



**ST.MARY'S UNIVERSITY SCHOOL  
OF GRADUATE STUDIES**

**FUND MANAGEMENT IN GOV'T ORGANIZATION IN  
ETHIOPIA: IN CASE OF PHARMACUITICAL FUND  
AND SUPPLY AGENCY**

**BY: SOLOMON BELAI**

**MAY, 2016**

**ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY SCHOOL OF  
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**ST.MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**  
**FACULTY OF BUSINESS**

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## ***ACRONYMS***

<b>AIDS</b>	<u>Acquired Immune Deficiency Syndrome</u>
<b>ART</b>	<u>Anti-Retroviral Treatment</u>
<b>CHAI</b>	<u>Clinton HIV/AIDS Initiative</u>
<b>EPA</b>	<u>Environmental Protection Agency</u>
<b>GASB</b>	<u>Governmental Accounting Standards Board</u>
<b>GAVI</b>	<u>Global alliance for vaccine and immunization</u>
<b>GF</b>	<u>Global Fund</u>
<b>HAPCO</b>	<u>HIV/AIDS Prevention and Control Office</u>
<b>HIV</b>	<u>Human Immune Deficiency Virus</u>
<b>MDG</b>	<u>Millennium Development Goal</u>
<b>MOH</b>	<u>Ministry of health</u>
<b>NGOs</b>	<u>Non Governmental Organizations'</u>
<b>PFSA</b>	<u>Pharmaceuticals Fund and Supply Agency</u>
<b>PMTCT</b>	<u>Prevention Mother to Child Transmission</u>
<b>RDF</b>	<u>Revolving drug fund</u>
<b>SOE</b>	<u>Statement Of Expenditure</u>

<b>TB</b>	<u>Tuberculosis</u>
<b>UNDP</b>	<u>United Nations Development Program</u>
<b>UNFPA</b>	<u>United Nations Population Fund</u>
<b>UNICEF</b>	<u>United Nations International Children's Emergency Fund</u>
<b>WB- PBS</b>	<u>World Bank of Protection for Basic Services</u>
<b>WHO</b>	<u>World Health Organization</u>



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## ***ABSTRACT***

*This study was undertaken to assess the practices and challenges of fund management, utilization and settlement of expenditure in Pharmaceutical fund and supply agency. The researcher employed data analysis techniques of descriptive statistics such as frequency counts and percentages. Some of the descriptive statistics that used in the analysis are mean standard deviation and percentage. The data obtained through interviews were analyzed qualitatively using straight forward methods of analysis.. The questionnaires are composed of open-ended and closed ended, and they were administered for a total of 101 administrative, employees and fund providers. Some of the descriptive statistics which was used in the analysis are mean standard deviation and percentage. The data obtained through interviews were analyzed qualitatively using straight forward methods of analysis. The finding of the analysis identifies that the coordinating office (PFSA) and the implementing sector organizations relatively have effective and efficient program fund management and utilization in the last five years.*

*According to the data analysis and discussion, it is possible to conclude using the following points about PFSA program fund management and utilization: The major sources of program fund in PFSA are MOH (Ministry of health), SCMS, UNFPA, World Bank PBS, GF HAPCO, GAVI, UNICEF, CHAI and RDF (Revolving Drug fund).*

*PFSA is also recommended to have a strong fund mobilization skills and need to provide necessary training to implementing sectors to build their capacity. Having such skill will bring available financial resources, increase skilled manpower and implementation. Program fund providers are recommended to have corporate plan to support the program, better relationships with other program fund providers, clear and transparent system, have strong strategic plan to reduce poverty and impact of HIV/AIDS, TB and malaria.*

***KEYWORDS:*** *Financial Management, Effective utilization, Effective management*

# CHAPTER ONE

## 1. INTRODUCTION

### 1. 1 Back Ground of the Study

Fund is a key for every governmental or non-governmental organization, non-profit organizations and the like use fund as a means of planning, utilizing and controlling their scarce resources so as to attain their goals efficiently and effectively. It provides a plan for the whole entity to work and should lead to goal congruence; sets a standard against which to measure actual performance; enable the actual figures to be compared against the anticipated ones; and a management by exception approaches the trends to develop. A forward-looking attitude among staff also tends to develop and as a result, potential problems are often identified in good time. Funds are also indicative of good management practices. Therefore, fund in governmental entities is a way of planning resources and controlling the assigned resources to ensure that they are used for the intended purposes (Tenner and Lynn, 1960).

Fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other resources, together with all related liabilities and residual equities or balances, and changes therein; which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The focus of governmental and proprietary fund financial statements is on major funds (Wilson, et al 2001).

Fund management is an essential element of sound planning and financial management for any financial institution. Once funds are raised managing them becomes very crucial. The fund management in an NGO should ensure that the resources mobilized are utilized for the proper goal the organization needs to address. It should ensure that the resources are incurred on planned activities and materials that were justified in the project proposal (HAPCO, 2010).

One of the initial steps for an NGO is to establish an accounting policy and procedure manual that will document the policies and procedures the organization should use to record and to monitor financial transactions. The accounting policy and procedures manual should be properly documented because it provides clarity to internal processes and helps new comers to easily blend in the organizations financial activities. The major purposes of financial *management* are:

To ensure recording of all financial transactions, monitor and control expenditures, Satisfy statutory reporting requirements and Adequate liquidity and effectively manage the spread between interest earned and interest paid and ensure timely and accurate financial and management reporting to donors (Andrew , 2004).

Financial management involves critical management of funds. This simply optimizing monetary resource to meet with unavoidable risk cover and expenses. The management of finance is crucial to personal and business welfare financial management means putting together the economic resources at hand to make efficient use of them and taking decisions that can successfully culminate in acquiring more assets for the business. With effective management of funds, you can even more attract finance to meet short term and long term requirement of the firm. The whole process is intense and deals with the selection of specific or a combination of assets to deal with a financial issue, if any (Andrew, 2004).

Fund management encompasses the management of the finances of a business/organization to achieve financial objectives. It refers to the various producers and processes governing the flow of funds, through the stages of authorization, disbursements, payments, reporting and Accounting and Auditing. The function of auditing in a government body or in any organization is an essential element of public control and accountability. In a good auditing system, the management and financial controllers provide a fair, Objective and reliable assessment of the organization's performance, thereby helping maintain or resource credibility (Jeff, 2011).

The fund management is generally concerned with procurement, allocation and control of financial resources of a concern. The objectives can be generalized.(Alan , 1998).

1. To ensure regular and adequate supply of funds to the concern.
2. To ensure adequate returns to the shareholders which will depend upon the earning capacity, market price of the share, expectations of the shareholders
3. To ensure optimum funds utilization. Once the funds are procured, they should be utilized in maximum possible way at least cost.
4. To ensure safety on investment, i.e., funds should be invested in safe ventures so that adequate rate of return can be achieved.
5. To plan a sound capital structure- There should be sound and fair composition of capital, so that a balance is maintained between debt and equity capital.

Fund management involves critical management of funds. This simply implies optimizing monetary resources to meet with unavoidable risk cover and expenses. The management of finance is crucial to personal and business welfare. Financial management means putting together the economic resources at hand to make efficient use of them and taking decisions that can successfully culminate in acquiring more assets for the business. With effective management of funds we can even attract finance to meet short term and long term requirement of the firm. The whole process is intense and deals with the selection of specific or a combination of assets to deal with a financial issue, if any (Alan, 1998).

Finance is indispensable to every kind of business and hence it is right said to be the life blood of business .Business finance is activity concerned with the estimation, raising and administering the funds to be used in business enterprise. Financial management is concerned with acquisition, financing and management of assets with some overall goals in mind. It is the process of planning decisions in order to maximize the owner's wealth. Therefore financial management function has become more demanding and complex. So that financial management is the planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to finance resources of the enterprise. With the growth of business boundaries to global area. The role of finance manager is becoming more complex, technical and more important in steering the organization wheels in proper direction. One of the roles of financial manager includes effective utilization of funds. The funds should spend on fixed assets and then an appropriate portion will be retained for working capital. While investing the amount on fixed assets, decision making techniques like capital budgeting, opportunity cost analysis etc may be applied and principles of safety, liquidity, profitability etc should be considered (Alan, 1998).

Fund will be invested on fixed assets; the funds are to be investing in fixed assets is usually an investment in the future and the value of the investment will depreciate over time (this is a good thing). As investment depreciated, the return on the investment increases. And also the company can produce optimum level. Fund will be also invested on current asset. It is concerned with allocation of funds among various short term assets. For this we can use working capital management. The firm must keep in view the need for adequate working capital, and they do not keep too much funds blocked in inventories, book debts, cash etc (Hay, 2001).

Financial management cannot be addressed without first designing a strategy to ensure the proper utilization of funds. This helps to evade situations in which the funds remain idle or lack of profitable utilization of funds. This helps to evade situations in which the funds remain idle or lack of profitable utilization of funds in hand. When availing of funds for the business it is important to understand the involved cost and risk factors. Wastage of funds will only result in the business short term and long term objectives not being met and ultimately loss. The funds existent within the business should be critically reviewed from time to time and employed properly and profitably (Cheol, 2012).

The imperatives sound financial management in all types of organizations, to guarantee efficient use of all resources. Research reveals that many firms liquidated because of mismanagement of funds and not, as it is commonly believed, because of obsolete technology or the lack of skilled labor. Financial management is designed and customized according to different client needs to optimize output from the assessed fund input. In a situation where resources seem scarce and the demand for funds is high, proper financial management is an absolute necessity (Cheol, 2012).

The objectives of efficient financial management include maximization of profit. However profit maximization is a limited objective and if it becomes the sole focus, then the approach only leads to more problems. Profit maximization must take in to consideration the relationship between risk and profit and work towards achieving a balance. The value of a business is analyzed on the evaluation of the stock market price. Financial management should take in to account present and expected future income and the dividend policy of the firm to come up with a near perfect understanding of the company's progress potential (Ozgur , 2010).

The long-term development strategy of a country should also consider HIV/AIDS, Malaria and TB the top ten epidemic diseases of Africa. There should be a program which aims at reducing the spread of those diseases alleviating the impacts of the epidemic. There should be also interventions of supporting and caring for infected and affected by HIV/AIDS, Malaria and TB and awareness of those diseases transmission. To sum up, in country like Ethiopia prevention and Control program should be part and parcel of general development plan. Thus, considering this fact, the government of FDRE is integrating HIV/AIDS, Malaria and TB prevention and controlling program into the development strategy. The government established HAPCO and

other funds at federal and Regional levels to coordinate Prevention and control activities to raise and secure funds from abroad and locally. Utilizing and administering these funds is also the mandate of the office.

## **1.2 Back Ground of the Organization**

Pharmaceutical fund and supply agency was founded in 1939 E.C during the monarchy time situated in the capital of Ethiopia Addis Ababa. At that time it was called Ethiopian Pharmaceutical Corporation and its capital was Br 500.000 only. PFSA has organized itself with head office and eleven major branches with 2028 employees. Branches are located in every regional state of the country. There is potential that the major branches will have several secondary branches.

The main reporting units in PFSA are the head office and the major branches. They prepare budget and periodic financial reports independently .The reports will be consolidated at the head office level. Any inter branch financial transaction during a financial period such as bank transfer, Stock transfer etc are settled with the exchange of debit/credit notes.

The head office plays major role in planning, acquisition of pharmaceuticals; Stock replenishment and fulfillment of other resources for the branches .Branches also have the responsibility of selling and delivering the medical facilities to hospitals, clinics and health facilities throughout the country.

Revolving drug fund (RDF) is used to operate the main business activities of PFSA. However, several projects organized under various health programs such as HIV/ AIDS, TB, Malaria, etc and financed by different organizations which require periodic performance reports independently by project and reported to fund provider. The funds of different organizations are administered by PFSA separately. On provision of such services PFSA collects service charges from the fund provider and uses to strengthen the RDF.

It appears that administration of projects fund is much similar to RDF. The project activities are to transfer pharmaceuticals to health facilities (free of charge) and collect confirmation from beneficiaries in order to report to fund providers. The project financiers donate pharmaceuticals



to be transferred to beneficiaries either in cash, for purchase of pharmaceuticals or in kind that is stock of medical facilities.

### **Mission, vision and objectives of PFSA (Pharmaceutical fund and supply agency)**

#### **VISION:**

To see healthy and productive community

#### **MISSION:**

To avail mid based, quality assured pharmaceuticals at an affordable price in a sustainable manner to health institutions by strengthen financial capacity.

#### **Objectives:**

- To enable public institutions to supply quality assured essential pharmaceuticals at affordable prices in a sustainable manner to the public.
- To play a complementary role in development efforts for health service expansion and strengthen by ensuring enhanced and sustainable supply of pharmaceuticals.
- To create enabling conditions for enhancing the accumulation of the fund in its revolving and cost recovery process and there by ensure the realization of the objectives.

## **1.3 Statement of the Problem**

Fund is a major element for proper utilization of public resources using the right management of fund and utilization is one of the instruments in achievement of desired goals. PFSA (Pharmaceutical fund and supply agency) is utilizing funds from different sources, (GFHAPCO, SCMS, World Bank PBS, SCMS, UNFPA, UNICEF, UNDP). These sources have their rules and regulations in accounting treatment which they require strict adherence to them. Sometimes some incompatibility can emerge in utilizing the funds.

PFSA has secured billions of Birr of financial support from different donors to run different ongoing HIV, malaria and TB protecting programs. The money has been spent for different activities including prevention and treatment. There has been some challenges spelt out by some organizations, implementers including PFSA have been facing problems regarding availability of adequate funds, fund disbursement, and settlement of expenditure .The organization have faced capacity limitation in fund management, utilization and settlement of expenditure. Principally, financial management needs any organization to operate in a way that is consistent with plans or approved proposals unless there is good reason to depart from it. One of the major purposes of management control is to assure that objectives are accomplished as efficiently and effectively as possible (Belay, 2008). According to GF-HAPCO and other fund providers financial procedures, source documents of accounting transactions have been properly maintained where the transactions took place for review by concerned parties ,but the financial management in the organization might not have been carried out in accordance with the financial management manuals or rules and regulation which are issued by each donor that requires strict adherence towards their funds because of the above mentioned limitations by each implementers . Due to this situation sometimes the utilization of funds might not have been in consistent with the rules and regulation of the donors (HAPCO, 2010).

Despite their commitment, these stakeholders frequently faced lack of effective accounting procedures to control funds and having adequate financial information, statement recordings for analyzing the expenses by categories of expenses as well as by project items .More ever to these most of the project activities take place at the sub, sub recipients or complementing agencies level and well established accounting systems may not exist. These create real problems for due attention to economy and efficient utilization of allocated funds of project (Adane, 2012).

Pharmaceutical fund and supply agency (PFSA) submit SOE (Statement of expenditure) to ministry of health, and MOH to Fund providers, this reporting format create gaps of problems for the use of funds diverting activities without reprogramming the budget. Because the reporting procedure has been communicating by SOE's only without vouching original documents and these may violate the financial agreement between the principal and sub-recipients of the program funds.

Is the Organization properly managing its fund? What about the performance of the fund? The other problem in PFSA is a coordinating office it distribute the fund to implementers. The implementers may not perform according to interest of the source of fund; they may not liquidate utilized fund on time, etc. This will create problem on the amount of fund that office source as it is dependent on the amount of money liquidated since they use replenishment system. To what extent the office can enforce the implementing sectors' performance? Has the office clear mandate to take corrective measures (out of coordination)? (Belay, 2008). This study attempts to assess and find out how these problems are affecting the organization's fund management and utilization.

#### **1.4. Research Questions**

Questionnaire is list of questions sent to a number of persons for their answers and which obtains standardized results that can be tabulated and treated statistically.

The study of fund management and its utilization in PFSA is expected to find

Answers to the following basic questions:-

- What are the sources of fund for HIV/AIDS, Malaria and TB in the organization?
- What are the main reason that implementers including PFSA have been facing problems regarding availability of adequate funds, fund disbursement, and settlement of expenditure?
- What are the challenges faced by the organization in fund management, utilization and settlement of expenditure?
- IS the utilization of funds have been in consistent with the rules and regulation of the donors?
- Does the organization have adequate financial information, statement recordings for analyzing the expenses by categories of expenses as well as by project items?

## **1.5. Objective of the Study**

### **1.5.1 General Objective**

- To analyze the quality of fund management and its utilization in PFSA

### **1.5.2 Specific Objectives**

- Identify sources of funds for the office
- To evaluate how funds are managed
- Identify challenges in utilization and management of funds
- To examine the targets and achievements during the last 5 years.
- To review financial systems and procedures of organizations fund management and to find out how these are being implemented

## **1.6 Significance of the study**

PFSA has been responsible for the overall financial management of the different funds donate by the fund providers to eradicate the top ten diseases of Africa throughout the country. Different researchers have undertaken their researchers to throw lights on different aspects of life through their findings. To the same end the investigator of this study strived a lot to give recommendations based on findings of this timely and current cross –cutting issue of fund management and effective utilization of limited resource and implementing the projects in an efficient way. Therefore, the significance of this study used: To show the gaps or problems of fund disbursement and settlement of expenditure in the organization, to indicate limitation in fund management, utilization and settlement of expenditure, to show clues in order to ensure effective use of funding by managing resources in order to generate the desired results and the result of study might also initiate other researchers to conduct different research works from different perspectives which will again contribute for strengthening of financial management and utilization in the organization.

## **1.7. Limitation of the Study**

The analysis of primary data was based on the interview result from key informants and the responses may be subject to personal biases and subjectivity which may affect the reliability of the study. Moreover, intention of the concerned parties not to make the secondary data revealed results in lack of adequate data and information. Despite aforementioned limitations, a great care was made while interviewing the respondents. Basic issues that deserve focus were taken in to account to obtain data for the study with the limited time and other resources and hence the objective of the study was achieved.

## **Organization of the Paper**

The paper is categorized into five main chapters. Chapter one deals with introductory view of the research paper. Chapter two concentrated on the review literature which considers the theoretical concept of on the issues of fund management and utilization to be examined in the data analysis and discussion. The literature part that describes the concepts of fund management and its utilization was collected from internet, manuals, official documents, books, and other materials.

Chapter three deals with the methodology of the study and the fourth chapter deals with the practical findings of program fund in PFSA. This chapter analysis is based on records, manuals, formats, financial reports, guidelines, and questionnaires to the coordinating office and the implementing sectors of HIV/AIDS, TB and Malaria fund. Finally, chapter five deals with conclusion and recommendation of the research so far identified.

# CHAPTER TWO

## 2. REVIEW OF LITERATURE

### 2.1 Principles of Fund Management

According to the United States Environmental Protection Agency, a basic approach to fund management should include developing a plan (establishing short and long term goals), program management, and program evaluation. The process is illustrated as follows: In strategic planning, program managers essentially develop a long-term business plan for their program. To accomplish this, they should set out to determine what kinds of Assess progress towards achieving environmental financing goals and objectives. Identify adjustments necessary to improve program. Assess short and long-term environmental needs, assess short and long-term financial needs and assess program assets and identify other environmental financing resources.

Balance environmental and financial needs to establish short and long-term financing goals and objectives. Set policies and management to meet short and long-term environmental financing goals and objectives. Program Evaluation Strategic Planning Program Management environmental and financial needs must address. This information should be used to establish short and long-term financing goals are established. Program management encompasses the setting or adjusting of policies and the day-to-day management of the fund. Critical issues such as the level of interest rate subsidy to offer, selection of projects to receive assistance, timely commitment of new and recycled funds to projects, investment of idle funds, and decisions to issue debt must be evaluated in financially responsible manner to ensure that funds are used effectively. Continuous program evaluation or assessment provides a check on whether or not current policies are helping to meet the goals of the fund (Oppelt, 2001).

According to Canadian Labor Congress, the Labor Fund for HIV/AIDS is guided by the following principles: the fund supports specially HIV/AIDS projects from worker organizations which target workers and their families, the fund forces primarily on requests from organizations from the poorest and most affected regions in the world, the fund is committed to 'quality-funding', the fund is financed through partnerships which require contributions and participation from a range of 'funding partners', and the fund provides its funding partners with reports and audited statements regularly (Yussuff, 2014).

According to IFSL, the UK is one of the largest markets in the world for fund management along with the US and Japan. It has a strong international orientation and attracts significant overseas funds. London is the leading international centre for fund management. The international orientation of the UK's fund management industry is reflected in the presence of a broad range of UK and foreign owned firms, in the significant investment in overseas securities, and in the management of overseas client's assets. London is central to the UK's strong international position. Edinburgh and Glasgow are also important international centres for fund management (Rayburn, 1989). According to the National Council on Governmental Accounting Statement No1 (NCGAS1), entitled governmental accounting and financial reporting principles, a fund is defined as: " a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and change there in, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations"(Walker, 1999). To understand the nature of funds, the meaning of fund should be clear. It can be defined from the total resources point of view as a fund transaction is one which involves an external entity, whether the transaction is on a cash or credit basis, and whether long or short term assets and liabilities are involved. The nature of fund can also be related with fund flow statement and cash flow statement. Funds are not equivalent to cash and fund statements and cash flow statements are not the same, too. In other words, a fund statement is broader in coverage than a cash flow statement, which is really just summary of the cash at bank account in the ledger or if based on projected data for the next period it is better termed a cash budget ( Dufty and Monrol,1982).

According to the US State Revolving Fund (SRF), fund management program has several goals. The first is that the capital contributed to the program is used efficiently and maintained in perpetuity. Another goal is that states use SRF funds to achieve the greatest environmental results. Working within these goals, states have two focused objectives in managing their SRF programs. The first is to ensure that financial assistance is provided to projects that will produce the most desirable environmental and public health benefits. The second objective is to achieve sound financial performance while providing the financial assistance. All of these fund management objectives must be balanced to achieve an SRF's desired result. The balancing objectives for an SRF program can be thought of as trying to reach an optimal solution to make the most money available, consistent with demand for funds; commit money quickly to meet

project needs; offer attractive financial terms; and maintain the purchasing power of the funds being managed. For each SRF program, the optimal solution will depend on state specific factors such as the demand for financial assistance, availability and financial benefit of other assistance programs, state funding priorities, current market conditions, and legislative support ( Oppelt, 2001). According to the US Environmental protection Agency (EPA), time is a critical element when considering fund management. Financial management is a process that takes place overtime and consists of a series of financial actions and decisions that have both short term and long-term implications. Due to time value of money and financial actions, fund management must be considered across the dimension of time to balance what can be accomplished in the present versus the future (Oppelt, 2001).

According to the United States EPA, effective fund management is not only the result of a single action or decision that results in a successful program. Instead, program success depends on how a series of fund management questions are identified, answered, and revisited overtime. Important questions include are fund resources being utilized effectively? Does the fund have sound a management? Is sufficient project assistance being made available? Dose the fund have sufficient administrative resources? What is the sustainable funding level from the program? And so on. The SRF fund management handbook is designed to take a three pronged approach to discussing fund management issues. First, it addresses each of these fund management issues individually. Second, recognizing there is considerable overlap in the issues, the conclusion of each individual issue discussion identifies the relationship between the current fund management issue and other related fund management issues. Finally, as each issue is addressed, the discussion is accompanied by pertinent case studies of how states have faced and answered by these fund management issues. An underlying requirement of any discussion of fund management is the availability of reliable financial information, confirmed through the audit process, to provide the basis for financial analysis of a fund. The use of independent audits of program funds provides assurance to fund management that policy decisions are based on reliable financial information (Oppelt, 2001). According to City Business Series of IFSL, institutional funds, over seat clients, and private clients considered as types of funds. Institutional funds in the UK have the largest share and they consist of insurance funds, pension funds unit and investment trusts. In recent years, the UK has consolidated its position as one of the most important centers for the management of funds on behalf of foreign clients. Private clients



remain a significant niche in the UK market (Oppelt, 2001). A nation that has a centre for fund management can have certain advantages. According to city business series, the UK has the following advantages due to fund management centre: highly sophisticated and innovative management styles, techniques and strategies; skilled labor force and high quality professional and support services; wide ranging client base: private and institutional, UK and overseas; highly liquid market with the opportunity to trade in large blocks of shares; history of openness with relatively easy access to markets; liberalized operating environment combined with protection against abuses; competitive infrastructure in telecommunications services and air line links; and perception of a proportionate approach to its regulatory environment which facilitates innovation (Gayle, 1989). Currently, there are a number of fund types that classify according to their national status and the interest of the fund providers (donors) in every nation. Besides, as the nature of the donor's objective differed, the nature of fund types and classifications can also be differed. Some type of funds can be related with business investments (like pension fund, mutual fund, unit trust fund, investment trust fund), sanitation and water, infrastructural (such as road fund), poverty reduction, emergency, HIV/AIDS, malaria, TB and so on (Gayle, 1989). According to Fund Management City Business Series (UK), institutional funds (insurance funds, pension funds, unit and investment trusts), overseas clients and private clients are some types of funds (Gayle, 1989).

Based on Columbia University Financial Accounting system, there are two major types of funds: unrestricted current funds and restricted current funds (Kenneth, 2012). There are eight different fund types which are categorized in to three different activities, according to US Department of Housing and Urban Development: Governmental (general, Special revenue, capital project, and Debt service funds), Proprietary (Enterprise and internal service funds) and fiduciary (trust and agency funds) (David, 1999). Funds can be also divided based on the activities they perform. According to Hoyle, Schaefer and Douppnik, all funds can be categorized in to one of three distinct groups: governmental activities- functions designed primarily to serve the public, business type activities-functions where a user charge is assessed and fiduciary activities functions where money or other assets are held for use outside of the government. To facilitate the bookkeeping process, a grouping system has been devised with all funds (that are governmental, proprietary and fiduciary funds) divide in to eleven types: the general fund, special revenue funds, capital project funds, debt service funds, permanent funds, enterprise

funds, internal service funds, investment trust funds, private purpose trust funds, pension trust funds, and agency funds (Schafer and Doupnik, 2001).

## **2.2 Fund Resource Utilization, Availability, Administrative and Sustainability**

### **2.2.1 Fund Resources Utilization**

According to IFSL City Business Series, the main sources of funds are pension funds, insurance companies and mutual funds are accounted for around a third of conventional assets under management of the global fund management industry. Other funds were from private wealth and alternative sources such as hedge funds, exchange traded funds, private equity, venture capital, structured finance and real estate. Institutional clients generate the majority of funds. There are substantial variations, however, between countries in the institutional to retail ratio. In countries with more developed private banking or mutual fund sectors, such as the UK, Germany, Italy and Switzerland, the retail sector was the source of most funds. On the other hand in the US, France and Japan where these sectors were not as large or where the pensions market was more developed the majority of fund was from institutional clients (Schafer and Doupnik, 2001). According to Likierman, there are four principal sources of revenue for local authority services: government grants; national non-domestic rates; community charges; and sales, fees, and charges paid by service users. (D.Henley et al, 1992) Dufty and Montrol also point out the possible sources of funds by considering changes between two balance sheets which will be related to assets (decrease), liabilities (increase) or proprietorship (increase). For example, release of funds from current assets and long term assets; and in flow from short term borrowing long-term borrowing, trading operations, and owner(s) are the possible sources of

funds. Besides, they describe a more possible uses of funds which can be related to increase in assets, decrease in liabilities and proprietorship. Out flow to increase long and short term assets, outflow of funds to reduce short-and long-term liabilities, out low of funds incurred in trading or servicing operations, and out flow of funds to owners (Schafer and Doupnik, 2001).

Based on Management Sciences for Health, HIV/AIDS programs usually involve three basic types of resource transfers: funds transferred either directly to an implementing partner or through another organization; commodities and associated support services; and technical assistance (Schafer and Doupnik, 2001). According to SRF fund management handbook, regardless of the level of capitalization or the availability of additional capital through different sources, each SRF has a pool of financial resources at its disposal. An important question to ask is, "Are those resources being used at efficiently as possible?" This question is best examined by analyzing balance sheet assets to see the hour resources are being utilized. For example, SRF assets consist of five main components: Cash and Short-Term Investments, including loan repayments, Debt Service Reserve Investments, Loans outstanding; Undrawn Federal Grants, less amounts designed for set asides; and Undrawn State Match Amounts. The sum of these asset components comprises the total assets or financial resources of an SRF. All of these assets except debt service reserves make up the total assets available for loans. Therefore, a simple measure of the efficiency with which funds are utilized is a calculation of loan commitments as a percent of available assets (total assets less debt service reserves) (Oppelt, 2001). The utilization of funds and commitments to new projects should account for a programs need to maintain reasonable working capital in the program and to account for large scale projects that will require disbursements over a relatively long time frame (i.e. three or more years). Programs that are experiencing low usage rates of available assets (i.e. maintaining excess cash balances and undrawn grant/match amounts) should move aggressively to ensure that funds are put to their intended use over the near-term. According to SRF fund management hand book, the issue "Fund Resource Utilization" directly relates to loan terms availability of funds for investment, use of funds produced by leveraging, ability to leverage or borrow for match, and long-term sustainable funding levels( Oppelt, 2001).

According to EPA, excess demand for the SRF will manifest itself in several ways. The first is the general interest level in the program for traditional and other types of projects. Indicators

include high number of inquiries about the program, requests for program information, strong attendance at SRF public meetings and large number of assistance applications. A second indicator is a low dropout rate for applicants approved for assistance. The projects that receive assistance commitments usually proceed with the project to avoid losing the funding. A third measure of demand is the diversity of potential applicants interested in the program. Collectively, high demand for the program can be attributed to many factors, including: strong enforcement, favorable SRF loan terms, lack of alternative programs, or general economic conditions. The causes of the high demand may help direct the appropriate response to make more SRF funds available. As there are direct issues for "fund Resource Utilization", there are also direct issues for "Availability of Funds". The issue "Availability of Fund" directly relates to: loan terms, investment results, need for leveraging, impact of borrowing for match, and long-term sustainable funding (Oppelt, 2001). According to SRF fund management handbook, "Does the fund have sufficient administrative resources?" is a common question posed to SRFs to determine if a fund can not only revolve financially in perpetuity, but that it has the administrative resources to provide for operating the program in perpetuity. Currently available administrative resources should be matched year-to-year with estimated administrative costs. The short-fall between available funds and projected costs is the amount of additional administrative funding that will be required. Opportunities to reduce operating costs while not diminishing the effectiveness of the program, should be considered along with any review of projected administrative costs. Based on this handbook, the issue "Administrative Resources" directly relates to: administrative fee portion of loan terms and total cost to the borrower; ability to manage leveraging or borrowing for match, and achieving sustainable funding levels (Oppelt, 2001). According to the SRF Fund Management Handbook, fund managers can estimate what the sustainable funding level will be over time based on current and anticipated operating assumptions (using financial planning). Funding levels are usually expressed in today's dollars to account for inflation. The sustainable funding for a program is frequently used in conjunction with promoting the program and appealing for additional investment in the program. It can also be used as a point of reference to identify how additional funding for the program or other program changes will impact annual funding levels. An important aspect of evaluating sustainable funding level is to reconcile funding levels with the current demand or need for fundings. The goal should be develop an approach for achieving sustainable funding levels that

match the demand for funds. For example, Cash Flow Modeling is a valuable tool for evaluating potential sustainable funding levels that can be achieved and then comparing funding levels to funding need. According to this handbook, the issue "Sustainable Funding Levels" directly relates to: loan terms; investment earnings; availability of funds; loan portfolio management; availability of administrative resources; ability to leverage or borrow for match; and use of set-asides and transfers (Oppelt, 2001).

### **2.2.2 Budgeting, Budgetary Control and Budgeting Design**

According to Rayburn, budgeting is a means of coordinating the combined intelligence of an entire organization into a plan of action based on past performance and governed by a rational judgment of factors that will influence the course of business in the future (Gayle , 1989). Planning for the future may be in terms of period planning and/ or in terms of project planning. All of the financial plans of the business organization whether they are period plans or project plan constitute the budget. According to Hay, a budget is binding on the administrators of a governmental unit. Consequently, a distinctive characteristic of governmental accounting resulting from the need to demonstrate compliance with laws governing the sources of revenues available to governmental units and laws governing the utilization of those revenues is the formal recording of the legally approved budget in the accounts of funds operated on an annual basis. Briefly, budgetary accounts are opened as of the beginning of each fiscal year and closed as of the end of each fiscal year; therefore, they have no balances at year end. During the year, however, the budgetary accounts a fund are reintegrated with its proprietary (balance sheet and operating statement) accounts (Wilson, 1982). Furthermore, Hoyle also described, "Financing is an important part of the governmental environment, particularly for governmental types of activities. For those activities, the budget is the primary method of directing and controlling the financial process. "In a chronological sense, the first significant accounting procedure encountered in a state or locality is the recording of budgetary entries. To enhance accountability, government officials normally are required to adopt an annual budget for each separate activity to anticipate the inflow of financial resources and establish approved expenditure levels. In its "Objectives of Financial Reporting", the GASB indicates that the budget serves several important purposes: expresses public policy, serves as an expression of

financial intent, provides control and offers a means of evaluating performance. The GASB even state that “many believe the budget is the most significant financial document produced by a government unit. “ To enhance the importance of the information conveyed by budget figures, each government must report comparison between the original budget, the final budget, and actual figures for the period as required supplemental information presented after the notes to its financial statements (Schaefer and Dougnik, 2001). According to the authors of Century 21 Accounting, a budget is a look in to the future, a plan of expected financial activities. Therefore, budget preparation begins with organization goals. The length of time covered by a budget is the budget period; usually this period is one year. Some organizations also prepare a long-range budget of five years or more special project and plant and equipment purchase. However, the annual budget is the one that is used to compare current performance with budget plans. An annual budget normally is prepared for an organization’s fiscal year. The annual budget commonly is divided in to quarterly and monthly budgets. Such a budget sub-divisions provide many opportunities to evaluate how actual operations are comparing with budgeted operations. A budget must be prepared in sufficient time to be communicated to the appropriate managers because gathering data, making analysis, making decisions, preparing and approving the budget, and communicating the budget takes time. The budget should be based on data from organization records of past operations, current general economic information, consultation with staff members, and reasonable judgments (Swanson, 1978).

### **2.2.3 Analytical Tools and Techniques of Fund Management and Utilization**

To evaluate the performance of fund management and its utilization, whether the, organizations have certain financial tools and/or techniques or not. According to SRF fund management hand book, the main tools and techniques are: cash flow modeling and financial planning/projection, role of auditing/accounting in financial management, present value, grant equivalency, investment return, balance sheet analysis, loan portfolio analysis, key financial measures, and financial indicators. According to Mosich, the purpose and the preparation of the statement of cash flows, analysis of financial statements, and accounting for the effects of changing prices constitute the final part of a business. These tools evaluate the performance of the business effectiveness and efficiency. To evaluate the performance of fund management and utilization, whether the organization is profit oriented or service oriented, organizations are

expected to have certain financial tools and/or techniques. According to the United State Environmental Protection Agency (EPA) fund management handbook, the main tools/techniques are: Cash Flow Modeling and Financial planning/projection, role of Auditing/Accounting in Financial Management, present value, Grant Equivalency, Investment Return, Balance Sheet Analysis, Loan Portfolio Analysis, Key Financial Measures and Financial Indicators (Mosich, 1998). According to GASB'S study, there are three primary groups of users of governmental financial reports: Citizen Groups; legislative and oversight officials; and investors and creditors. Citizen groups use financial report to evaluate efficiency and effectiveness, compare results of the current year with previous years, assess financial operations and financial conditions, determine compliance with the budget, and advocate certain programs or actions. Legislative and oversight officials use governmental financial reports to evaluate executive branch funding and spending proposals and monitor fund activity and financial position and analyze fund balances. Finally, investors and creditors use reports to ascertain the ability of government to rely its debt and they considered to be investor, bond rotors, bond insurers and underwriters. Fund management should include developing a plan (establishing short and long term goals), program management, and program evaluation. Fund management program has several goals. The main ones are: efficient utilization and maintained in perpetuity, and achieving its result. Time is a critical element when considering fund management. According to Likierman, there are four principal sources of revenue for local authority services: government grants; national non-domestic rates; community charges; and sales, fees, and charges paid by service users. Based on Management Sciences for Health programs usually involve three basic types of resource transfers: funds transferred either directly to an implementing partner or through another organization; commodities and associated support services; and technical assistance (Likierman, 2002). According to Jones, 1996, different public sector organizations adopt different accounting practices. The main ones are: budgetary accounting, cash accounting, accruals accounting, commitment accounting and fund accounting. These five are not mutually exclusive. That is one organization might adopt budgetary accounting, cash accounting and/or fund accounting simultaneously. It is also possible for one organization to adopt all five simultaneously.

To evaluate the performance of fund management and its utilization, whether the organization is profit oriented or service oriented, organizations have certain financial tools and/or techniques

such as: cash flow modeling and financial planning/projection, role of auditing/accounting in financial management, present value, grant equivalency, investment return, balance sheet analysis, loan portfolio analysis, key financial measures, and financial indicators. However, these tools directly more effective in business oriented organizations. The HIV/AIDS response for financing (both in terms of mobilizing and allocating) are faced with the following challenges: extremely weak current financial data, project based monitoring and evaluation frameworks do not include financial data, financing sources and allocating mechanisms are extremely diverse and systems are complex, financing agents are reluctant to the share all financial data particularly on administrative/management costs, and decentralization without strong financial systems has further complicated tracking (Jones and Pendlebury, 1996).



# **CHAPTER THREE**

## **3. METHODOLOGY OF THE STUDY**

In order to gather relevant information, possible methods have been selected, that are both primary and secondary data. The questionnaires contain different parts and types of questions. The first section intended to obtain general information, the second part intended to obtain specific information and the last part of the questionnaire intended to obtain additional information from the subject. The questionnaires are composed of open-ended and closed ended, and they had been administered for a total of 101 administrative, employees and fund providers.

### **3.1 The data source and collection method**

In this study both primary and secondary data have been collected. The primary data were collected from the sample meant for the purpose of this study by using the non random sampling method. PFSA heads, Pfsa department heads, Pfsa branch offices, Employees of the organization, Fund providers representative, Civil society organization who are beneficiaries and non-beneficiaries of the program fund through structured questionnaire, personal observations and group discussions and interviews with the members, non members and executive committees of the organization had been implemented to gather additional primary information. Questionnaires were prepared in English and translated in to Amharic. The secondary data consists of Internet data; records manuals, annual reports (audited), Books and some observation for review of project, budget and utilization were used.

### **3.2 Sampling Design, Sample Size and Sampling Techniques**

Population refers to the larger group from which individuals are selected to participate in a study. The larger group from which individuals are selected to participate in a study is the population. Pfsa has 11 branch offices throughout the country which are located far away from the head office found in Addis. The branches are in every regional state and some key places are also included as a branch. So, to cover all those branches in getting every data were not economical and manageable for the researcher due to time and financial constraints. Thus, the

researcher drew draw samples from those branches. Therefore two branches out of 11 branches, including head office, three fund donors and civil societies were selected.

### **3.3 Techniques of data Analysis**

Based on the nature of the data, for information obtained through questionnaire, the researcher employed data analysis techniques of descriptive statistics such as frequency counts and percentages .Some of the descriptive statistics that used in the analysis are mean standard deviation and percentage. The data obtained through interviews were analyzed qualitatively using straight forward methods of analysis. Before analysis the gathered qualitative data was classified by data source and theme. Then the classified data has been selected and grouped in relation to study objectives, and to support the purpose of the study to answer the basic research questions. And finally data with similar characteristics were placed and categorized in to constructs, concepts and themes. It then analyzed the fund management and its utilization within Pfsa coordinating branches at each level of implantation. In doing so, fund management and its relevance within the institution had assessed.

The study enabled to identify the shortcomings, strength and the benefits of the fund management and its utilization in the organization. The study could be considered a comprehensive explanation of fund administration that is its utilization, disbursement and liquidation.

### **3.4 Sample Size of the Study**

In PFSA there are twelve sites that is head office and 11 Branches of the agency from this head office and two branches with maximum employees of 528 are selected intentionally and (not all included in the study). Based on the intended objectives, the study was conducted on Head office, two branches that are affiliated to activities pertaining HIV/AIDS, Malaria and TB and Fund providers. The criterion for selecting these sectors to be included in the research was the amount of fund in kind and cash received. In addition, the area these sectors cover in their intervention was taken as part in the criterion. The distribution looks like as follows:

**Table 1.1 Number of sectors included in the Research**

<b>Ser. No</b>	<b>Implementing Sectors</b>	<b>Involved in top ten diseases Program</b>	<b>Include in the Research</b>	<b>Remark</b>
1.	Main office	1	1(55 employees)	
2.	Branches	11	2(each branch 17 employees )	
3.	Fund providers	8	8(12 workers )	Top officials
<b>Total</b>			<b>101</b>	

# CHAPTER FOUR

## 4.1. DATA ANALYSIS AND DISCUSSION

This chapter describes the main issues of the actual findings which are based on the organization's strategic management documents, accounting and financial records, budgeting records and processes, and main HIV/AIDS, TB and Malaria intervention areas. Besides, it will be identified the sources of funds, a flow of fund, its accounting and financial management system, nature of financial reporting, number of fund providers involved . Furthermore, the paper consists of the actual performance of fund management and utilization in implementing sector organizations and the coordinating office in the organization. Finally, this research identifies the challenges and lessons learnt on fund management and its utilization in selected implementing branches.

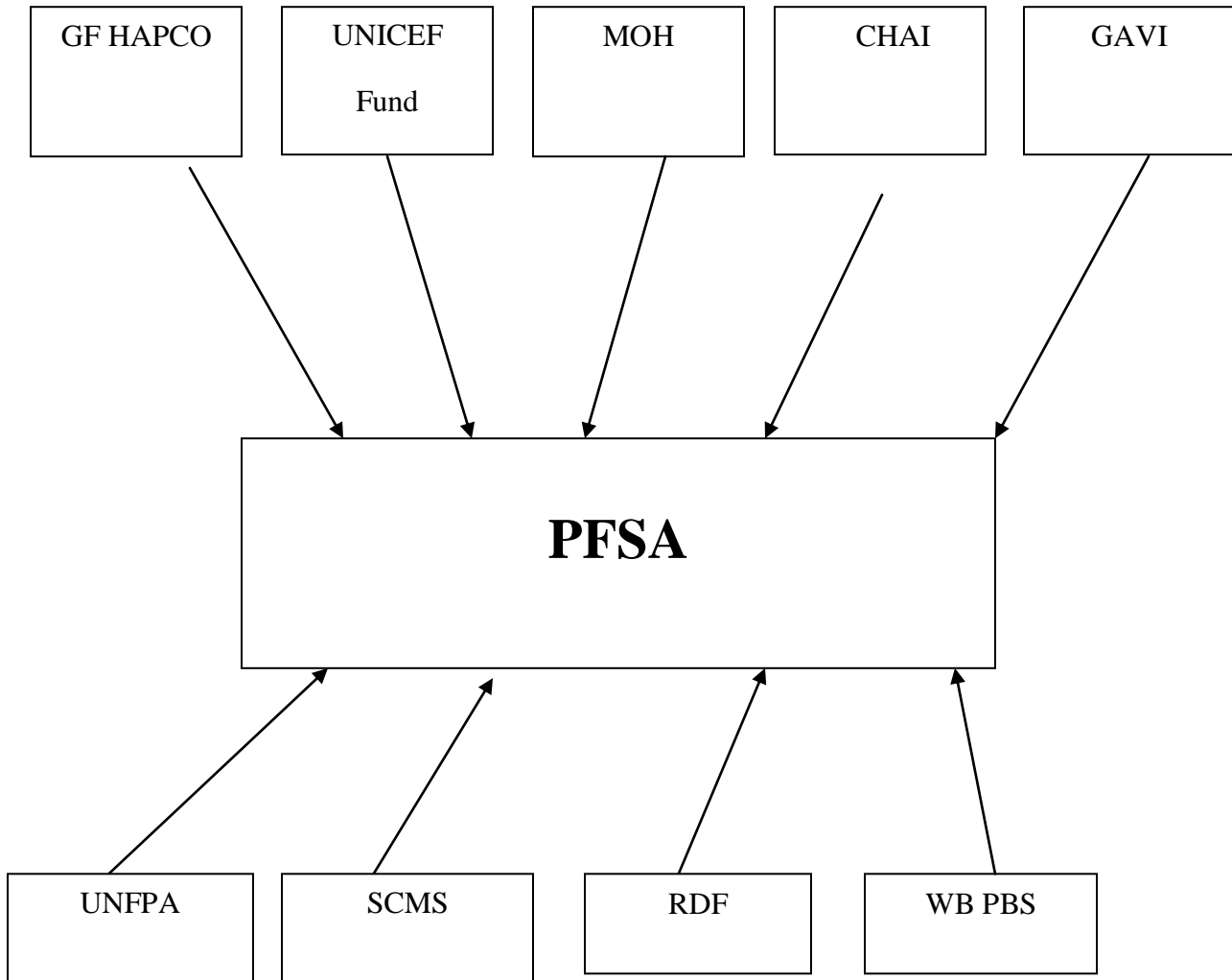
### 4.1.1 Flow of Funds

#### 4.1.2.1 Fund Flow Structure

The flow of funds is structured with in the financial manual of the office. Even if federal Ministry of health is responsible body for the overall Fund project/programs, the head office and its branches are also responsible for the projects in their location. Fund is collected from various sources and disbursed to governmental hospital, clinics, health offices, private organizations, and NGOs. PFSA receives fund from federal MOH (Ministry of health), SCMS, UNFPA, World Bank PBS, GF HAPCO, GAVI, UNICEF, CHAI and RDF (Revolving Drug fund). Funds through Ministry of health are recipient of HAPCO and it is treated as a fund to the agency. Fund receipt and expenditure statements and physical reports are submitted to the appropriate funding agencies for settlement of advances. In other words, all sectors that are funded by Ministry of health should submit the fund receipt and statement of expenditure to MOH. MOH also submits the statement of expenditure (SOE) for its fund providers separately by summarizing the implementers' SOE for reimbursements to the funding agencies. Those funding agency that directly gives fund to PFSA require SOE exactly from the organization and its branches. The

flow of fund is administered as stated above while approval for funding is based on budget (approved proposal). The flow of fund to and from PFSA looks like as follows:

**Diagram 1.Flow of fund**



**Source:** PFSA record (2003-2007)

### **4.1.2 Sources and Applications of Funds**

Based on source documents, the office has the following sources for the implementation of HIV/AIDS, Malaria, and TB etc for control and prevention programs. Revolving drug fund for the regular employees (who are working for the office) salary and benefits; GF HAPCO aid donation as the main source for implementing the program; CHAI fund a donation to curve HIV/AIDS programs, World Bank PBS aid donation for Malaria prevention and control which is area specific program; UNICEF a donation which fills a gap for prevention and control of HIV/AIDS, UNFPA also a donation for Program prevention and control in the area of capacity building for the office and to cover fuel per diem and transport expenditures to facilitate the program activities.

Besides, the grant contributions (in kind or in cash) of every grant donors are considered as the source of fund for the office. The GF HAPCO is the main source of fund for implementing the programs. This fund was obtained as a subsequence of the agreement of Federal Democratic Republic of Ethiopia ministry of health and the GF HAPCO, and then the fund will be directly Disbursed to PFSA for acquiring and distributing the medical facilities. GF HAPCO provided millions of US dollars grants for implementing HIV/AIDS, Malaria and TB prevention and control programs in the nation as a whole. The head office acquires the pharmaceuticals and distribute to regional branches.

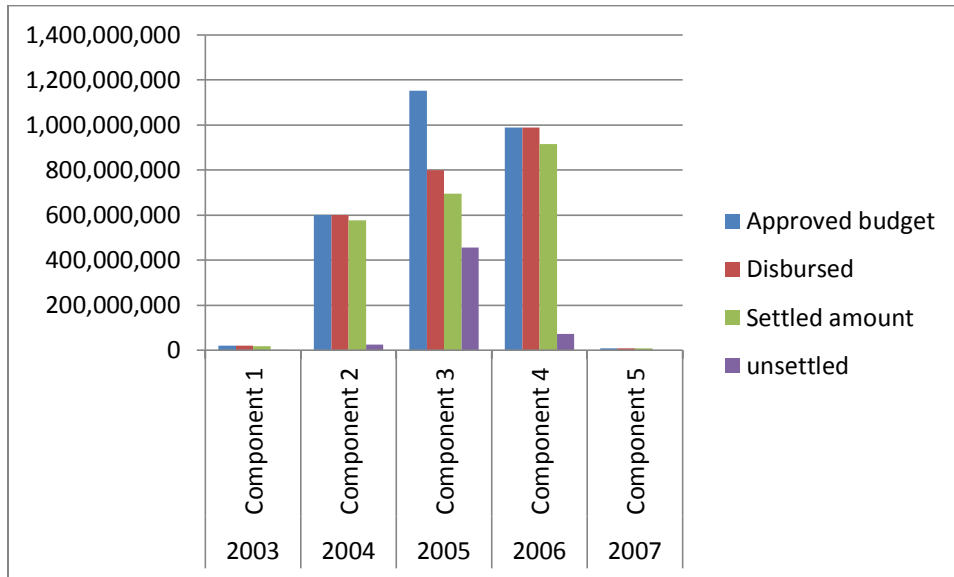
It is also true that regional branches of the office disbursed this pharmaceuticals and some fund to each implementing health sectors and offices for the prevention and control of the top ten diseases of Africa programs. There are two accounts classifications for the GF HAPCO Fund (Grant): Dollar account and Birr account. The dollar account is affected when hapco directly disbursed the fund to the Agency (PFSA), there is a direct agreement in between the donor and the office, which is recipient of the donors. But if the agreement is already accomplished in between the donor HAPCO and MOH level, the fund account will be Birr account and PFSA is the sub recipient of the fund. And the report is also submitted directly to the donor from the office and indirectly to the donor through MOH as per the agreement programs and activities. GF hapco donating was planned to be used for the following programs (components):

(component I), to purchase PMTCT and ARV as well as essential drugs, (component II), to purchase cold rooms to main hospitals(e.g. Black lion, St pauls, Yekatit 12 etc ),(component III) Building modern ware houses (component IV), to purchase transportation Vehicles and so on(Component V) Capacity building of the experts involves in the area of training abroad and experience sharing with some countries. Capacity building materials that include office furniture's, computers, donations for prevention and control mobilization. The human capacity also comprises awareness creation, mobilization, workshops and conferences, training another knowledge creating activities on HIV/AIDS, malaria and TB intervention areas.

The fund for the HIV/AIDS actors is PFSA, MoH, GF-HAPCO, and other influential groups. These organizations are expected to mobilize their members, leaders, Public administrations and the public at large. The monitoring and evaluation component should be undertaken by each PFSA program coordinating offices and implementing sectors. Everyone should measure its performance in comparison with the budgeted activities and the actual achievements. Chart 1 shows the approved, disbursed, settled, and unsettled budget (fund) of the Program funds in the last five years in PFSA by component, to purchase PMTCT and ARV as well as essential drugs, to purchase cold rooms to main hospitals(e.g. Black lion, St pauls, Yekatit 12 etc) , Building modern ware houses , to purchase transportation Vehicles and so on. The approved budget for Building modern ware house is larger than the other components but the disbursed amount is lower than the purchasing vehicles component and more than the other components.

In the case of settlement Capacity building of the experts was utilized and settled on time. Next to the capacity building of the experts, purchasing PMTCT and ARV as well as essential drugs was also settled on time.

Chart 1 Comparison of global fund hap co Funds by Component



Source: Financial Record of PFSA (2003-2007)

The fund provided by UNICEF focuses on activities according to the plan developed by UNICEF, PFSA and other interested groups together, after developing the annual plan, it is send to head office of unicef for final approval. The major intervention areas of UNICEF a donation which fills a gap for prevention and control of HIV/AIDS, Malaria and TB. UNFPA also a donation for Program prevention and control in the area of capacity building for the office and to cover fuel perdiem and transport expenditures to facilitate the program activities. Besides, the grant contributions (in kind or in cash) of every grant donors are considered as the source of fund for the office. When planning these interventions is listed, UNICEF releases the fund to Pfsa on annual basis.



GF HAPCO aid donation as the main source for implementing the program phase by phase. This fund is area specific for all HIV/AIDS prevention programs in. This requires annual action plan of the fund and the activities are separated by phases. The UNICEF is intended to fill gaps of HIV/AIDS prevention programs (activities). The main objective of this fund is to strengthen existing HIV/AIDS prevention and control programs by filling the gaps created because of budget shortage of World Bank fund. So far the GF-HAPCO fund has been highly engaged in constructing ware houses, acquiring cold rooms, ARV and Strengthening the human capacity and employees. Since UNDP has an interest in getting engaged on the prevention and control of HIV/AIDS and other diseases in the country, it made an agreement with PFSA and MOH to build capacity for effective implementation of HIV/AIDS programs by providing financial support to the office. The office is then obliged to implement the areas of UNDP.

#### **4.1.3 Application of Funds**

According to the approved budget received from MOH (and revolving drug fund) and grant agreement of UNICEF, GF-HAPCO, SCMS, CHAI, WB-PBS, GF-HAPCO, UNICEF, GAVI and UNDP funds, each advance received is replenished through statement of expenditures-source and use of fund statement and physical reports. The following table exhibits application of funds-amount of settled funds (in birr) in each budget year by each source of fund:

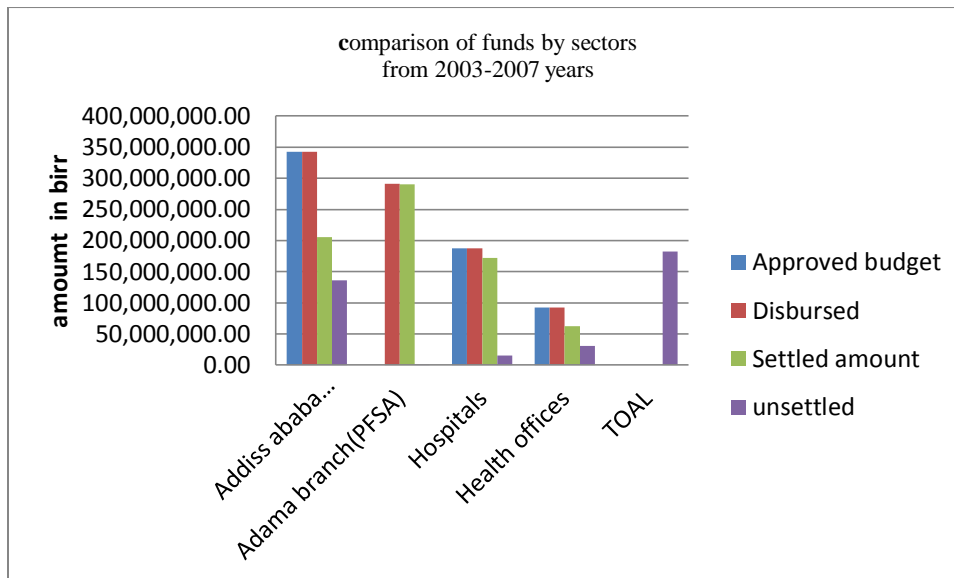
Table 3.1 Application of Funds

Source	Budget year					Total
	2003	2004	2005	2006	2007	
GF-HAPCO	18,756,475.64	576,012,880.92	344,015,693.48	915,484,082.76	9,942,353.14	1,864,211,485.94
SCMS	30,000,879.03	111,150,452.52	44,568,698.12	22,526,415.10	-	185,720,029.67
CHAI	22,116,852.23	93,146,222.32	115,654,528.63	72,633,135.25	-	303,550,738.43
WB-PBS	52,659,000	42,589,411.50	-	-	-	95,248,411.50
WHO	1,500,587.36	289,213.65	659,574.14	223,564.19	-	2,672,939.34
UNICEF	1,564,115.65	2,546,859.63	1,568,879.00	662,119.90	1,998,854.61	8,340,828.79
UNFPA	23,562,231.25	12,589,000.02	27,322,654.20	9,857,531.74	10,332,523.42	83,663,940.63
GAVI	2,456,697.32	1,456,954.65	-	-	-	3,913,651.97
RDF						
Total	152,616,838.60	839,780,995.21	833,790,027.57	1,021,386,848.94	22,273,731.17	2,547,322,026.27

Source: Financial Record PFSA (2003-2007 E.C)-Amount Settled

Table 3.1 exhibits that settlement of fund in 2003-2006 was Birr 152,616,838.60 and increased to Birr 1,021,386,848.94 in 2006. This indicates that the sources of HIV/AIDS fund received (collected) from different sources were increased at the same time. Besides, Global fund had the highest share in the timely fund settlement of HIV/AIDS fund and follows the CHAI funds next to the Global fund. The application of HIV/AIDS, Malaria and TB funds in PFSA (the approved, disbursed, settled, and unsettled funds) can also be described by using charts. The amounts disbursed, in chart 2, to Addis Ababa branch are more than the other sectors in the last five years and also they have more unsettled amount. This implies that they were weak in fund utilization and settlement on time. Health office and hospitals relatively utilize and settled the fund timely in these budget years. Adama branch almost have not unsettled amount of the fund.

Chart 2 Comparisons of Funds by Sectors



Source: Financial Record of PFSA (2003-2007)

## 4.1.4 Budgeting and Accounting System

### 4.1.4.1 Budgeting Process and Its Implementation

Budgeting is an important tool in monitoring resources and implementing a program/project in an effective and efficient way. It is used to compare actual expenditures with the budget and assess the performance of budgetary units. The annual budget of an organization is the quantitative expression of its management plan. The approval of the budget by the Board of Director is expected to be obtained at the end of June of each year. The approved budget will then be promptly communicated to each implementing agencies by the head of office (pfsa) that releases the fund according to the approved budget. The following table exhibits approved budget/fund (in birr) in each budget year by each source of fund:

Table 3.2. Approved budget/fund by source and by year

Source	Budget year					Total
	2003	2004	2005	2006	2007	
GF-HAPCO	18,982,475.64	576,722,880.92	389,155,693.48	918,484,082.76	10,942,353.14	1,914,287,485.94
SCMS	30,000,879.03	111,150,452.52	44,568,698.12	22,526,415.10	-	208,246,444.77
CHAI	22,116,852.23	93,146,222.32	115,654,528.63	72,633,135.25	-	303,550,738.43
WB-PBS	52,659,000	42,589,411.50	-	-	-	95,248,411.50
WHO	1,500,587.36	289,213.65	659,574.14	223,564.19	-	2,672,939.34
UNICEF	1,564,115.65	2,546,859.63	1,568,879.00	2,662,119.90	2,998,854.61	11,340,828.79
UNFPA	23,562,231.25	12,589,000.02	27,322,654.20	19,857,531.74	20,332,523.42	103,663,940.63
GAVI	2,456,697.32	1,456,954.65	-	-	-	3,913,651.97
RDF	15,582,693.93	97,100,598.36	110,772,311.20	117,963,687.91	132,634,739.97	474,054,031.37
Total						3,116,978,472.74

Source: Budget Record of PFSA (2003-2007 E.C)

Table 3.2 shows that the approved budget (fund) of TB, Malaria and HIV/AIDS was at increasing trend (except in 2006/07). This implies that programs are given due attention by government and other stakeholders which they may give a clue to provide resources for HIV/AIDS, TB and malaria prevention, care, and support. Furthermore, from the table, Global fund was also allocating a large amount of fund to prevent, care, and support the program.

Being the fund has a flexible funding system and take an experience of the GF funds, it makes easy its system and the leading fund provider in the organization. But, still the share of CHAI funds became the next leading funds to prevent and control the spread of top ten diseases of Africa in the country. Comparing the budgeted fund and settled amount during the last five years, GF-HAPCO, CHAI, WP PBS and WHO have a slightly better fund utilizing. In contrast, UNICEF and UNFPA have a problem in utilizing their funds properly. But generally speaking comparing the overall budget and used (Settled) fund have a very great number of unsettled amounts in the organization.

#### **4.1.5 Accounting System**

The organization has been following the international Public Sector Accounting Standard in recording and reporting the financial transactions of its fund. To match the sources and expenditures of the office, it uses accrual basis of a double entry accounting system. As it is an Accrual basis, fixed assets are treated as expenditures of the time of purchase with applying the rule of depreciation. Deferred transactions are recognized when service are rendered accruals are when expense are incurred.

The accounting work is performed with segregation of duties that is, custody of fund separated from recording. Cash receipts and checks payments will be recorded by means of cash receipt and check payment vouchers respectively, while all other transactions are recorded by means of a journal voucher. Posting will be made from these two documents. The trial balance which is a means of testing the equality of debits and credits will be extracted from balances in the ledger and were prepared quarterly and semi-annually and annually. At the end of each financial period or as needed adjusting entries will be passed by means of journal voucher and at the end of the

financial period a trial balance will be extracted from which consolidated financial statements are prepared because branches are accountable to the head office. Source documents of each fund are allowed to be kept by the implements.

The office and implementing sectors are expected to use the fund and report in accordance with this financial guideline. The coordinating office and each Program fund implementing sectors, they should keep their own books of account independently (based on type of fund) and made it available for auditing at the end of each budget year or at the first quarter of the immediate next budget year.

#### **4.1.6 Fund Accounting and Financial Reporting Systems**

##### **4.1.6.1 Fund Accounting System (receipts and disbursements)**

Pfsa head office as a coordinating office for programs receive funds from various source such as Revolving drug fund(RDF), MOH, donors like GF- HAPCO ,WB-PBS,UNICEF, SCMS, CHAI, UNDP and others to finance prevention, care and treatment programs activities. PFSA shows its commitments by allocating funds (budget for the salary of civil servants and covering some administrative costs of the office (like office rent, allowance and other benefits).

Funds available from the revolving drug funds have to be recorded in the appropriate category of expenditures. Furthermore, non cash government contributions (office) have to be also evaluated and recorded in the accounts of the organization. Based on this, the relevant accounts have to be charged by the amount contributed and credit government contribution income and reflected in the financial reports of the office. The organization financial manual also states that the NGO and others contributions should be treated as debiting the appropriate asset accounts and crediting NGO or others contribution income. Actually, this guide was well performed in the last five years in each fund unit.

Funds will be released from the center to the branches and then to hospitals, health offices and clinic, and others in at the time of submitting statement of expenditure. The financial manual also clearly point out that each implementer should submit SOE on time to release another fund.

In other words, fund will be released to implementing sectors based on four tranches and each tranche does not exceed 25% of the annual budget (project proposal). The first tranche (25%) will be released as soon as financial agreement is signed. However, this system was not applicable to all sources of PFSA funds. Some of these sources were monthly (Quarterly), based on programs/projects (GF-HAPCO, UNICEF and WHO), and annually (SCMS, CHAI, WB-PBS and UNDP). The annual work plan/project proposals are approved by PFSA top management with collaboration of the federal ministry of health. Pharmaceuticals fund and supply agency consolidated the implementers' Statement of Expenditure (SOE) based on programs and pass to each fund providers as replenishment request.

In addition, the coordinating office prepared quarterly consolidated sources and uses of funds and report by project activities and sends it to each donors. Fund balances of each implementing sectors were reconciled with accounts receivable balance in the record at coordinating office (PFSA) at year end and discrepancies would be reconciled accordingly.

#### **4.1.6.2 Nature of Financial Reporting**

A complete cycle of business operations is usually assured to occur every twelve months. However, for the effective control by management, interim financial reports on a monthly or quarterly basis are prepared summarizing all financial transactions related to the activities and programs of the organization. Except the WHO and UNDP, all sources of funds for PFSA are implemented in the form of replenishment system. A fund for first quarter released in the form of quarterly annual work plan (project proposal) and after that based on settlement (liquidation) of that fund but there should be quarterly financial report to the center of each fund provider in order to release the next quarter fund.

Implementing agencies should send financial (statement of expenditures) and activity reports at least quarterly to the coordinating office. PFSA at the center prepared a consolidated statement

of expenditure (by finance division) and activity report (by planning and programming department) based on the implementing sectors report and sent to Federal ministry of health ,board of directors and other donors accordingly. PFSA prepared an annual work plan and consolidated financial reports at the end of each Ethiopian budget year. These reports submitted to above mentioned concerned bodies and other donors.

The financial reports prepared by the center includes: Trial Balance, Statement of sources and Application of funds, Balance sheet, and schedules and other descriptions quarterly and annually. There are four methods used for withdrawing funds from the fund providers (donors) account: reimbursement, direct payment, special account, and special commitment. Having the above details of background of the organization, Application of funds, fund flow and budget related issues; nature of Financial Reporting the following discussion is made based on the replied questionnaire set for data collection.

#### **4.1.7 Respondents Background and Profile**

In this research that was made on fund management and utilization on HIV/AIDS, malaria and TB in Pharmaceuticals fund and supply agency, two major respondents were involved, fifty six from the coordinating office as an office responsible for coordinating and disbursing funds and thirty three respondents from program implementing sectors. Of these 89 respondents from the head office are 36(65%) were male and 20(35%) were female and the rest are from branches (implementing sectors) 19 (58.33%) were males and 14 (41.66%) were females.

Table 3.3. Sex of respondents

Sex	Female	%	Male	%	Total	%
N <sup>o</sup> of respondents	34	38%	55	62%	89	100%

Source: Own Survey



Following the identification of the sex of the respondents, the work status of the respondents in their respective organization was also assessed to foresee their capacity to respond the questionnaire, which revealed table 3.3 described above

Table 3.4. Status and office position of respondents

Status	Clerk	Junior accountant	Senior accountant	Finance head	Grand total
N <sup>o</sup> of respondents	6	27	49	7	89

Source: Own Survey

From table 3.4, it is possible to realize that the respondents are representative enough and Knowledgeable to reply to the questions pertaining to fund administration, control and overall management as they are working in one way or the other related to accounting. Equivalently, there are respondents the finance head.

As status alone can't mitigate the required information, the education level and qualification of the respondents was also an interest in the investigation. Along this via the assessment also ratified that 56 (63%) are Bachelor degree graduates while the remaining 33 (37%) are diploma graduates. Congruent to the qualification of the respondents, their respective profession was also an interest to testify how they can be fit to the administration, control and management of fund. Almost three (3%), who are graduates in management, all the remaining eighty six (97%) were either graduates or diploma in accounting encompassing fifty five of them with a bachelor degree and thirty three of them with a diploma. The representatives from head office were a master degree graduate in Accounting.

Table 3.5 Nature of grant agreement on whether it is clearly specified or not

Response	Difficult	No	yes	Grand total
N <sup>o</sup> of respondents	8	3	78	89

Source: Own Survey

Table 3.5 shows the response of the respondents on whether or not the fund provided by donors for HIV/AIDS, malaria and TB prevention to their organization is clearly specified in the grant agreement. 78 (88%) of the respondents agreed that the fund is clearly specified in the grant agreement while 3 (3%) said no. The remaining 8(9%) responded that it is difficult for them to respond, for they may have no access to get the grant agreement with which they fail to know about its details. As part of the reasons for their difficulty to know about the details of the contractual agreement, they responded that unavailability of the grant agreement is the reason. This sometimes happens because the grant agreement is hold by either the purchase department or is put in the management office out of the finance unit. The possible reason for the three who said no was due to unavailability of the grant agreement attached with its source documents.

#### 4.1.8. Fund providers, Disbursement, Settlement, Management and Utilization of Funds

In regard to fund, there are other means of getting funds such as projects developed by self initiative of offices, organizations, associations and individuals. There are also others like charity organizations that are involved in the Program, HIV/AIDS and TB prevention, care and support activities such as Hapco, Chai, and USAID etc. What is discussed here is, however, fund providers who solicit the fund through MOH and PFSA. In view of the fund management and utilization, we have seen the sources and how these sources provide fund, disburse the fund and settle the fund is, however, a point to narrate.

Table 3.6. Fund providers by rank of order

Source of fund	First	Second	Third	Weighted average	Rank
GF-HAPCO	17	13	27	3.8	5 <sup>th</sup>
SCMS	21	24	8	4	4 <sup>th</sup>
CHAI	6	0	17	1.9	8 <sup>th</sup>
WB-PBS	8	19	3	4.18	2 <sup>nd</sup>
WHO	3	11	27	2.42	7 <sup>th</sup>
UNICEF	27	0	0	5	1 <sup>st</sup>
UNFPA	3	17	0	4.14	3 <sup>rd</sup>
GAVI	4	6	8	3.6	6 <sup>th</sup>

Source: Own Survey

Table 3.7 shows the type of source for HIV/AIDS fund that is released on time as provided by PFSA. From the table it is possible to see that the fund from UNICEF is the first ranked source of fund that is proven to be released on time as supported by the respondents. WB-PBS is the second, while the UNFPA and SCMS are consecutively in the third and the fourth rank. This rank has been made by giving weights of 5 for the first, 4 for the second, and 3 for the 3rd, eventually computing the weighted average.

Table 3.7. Source of fund and settlement ranking

Source of fund	First	Second	Third	Weighted average	Rank
GF-HAPCO	8	10	2	4.30	3 <sup>rd</sup>
SCMS	3	7	9	3.30	6 <sup>th</sup>
CHAI	10	0	3	4.50	1 <sup>st</sup>
WB-PBS	2	2	2	4.00	5 <sup>th</sup>
WHO	0	1	0	4.00	5 <sup>th</sup>
UNICEF	7	11	1	4.4	2 <sup>nd</sup>
UNFPA	0	1	12	3.07	7 <sup>th</sup>
GAVI	5	0	3	4.25	4 <sup>th</sup>

Source: Own Survey

Table 3.8 also states the rank of the type of fund for the program that is settled on time as provided by PFSA to the implementing organizations. In this case also CHAI stands first and UNICEF as the second. The amount of fund settled by the coordinating office from each of the sources of fund is also presented in the table (last column) describing that CHAI, UNICEF, and GF-HAPCO lead the HIV/AIDS, TB and Malaria fund settlement in the organization within the last five years by taking an average settlement from first to third respectively. In an assessment of the reasons for the ranking of the sectors according to their efficiency in settling the fund on time, different reasons could be narrated. According to the respondents of the questionnaire, the

following possible reasons have been mentioned: the Program fund may have specific program and time bound activity, one program activity performed through campaign, continuous follow up and control, more than one budget year program, area specific program, and given poor attention to the program. Based on this, thus possible reasons that sectors settled their fund on time for those who have been ranked first and second as well as third can be that they have specific programs and time bound activity, continuous follow up and control, and available resource to cover the indentified programs. The calculation of the ranking was done in a similar analogy to table 3.7. The real efficiency in the ranking was traced out by calculating the Spearman's Rank Correlation between the two ranks for the disbursement and settlement. The Rank coefficient is calculated to be 0.97 which declares perfect positive correlation between the two rankings, which in turn could be explained by the very fact that these ranked better do have a better financial management and utilization.

Table 3. 8. Tools of fund management practiced by the implementing sectors

Tools of fund management	N <sup>o</sup> respondents	%
Keeping the fund properly	80	90%
Keeping proper accounts	69	77%
Keeping proper records	77	86%
Timely report	0	0
Timely fund utilization	0	0
Timely request of budget	0	0

Source: Own Survey

Table 3.8 discusses the possible tools of fund management in the organizations of the respondents. Majority of the respondents have supported the first three; keeping the fund properly, keeping proper accounts and keeping proper records as major tools they follow in implementing fund management. Besides, the respondents can be considered as Individuals who have moderate understanding in the possible tools of fund management and utilization.

The next three; timely report, timely fund utilization and timely request of budget (fund) are some of the techniques of fund utilization than are by large for fund management. In this regard an assessment was also made to see the main tools of fund management by the coordinating office. In response to the question forwarded to PFSA (Coordinating office), among the main tools the office uses to manage fund are conducting pre-grant assessment, appraising action plan (budget), Entering financial grant agreement, providing training to implementing sectors, and Taking continuous monitoring and evaluation.

Table 3.9. Tools of fund utilization practiced by the implementing sectors

Tools of fund management	N° of respondents	%
Utilization based on agreement	77	86
Timely fund utilization	36	40
Continuous fund utilization control	48	54
Timely submission of utilization report	53	59
Continuous monitoring and evaluation system	34	38

Source: Own Survey

Table 3.9 describes the possible tools for proper fund utilization. From this table we can see that the utilization of the fund is to a greater extent made based on the agreement, while others such as timely fund utilization, continuous fund utilization control, and timely submission of utilization report and; continuous monitoring and evaluation system are also means by them for proper fund utilization that the implementing sectors follow. In regard to this, an assessment was also made on how PFSA is able to control the different fund it solicits for HIV/AIDS, Malaria and TB from different sources of fund and the accounting system it follows to manage funds. In this regard, the response from the coordinating revealed that this office follows an accrual basis of accounting. However, depending on the source of funds, there are different chart of accounts.

The GF-HAPCO, UNDP, UNFPA, and UNICEF, WBPBS have chart of accounts independently and the RDF, MDG and PBS-RDF funds have one chart of accounts developed by the organization. In regards to fund utilization, a check mark was set to validate the response given above by the sector organizations by comparing with that of Coordinating office. As a response to the question what tools are taken to cross check whether implementers have proper fund utilization or not? PFSA responded the following:

- Comparing their statement of expenditure (SOE) with the grant agreement activities,
- Use of timely monitoring and evaluation so as to take corrective action,
- Use of external audit, and taking amendments as per the opinions of these external auditors.
- Giving sense of ownership to themselves for all the details of the documents are in their office. So as to effectively workout the necessary fund utilization and management and properly keep activities related to the programs, the main services provided by Agency to the implementers include:
  - Providing overall training (related to budget preparation, fund management and utilization, financial system of the fund, timely advance settlement etc).
  - Providing orientation about HIV/AIDS, TB and Malaria fund management manuals, financial formats, the grant agreement formants, etc.
  - Providing new ideas, if any, through circulars and letting them to discuss about and creating awareness.
  - Supervision and providing feedbacks about the practices, and
  - Monitoring and evaluation.

#### **4.1.9. Assessment, Reflections and Knowledge on Grant Agreements**

As a persuasion to the above, and by an aggregate of the evaluation, PFSA was also given the chance to rank the efficiency of the sources of fund by utilization in the programs. Accordingly, CHAI is the first, UNICEF fund being the second and GF-Hap co on third ,the others are given in order as GAVI,WB-PBS,WHO,SCMS and UNDP.

This analogously is the same with the response of the sectors as provided above in tables 3.7 and 3.8, with exclusion of RDF.

The propriety of the ranking made above by PFSA is also supported with reasons and Justifications that reiterate how they ranked for the first three ranks CHAI, UNICEF and GF-Hapco as;

### 1. CHAI

This fund (budget) is transferred from the donors based on specific programs and activities a fund mostly given in kind but sometimes in cash as a salary and benefits paid quarterly and settled at the same time quarterly. Since this adamantly has a pressure for getting the next fund after settling the first one, in the sense that it is not possible to get a subsequent fund without settling an already taken fund, it is found to be the first. The reason why this study didn't consider this in the rankings of table 3.7 and 3.8 is for this obvious reason.

### 2. UNICEF

This fund is transferred based on specific program for specific activity quarterly and settled accordingly. This means, it indirectly has also a forcing measure in that it requires settling one quarter fund so as to gain the fund for the next quarter. This made it efficient and better than the others. In the programs of HIV/AIDS, malaria and TB this fund also had, as one of its stringent requirements, a hundred percent settlement in the years 2003 -2005, which it has opened to a lesser extent of giving rooms for small amount pending during settlement afterwards. Yet, this doesn't challenge the efficiency of this fund.

### 3. GF-HAPCO

This fund is also transferred based on specific program for specific activity and specific implementing agencies which also is settled on time. Other reason for its efficiency is that this fund does extend to entertain in wider implementing sectors by giving a close follow up for every and each fund program. Since GF-HAPCO has external auditors engaged in evaluating and assessing the records of the organization control of usage as per the activities proposed for the programs of HIV/AIDS, Malaria and TB in the agency.

Table 3. 10. Table describing whether received funds are demand based

Are received demand based?	No	Yes	Grand total
N° of respondents	14	75	89

Source: Own Survey

Table 3.10 describes whether the amount of fund received by the implementing sector organizations from different donors to prevent HIV/AIDS, Malaria and TB is based on their demand or not. 75 (84%) have agreed that the fund they receive is based on their demand while 14 (16%) opposed this fact. Furthermore, those who respond ‘yes’ (the largest group) described their opinion that Program fund in their organization is based on organizational demand (that is, it is a demand driven fund). Relatively, it is possible to conclude that the HIV/AIDS, malaria and TB fund is implemented based on the implementers demand. However, 16% of the respondents described that the Program fund in their organization is not based on their organization’s demand (that is, it is a supply driven fund). The latter one may involve in HIV/AIDS, TB, and malaria implementation program due to some external factors (social, environmental, political, or cultural).

To this effect, the following table exhibits the main factors that endowed funds to be supply drives and it identifies out among the factors to be donors supply and environmental factors.

Table 3.11. Factors for not getting fund by demand

Factors	N° of respondents
Donors Supply	14
Environmental factors	3
Social factors	0
Political factor	0

Source: Own Survey



Table 3.11 describes the possible reasons for not getting the fund based on their demand. 14(83.33%) responded the reason to be the donors supply (Interest of the donors) where as 3(16.66%) responded the reason to be due to environmental factors. It is possible to say, for the former respondents, that the fund provided to their organization was not based on their demand. This implies that program fund to them was a supply driven and might not achieve its objective effectively and efficiently in comparison with those which obtained program fund based on their demand.

This also results in inefficient utilization, delayed in fund request and utilization, poor performance, etc. The latter group also engaged in HIV/AIDS, Malaria and TB prevention program without clear program identification and set specific objectives. This also had similar implication with the former one and rather resulted in more serious problem than the former one.

Table 3.12. Knowledge of grant agreement by the implementing sectors

Yes	No	Grand total
78	11	89

Source: Own Survey

Table 3.12 shows the response of the respondents on whether they know the grant agreement made between their organization and Donors in relation to HIV/AIDS, Malaria and TB prevention programs and the amount of fund provided. Based on the table, there are eleven respondents (12%) who responded that they do not know the grant agreement. Being the respondents are from the finance unit of each organization, implementing without the necessary information (that is, without the grant agreement-that specifies each program versus its cost breakdown) can create a problem in the fund management, proper fund utilization, and timely request and utilization report.

Consequently, this may weaken the sector to be effective and efficient in programs funds in particular and may hinder the performance of the organization in program funds and resource

utilization. This highlights the necessity of declaring grant agreements to all the concerned bodies for a better fund management and utilization. Besides, those respondents may be too careless about the fund or they may not have information about the program and how to utilize the fund.

This implies that they could not develop sense of ownership and know their accountability and responsibility. But, the majority knows their accountability and responsibility and they have developed sense of ownership. In working hard in the prevention and control of HIV/AIDS, Malaria and TB ability to solicit one's own fund is an empowerment by itself. All the discussions conducted earlier were wavering issues on fund solicited from other sources. So as to check the ability, efficiency and capacity of the implementing sector organizations on creating self generated funds, an issue has been addressed. In response to the question forwarded to the respondents on whether they budget from their own source other than the fund provided for prevention of HIV/AIDS, Malaria and TB all the 89 (100%) responded "No". This shows that the overall task is dependent on external fund.

Some of the possible reasons that were described by the respondents of the questionnaire for not having their own source are: Program fund has a separate responsible office to work for and generate fund for HIV/AIDS, Malaria and TB programs with which we never feel that this is our duty; organizations and government don't have sufficient budgets (funds) and thus because of this they never allocate budget for HIV/AIDS, Malaria and TB programs; Since they feel that it is not easy to get budget (fund) for HIV/AIDS Tb , and malaria they never generate their own fund; they feel there are many other donors who can support programs related funds and thus they never pay attention to generate fund; their organizations have no regular budgets (funds) for running programs funds; they have restricted funds and thus they never prioritize programs funds, they never allocate budget, but they perform collections of money for the service they provide as charges, etc.

Besides, those implementing sectors have not included the matching funds contributed by them (contribution in kind, labor or cash) which must have been considered to be one's own sources of fund. It may be for these reasons that all responded that they don't budget from their own sources. Some of the reasons are very critical because they include misconceptions

(misunderstanding), weak mainstreaming techniques, lack of ownership and responsibility, poor commitment and communication system at each level, and clarity problem.

To achieve its organization vision, mission, and goals and objectives, PFSA is advisable to enhance its strategic management planning and implementation that involve the public at large and make a close follow up and evaluating of HIV/AIDS, TB and Malaria prevention and control mainstreaming activities. The office may also require empowering influential that may helpful for the program and resource utilization, targeting key program funds to use resources effectively and efficiently.

### **3.6. Awareness, Evaluation and Reflections on program funds implementing sectors and PFSA**

How awareness is made and evaluation put in recognition of the staff working in PFSA or other sectors is dealt hereunder.

Table 3.13. Participation in awareness of program funds by implementing sectors

Participants	N <sup>o</sup> of respondents
All members of the organization	61
A few members of the organization	9
Management members of the organization	14
Fund committee of the organization	5

Source: Own Survey

Table 3.13 describes the category of participants in program fund awareness creation/workshop in their organization. Along this view, majority of the respondents 61 (68.5%) responded that all members of the organization do participate in an awareness creation/workshop. The remaining 31.5% responded that few members, management, and Fund committee of the organization participate in awareness creation/workshops.

Since fund program is not only an individuals' or groups of individuals' problem, all members of a given sector or all sectors should stand to fight against HIV, Malaria and TB. Having such clear stand, that all members of an organization should take part in fighting against the specified disease is essential and this in turn will enable the efforts to prevent the pandemic and to maintain resources so as to respect and subdue challenges against life of human. Otherwise, the pandemic will force to solicit all available resources that can't be afforded in any way, given management by way of funding as it can't be self standing and sustainable for long time.

Table 3.14 . Self evaluation of program fund utilization of the implementing sectors.

Evaluation	Excellent	Very good	good	Satisfactory	Grand total
N <sup>o</sup> of respondent	8	61	17	3	89

Source: Own Survey

Table 3.14 shows the self evaluation of the implementing sector organizations and PFSA in the program fund utilization, from which we can see that majority is very good and good, which perhaps would need alleviating problems so as to be excellent. As the main criteria used to measure their efficiency in the program fund utilization of the organization are timely fund request and settlement, area coverage of the program, staff commitment, system clarity, communication with the coordinating office, and external auditor’s opinions different reasons can be attributed to such a status.

This implies that the implementing sectors and the coordinating office (PFSA) can be evaluated excellent, very good and good on the performance of HIV/AIDS, TB and Malaria fund utilization to the extent that 9%, 69%, and 22% respectively. Accordingly, the fund utilization evaluation falls in between very good and good which covers 91% of the evaluation system. Even if the fund utilization evaluation is in a better position, program fund implementing sectors and PFSA required performing beyond this result.

In a response by the coordinating office to the question is there a difference in the approved budget and received budget for HIV/AIDS, malaria and TB prevention programs? PFSA replied “yes” and offered possible reasons for the existence of a variation in the budget approved and received. These include; Delayed budget (project) release, Delayed settlement by SOE, No request on time, Poor fund utilization, given little attention to the program, tight procedures and regulations of the fund, and Budget year is over. These reasons attached with those explained above by the sector organizations, could label the status of fund utilization and management at very good and good.

### **3.7. Challenges and Lessons Learnt on program Fund Management and Utilization, and Possible Way Outs**

Though some of the internal and external factors can be influencing the fund management and utilization as discussed previously, such fund management and utilization is facing challenges that could in one way or another affect the efficiency.

In an attempt to address to the challenges faced by the sector organizations and PFSA in fund management and utilization, the following were stated by the sector organization respondents. Increased overload, misunderstanding the objectives of program fund, duplication of efforts, problematic disbursement system (tranche base), weak capacity in implementation, mainstreaming problem in sectors, lack of shared value on the program, relatively lower political commitment, and weak public ownership and leadership. Equivocally, PFSA also has stated as possible challenges of program fund management and utilization in implementation as follows; Over ambition in financial plan and budget (project) approval, weak capacity in implementing the program, resource duplication (weak coordination in donors) mainstreaming problem specially in governmental sectors, weak authority, responsibility and taking ownership, poor political commitment and leadership, poor shared value at each level, weak public ownership and poor sensitivity.

So far as such fund management and utilization has been assessed in various forms of description, it was formatively giving a clue that there is still some sort of a problem which needs to be addressed. In regard to this, an assessment was made to overview the possible lessons both the implementing sectors and PFSA itself have learnt from practicing fund utilization, management and overall implementation.

As a response to this, some of the lessons learnt as responded by the sector organization respondents are; It requires accountability and responsibility, commitment and cooperation, leadership and ownership, timely request and utilization report, proper project plan with setting goals and objectives, timely corrective action, proper fund management and utilization, clear and transparent system, available resource (financial, human, material), and shared value at all levels.

In the same way, among the lessons learnt by PFSA as responded are program fund; Requires public ownership and leadership, Considers to have clear system and transparency, Demands available financial resources and skilled human resource, Requires truth plan (proposal) with clear objectives, Requires timely budget or fund approval, transfer and utilization, Demands timely fund utilization report and studying its impact to take corrective action, Requires best and committed expertise, and Also demands empowerment of influential. Cognizant to the possible experiences, challenges and lessons learnt, a way off for a better performance was sought to be prescribed by the respondents and in the view of the respondents they have forwarded the following suggestions in relation to fund management and utilization either in the head office or at federal level (MOH), other fund donors, and implementing sectors.

#### **In regard to PFSA (Head office and Federal)**

- Should announce the approved budget of the projects on time.
- Should approve Program fund (budget) based on available information.
- Should release the expected budget or fund on time.
- Should effectively coordinate the overall HIV/AIDS, malaria and TB fund in the programs.
- Should have strong fund mobilization skills using variety of strategies.
- Should provide necessary training to implementing sectors to build their capacity.
- Should have clear system (appraising projects, financial system ...)

#### **In regard to fund providers or donors**

- Should have corporate plan to support the HIV/AIDS, Malaria and TB programs.
- Should have better relationships with other program fund providers.
- Should have clear and transparent system (financial and operational).
- Should have strong strategic plan to reduce poverty and impact of the top ten diseases of Africa in parallel to the strategic plan of the organization or the region.

#### **In regard to implementing sectors**

- Should incorporate fund program plans (either in the strategic or annual) in their program.
- Should maintain the HIV/AIDS, Malaria and TB grant agreement in finance and in programmer.
- Should have implementing mechanisms of fund program
- Should have sense of ownership on the fund at all levels
- Should have strong fund management and utilization system.
- Should avoid carelessness in implementing the fund program and its resources
- Should prepare annual plan, request their approved budget (fund) on time, and utilize
- The fund and report on time (utilization report).
- Should mainstream the fund programs as strong as their capacity.

### 3.8. Reflection on the Instrument (Questionnaire) by the Respondents

As a way of testifying the instruments used to collect information, in this case the questionnaire, the respondents were give the chance to label in any one of the categorical preferences listed in table 3.15.

Reflection of respondents to the questionnaire	N <sup>o</sup> of respondents
Very easy to understand	33
Easy to understand	42
Very complicated to understand	-
Complicated to understand	1
Time consuming	2
Too long	-
NA	2

# Summary

According to the data analysis and discussion, PFSA had a very ambitious financial plan (budget) to fight HIV/AIDS, Malaria and TB to reduce its impact in the country in the last five years (2003-2007). The office had received, disbursed, and settled a large amount of money to curb the top ten disease of the country through different implementing sectors for HIV/AIDS, Malaria and TB intervention areas. Furthermore, the analysis identifies that the coordinating office (PFSA) and the implementing sector organizations relatively have effective and efficient program fund management and utilization in the last five years.

Besides, we can understand that CHAI, UNICEF and Global fund are the first, second, and third leading sources of fund for the last five years respectively, they have also best performance in fund utilization (by taking the average they disbursed and settled) on the implementation of program fund. However, the coordinating office (PFSA) and the implementing sector organizations have challenges in the implementation of program fund management and its utilization.

The coordinating office has a large shortage of financial resource and skilled man power to coordinate the overall activities of HIV/AIDS, TB and Malaria program and the implementing sectors have a problem in taking ownership, mainstreaming, timely fund request and utilization report, not incorporating and allocating budget of program fund in their planning, and do not include the in kind contribution in their report.



## **CHAPTER FIVE**

### **5. CONCLUSIONS AND RECOMMENDATION**

#### **5.1 Conclusions**

Pharmaceutical fund and supply agency has been working in HIV/AIDS, TB and Malaria prevention, care and support for a number of intervention areas such as Building ware house for pharmaceuticals and vaccinations, PMTCT and ART services, distribution of medicines and condom, mainstreaming activities, and etc. It allocates and finds resources for prevention, care and support of program funds. The HIV/AIDS, Malaria and TB intervention areas are implemented in the country by governmental organizations such as PFSA, Hospitals and clinics.

According to the data analysis and discussion, it is possible to conclude using the following points about PFSA program fund management and utilization: The major sources of program fund in PFSA are MOH (Ministry of health), SCMS, UNFPA, World Bank PBS, GF HAPCO, GAVI, UNICEF, CHAI and RDF (Revolving Drug fund).

The Global fund, CHAI and UNICEF are the major sources of fund that constitute most of the organizations fund Funds through Ministry of health are recipient of HAPCO and it is treated as a fund to the agency. Fund receipt and expenditure statements and physical reports are submitted to the appropriate funding agencies for settlement of advances. In other words, all sectors that are funded by Ministry of health should submit the fund receipt and statement of expenditure to MOH.

MOH also submits the statement of expenditure (SOE) for its fund providers separately by summarizing the implementers' SOE for reimbursements to the funding agencies. It is also possible to realize that, one source of fund could solicit fund to more than one sector, especially among the major sources.

The amount of fund received by PFSA from each of the sources of fund is describing that global fund takes the lions share in the amount of money disbursed. The next highest share goes to CHAI funds.

According to the majority of the implementer's response, Program fund has clearly specified the objectives (activities) and cost breakdowns in the grant agreement. But, few implementers do not agree that the grant agreement has such clarity. The main reason is that no access to get the grant agreement because sometimes the grant agreement is hold by either the federal minister of health or is put in the management office of PFSA at head office level. Some implementing sectors settle their fund on time but others may not. The possible reasons for those who are settled on time can be: have specific programs and time bound activity, continuous follow up and control, and available resource and strong administration to cover the indentified programs.

The possible tools of Program fund management are, identified by program fund implementers, *keeping the fund properly, keeping proper accounts and keeping proper records* as major tools they follow in implementing fund management. The coordinating office (PFSA) also includes conducting pre-grant assessment, appraising action plan (budget), Entering financial grant agreement, providing training to implementing sectors, and Taking continuous monitoring and evaluation as main tools of fund management.

PFSA checks whether implementing sectors have proper fund utilization or not by comparing the SOE with the grant agreement activities and cost break downs, Use of timely monitoring and evaluation so as to take corrective action, Use of external audit, and taking amendments as per the opinions of these external auditors. The main services provided by PFSA to the implementing sectors for effective and efficient utilization of resources include: Providing overall training (related to budget preparation, fund management and utilization, timely advance settlement etc); Providing new ideas, if any, through circulars and letting them to discuss about and creating awareness; Supervision and providing feedbacks about the practices; and Monitoring and evaluation. The amount of fund received by the implementing sector organizations from different donors to prevent HIV/AIDS, TB and malaria is based on their

demand. In other words, they describe their opinion that Program fund in their organization is based on organizational demand (that is, it is a demand driven fund). Relatively, it is possible to conclude that the program fund is implemented based on the implementers demand. However, a few of them described that the program fund in their organization is not based on their organization's demand (that is, it is a supply driven fund). They may involve in HIV/AIDS, Malaria and TB implementation program due to some external factors or donors interest.

Even though the majority of the implementing sector organizations know the financial grant agreement, few sectors do not know the grant agreement. Being the respondents are from the finance unit of each sectors, implementing without the necessary information (that is, without the grant agreement-that specifies each program versus its cost breakdown) can create a problem in the fund management, proper fund utilization, and timely request and utilization report.

Almost the overall HIV/AIDS, Malaria and TB prevention, care and treatment of PFSA implementing sectors are dependent on external funds. Some of the possible reasons for not having their own sources are: they consider as they do not have such duty; lack of sufficient budgets (funds); few sectors never generate their own fund; they feel that this fund have many other donors; no regular budgets (funds) for running HIV/AIDS, TB and Malaria programs; others have restricted funds, etc.

Besides, those implementing sectors have not included the matching funds contributed by them (contribution in kind, labor or cash) which must have been considered to be one's own sources of fund. Since HIV/AIDS, TB and malaria is not only an individual' or groups of individuals' problem, all members of a given sector or all sectors should stand to fight those diseases. Having such clear stand, that all members of an organization should take part in fighting against those diseases is essential and this in turn will enable the efforts to prevent the pandemic and to maintain resources so as to respect and subdue challenges against life of human. Otherwise, the pandemic will force to solicit all available resources that can't be afforded in any way, given management by way of funding as it can't be self standing and sustainable for long time.

As the main criteria used to measure their efficiency in the program fund utilization of the organization are timely fund request and settlement, area coverage of the program, staff commitment, system clarity, communication with the coordinating office, and external auditor's opinions different reasons can be attributed to such a status. Furthermore, according to PFSA (The coordinating office) there are differences in the approved budget and received budget for HIV/AIDS, TB and malaria prevention programs. Some of the possible reasons for the existence of a variation in the budget approved and received are: Delayed budget (project) release, Delayed settlement by SOE, No request on time, Poor fund utilization, given little attention to the program, and tight procedures and regulations of the fund.

Some of the main program fund challenges faced by the sector organizations are: Increased overload, misunderstanding the objectives of HIV/AIDS, TB and Malaria fund, duplication of efforts, problematic disbursement system (tranches base), weak capacity in implementation, mainstreaming problem in sectors, lack of shared value on the program, relatively lower political commitment, and weak public ownership and leadership. Equivalently, Ministry of health also has stated as possible challenges of Program fund management and utilization in implementation as follows: Over ambition in financial plan and budget (project) approval, weak capacity in implementing the program, resource duplication (weak coordination in donors) mainstreaming problem specially in governmental sectors, weak authority, responsibility and taking ownership, poor political commitment and leadership, poor shared value at each level, weak public ownership and poor sensitivity.

Some of the lessons learnt from program fund by sector organization respondents are: Requirement in the public ownership and leadership, Considers to have clear system and transparency, Demands available financial resources and skilled human resource, Requires truth plan (proposal) with clear objectives, Requires timely budget or fund approval, transfer and utilization, Demands timely fund utilization report and studying its impact to take corrective action, Requires best and committed expertise, and Also demands empowerment of influential.

## 5.2 Recommendations

The following recommendations, about HIV/AIDS, TB and Malaria fund, are not only used to Pharmaceuticals fund and supply agency(PFSA) but also recommended to use for all implementing agencies, fund providers, and other stakes: It is highly recommended for organizations to have clear and resource based financial plans to obtain a realistic HIV/AIDS,TB Malaria implementation program.

This implies that having available financial information is a base for effective implementation on programs. Organizations are expected to have effective capacity to implement the Fund program properly and the resource allocated efficiently. Having strong capacity (human, financial, material and technology) leads an organization to perform its operation in a better way and utilize its resources efficiently. Program fund providers (including MOH) are expected to announce the approved budget (fund) on time, approve the fund based on available information, and release the approved budget (fund) on time. Ministry of health is expected to coordinate the overall HIV/AIDS, TB and Malaria programs as well as the available resources effectively and efficiently. This avoids duplication of efforts, enhances better performance, makes easy to formulate priority, creates faire resource distribution, and satisfies its customers and stakeholders.

PFSA is also recommended to have a strong fund mobilization skills and need to provide necessary training to implementing sectors to build their capacity. Having such skill will bring available financial resources, increase skilled manpower and implementation. Program fund providers are recommended to have corporate plan to support the program, better relationships with other program fund providers, clear and transparent system, have strong strategic plan to reduce poverty and impact of HIV/AIDS, TB and malaria.

Program fund implementing sectors are strongly recommended to incorporate HIV/AIDS, TB and malaria plans in their program and have strong fund management and utilization implementing mechanisms of HIV/AIDS, TB and malaria program. Implementing sectors are also advised to prepare annual plan, request their approved budget (fund) on time, and timely report on fund management and utilization in order to mainstream the program fund. Whether HIV/AIDS fund providers or HIV/AIDS, TB and malaria implementing sectors are required to have a strong monitoring and evaluation system on program fund to evaluate effectively and efficiently on fund management and utilization.

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## Appendix 1 Questionnaire

St. MARY'S UNIVERSITY  
FACULTY OF BUSINESS AND ECONOMICS  
DEPARTMENT OF ACCOUNTING AND FINANCE

### Questionnaire to PFSA (Pharmaceutical fund and supply Agency)

#### INTRODUCTION

The study is primarily undertaken as requirement for the fulfillment of a research study in Accounting & Finance. Improving the findings will be used in building the strengths and designing strategies to correct weakness in fund management and its utilization in the organization. The collected data will be used only for the mentioned purpose. Therefore, I cordially request your esteemed organization for volunteer to respond the questionnaire and provide accurate and complete data to the data collectors.

Thank you for your time & cooperation

#### 1. Profile of the respondent

- (a) Sex: Male .... Female.....
- (b) Status: Finance Head..... Senior Accountant.....  
Junior Accountant..... Clerk.....
- (c) Education: Masters..... Degree..... Diploma.....
- (d) Field study: Accounting..... Economics..... Management.....
- (e) Basic salary Br. \_\_\_\_\_
- (f) Employment nature: Regular..... Contract.....

#### 2. The main sources of funds for PFSA (Use X mark)

- a) World Bank PBS .....
- b) SCMS .....
- c) CHAI .....
- d) RDF .....
- e) GF HAPCO
- f) GAVI
- g) UNDP
- h) Others

3. The office has different sources of fund to prevent HIV/AIDS, Malaria and TB Programs. What accounting system is adopted for each different source? Does it fulfill the interest of donors?

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4. What are the main tools of fund management in your office?

- (a) Conducting pre-grant assessment
- (b) Appraising action plan (budget)
- (c) Entering financial grant agreement
- (d) Providing training to implementing sectors
- (e) Taking continuous monitoring & evaluation

5. PFSA provides fund in kind for different Branches .Based on this information, what are the main tools to cross-check whether implementers have proper fund utilization or not?

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6. What are the main services provided to the implementers of Fund by PFSA?

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7. From the experience of PFSA with the implementation of different FUND program, in which fund has the most efficient utilization? Could you rank them? (Make for ranking 1<sup>st</sup>, 2<sup>nd</sup>, etc)

- |                         |             |
|-------------------------|-------------|
| a) World Bank PBS ..... | e) GF HAPCO |
| b) SCMS .....           | f) UNFPA    |
| c) UNICEF .....         | g) UNDP     |
| d) RDF .....            | h) Others   |

8. What are the main reasons for ranking for those which ranked first, second and third?

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9. The possible tools for proper fund utilization in your organization are (Use an "X" mark and use one or more than one choice):

- a) Utilization based on agreement
- b) Timely fund utilization
- c) Continuous fund utilization control

- d) Timely submission of utilization report
- e) Continuous monitoring & evaluation system

10. Does it have any difference of approved budget and received amount for FUND program (provided by fund providers) to your organization?

- a) Yes .....b) No..... c) Difficult.....

11. If the expected answer for # 9 is "Yes," the possible reasons for variation between approved budget (project) and received amount is/are (Use an "X" mark and can use one or more than one choices):

- a) Delayed budget (project) release
- b) Delayed settlement by SOE
- c) No request on time
- d) Poor fund utilization
- e) Give little attention to the program
- f) Tight procedures & regulations of the fund
- g) Budget year is over

12. Use X in relation to fund management & utilization for the following offices.

Se. no	Implementers	Fund management				Fund utilization			
		Excellent	V. good	Satisfactory	Poor	Excellent	V. good	Satisfactory	Poor
1	Head office								
2.	Addis Ababa Branch								
3.	Adama Branch								

13. In the above table, you have graded (ranked) the implementing sectors. What are the main criteria in ranking the implementing sectors?

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14. Is the amount of budget (project) received from different donors (fund providers) to Prevent the diseases based on your organization's demand?

- a) Yes .....b) No..... c) Difficult.....

15. If your answer is "No" or "No information", the possible reasons can be (Use an "X" mark and can use one or more than one choices):





## Appendix 2 Questionnaire

### St. MARY'S UNIVERSITY FACULTY OF BUSINESS AND ECONOMICS DEPARTMENT OF ACCOUNTING AND FINANCE

#### Questionnaire for PFSA Implementing Sectors INTRODUCTION

The study is primarily undertaken as requirement for the fulfillment of research thesis in Accounting & Finance. Improving the findings will be used in building the strengths and designing strategies to correct weakness in fund management and its utilization in the organization. The collected data will be used only for the mentioned purpose. Therefore, I cordially request your esteemed organization for volunteer to respond the questionnaire and provide accurate and complete data to the data collectors.

Thank you for your time & cooperation

**Note:** A question which says '**your organization**' indicates that your **head office** or **Branch office**.

#### 1. Profile of the respondent

- (a) Sex: Male .....Female.....
- (b) Status: Finance Head .....Senior Accountant.....  
Junior Accountant..... Clerk.....
- (c) Education: Diploma..... Degree..... Masters.....
- (d) Study field: Accounting..... Economics..... Management.....
- (e) Basic Salary Br. \_\_\_\_\_
- (f) Nature of employment: Regular..... Contract.....

#### 2. Your organization (Use an "X" mark for indication)

- a) Governmental - Federal.....Regional..... Zonal..... Woreda.....

#### 3. Your organization's sources of funds in relation to HIV/AIDS, malaria, TB funds (Use an "X" mark and can use one or more than one fund type)

- a) World Bank PBS ..... e) GF HAPCO.....
- b) SCMS ..... f) UNFPA.....
- c) UNICEF ..... g) UNDP.....
- d) RDF ..... h) Others.....
- g) WHO .....

#### 4. A fund provided by Fund programs for HIV/AIDS, malaria, TB prevention to your organization is clearly specified in the grant agreement (which states intervention area, rights & obligation of your organization, and the likes).

- a) Yes..... b) No..... c) Difficult.....

5. If your possible answer is "No," "Difficult" in question #4, the possible reasons can be:

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6. Which type of source for HIV/AIDS, Malaria, TB fund is released on time to your organization provided by Fund program (use an "X" mark and rank by taking 1<sup>st</sup>, 2<sup>nd</sup>, .... in front of each fund)?

- |                         |                  |
|-------------------------|------------------|
| a) World Bank PBS ..... | e) GF HAPCO..... |
| b) SCMS .....           | f) UNFPA.....    |
| c) UNICEF .....         | g) UNDP.....     |
| d) RDF .....            | h) Others.....   |
| g) WHO .....            |                  |

7. Which type of fund program settled on time that is provided by PFSA to your organization? (Use an "X" mark and rank by taking 1<sup>st</sup>, 2<sup>nd</sup>, in front of each fund).

- |                         |                  |
|-------------------------|------------------|
| a) World Bank PBS ..... | e) GF HAPCO..... |
| b) SCMS .....           | f) UNFPA.....    |
| c) UNICEF .....         | g) UNDP.....     |
| d) RDF .....            | h) Others.....   |
| g) WHO .....            |                  |

8. The possible reasons that settled on time for Program fund referring to question # 7 Is /are:

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9. The possible tools of fund management in your organization are (Use an "X" mark and use one or more than one choice):

- |                                   |                                  |
|-----------------------------------|----------------------------------|
| a) Keeping the fund properly..... | d) Timely report.....            |
| b) Keeping proper accounts .....  | e) Timely fund utilization.....  |
| c) Keeping proper documents.....  | f) Timely request of budget..... |

10. The possible tools for proper fund utilization in your organization are (Use an "X" mark and use one or more than one choice):

- f) Utilization based on agreement.....
- g) Timely fund utilization.....

- h) Continuous fund utilization control.....
- i) Timely submission of utilization report.....
- j) Continuous monitoring & evaluation system.....

11. Is the amount of budget (project) received from different donors (fund providers) to prevent HIV/AIDS, malaria, TB based on your organization's demand?  
a) Yes..... b) No..... c) Difficult.....

12. If your answer is "No" or "Difficult", the possible reasons can be (Use an "X" mark and can use one or more than one choices):

- a) Donors (fund providers) supply.....
- b) Environmental factor.....
- c) Social factor.....
- d) Political force.....

13. Do you know the grant agreement between your organization and Fund program in relation to HIV/AIDS, TB and Malaria prevention programs and the amount of fund provided? (Use an "X" mark and can use one or more than one choices):

- a) Yes.....
- b) No.....
- c) Difficult

14. If the possible answer for # 13 is 'No,' or 'Difficult' the expected reasons can be:

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15. Have you budgeted (funded) from your own source other than fund providers? Provided for prevention of Top diseases? (Use an "X" mark):

- a) Yes.....
- b) No.....
- c) Difficult.....

16. If your answer is "No", "Difficult" the possible reasons can be:

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17. In your organization, HIV/AIDS, malaria and TB fund is authorized by:

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18. How do you rank the HIV/AIDS, malaria and TB fund utilization in your organization? (Use an "X" mark)

- a) Excellent..... c) Good.....
- b) Very good..... d) Satisfactory.....

19. In the above question, you have graded (ranked) your organization. What are the main criteria in ranking your organization?

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20. Can you mention some of the HIV/AIDS, malaria and TB fund management and utilization challenges in your organization?

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21. What you have learned about HIV/AIDS, malaria and TB considering either its fund management or fund utilization?

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22. Nature of the questionnaire (Use an "X" mark and can use one or more than one choices):

- a) Very easy to understand..... d) Complicated to understand.....
- b) Easy to understand ..... e) Time consuming.....
- c) Very complicated to understand..... f) Too long.....



Appendix 3

Source	Amount of Budget in birr					Total
	2003	2004	2005	2006	2007	
GF-HAPCO	18,756,475.64	576,012,880.92	344,015,693.48	915,484,082.76	9,942,353.14	1,864,211,485.94
SCMS	30,000,879.03	111,150,452.52	44,568,698.12	22,526,415.10	-	185,720,029.67
CHAI	22,116,852.23	93,146,222.32	115,654,528.63	72,633,135.25	-	303,550,738.43
WB-PBS	52,659,000	42,589,411.50	-	-	-	95,248,411.50
WHO	1,500,587.36	289,213.65	659,574.14	223,564.19	-	2,672,939.34
UNICEF	1,564,115.65	2,546,859.63	1,568,879.00	662,119.90	1,998,854.61	8,340,828.79
UNFPA	23,562,231.25	12,589,000.02	27,322,654.20	9,857,531.74	10,332,523.42	83,663,940.63
GAVI	2,456,697.32	1,456,954.65	-	-	-	3,913,651.97
RDF						
Total	152,616,838.6	839,780,995.21	833,790,027.57	1,021,386,848.94	22,273,731.17	2,547,322,026.27

Appendix 4

Implementing Offices	Amount of Budget (in Birr)			
	funds Approved	Disbursed	Settled	Unsettled
Head office	342,189,859.24	342,189,859.24	205,859,592.19	136,330,267.05
Adama branch	290,854,925.62	290,854,925.62	290,406,375.02	448,550.60
Addis Ababa branch	187,365,745.12	187,365,745.12	171,982,165.90	15,383,579.22
Health offices	92,524,987.96	92,524,987.96	62,158,852.72	30,366,135.24
				182,528,532.11

# Declaration

I, the undersigned, declare that this project entitled 'Fund Management and Its Utilization in Pharmaceutical Fund and Supply Agency' is my own effort and study. I have carried out the research work independently with the guidance and support of the research advisor. And that all sources of materials used for the study have been duly acknowledged.

Declared by:

Name\_\_\_\_\_

Sign\_\_\_\_\_

Date\_\_\_\_\_

Confirmed by Advisor

Name\_\_\_\_\_

Sign\_\_\_\_\_

Date\_\_\_\_\_

## ***ENDORSMENT***

***This thesis has been submitted to St. Mary's University School of Graduate Studies for examination with my approval as a university advisor.***

***Advisor.....***

***Signature.....***

***St. Mary's university, Addis Ababa***

***Dec, 2015***