

ASSESSMENT OF FINANCIAL MANAGEMENT SYSTEM IN PUBLIC HEALTH SECTOR OF AFGHANISTAN

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Abstract

After nearly three decades of continuous conflict the country emerged in late 2001 as a truly devastated state with its human, physical and institutional infrastructure destroyed or severely damaged. At that time the UN Human Development Report ranked Afghanistan as the second poorest country in the World (ANDS 2008).” Afghanistan has a high poverty rate, is landlocked, and is highly dependent on foreign aid, agriculture, and trade with neighboring countries the infrastructure needed for growth is limited and critical markets are underdeveloped (ANDS 2008), Afghanistan is an aid-dependent country. With over half of aid “channeled outside the country’s financial systems it has become difficult to effectively meet government objectives. The lack of information on aid flows makes planning difficult this is “complicated by the large number of donors lack of harmonization and significant donor shortfalls on commitments. Afghanistan is an aid-dependent country. With over half of aid “channeled outside the country’s financial systems it has become difficult to effectively meet government objectives. The lack of information on aid flows makes planning difficult (GoA, 2007). This is “complicated by the large number of donors lack of harmonization.

Keywords: Public Health, Financial Management, Information System

INTRODUCTION

Governance is a pillar of the Afghanistan National Development Strategy (ANDS 2008). Since the first Public Expenditure and Financial Accountability (PEFA) assessment in 2005, the Government of Afghanistan has significantly improved governance and transparency. Fiscal discipline and transparency contribute to macroeconomic stability and sustained external assistance (WBG-PEFA 2008). Social cohesion can be achieved through governance reform through transparent institutions, An Integrated Financial Management Information System (IFMIS) “can enable prompt and efficient access to reliable financial data and help strengthen government financial controls, improving the provision of government services, raising the budget process to higher levels of transparency and accountability, and expediting government operations” (Rodin-Brown 2008). From 2005 to 2007 with the continuous progress of modern information technology in the economic and social development, information construction has been widely used in the public medical system. In public hospitals, modern information construction has not only improved the overall medical service level and efficiency, but also strengthened Hospital internal control and management. The application level of information technology is an important factor in the financial management of public hospitals, and the construction of information has a profound impact on the improvement of the financial management of public hospitals. Through the extensive influence and necessity between the financial management and information construction of modern public hospitals, this paper

analyzes the main problems existing in the process of financial management and information construction of public hospitals, and studies the suggested measures to solve the problems, in order to optimize the financial management of public hospitals, and provide reference for information construction. During the first two years of the program, growth averaged about 10 percent per year, but revenue performance was weak, and growth fell back to about 3½ percent in fiscal year 2008/09 because of a severe drought. The economy grew by 22 percent in 2009/10 in light of a strong recovery in agriculture and higher donor inflows, and inflation was minus 12 percent (IMF 2010). Public hospitals are the most important part of China's medical system. With the continuous improvement of people's living standards, people's requirements for public hospitals are also increasing; especially the hospital environment, medical quality and service standards have higher requirements. In the face of decentralized data, the use of information technology to collect various data will enable the management to make better decisions. Information construction has an indispensable effect on the internal fine management of the hospital. A Public Finance Management (PFM) Review helped demonstrate the value of supporting government efforts to use the budget as a policy tool and urge donors to support this agenda. As a result, Afghanistan's partners increasingly understand the need, if one is to seriously address the state-building challenge, of channeling greater amounts of their support through the government budget, while strengthening implementation and fiduciary capacity. Permanent cadre of personnel in the line ministries is essential, as lack of continuity of personnel adversely affects The AFMIS remains a key component of the authorities' PFM reform agenda, and its successful implementation has also benefited from complementary reforms in core financial management functions. For example, the interaction between the central Treasury and provincial must fiats has ensured timely and accurate monthly reporting of revenues and expenditures through the AFMIS.

Objectives of the Study Review Paper

The general objective of the study review paper was to Assessment of Financial Management System in public Health sector Afghanistan.

- To analysis recent improvements and developments on financial management system:
- The Budgeting process;
- Accounting procedures.
- To elaborate the strengths and weaknesses of budgeting and accounting procedures.
- To find the effectiveness and efficiency of budgeting and accounting procedures.
- Role of budgeting and accounting procedures on implementation of national projects.
- To assess the effects of Financial Management System in public Health sector Afghanistan.
- To determine the impact of Afghanistan began by implementing a new, simple financial management framework in Kabul then decentralized.

- To Improvements to financial management processes followed political stability
- To decentralization to line ministries and municipal governments followed implementation
- To addition of government accounting, improved expenditure management and transaction processing in line with government objectives
- To Sequencing of transparency efforts with regular, automated, and timely reporting of expenditure data
- To Electronic Funds Transfer (EFT) implementation

Need For the Study

Insecurity remains a concern for external donors like the World Bank and IMF, the precarious security situation threatens to undermine several government initiatives and is the main reason for lower governance scores in Afghanistan. The PFMS foundation must be sustainable so that the government is fully capable of defining and directing development based on country priorities.

Substantial assistance in program budgeting, expenditure management, internal auditing, and procurement systems and the skills to properly use them have substantially improved central government operations.

Capacity building remains important, particularly at the sub-national level and for budget planning public servants must be developed to ensure proper oversight. This requires developing systems to ensure.

METHODOLOGY

Non-probability sampling specifically, purposive sampling technique was used for the study. Given the technicalities and relevance of the information required for Public Financial management system.

- Magazines and annual reports also used for the collection of necessary information.
- Research Papers used for the source of secondary data.
- Sample Size and Sampling Technique follow by organization.
- Assessment of last period collected data from society requirements.
- Establishing the focus of the study
- Identifying the specific objectives of the study
- Selecting the research method
- Developing the research instrument
- Collecting the data

- Ordering the data
- Analyzing the data
- Enabling dissemination and journals

Motivation

The main methods of financial motivation used in business are wages, salaries, performance related pay, profit sharing, and financial fringe benefits. Wages. Wages are an amount of money paid to an employee based on a number of factors, such as time rate, piece rate and overtime.

Faced with little information about what motivates health workers and how reforms affect worker motivation, many countries (and organizations within them) have implemented measures or incentive programs designed to stimulate certain kinds of worker behavior without an empirical base to guide their choice of interventions. Policy makers have often relied primarily on financial incentives, as in Indonesia (Chernichovsky & Bayulken, 1995) and Thailand (Pannurunothai, Boonpadung, & Kittidilokkul, 1997). There is substantial debate about the prospects for and effectiveness of performance-related pay in developing country public sector contexts (Nunberg, 1995). Even when financial incentives are not explicitly used to promote higher productivity, the underlying philosophy of many health sector reform programs often implies that money is a key motivator in the work context.

While financial incentives may be important determinants of worker motivation, it seems equally evident that they alone cannot and have not resolved all worker motivation problems. Moreover, excessive focus upon financial incentives in the public sector could lead to negative consequences. Workers may begin to view financial rewards as more important than other types of reward (e.g., praise from supervisors or appreciation by the community), and they could experience a conflict between their own notion of public sector values and messages about working for financial gain (Giacomini, Hurley, Lomas, Bjhatia, & Goldsmith, 1996)

FINDINGS

The PFMS accreditation process is in a very early stage of development. Only in the past decade was consensus reached to begin the journey of exploring accreditation. Experience with the accreditation process has only reached a fraction of public health agencies. Consequently, it is not surprising that there would be opportunities to build more rigor into the process. PFMS standard was written to verify the existence of an established and effective financial management system. As currently written though, the measures and required documentation do not fully support a thorough assessment of the public health agency's ability to meet this standard. The Joint Commission notes that standards should be used by management to make quality improvements

CONCLUSION

Afghanistan Financial Management System was disrupted due to morthen years of civil war and many short term regimes that affected the national development goals and objectives. After the fall of government regime, the new established Taliban took initiative to develop but Financial Management System was disrupted and need to improve the system with international technical and financial support.

Globalization has created a competitive environment for countries. Risk and opportunity are key drivers for businesses. Good governance creates country stability and encourages business investment to fuel economic growth. Building the capacity and accountability of the Afghan state was an important step towards sustainable good governance in Afghanistan because it ensures the provision of affordable and accessible services for citizens, The Government of Afghanistan is seeking an “efficient financial system and proper accountability can not only improve the trust of Afghans but also increase the confidence of the donors on the government of Afghanistan (Ahsan, 2010), The computerised financial management system also tends to reduce corruption opportunities. In Afghanistan, around seven signatures were needed for every payment in the paper-based system and each signature required a small bribe. This avenue for corruption was eliminated with the implementation of the Afghanistan Financial Management System. To date, only one case has been reported where there was an allegation of improper use of the system and the individual was caught

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