kabul.

## 1.4. Government Policies Coordination

### **Policies Coordination & Strategy Implementation:**

Under the Office of DM for Policy, 16 National Priority Programs (NPPs) were endorsed by JCMB and fundraising has started. Regular meetings of Cluster Ministries and Cluster Coordination Committee were held. Also, periodic data collection for 7<sup>th</sup> period action plan and 6<sup>th</sup> period monitoring reports have been done within 1<sup>st</sup> quarter of the year 1391.

The Department organized and coordinated two Standing Committee Meetings to discuss the Chicago and Tokyo Conferences documents plus the NPPs. Additionally, it organized and coordinated three Consultative Meetings with Civil Society, Parliament and Private Sector on preparations of the Tokyo Conference documents.

## **2. Main Problems**

1. Lack of expert staff in Planning and Financial Unit of SOE Department. Financial plans are not developed as an actual plan.
2. 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. CAO interferes in Internal Audit affairs in the line is still a major issue.

## **3. Recommendations**

1. MoF top management is requested to address the above mentioned issue.
2. For the development of insurance sector the public awareness such as TV debate, workshops, conferences to be conducted in the center and provincial levels.
3. Unless the new audit law is not passed and implemented, Internal Audit Department of MoF will always face problems with CAO. And article 61 of PFEM Law should not be amended.