

(Final)



Ministry of Federal Affairs and General Administration (MOFAGA)
Provincial and Local Governance Support Programme (PLGSP)

4th National Advisory Fiduciary Risk Management Sub-Committee (NAFRMSC)

Meeting Minute, 25 November 2022

Chaired by the Secretary, Arjun Prasad Pokharel, MoFAGA

1. Decisions:

- 1 The meeting reviewed and noted the progress update of the Third NAFRMSC meeting's decisions.
- 2 The NAFRMSC received and noted the PLGSP Annual Progress Report 2021/22, first quarterly progress report 2022/23 and Third Party Monitoring (TPM) Report.
- 3 Received and noted the updated PLGSP FRRAP/FMIP. NAFRMSC instructed PCU to take all necessary management action, accounting and narrative reporting measures to improve the reporting on FRRAP/FMIP
- 4 Received and noted Audited Financial Report & recommendations (FY 2020-21)
- 5 NAFRMSC informed NEC on the documents & decisions of this meeting.

NR: Discussion and suggestion from the participants, presentation and list of attendees / representatives of the NAFRMSC meeting in given in the Annex 1&2 respectively.



Annexes-1 Agenda item and Discussion

Opening of the meeting

Chair, Arjun Prasad Pokharel, Secretary of MoFAGA, welcomed all participants to the 4th NAFRMSC meeting and briefly presented the agenda before handing over to NPD, Joint Secretary of MoFAGA, for further proceeding.

NPD, Balaram Rijyal, Joint Secretary of MoFAGA welcomed the participants and highlighted PLGSP's progress including institutional strengthening, capacity development of provincial and local governments, policy reforms, service delivery system development and overall implementation of the programme.

He further highlighted that Federal- Province- Local Government relationships are central to program, that PPIUs and PCGGs are fully functional and delivery is underway, FRA is implemented by all tiers of government with a principal focus on strengthening PFM of Province and Local Governments.

He stated that the NAFRMSC provided a platform for discussion about the fiduciary risks, associated areas on public financial management (PFM), and its reform.

1. Reflection on 3rd NAFRMSC decisions & actions

NPM Hemraj Aryal updated NAFRMSC progress against the last NAFRMSC decisions and actions, all of which were complete.

2. Progress update on PLGSP/FRRAP and IPF Fiduciary Risk Mitigation Framework

NPM Hemraj Aryal updated NAFRMSC on the PLGSP/FRAPP and IPF fiduciary risk mitigation framework.

3. Progress Update

NPM Hemraj Aryal updated NAFRMSC on progress against the Programme Outcomes / ASIP and financial expenditure of FY 2021-22 and 1st quarter of this Fiscal Year 2021/22.

5. Suggestions and Remarks from NAFRMSC Participants

Hari Lamsal, Joint Secretary, Ministry of Education, Science and Technology emphasized the need for action to be taken against the base line in FMIP.

Mr. Krishna Chandra Neupane, Secretary, ADDCN, expressed his concerns regarding how the MTR recommendations would be addressed in PLGSP.

Rajendra Pyakurel, National Association of Rural Municipality in Nepal (NARMIN), emphasised that Quality Assurance must be the focus while working with the LGs and PCGG to deliver performance impacts to the LGs.

Dr Andrew Long, DPs' Chair, FCDO, British Embassy Kathmandu, noted receipt of the reports in a timely manner and acknowledged PLGSP's support to 525 LGs to develop

their FRAPs, and welcomed Federal, Provincial and Local Governments' efforts to implement the Fiduciary Risk Reduction Action Plan (FRRAP) and Strategy. Further efforts to manage fiduciary risks and strengthen systems at all levels are needed and that agreed action points in the FRRAP are implemented proactively with information shared regularly with this committee.

He requested MoFAGA/PCU to update the Fiduciary Risk Reduction Action Plan [FRRAP] periodically including the IPF-related measures, and emphasized the need for fiduciary mitigation and safeguarding measures related to IPF to be implemented.

He appreciated implementation of FRRAP, CGAS, NPSAS, Public Assests Management and SuTRA and internal control guidelines in LGs, in strengthening PFM, but noted that many activities identified and agreed in the FMIP are yet to be initiated, for example the preparation and implementation of Procurement Improvement Action Plan.

The 3rd NAFMRSC meeting had decided that the PCU, PCGGs and PPIUs would proactively document and report progress on FRRAP implementation on quaterly basis and requested MoFAGA/PCU to share with DPs the progress report on FRRAP implementation before the end of December 2022 and report the progress on implementation on a quarterly basis thereafter, as agreed.

Aneela Khan, Norwegian Embassy & DP Co-chair, acknowledged DPs' receipt of the audit report of PLGSP PCU and a separate audit report of the TASP in May 2022 and that it had been agreed to follow up on the findings related to weak budgetary control and non-compliance with the income tax act. However, no progress on this has been reported.

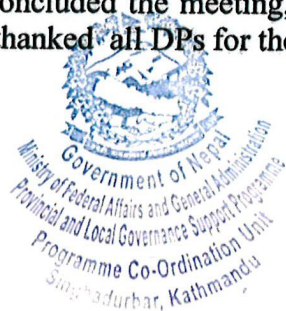
DPs note that the PLGSP audit report does not cover the audit of other costs units (PCGGs, PPIUs and FCGO) and requested MoFAGA to provide DPs the consolidated audit observations of all cost units of the PLGSP with a management response on the findings and mitigation recommendations of the audit issues for both FY 19-20 and 20-21 as soon as possible.

DPs acknowledge the financial delivery for FY 21/22 which is 24% higher than the previous fiscal year 20/21. However, The FMRs of PLGSP for the period until July 2022 show that PLGSP budget delivery is significantly below plan at only 50.19. DPs request PCU to coordinate and support all cost centres of PLGSP in developing more realistic planning & budgeting and enhance their delivery capacity.

NPM Hemraj Aryal clarified that PLGSP transfers the budget as conditional grant to Provinces and that OAG conduct audits in Provinces as a whole, they have not consolidated the report of PLGSP as a whole OAG has conducted an audit of the entire program but the system is unable to generate a consolidated report separate for PLGSP.

At the end of the meeting, Chair, Mr. Arjun Prasad Pokharel Secretary of MoFAGA, stated that the PLGSP has planned to address fiduciary Risk Assessment (FRA) as a main component in the program. DPs has big contribution to support the program.

Secretary Pokharel concluded the meeting, addressing the concerns raised regarding the the presentation and thanked all DPs for their effective partnership and collaboration with GoN.





Annex-2: 4th NAFRMSC meeting attendees / representatives

S.N.	Name of the participant's	Designation	Organization
1	Mr. Arjun Prasad Pokharel	Secretary	MoFAGA
2	Mr. Balaram Rijyal	Joint Secretary, National Program Director	PLGSP, MoFAGA
3	Mr. Mahadev Panth	Joint Secretary	OPMCM
4	Mr. Chandi Raj Sapkota	Under Secretary	NNRFC
5	Dr. Dibakar Luitel	Program Director	NPC
6	Mr. Nirupam Mashra	SDE	MoUD
7	Mr. Raghu Ram Bista	Joint Secretary	MoFAGA
8	Mr Narayan Prasad Aryal	Joint Secretary	MoFAGA
9	Mr Rudra Singh Tamang	Joint Secretary	MoFAGA
10	Mr. Madhu Bishwokarma	Governance Advisor	FCDO, British Embassy
11	Mr. Andrew Long	Governance Politics and Services Team lead	FCDO, British Embassy
12	Ms. Aneela Khan	Counsellor Governance	Royal Norwegian embassy
13	Kaluwa Vergamota	Project Manager	EU Delegation
14	Silvana Hogg	Head of cooperation	SWISS Embassy, SDC
15	Ms. Binda Magar	Governance Advisor	UNDP
16	Mr. Tek Tamata	Portfolio Manager	UNDP
17	Mr. Ian Macdougall	Fed.Gov.Spec/DP coordinator	UNDP
18	Ms. Shradha Rayamajhi	National Programme Officer	SDC
19	Mr. Tizianno Lavizzari Lavittari	Programme Manager	SDC
20	Mr. Egbert Pos	Governance Advisor, Deputy Team Leader of GPST	FCDO, British Embassy
21	Mr. Mim Hamal	SPM	EU Delegation
22	Mr. Madan Bhujel	Joint Secretary	Ministry of Health and Population
23	Mr. Yam Lal Bhusal	Joint Secretary	Ministry of Women, Child and Senior Citizen
24	Mr. Hari Prasad Lamsal	Joint Secretary	Ministry of Education, Science and Technology
25	Mr. Sirish Pun	Under Secretary	Ministry of Agriculture
26	Mr. Rajendra Pyakurel	Executive Director	NARMIN
27	Mr. Krishna Neupane	Executive General	ADCCN
28	Mr. Krishna Prasad Sapkota	Secretary	OCMCM, Province no 1
29	Mr. Bipin Kunwaro Thakur	PPM	OCMCM, Madhesh Province
30	Mr. Shiva Ram Gelal	Secretary	OCMCM, Bagmati Province
31	Ms. Manamaya Bhattarai Pangen	Secretary	OCMCM, Gandaki Province

32	Mr. Hari Prasad Gyawali	Under Secretary	MoFAGA
33	Mr. Kabindra Nepal	Under Secretary	MoFAGA
34	Mr. Sudarshan Poudel	Account Officer	PLGSP, MoFAGA
35	Mr. Rajan Thapa	Admin. Officer	PLGSP, MoFAGA
36	Mr. Baburam Shrestha	PFM Specialist	PLGSP, MoFAGA
37	Mr. Baburam Gyawali	Under Secretary (Account)	MoFAGA
38	Mr. Tulsi Ram Aryal	Under Secretary	MoFAGA
39	Mr. Khil Raj Rai	Under Secretary	MoFAGA
40	Mr. Chandra Kanta Sharma Paudel	CMS	PLGSP
41	Mr. Bigyan Raj Satyal	ICT Expert	PLGSP
42	Mr. Surendra Bhandari	AFO	PLGSP
43	Mr. Rajendra Aryal	Nayeeb Subba	PLGSP, MoFAGA
44	Mr. Janakraj Sharma	Under Secretary	MoFAGA
45	Mr. Mitra Lal Sharma	Under Secretary	MoFAGA
46	Mr. Krishna Gnawali	Section Officer	MoFAGA
47	Mr. Marco Gemmer	EU Head of Cooperation	European Union
48	Ms. Bandana Sinha	Interpreter	
49	Ms. Ranju K.C.	C.O.	PLGSP, MoFAGA
50	Ms. Dixita Silwal	HR and Liaison Specialist	PLGSP

