Draft
Memorandum of Understanding
Ghana Health Sector

This Memorandum of Understanding is among

The Danish International Development Assistance, ("DANIDA");
The Department for International Development of the United Kingdom, ("DFID");
The European Commission, ("EC");
The Government of the Netherlands, ("Dutch Government"); and
The International Development Association, ("IDA");
collectively referred to as "Co-operating Partners"

and

The Republic of Ghana, referred to as the "Government".

I. Background

1. In 1997 the Ministry of Health initiated a sector reform program on the basis of a comprehensive sector policy framework (the Medium Term Health Strategy, referred to as "MTHS"). The Ministry of Health has completed implementation of the first Five Year Program of Work for the years 1997-2001 under the MTHS. In order to reduce the burden and cost of multiple procedures, to reinforce Government ownership, and to strengthen institutional development, the Co-operating Partners have undertaken a sectorwide approach, while maintaining appropriate standards, and still using, as need be, their own specific procedures. Pursuant to the first Memorandum of Understanding signed in 1998, as Government systems have been strengthened, the Co-operating Partners have agreed to use common management arrangements, and an increasing proportion of Co-operating Partners' resources allocated to the health sector has been pooled in a Health Account (as described in paragraph 30) managed by the Ministry of Health.

2. The Government has adopted a second Five Year Program of Work under the MTHS for 2002-2006 (the "Program"). Common Management Arrangements for the implementation of the second health sector five year Programme of Work 2002-2006 (known as CMA-II) were approved and published in January 2002. The Government's contribution to the Program is estimated to be $500 million. The Co-operating Partners endorsed the Program in December 2001, and their contribution to the Program is estimated to be $300 million. The anticipated timing of Government and Co-operating Partners support for the Program is set out in Annex 1.

3. The Government intends to continue to improve the performance of its institutions in managing health sector resources in order to enhance the development impact of the Program. The Co-operating Partners intend to

collaborate by building stronger donor partnerships in support of the MTHS. The Government and the Co-operating Partners are committed to openness, consultation and sharing of information. As the Co-operating Partners gain increasing confidence in Government institutions and procedures, channeling of donor resources through Government systems will be scaled up.

4. In this context, Co-operating Partners will continue working towards strengthening and utilizing Government systems including planning and budgeting arrangements, mechanisms, rules and procedures for procurement, disbursement, accounting, auditing, reporting, monitoring and evaluation. They will also continue working towards increasing the proportion of their funds that they channel through the Health Account.

5. Accordingly, this Memorandum of Understanding sets out the application of the Co-operating Partners' and Government's respective financial management, procurement and disbursement policies to the Program. The fiduciary arrangement under the Program will: (a) account for the use of all funds under the Program; (b) stipulate applicable procurement regulations and procedures; (c) put in place an acceptable internal control system; and (d) have effective external auditing arrangements. This Memorandum of Understanding also defines Government recurrent budget obligations and a single reporting, monitoring and evaluation system under the Program. The Government and the Co-operating Partners have reached the following understandings on co-operation and procedures for financial management, procurement, disbursement, monitoring and evaluation and the exchange of information to carry out the Program.

II. Institutional Arrangements

6. The Program introduces a number of changes with the objective to create the basis for improved efficiency and equity in health services financing and provision. The definition of the Health sector has been expanded, according to a new vision of a pluralist sector, to include government health services, private, traditional and non-governmental providers, civil society and community groups.

7. The Program is predicated on a series of financial and organizational reforms intended to mobilize additional resources for the sector, to protect poor people from the consequences of unforeseen health expenditures and to equip public agencies in the sector to carry out new stewardship and governance roles in an expanded and more pluralistic organizational environment.

8. The Ghana Health Service and Teaching Hospital Act (Act 525, 1996) has strengthened the autonomy of the teaching hospitals as a public sector tertiary service provision institutions and created the Ghana Health Service as a public service provision agency with responsibility for primary and secondary health care.

9. The Ministry of Health will be responsible for overall co-ordination of Co-operating Partners' contributions to the Program. To maintain the policy dialogue and ensure joint planning with Co-operating Partners, there will be monthly health partners meetings, quarterly business meetings and twice-yearly MOH-Partners meetings (the "Health Summits"). The timetable of planning and monitoring events in the health sector is attached in Annex 2.

10. According to the new vision of a pluralist sector, the definition of the health sector has been expanded to include Government health services, private, traditional and non-governmental providers, civil society and community groups. The Co-operating Partners may meet with all implementing agencies as needed for planning, budgeting and performance monitoring purposes.

11. All institutions in the health sector will operate on the same planning and budget cycle. On or before the *15th of October* in each year, the Government and the Co-operating Partners will estimate the amount of financing to be provided by the Government and each of the Co-operating Partners. The agreement will be based on a consolidated sector plan and budget (the "Annual Program of Work") derived from the MTHS and the sector's performance of the previous year.

12. All activities in the health sector and the support of Co-operating Partners will be within the framework of the MTHS and focused on the achievements of the agreed health sector objectives and plans set out in the Program. Funds provided by the Government and the Co-operating partners will be used exclusively to finance expenditures under the Annual Program of Work. Co-operating Partners should make all efforts to operate within the MTEF planning and budget cycle. The Government will reflect all support that it receives in the sector in the budget.

III. Assessments

13. Each of the Co-operating Partners will be invited by the Government to participate in joint assessments of financial management and procurement capacities, practices and procedures of the institutions implementing the Program at district, regional, and national levels. The assessments will diagnose those aspects of capacity that require strengthening, and will certify whether an institution can manage and account for Program finances, assets and carry out procurement, based upon criteria set out in annex 4.

14. During implementation of the Program, the joint assessments will be regularly updated and shared among the Co-operating Partners in accordance with a schedule agreed to by the Co-operating Partners and the Government. Appropriate capacity-building arrangements for each institution carrying out the Program ("Budget Management Centers" or "BMC's") will be defined and agreed among the Co-operating Partners and the Government.

15. Financial management and procurement responsibilities under the Program will be adjusted in accordance with the proven capacities of such Budget Management Centers, and different expenditure authorizations and procurement thresholds will be established for the BMC's at district, regional, and national levels. Funds management and procurement for institutions that do not meet the established criteria or for BMC's that have not complied with financial management and procurement rules and procedures will be handled by the certified BMC at the next supervisory level.

IV. Financial Management

16. The Ministry of Health will continue to maintain a financial management system adequate to reflect the transactions, resources, expenditures, assets and stores under the Program. The financial management system will ensure that the Ministry of Health is able to produce timely, understandable, relevant and reliable financial information for planning and implementation of the Program, and monitoring of progress toward its objectives that will also allow the Co-operating Partners to evaluate compliance with agreed procedures. Raising the standard of the Government's fiduciary systems will extend confidence over the proper use of funds in the whole health sector rather than just the individual projects/activities financed by each of the Co-operating Partners.

17. The Accounting Manual of MOH, the Accounting Treasury and Financial Reporting Rules and Instructions (the ATF Rules) will continue to form the basis for accounting and financial control within MOH and its agencies. ATF Rules implementation advisory notes will be issued periodically to provide guidance on new developments within the FM environment. The ATF Rules set out the financial management arrangements, organization structure (including the internal audit function), staffing, standard accounting forms, books, ledgers and reporting formats, and the content and frequency of the quarterly and annual financial statements to be provided by the Government during implementation. A supplement to the ATF Rules will be prepared which will provide additional guidance on the contents of the financial statements (including supplementary schedules of cash forecasts and budget comparisons) and the details of the flow of funds.

18. The Government will carry out (or cause to be conducted) a financial assessment and re-certification of the BMCs on an agreed cycle during the Program. The Government and the Co-operating Partners will develop a time-bound financial management improvement plan to mitigate any fiduciary risk identified in the financial management assessments and strengthen the Government's fiduciary system. Enhancing the Government's fiduciary system and using it to implement the program will strengthen ownership, internal capacity, and sustainability of the Program.

19. Quarterly financial statements (accepted by IDA as the "Financial Monitoring Reports" defined in its legal agreements) will be produced from reliable information systems that capture, classify, analyze, and report data covering actual expenditures from sources of funding and budget item according to each certified institution, procurement activities and physical progress; and report performance progress on a quarterly basis within sixteen weeks after the end of the respective quarter. The Co-operating partners recognize that there is a program for strengthening the capacities of the Government of Ghana public financial management systems and processes supported by certain of the Co-operating Partners (the Budget and Public Expenditure Management System (BPEMS) under the PFMARP project). At such time as the Ministry of Health and the Co-operating Partners agree that the strengthened Government of Ghana BPEMS is operating satisfactorily, the Government of Ghana systems shall be used.

20. Annual consolidated financial statements will be prepared for the agreed Annual Program of Work of the Ministry of Health. The annual consolidated financial statements will be audited by the Auditor General of Ghana jointly with an audit firm acceptable to the Co-operating Partners. The joint auditor will be appointed by June 30, of each year. The Co-operating partners recognize that there is a program for strengthening the capacities of the Auditor General of Ghana supported by certain of the Co-operating Partners. At such time as the Auditor General of Ghana and the Co-operating Partners agree that resources and capacities of Auditor General of Ghana are adequate, the audit of the annual consolidated financial statements shall be by the Auditor General of Ghana solely. The terms of reference for the audit shall be acceptable to the Government and the Co-operating Partners and the audit will be conducted in accordance with international auditing standards, consistently applied. The report of such audit will contain a separate opinion by said auditors as to whether the quarterly financial statements submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the transactions of the Health Account, the balance of the Health Account, and the contributions of the Government and Co-operating Partners.

21. The findings of the audit of the annual consolidated financial statements of the Ministry of Health, including the management letter, will be provided to all Co-operating Partners and the Government by September 30 of each year. The Government will also provide the Co-operating Partners with a proposed plan of action to correct any anomalies and errors identified in the financial audit. Taking comments of the Co-operating Partners into account, the Government will implement such plan of action in accordance with a schedule satisfactory to the Co-operating Partners.

V. Procurement

21. By November 30 of each year, the Government will provide the Co-operating Partners for their review and approval an annual procurement plan ("Procurement Plan"), which would include on-going contracts rolling into the following year,

and detailed procurement plans for the following year prepared at district, regional and national levels based on the agreed Program of Work. Procurement Plan will be approved by the Co-operating Partners by December 31. The Government and the Co-operating Partners have agreed that all procurement above US$2,000,000 equivalent for civil works and US$400,000 equivalent for goods shall be conducted using international competitive bidding ("ICB"), as set forth in Section II of the Guidelines for Procurement under IBRD Loans and IDA Credits ("the Guidelines") and consultants for contracts expected to cost above US$200,000 shall be recruited internationally under procedures set forth in Sections I and IV of the Guidelines: Selection and Employment of Consultants by World Bank Borrowers. (the "Consultant Guidelines") All procurement to be carried out under the Program for the following year will be included in the Procurement Plan, and the methods of procurement will be indicated. [ICB, national competitive bidding ("NCB"), shopping, etc.]

22. During implementation of the Procurement Plan, the Government will provide the Co-operating Partners with quarterly procurement monitoring reports concerning progress in implementation of the Procurement Plan and identify any contracts that were not included in the Procurement Plan adopted the preceding year. The Government and Co-operating Partners will provide information to other Co-operating Partners concerning the award of contracts and appointment of consultants, and any material modifications of the terms and conditions of such contracts after their award.

23. Co-operating Partners have jointly agreed on the procurement rules and procedures in the Procurement Procedures Manual which take into account the provisions of Annex 3. In order to ensure that non-ICB procurement meets high standards of economy, competition, transparency and efficiency, the Co-operating Partners and Government require all procurement in the Procurement Plan below the thresholds for ICB to be procured under the procedures set out in Procurement Procedures Manual.

24. With respect to each contract for goods or works above the thresholds for ICB, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the World Bank Procurement Guidelines shall apply. With respect to each contract for the employment of consulting firms estimated to cost the equivalent of $200,000 or more, the procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the World Bank Guidelines for Selection of Consultants shall apply.

25. The Government has adopted a Procurement Procedures Manual satisfactory to the Co-operating Partners that sets out the national and sectoral rules and procedures for non-ICB procurement in accordance with the procedures set out in *Annex 3*. The Procurement Procedures Manual also contains a reference to use of Bank's standard bidding documents.

26. The Government intends to reform its public procurement procedures, and legislation on procurement is currently under review by the Government. When a

procurement law has been enacted, the Procurement Procedures Manual will cease to be used and the Co-operating Partners will determine whether the law would ensure high standards of economy, competition, transparency and efficiency in procurement. Annex 3 will be revised where necessary to ensure that procurement under NCB in the health sector will meet these standards

27. By December 31st of each year, the Government will appoint an independent agent to review the procurement that took place during the preceding year. The Co-operating Partners will agree upon the scope and Terms of Reference of this review ("procurement audits") and criteria for selection of agents. In addition, any Co-operating Partner may carry out its own procurement review of the contracts or Health Account which it has financed.[1] The procurement audit will be completed and a report submitted to Government by May 31st of each year. While procurement audits would normally be provided annually, when particular risks have been identified, any Co-operating Partner may request that a special procurement audit be conducted, or may send additional procurement missions to the field for further post reviews or investigations.

28. The findings of the annual procurement audit will be provided to all Co-operating Partners and the Government by June 30th of each year. Co-operating Partners will provide their comments by July 31. The Government will by August 31 provide the Co-operating Partners with a proposed plan of action to correct any anomalies and errors identified in the procurement audit or review. Taking comments of the Co-operating Partners into account, the Government will implement such plan of action in accordance with a schedule satisfactory to the Co-operating Partners.

29. A Co-operating Partner will also provide the Government and other Partners with the results of any other procurement review conducted by such Co-operating Partner.

30. If cases of misprocurement occur, each Co-operating Partner may take the actions established in its own guidelines, and any Co-operating Partner may decide, after consultation with the other Partners, whether to cancel from its respective financing an amount equivalent to the contract amount multiplied by its percentage participation in the Health Account. The other Co-operating Partners will make the same determination in respect of their respective financing of that same contract.

VI. Disbursements

31. The Government will continue to maintain a separate control account in the records of the Ministry of Health (the "Health Account") to record the financial resources contributed by each Co-operating Partner to the Program, and expenditures ("the Health Account"). The financial resources allocated to the

[1] Prior review for IDA would apply to contracts above the thresholds for international competitive bidding for civil works and goods and to consultants contracts above $200,000.

Health Account may be used only for agreed purposes under the Annual Program of Work. Based upon the Annual Program of Work, the Government and the Co-operating Partners, by October 15th in each year, will establish the levels of their respective contributions to the Health Account for the following fiscal year. The contributions of the Co-operating Partners will be drawn down into the Health Account in accordance with the progress of the Program and according to the budgetary and disbursement mechanisms of the Co-operating Partners.

32. The Government will maintain two special deposit accounts in commercial banks for donors' contributions to and disbursement from the Health Account. The first special deposit account will be in US dollars. Contributions from Co-operating Partners to the Health Account will be made into the US dollar account. Draw-downs in Cedis from the Health Account will be credited once per month to meet forecast expenditures into a special deposit account for that purpose maintained in Ghana Cedis. Any gains or losses on foreign exchange will be applied to the Program.[2]

33. Co-operating Partners will replenish the US dollar account in accordance with their budgetary and disbursement mechanisms and implementation of the Annual Program of Work. Contributions to the Health Account may be in the form of grants, direct payments for certain common Program expenditures or other financing mechanisms for common Program expenditures. The Co-operating Partners will report their disbursements and balances for all contributions relating to the Program, including payments to the US dollar account, payments made directly to suppliers, and other contributions to the Program.

34. The Health Account will be operated by the Financial Controller of the Ministry of Health. Funds from the Health Account will be disbursed only to certified institutions in accordance with the Annual Program of Work.

35. Each quarter, the Government will provide a financial monitoring report for the preceding quarter, and a reconciliation of the Health Account, together with copies of the bank statements. Co-operating Partners will report their disbursements and balances for all contributions relating to the Program, including contributions to the Health Account (including payments made directly to suppliers), or any other contributions (such as earmarked funds within the Program), on a quarterly basis within eight weeks after the end of the quarter. The Co-operating Partners will use best efforts to report payments relating to the health sector but outside the agreed Program (including earmarked funds outside the Program) on a quarterly basis, within eight weeks after the end of the quarter, in order to establish a comprehensive financial position for the Health Sector.

VII. Consultation, Information and Monitoring

36. The Government and Co-operating Partners will co-operate fully with each other on all matters relating to the execution of the Program and on other matters of

[2] For discussion among Co-operating Partners and the Government

common interest to them. In particular, the Co-operating Partners will send to each other for information copies of letters or notices to the Government which in their judgement are of common concern to the Co-operating Partners.[3] The Government will inform the Co-operating Partners of all major modifications of the terms and conditions of contracts financed under the Program after their award.

37. The Government will promptly consult with each of the Co-operating Partners whenever it proposes to amend materially its proposals for the Program. Any dispute or controversy that arises in relation to the Program should be settled by means of dialogue and consultation between the Parties, and unilateral actions should be avoided. In the event that a dispute or controversy cannot be settled through dialogue and consultation, a high level meeting will be arranged between the Government and the Co-operating Partners. The Government and each Co-operating Partner will promptly consult with the other Co-operating Partners whenever it proposes to suspend or terminate, in whole or in part, payments to the Health Account for financing the Program. If a Co-operating Partner invokes remedial measures or if financing from a Co-operating Partner is no longer available for the Program, the Government will promptly review and make necessary revisions to the Program, in consultation with the Co-operating Partners, to ensure that the expenditure framework corresponds to the available resource envelope.

38. The Government and Co-operating Partners will collaborate in the supervision, evaluation, and monitoring of performance under the Program. Performance of the sector will be based on the sector wide indicators agreed on between the MOH and Co-operating Partners. The MOH will define performance areas and negotiate expected performance targets. The Government will ensure that systems are set up to effectively monitor policy implementation and outcomes. The MOH and Co-operating Partners will agree on the timing, terms of reference and composition of missions well in advance.

39. On an annual basis, the procedures outlined in this Memorandum, including those for procurement, financial management and the sharing of information, will be subject to review by the Government and the Co-operating Partners.

VIII. Additional Co-operating Partners

40. Any government, institution, or other entity not currently a party to this Memorandum of Understanding may, by agreement with the Government, and upon notice to the other Co-operating Partners, become an additional Co-operating Partner.

[3] This would include all awards of contracts to be financed by them under the Program that are not included in either of the Health Accounts.

Annex 1 - Government and Co-operating Partners Support
Annex 2 - Timetable for planning and monitoring
Annex 3 - Procurement assessment
Annex 4 : criteria for BMC certification

Annex 1

Government and Co-operating Partners Support 2002-2006

US$ millions.

Sources	2002	2003	2004	2005	2006	Total
Low case scenario						
GOG	63.30	71.34	80.93	91.45	103.33	410.35
Internally generated funds	14.00	16.00	17.50	19.00	20.00	86.50
External Aid	60.00	60.00	60.00	60.00	60.00	300.00
Grand Total	137.30	147.34	158.43	170.45	183.33	796.85
High case scenario						
GOG	66.66	89.18	101.14	114.31	129.17	500.46
Internally generated funds	14.00	19.00	21.00	23.00	25.00	102.00
External Aid	60.00	70.00	90.00	90.00	90.00	400.00
Grand Total	140.66	178.18	212.14	227.31	244.17	1002.46

Annex 2: Annual Planning Cycle

1st Jan-31st March	• Review of previous year's policies and performance (activities and outputs against plans). • Submission of annual review reports (by end February)
1st April-30th June	• Identification and formulation of policy priorities and issues for next year's plan (at Annual Review Summit). • National Planning Guidance issued.
1st July-31st August	• Development of Agency MTEF plans for following year based on provisional ceilings • Review of all Agency plans and strengthening to ensure national priorities are addressed. • Annual POW drafted (linking activities with MTEF). • Mid-year performance reviews Agencies and Partners
1st Sept-31st Oct.	• Development of Agency budgets based on ceilings issued • Approval of Annual POW document at MoH-Partner Planning Summit. • Submission of plans and budgets to MoF/Parliament
Nov-Dec	• Completion of the Procurement Plan for the next year • Preparation of next year's annual service agreements and performance contracts
By mid-January	• Annual POW finalized and disseminated. • Signing of annual service agreements and performance contracts

Annex 3

Procurement Assessment

1. The World Bank reviewed Ghana's public procurement practices in 1985 and 1996 in Country Procurement Assessment Reports (CPAR). Ghana's procurement procedures and regulations are scattered in various legal documents and circulars, are often not clear, are sometimes contradictory, and subject to misinterpretations. In addition to the lack of a comprehensive legal framework, procurement staff have weak capacity. The institutional and organizational arrangements for processing procurement and decision-making in awarding contracts are loose. The following weaknesses in public procurement practices were cited:

(i) extensive use of sole source method for selection of consultants,
(ii) extensive and repetitive use of shopping procedures, often including same firms,
(iii) unclear procedures for opening of bids and criteria for bid evaluation and contract award,
(iv) post contract negotiations, extensions and variations,
(v) mandatory use of State Insurance Company for goods contracts, and
(vi) over-centralization of procurement in Accra.

3. These two reports conclude that the Government does not have a comprehensive procurement code for the procurement of goods, works and services and that the current procurement system does not guarantee economy, efficiency and transparency in public procurement. However, under the ongoing procurement reforms, a comprehensive procurement law has been prepared and is awaiting Cabinet approval for enactment. Enactment is expected to be by first quarter of year 2003. Once the procurement law is enacted, all public entities including MHO will start complying with the new procurement law. In the meantime, procurement under the Health Account will follow the procedures in the Procurement Procedures Manual which:

(i) ensure that the Government's requirements for goods, works, services are met through an open and fair process that provides a high degree of competition and value to the economy of Ghana;
(ii) ensure that all tenderers have reasonable notice and opportunity to bid;
(iii) foster national economic development by giving every capable Ghanaian the opportunity to do business with the government;
(iv) encourage Ghanaian businesses to be competitive and to sustain quality product development;
(v) adhere to international agreements covering relations with ECOWAS countries, development partners and other countries that create economic opportunities for Ghanaians; and
(vi) be accountable to the public for procurement decisions.

4. For that purpose, all ICB procurement will be basis of World Bank Procurement Guidelines while all non-ICB procurement including National Competitive Bidding (NCB) under the Health Account will be awarded in accordance provisions in the Procurement Procedures Manual which take into account the following procedures:

(i) Only the model bidding documents for NCB agreed with the Ministry of Health, as amended from time to time, shall be used for bidding.

(ii) Invitations to bid shall be advertised in at least one widely circulated national daily newspaper, at least 30 days prior to the deadline for the submission of bids.

(iii) No special preference shall be accorded to any national bidder, either for price or for any other terms and conditions, when competing with foreign bidders, State-owned enterprises, or small-scale enterprises.

(iv) Clear instructions shall be included in the bidding documents for processing bids and opening of bids.

(v) Bidding documents (in the Instructions to Bidders) shall clearly stipulate criteria for bid evaluation and contract award.

(vi) Except with the prior concurrence of the Co-operating Partners, there shall be no negotiation of price or unit rates with the bidders, even with the lowest evaluated bidder.

(vii) Extension of bid validity shall not be allowed without the prior concurrence of the Co-operating Partners: (i) for the first request for extension if it is longer than eight weeks; and (ii) for all subsequent requests for extension irrespective of the period (such concurrence will be considered by the Co-operating Partners only in cases of *force majeure* and circumstances beyond the control of the purchaser or employer).

(viii) Re-bidding shall not be carried out without the prior concurrence of the Co-operating Partners. The system of rejecting bids outside a pre-determined margin or "bracket" of prices shall not be used for the Program of Work.

(ix) The two- or three- envelope system will not be used.

(x) Contractors shall not be required to use the State Insurance Company for contracts for goods.

Annex 4: Financial Management Certification Criteria

The overall criteria is split into 2 main sections. The section A represent critical and non-negotiable criteria which must be met by a BMC to qualify to manage donor pooled resources. The financial consultant after applying all the checklist contain in the financial management capacity appraisal checklist (FMCAC), would then answer whether a BMC has met the each of the listed item in section A or not. If a BMC fails any of the listed criteria in this section that BMC will not be certified.

When a BMC has met all the first criteria and not met the section B, then an agreed timetable would be put in place to assist the BMC to achieve within the next 6 to 12 months. The grading matrix will apply to only section B.

Summary of Findings

	Section A	**Mark Allocation**	
	Critical and Non-Negotiable Criteria	**Proposed**	**Actual Mark**
1	Regular preparation of accurate and reliable financial reports and their timely submission to HQ.		
2	The presence of an effective Accountant at post at the BMC.		
3	Compliance with the ATF rules; including the regular update of accounting books, compliance with revenue collection and banking procedures and regular reconciliation of all bank accounts.		
4.	BMC's has an adequate filing systems and that all expenditures are properly backed by the required supporting documentation.		
5.	The BMC adheres to satisfactory procurement practices and in line with the Ministry's procurement manual. That procurement documentation are adequate and have been maintained in an acceptable manner.		
6.	Commitments of Management to a good financial management control environment		

	Section B		
	Negotiable Criteria	**Proposed**	**Actual Mark**

7	All remedial actions taken for any prior serious adverse findings by auditors.		
8	Budgets and plans covering government allocation and internally generated funds at the management location have been prepared and approved on regular basis.		
9	Reconciliation of Payroll/Nominal Roll periodically		
10.	Adequate Accounting and Procurement personnel of the required grades and experience at BMC.		

Grading Matrix

Mark	5	4	3	2	1
Grading	Excellent	Very Good	Good	Bad	Poor