QUARTERLY PROGRESS REPORT

Intermediate Outcome: PROVINCIAL PLANNING AND MANAGEMENT

Annual Work Plan: **Provincial Capacity Building Programme Phase II**

Year/Quarter: **2011/3**

Intermediate Outcome [*type Outcome number*]			Available Budget (USD)	Unfunded
Provincial and Local Governments plan and manage their finances and support services delivery effectively and efficiently with increased partnership and participation of civil society and private sector.			**1,800,107**	**781,802**
Output code	Resources mobilized and added this quarter	Donor	Total Available Budget (USD)	Unfunded
3.1	**0**		**1,533,730**	**674,802**
3.2	**0**		**53,577**	**25,000**
3.3	**0**		**212,800**	**82,000**
		TOTAL	**1,800,107.00**	**781,802.00**

Name of Annual Work Plan	**Provincial Capacity Building Programme Phase II**
Implementing Partner	**Department of Finance**
Responsible Parties	**None**
UN agencies participating in the AWP	**UNDP**
AWP ID Codes	**ATLAS AWARD ID: 00049258**
Cash Transfer Modality	**Direct Cash Transfer**
Date last AWP Steering Committee meeting	**7th October 2011**
Donors (sources for Non-Core)	**AusAID, GoPNG (not through UNDP)**

Date ………………………………………………………… Date …………………………………………………………

Signature Implementing Partner: **Signature Head of UN Agency**

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 Name **Name**
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I   Key challenges

Challenges last quarter (Qtr 3, 2011)	Recommendations	Follow up by	Has the challenge been addressed? *If not, please elaborate on next steps.*
Although not a challenge in itself, the audit report for the 2009 year was completed in the 2nd Quarter. The report did note improvement in various aspects of the project however it also identified issues that need to be addressed.	Issues and their related recommendations mentioned in the audit report are implemented by those responsible.	PCaB II Project Team, UNDP and FMIP management	Work throughout the year was undertaken to address issues raised in the audit report. The 2010 audit exercise will confirm what recommendations were implemented.

New challenges	Recommendations	Follow up by
Delay in fund transfer from donors has meant expenditure incurred in first quarter has been from government funding	Donor funds to be transferred for 2nd and 3rd quarters should be given with priority	UNDP
Implementation of the new Integrated Financial Management System (IFMS) by Dept. of Finance will result in a transition in 2011 from the old PGAS/Quick Book system to the use of IFMS for project expenditure.	Continued efforts will be focused on ensuring the transition to the use of the new IFMS system has minimal impact on the implementation of the programme	FMIP; Programme Finance and Admin

PCaB II QPR 3/2011

II   Results Table

Output 3.1	Selected Provincial and District Treasuries have the capacity to prepare and submit accurate financial reports and statements on time.
Overall assessment	**On track**
Description of assessment	Capacity building activities in financial management has progressed smoothly and successfully in quarter three in all the pilot provinces. This has contributed significantly towards achieving the intermediate outcomes of the program. The site based advisors have continued to offer support in the form of mentoring, coaching and on the job training to treasury and a few administration staff on financial reports and other areas of financial management. There is evidence of transfer of knowledge and skills to the mentees as they are being assessed through pre and post tests after various trainings are conducted. Consequently, data obtained and reflected in their monthly reports indicates that there is tremendous improvement in the submission of bank reconciliations and annual financial statements, statistical data will be gathered through a M&E system. Two provinces have achieved this outcome on timeliness for all their accounts and are progressing well with addressing issues related to quality on financial reports. In the other four provinces, 90% of all financial reports are submitted on time except for a few LLG accounts in Milne Bay, Western, Central and Morobe Province. During the orientation workshop for the CTS, respective advisors in these provinces have agreed to focus and work aggressively to attend to these outstanding reports in the next three months of 2011. The Training Coordination Support Advisor is working very closely with the site based advisors in these said provinces trying to achieve this outcome.

Annual Deliverables	Appreciation	Comments - *only when delayed*
4 Steering Committee meetings held which review progress of PCaB II programme and make decisions affecting implementation when required	**On track**	
On-going financial procedure and two non-financial workshops on-the-job training sessions conducted at sub-national level for government staff	**On track**	

Output 3.2	A Performance Management System in place and operational through a M&E framework that allows an adequate control & management of provincial and district treasury offices improving their accountability and compliance with public financial management regulations
Overall assessment	**On track**
Description of assessment	The previous Internship Advisor has resumed his new role as a Monitoring & Evaluation Advisor. He has being tasked to put a M &E framework together that can allow an adequate control & management of provincial and district treasury offices improving their accountability and compliance with public financial management regulations. He is currently putting the final touch to the framework and developing M&E tools that will be used when implementing this framework.

Annual Deliverables	Appreciation	Comments - *only when delayed*
Initiatives related to graduate programme	**On track**	

Output 3.3	Integrated Financial Management System (IFMS) operational in selected pilot province
Overall assessment	**On track**
Description of assessment	Following are technical support offered by PCaB ICT advisors to IFMS rollout in each of the fields/areas: **Upgrade of IFMS (11.07 - 11.09.04.008):** There was a Version upgrade of IFMS (11.09.04.008), which was carried out in the newly established Datacentre, located Vulupindi, and Ground-Floor. This also involved setup of (4x) DP servers, and (15x) Xenapp Servers. **Budgeting Module Rollout:** Played a major role to support this activity by providing on-site end-user support and any other technical support that is required. This is an on-going activity. **Interfacing with Legacy Systems:** It is imperative that these systems interface with IFMS. PGAS (PNG Government Accounting System) and DoW (Department of Works Oracle based system) are two of these Legacy systems. PCaB Advisors provided the technical assistance in the areas of Systems Analysis, Development, Deployment, Testing and Training of these Interfaces. This is an on-going activity.

User Security for Budgeting Module:
Provided support in this area through creation of users, providing appropriate system access in line with the requirements and end to end testing. This is an on-going activity.

Training and Technical Support to General Ledgers:
Ongoing Training and technical Support to the Staff in GL.

Other Support Activities:
Apart from the above, day to day support is being provided to the project, which consists of technical assistance, training, troubleshooting, etc. Support activities which are stipulated by the IFMS Project Management. These activities are on-going.

Annual Deliverables	Appreciation	Comments - *only when delayed*
IFMS training given to key users	**On track**	
ICT training and on-going technical support in PCaB II supported provinces for selected treasury staff	Basic Computer training has progressed smoothly and successfully into quarter three in all the pilot provinces. A total of 94 staff from treasury and 19 staff from the provincial administration have undergone some form of training in the three categories/levels (Advance, Intermediate, and Basic) of basic computing. These trainings were customize and tailored to the participant's context of their work environment. The advisors have collectively agreed during the recent workshop to increase the number of participants for ICT training because of the high demand out there in the provinces that requires some form of basic ICT training. This meant that training was organized in a separate venue apart from the established computer training computer rooms to cater for this need.	

III Resources

Total Outcome 3 | Provincial Capacity Building								
	SOURCES AVAILABLE				EXPENDITURES			
Type of funding:	Core Available	Non-Core Available	AusAID	**Total Sources Available**	Core	Non-Core	AusAID	**Total Expenditure**
Output 3.1	100,000.00	20,000.00	1,413,730.00	1,533,730.00	70,158.80	184,107.00	1,044,477	1,298,742.80
Output 3.2	-	53,577.00	-	53,577.00	-	12,686.00	-	12,686.00
Output 3.3	-	212,800.00	-	212,800.00	-	28,577.00	-	28,577.00
TOTAL	*100,000.00*	*286,377.00*	*1,413,730.00*	*1,800,107.00*	*70,158.80*	*225,370.00*	*1,044,477*	*1,340,005.8*

IV Risk Management

#	Description	Category	Probability & Impact (1 = low and 5 is very high)	Counter-measures / Management response	Owner	Author	Date Identified	Last Update	Status
1	Remoteness of PSA/DLSA network	Operational	P = 5 I = 3	Purchase of black berry and bringing team together in Port Moresby more frequently	CTS	CTS	Q1 2009	Q3 2011	Adequate ICT technology in use by PSAs/DLSAs; team has held planning meeting in POM; CTS & NPC has begun field visits
2	Poor cooperation with other parts of government/lack of commitment by other parts of	Organisational	P = 3 I = 3	Ongoing consultations with Financial Training Branch and PPII. Also	CTS/NPC	NPC	Q1 2009	Q3 2011	Continued consultations and regular meetings been held

	government			liaison with PDFMD/AFSD					
3	Exchange rate fluctuation	Financial	P = 3 I = 4	Exchange rate is monitored to ensure there is no major impact on the Annual Workplan and budget	UNDP/ CTS	UNDP	Q1 2008	Q3 2011	Budget and exchange rates monitored. PGK has strengthened against USD and therefore will impact on funds held by UNDP for the programme.
4	High counterpart staff turnover and failure to retain trained officers	Organisational	P = 3 I = 5	Any issues with counterpart staff turnover to be brought to the attention of project management. Designation of a counterpart and an understudy for each field advisor.	CTS/NPC /PSAs	NPC	Q1 2008	Q3 2011	Has not eventuated
5	Project staff at Provincial level undertaking tasks that are outside of their TOR	Other	P = 3 I = 3	Discussions to be held between programme management and relevant Provincial Treasury officers to ensure that the TOR of the PSA and/or DLSA is clearly understood.	CTS/NPC /PSAs	NPC	Q1 2008	Q3 2011	Staff have completed personal work plans and were reminded to adhere to them during the planning /orientation workshop

6	Security and safety issues in the provinces	Security	P = 2	This is an on-going risk to the programme. Any security issues are to be reported to programme management	CTS/NPC	NPC	Q1 2008	Q3 2012	Staff reminded of security and safety
			I = 3						
7	Old and dysfunctional project vehicles could result in injury	Operational	P = 2	Programme vehicles maintained regularly and old vehicles disposed off following guidelines	CTS/NPC /FAO	NPC	Q1 2009	Q3 2011	On-going
			I = 3						
8	Operating within project budget with project financial resources stretched as project activities are ramped up	Financial	P = 2	Careful weekly monitoring of expenditures.	CTS	CTS	Q2 2009	Q3 2011	On-going monitoring
			I = 4						
9	Project implementation delayed due to need for better administrative and financial management.	Organisational	P = 3	Hiring of administrative assistant.	Steering Committee	CTS	Q2 2009	Q3 2011	Assistant Administrative Associate is assisting with administrative and financial management
			I = 3						