



Republic of the Philippines
Department of Health
OFFICE OF THE SECRETARY

February 12, 1999

ADMINISTRATIVE ORDER
No. 52 s.1999

SUBJECT: FINANCE MANAGEMENT REFORM PROGRAM 2000-2002

I. RATIONALE

In the interest of service, and consistent with the Health Sector Reform Agenda (HSRA), the Finance Management Reform Program (FMRP) 2000-2002 is hereby created under the Office for Management Services. In recognition of the vital role of finance management in the three core areas of the HSRA, improvement of finance management systems and finance management information systems will be a priority of all DOH central offices, attached agencies, regional offices, regional hospitals and regional medical centers.

Under this order, all offices are required to participate in finance management reviews, capability—building and institutional strengthening as prescribed by the program for the period of CY2000 - CY2001.

II. GENERAL PROGRAM OBJECTIVES

1. ESTABLISH NEW ROLES AND FUNCTIONS OF THE FINANCE SERVICE - The main function of the program will be to work in collaboration with the Finance Service to ensure that the central office financial management group develops the capacity to assume the following roles and responsibilities by December 2001:

- a) Financial strategist and planner
- b) Financial adviser on DOH operations
- c) Provider of relevant financial and operating information for decision making
- d) Evaluator of the financial performance of the agency and all its units
- e) Controller of efficient and effective resource utilization
- f) Resource generator
- g) Team player
- h) Facilitator of funds disbursements

2. DEVELOP GUIDELINES AND MANUALS FOR OPERATIONS FOR ALL LEVELS OF THE DOH — The program is expected to come up with specific guidelines to improve financial management at various levels of the health care system. These guidelines should be developed with the Finance Service and presented to EXECOM prior to final approval. The program will determine priorities for guideline development and may organize task forces and technical support groups to implement specific activities.

3. REVIEW ALL EXISTING STUDIES ON FINANCIAL MANAGEMENT AND ENSURE THAT THESE STUDIES ARE USED TO ACHIEVE MANAGEMENT PRIORITIES — The program will convene all financial management consultants of foreign—assisted projects and will be in charge of financial management projects i.e. the SEML. The program will make recommendations to management for interventions to improve the systems based on these studies

4. MANAGE TECHNICAL ASSISTANCE PACKAGES FROM THE INTERNATIONAL DONOR COMMUNITY ON FINANCIAL MANAGEMENT REFORMS — The program will develop technical assistance packages with finance management experts and will implement specific projects to improve financial management systems in the DOH;

III. SPECIFIC PROGRAM OBJECTIVES

In support of the abovementioned general objectives, the program should seek to achieve the following:

1. Establishment of a unit to oversee all foreign—assisted projects;
2. Establishment of a unit to oversee fiscal management of resources for legal projects in collaboration with local government units i.e. support to district health systems development and the hospital development plan;
3. Development of systems for monitoring fiscal management of regional offices and regional hospitals/medical centers;
4. Development of capabilities to assist hospitals in implementation of corporatization plans;
5. Development of capabilities to develop health financing packages for prevention and for the control of public health problems in coordination with the Philippine Health Insurance Corporation;
6. Collaboration with the policy and planning units of the DOH to develop systems for implementation of the public investment plan;

IV. PROGRAM COMPONENTS

The program will have the following components:

1. FINANCE MANAGEMENT ORGANISATION AND HUMAN RESOURCE DEVELOPMENT

- a) Organization of “finance management responsibility centers” (FMRC) in all DOH facilities that will assume leadership in sustaining operations with the least financial support from government;
- b) Ensure uniformity in finance management systems for all DOH facilities, specifically regional medical centers and hospitals;
- c) Review structural and functional relationships between finance, budget, accounting and the cashier sections and make recommendations for the reengineering process i.e. possible transfer of the cashier to the finance service in all DOH facilities;
- d) Develop a strategic plan of action for human resource development in finance management through short and long term training programs and courses to improve the administrative and managerial skills of all members of the FMRCs in coordination with Ateneo de Manila University;
- e) Ensure 100% computer literacy for all FMRC staff in preparation for the transition from manual systems to a computerized FMIS and undertake training programs for implementation of the Badger Expenditure and Accountability Tracking Systems (BEATS) of the Department of Budget and Management;
- f) Consider adopting a revised performance appraisal system for finance managers and FMRCs;
- g) Encourage early availment of optional retirement;
- h) Ensuring continuing education programs for FMRC staff on accounting practices and other managerial analytic skills;

2. FINANCIAL PLANNING AND REVIEW

- a) Develop mechanisms to ensure active participation of FMRCs in planning and budgeting exercises of technical programs;
- b) Ensure that the FMRCs conduct strategic planning activities on a yearly basis;
- c) Develop feedback mechanisms between the FMRCs and the end — users/programs/agencies to provide data for the proper allocation of budgets that will ensure achievement of performance targets;
- d) Conduct a comprehensive review of all financial reports and propose a **SIMPLIFIED FINANCE REPORTING SYSTEM** that will reflect fiscal management at central, regional and hospital/medical centers,

e) Develop protocols/tools for comparative analysis of fiscal management with previous years;

f) Ensure that the Executive Committee receives financial information for decision-making:

1. Monthly comprehensive financial report

2. Weekly cash balance report

3. Quarterly financial analysis report

g) Conduct regular workshops to build capacity of program managers to undertake cost determination of activities;

3. BASIC INTERNAL CONTROL

a) Install systems and procedures and recommend management interventions to remove discretionary powers of a single person for cash allocation and disbursements;

b) Develop systems to ensure appropriate allocations for mandatory and recurrent expenses;

c) Effective 1999, enforce strict compliance with liquidation of cash advances and recommend disciplinary action for programs that fail to comply with basic requirements;

d) Initiate discussions between COA and DOH to write off outstanding accounts of more than 10 years;

e) Effective 1999, require all FMRCs to update inventories i.e. to reconcile the physical count with the book balances;

f) Ensure that FOPSLA is involved in the review of existing and development of new financial procedures i.e. FOPSLA should allocate 60% of its time to audit investigations and 40% of its time to systems review;

4. COMPUTERIZATION

a) Update the FMIS to meet new priorities of management

b) Complete the computer literacy training program for all FMRCs by December 2000;

V. INDICATIVE CALENDAR of ACTIVITIES AND EXPECTED OUTPUTS FOR YEAR 1

First Quarter

1. Organization of the program team; orientation and clarification of rules

2. Review of existing studies on FM and development of plan of action
3. Development of work and financial plan and costing of budgetary requirements for the program
4. Initiate discussions with the World Bank and other donor agencies on possible sources of funds for activities and technical assistance packages;
5. Enter into MOA with Ateneo University or other training institutions
6. Participate in Budget 2001 preparation

Second Quarter

1. Implementation of plan of action for central office
2. Implementation of plan of action for regional offices
3. Implementation of plan of action for hospitals and medical centers

Third Quarter

1. Continue implementation

Fourth Quarter

1. Program assessment and evaluation
2. Strategic planning for Year 2

VI. PROGRAM MANAGEMENT

The program team will be composed of senior officials of the Department of Health, who have exhibited competence in operations and fiscal management. These senior officials should be representative of the central office management, hospitals and regional facilities. The program team will be assigned to the program for a period of two years, subject to extension by the Secretary of Health. The program management team will determine a reasonable staff complement to assist in the day to day operations of the program. Technical staff of the Undersecretaries will be required to participate in regular meetings of the program.

A Department Order shall be issued out to designate officers and members for the following management teams and task forces:

1. NATIONAL PROGRAM MANAGEMENT TEAM (November 1999 — December 2001)
2. NATIONAL PROGRAM MANAGER
3. PROGRAM OFFICERS
4. PROGRAM CONSULTANTS
5. TASK FORCES OF THE PROGRAM

This Order shall take effect immediately.

ALBERTO G. ROMUALDEZ, JR., MD

Secretary of Health