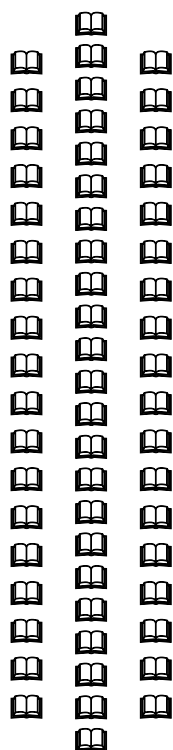




**Special Audit Report related to
Management of COVID-19
2079 (2022)
(Unofficial Translation)**



**Office of the Auditor General
Kathmandu, Nepal.**

Serving the Nation and the People

Vision

*Be Credible Institution in Promoting Accountability, Transparency
and Integrity*

Mission

Provide Independent and Quality Audit Service to the Nation

Core Values

Independence

Integrity

Transparency

Accountability

Professionalism

Foreword

The Constitution of Nepal mandates the Auditor General to carry out the audits of all government offices of the Federation, Provinces and Local Levels in accordance with law, with due regard to, *inter alia*, the regularity, economy, efficiency, effectiveness and propriety thereof. While performing the audits, the Auditor General shall, at all times, have right to examine any document related to the books of accounts and is required to submit annual report related to its functioning to the President. The Audit Act 2075 (2018) stipulates that the procedures, methods, scope and matters to be examined in auditing shall be as determined by the Auditor General. The same Act mandates the Auditor General to carry out the audit of various subjects. Almost of all countries of the world have been impacted by various waves of COVID-19 Pandemic. Huge sum of moneys have been spent by most of countries of the globe for the prevention, control and treatment of the Pandemic. Since the people's concerns on promotion to the public accountability and transparency becomes vital during the period of Pandemic, it is being accepted nationally and globally that the management activities and the expenditure incurred for the pandemic purpose must be independently examined, evaluated and reported. In this perspective, this report has been prepared separately in this year as previous year in line with the commitment made for preparing a separate report by evaluating of the works performed and expenditures incurred in the prevention, control and treatment of the COVID-19.



This audit covers the related activities concerning to COVID-19 performed by all three levels of governments. Pursuant to the COVID-19 management, total expenditure of NRs. 19.08 billion has been incurred in this year, which includes NRs. 10.71 billion spent by the Federal Government, NRs. 1.49 billion spent from the Federal Corona Fund, NRs. 2.12 billion spent from Corona Fund of Province Governments and NRs. 4.76 billion spent from Corona Fund of the Local Levels. Including last year's expenditure NRs. 13.54 billion, the cumulative expenditures spent by three levels of governments become of NRs. 32.62 billion. Though the Foreign Aid Management System of Ministry of Finance has stated that NRs. 59.89 billion has been received as foreign and other assistances from various donor agencies, no further analysis has been done in this respect as the assistance amounts have not been included in its financial statement.

In incurring expenditure and managing resources to control the impact created by the worldwide Pandemic the like Covid, this audit report will play vital role to make the public entities' officials more responsible and accountable and to make the financial management system transparent and efficient through mobilizing public resources economically. Pursuant to the prevention and treatment of COVID-19 infection, the entities of three levels- Federation, Provinces, and local Levels have undertaken various activities, such as- pre-preparation, relief distribution, quarantines and isolation management, procurement of health materials,

development of infrastructures, human resource management, raising awareness of people , border point surveillance, searching, tracing, testing and treatment, operation and management of Covid hospitals and purchase of vaccines and vaccination etc. Huge expenditures have been borne from budget and Funds of the governments. The country's various economic and social sectors have been affected by the imposition of lockdown. There has been a situation where the organizations of industrial, tourism, trade, occupation/business and educational institutions have been shut down during situation of pandemic, and large numbers of manpower have lost their employment. In a situation of the people are having direct impact of covid on the social livelihood and economic activities, the pandemic has started to decline gradually after the management of vaccines, however, the situation of full control is still yet to come.

This report has been prepared on the basis of the auditing and information gathered in respect to the works performed by various entities of the Federation, Provinces and Local Levels for the purchase of health equipment, PCR testing, constructing and operating quarantines/isolations, surveillance of border points, operations of unified hospitals, distribution of risk allowances, purchase and management of vaccines in course of the management and control of COVID-19. Pursuant to the promotion of public accountability and transparency through bringing effectiveness in the prevention, control and treatment of Pandemic, the audit observations and suggestions have been incorporated by analyzing the matters witnessed in management of COVID-19. It is believed that this report will aid in furnishing vital information and guidance in controlling and mitigating the Covid like pandemic that may arise in future. I would like to extend special thanks to all entities which have involved in the COVID-19 management and supported in carrying out this audit and to all office staffs which have contributed in preparing this report.

(Tanka Mani Sharma, Dangal)
Auditor General

Table of Content

Chapter	Heading	Page No.
	Foreword	
<i>Chapter 1 :</i>	Audit Objectives, Scope and Methodology	1
<i>Chapter 2 :</i>	Policy and Legal Provision related to Control of Pandemic	4
Chapter 3 :	Audit Observations	9
	Status of COVID-19	9
	Impact of COVID-19	13
	Part-1 : Federal Ministry and Entity	26
	1. Ministry of Finance	26
	2. Ministry of Health and Population	27
	3. Ministry of Defense	53
	4. Ministry of Home Affairs	55
	5. Ministry of Urban Development	56
	Part-2 : Province and Local Level	58
	1. Province No. 1	60
	2. Madhesh Province	69
	3. Bagmati Province	80
	4. Gandaki Province	90
	5. Lumbini Province	97
	6. Karnali Province	108
	7. Sudurpachhim Province	115
<i>Chapter 4 :</i>	Reforms to be Undertaken in Future	122
Annexes :	1, 2 and 3	127-132

Chapter 1- Audit Objectives, Scope and Methodology

- 1. Background** - The viruses, especially the like- SARS, Influenza, Covid etc. that affect to human body, have posed challenges to the human health. The disease caused by the infection of Novel Corona Virus, has started from 2019 December, and the World Health Organization has declared the global pandemic in the name of "COVID-19". At present, almost all countries of the globe have been affected from this pandemic. Its effect has started to slow down gradually due to development of various vaccines, such as Moderna, Covi-shield, Vero-cell, Pfizer, Johnson & Johnson etc. for the prevention of this pandemic in global market, but the situation has not yet come into full control. In Nepal, the first infection case was detected in the first week of Magh 2076 (third week of January 2020). For the control and prevention of the Pandemic, the Federal and Provincial Governments and Local Levels have been functioning since the beginning. The Government of Nepal had, for the first time, imposed the lockdown in 2076 Chaitra 11 (24/03/2020) and the second partial lockdown was imposed from 2078 Baishakh 16 (29/04/2021) to end of Jestha 2078 (14/06/2021).

With respect to the prevention, control and treatment of the COVID-19 infection, all the three tiers of governments have operated activities, such as - purchase and distribution of health equipment, management of vaccines, P.C.R. testing, quarantine and isolation management, relief distribution, operation of temporary Covid hospital, mobilization of health and other manpower, providing Covid related information, evacuation of citizens, service delivery in lockdown period etc. For the prevention, control and management of the COVID-19 infection, the governments have managed necessary resources from the virement of the appropriated budgets in other purposes and assistances received from foreign donors, and the federal and provincial governments have established Fund to mobilize assistances from all sectors in the Pandemic management works. The governments have mobilized huge sum of moneys from the budget and funds, and the past lockdown has impacted in economic, social, cultural and various other spheres of life. Significant number of manpower has lost their jobs due to closure of industries, businesses, educational and other organizations. This report has been prepared in line with the Supreme Audit Institutions' practices of conducting special audit pursuant to the management of the Pandemic.

- 2. Audit Objectives** - The main objective of this audit was to produce report with suggestions on the management of the prevention, control and treatment of COVID-19 pandemic by examining whether or not the activities implemented for the pre-preparedness, control and treatment of the pandemic and measures taken to normalize life by mitigating the impact on people's life had been undertaken

economically and efficiently. In order to attain the objective, the following sub-objectives set by the audit were to ensure the matter:

- Whether the resources necessary for the pandemic properly managed and the resources so mobilized expended and utilized
- Whether the risks of pandemic forecast and controlling activities were timely and adequately undertaken
- Whether the Federal, Provincial and Local Level acted in a coordinated manner to control and prevent the pandemic
- Whether the activities related to testing and treatment were properly managed
- Whether the construction of hospital infrastructures, procurement and management of health equipment and vaccines, and mobilization of manpower that necessary for prevention and control of pandemic were done economically and efficiently

3. Scope of Audit- The scope of audit covers the expenditure incurred and activities performed by Federal Ministry of Finance, Health & Population, Home Affairs, Defense, Urban Development, concerned ministries of the Province Governments and Local Levels for the prevention and control of Corona pandemic till 15th July 2021 (2078 Ahadh-end). Pursuant to some relevant information and data & activities, the audit period has also been extended to cover the information and data up to 13th May 2022. In last year, the Covid management programs were implemented with the direct involvement of the entities of the 7 federal ministries, provinces and local levels, however, in this year, this program was operated with the direct involvement of entities operated under Federal Ministry of Finance, Health & Population, Home Affairs, Defense, and Urban Development. Hence, the audit examination has been carried out by including the information and data obtained from the entities only .

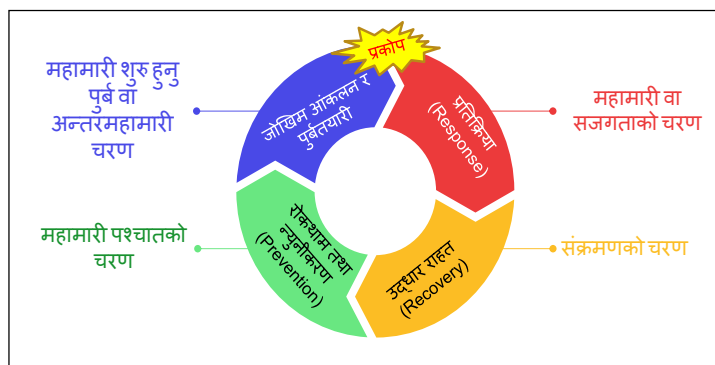
4. Audit Methodology - In course of audit, the process-oriented and problem-oriented approach have been adopted. In the context of prevention, control and treatment of COVID-19, the problem-oriented method has been used focusing on problem identification and solution. Since various entities are required to carry out the prevention, control and treatment works of pandemic as provisioned in the prevalent Act, Rules, procedures, guidelines and good practices, the process-oriented method has been adopted to evaluate its compliance level and the economy and efficiency of the activities undertaken. In this audit, the standards, directives, guidelines and international good practices adopted by the Office as well as the methods and procedures provided in guidelines issued by the International Organization of Supreme Audit Institutions (INTOSAI) and Disaster Management Audit Guidelines prepared by the Office have been followed as per necessity.

In connection of gathering of information and evidences for this audit, the field visits have been done to review the related documents and to hold discussions with audited entities. In addition, information/data have been collected from the entities covered in the audit scope by using the various questionnaire forms. The remote auditing technique has also been used for this purpose. The report has been prepared based on the analysis of the information thus obtained.

5. **Rationale of Special Audit** - The rationale to undertake this audit are as given below:
 - 5.1. Section 5 of the Audit Act, 2075 (2018) has mandated the Auditor General to carry out the audit of various subject matters.
 - 5.2. Pursuant to the prevention, control and treatment of pandemic, it is necessary to evaluate the expenditure incurred and the work performed by the country in tracing the inflated persons and their treatment and the managing of activities, such as - the expansion of necessary infrastructures, supply of vaccines and other health materials, management of human resource, operation of Covid Fund, creating public awareness, management of quarantine and isolation centers etc.
 - 5.3. The work performed by the Federal, Provincial and Local Governments with regard to the prevention, control and management of COVID-19 has become national importance and needs to be evaluated.
 - 5.4. It has become necessary to promote the public accountability and transparency through producing a separate report by examining independently to the issues of national importance and public concerns.
 6. **Limitation of Audit** - The audit has been completed with optimum use of available resources by mobilizing the multi-audit teams and giving due consideration to the health security and capacity of the employees. As information are to be collected from a large number of audited entities, the report has been prepared conducting sampling tests based on the details/information furnished by those entities. In assessing the Covid related issues, some of information have been collected relying on the financial audit, however, some of information and details may become irrelevant due to change in time. Some problems have arisen in maintaining consistency in auditing as this special audit was completed mobilizing multi-teams and was performed simultaneously with financial audit within short span of time, which may be taken as the limitation of this audit.
-

Chapter 2 - Policy and Legal Arrangement related to Pandemic Control

- Pandemic Cycle** - In order to evaluate the activities of the pandemic or to manage the pandemic, necessary strategies need to be adopted based on its cycle. The act of risks projection and pre-preparedness is to be done prior to the outbreak of the pandemic and intermediary period of the pandemic. Anticipating any pandemic that may come in future or considering the situation of outbreak of subsequent



- pandemic that may come immediately after one pandemic, various activities need to be performed, the like - nature of damage, population which may be infected and its management, management of treatment related infrastructures, procurement of essential drugs & equipment and managing stocks and preparing for implementation etc. After down fall in the pandemic or infection cases, various activities, such as - adopting precautionary measures, raising people's awareness, identifying infections, investigating and contact-tracing of cases, managing quarantines and isolations, mobilizing financial resources, arranging hospitals and other infrastructures and manpower, procuring drugs & equipment and health materials are to be undertaken. The country needs to carry out activities, the like- providing relief or treatment facilities to the vulnerable or infected people; adopting appropriate strategies to prevent further spreading of the disease; managing health personnel and providing incentive allowance; arranging personal safety materials, supplying of medicines & equipment and vaccines, evacuating the citizens that are in crisis, collecting and disseminating of actual information; providing relief packages to the affected business-persons and the citizens due to imposition of lockdown; and coordinating and supporting between three tiers of governments etc. As the risks of re-emergence of infection always exist even after a outbreak pandemic, it has become essential to normalize the people's life by operating and managing the prevention and mitigation related activities, the like - arranging the vaccination campaigns, maintaining adequate stock of drugs & equipment, and adhering to health protocol. This special audit is designed to focus on the above mentioned pandemic management cycles.
- Policy and Legal Provision** - The health policy of the Government of Nepal is 'to become a Healthy Nepal'. The policy and legal provisions made with regards to

the prevention, control and management of pandemic including the COVID-19 infection are as follows:

2.1. **Policy Provision** - The National Health Policy, 2076 (2017) aims to develop and expand a health system for all citizens in the federal structure based on social justice and good governance and ensure access to and utilization of quality health services. The relevant points stipulated in the policy are as follows:

- To adopt integrated measures of preparedness and response measures to combat communicable diseases, insect-borne and animal-borne diseases, problems related with climate change, other diseases, epidemics and disasters,
- To modify existing organizational structure of the health sector as per necessity and establishment of National Disease Control Center and other necessary structures for disease control, pandemic control and research
- To upgrade the national laboratory to international standards by modernizing the diagnostic services and making it technology friendly; to establish a reference laboratory and diagnostic center in each province,
- To set up mechanisms at all levels to immediately address disasters and epidemics and make arrangement for their capacity development, response plans, preparedness and mobile hospital services, and
- To encourage citizen and community participation and contribution in overall health care services including disaster management, risk reduction and health promotion.

2.2. **Legal Provision** - The Constitution of Nepal has guaranteed the health related rights - the right to ensure free basic health care service to every citizen from the State, not depriving anyone from the emergency health care service, the right to acquire information about own health care to everyone, and the equal right to access to every citizen. The following legal provisions are in place for the implementation of the rights:

- Disaster Risk Reduction and Management Act, 2074 (2017) and Rules, 2076 (2019)
- Public Health Services Act, 2075 (2018) and Rules, 2077 (2020)
- Infectious Diseases Act, 2020 (1964)
- Drugs Act, 2035 (1970)
- Health Insurance Act, 2074 (2017) and Rules, 2075 (2018)
- Local Government Operation Act, 2074 (2017)
- Ordinance related to COVID-19 Disaster Management, 2078 (2021)

2.3. **Directives and Operating Procedures** - The bodies inclusive of the Government of Nepal, Ministry of Health & Population have issued various types of standards and operational guidelines in respect to the proper management of entire work to be

done for the prevention and control of Corona infection pandemic. The use of these standards and guidelines has aided in attainment of maximum achievements from limited means & resources. Major Guidelines and Operating Procedures issued by the Government of Nepal with regards to COVID-19 are as follows:

- Work Description related to Operation of COVID-19 Hospitals/ Clinics
- COVID-19 Dead- Body Management Procedures, 2076 (2019 AD)
- Directives related to Isolation Center Management, 2076 (2019 AD)
- Interim Directives for Delivery of COVID-19 and Other of Healthcare Services, 2076 (2019 AD)
- Standards for Operation and Management of Corona Virus Quarantine, 2076 (2019 AD)
- Case Investigation and Contact Tracing Team Operation and Management Directives, 2077 (2020 AD)
- Orders related to Facilitation of the Evacuee Citizens Compelled to Return Home due to the Inconvenient Situation caused by the Global Pandemic, 2077 (2020 AD)
- Order to Provide Grant to the Hospital for the Treatment of Infection, 2077 (2020 AD)
- Interim Directives in Connection with COVID-19 on Environmental Hygiene and Disinfection, 2077 (2020 AD)
- Minimum Standards on Aid-in-Materials to be Provided to the Ministry of Health & Population by Various Donors and Supporting Bodies in the Context of COVID-19, 2077 (2020 AD)
- Directives on the Use of Personal Protective Equipment (PPE).
- Unified Hospital Operation Order, 2077 (2020 AD)
- Health Standards for Isolation of Infected People, 2077 (2020 AD)
- Allowance Management Order for Manpower Engaged in Treatment, 2077 (2020 AD)
- Health related Guidelines for People in Quarantine
- Guidelines for COVID-19 Sample Collection of Persons in Quarantine
- Directive on Issuing Permission to Private Laboratories to Conduct Molecular Testing of COVID-19, 2077 (2020 AD)
- Public Health Standards during Lockdown, 2077 (2020 AD)
- Health Sector Emergency Response Plan in the context of the COVID-19 Pandemic
- Treatment Method for Suspected Patients of COVID-19
- Environmental and Social Management Frameworks
- National Vaccination Plan, 2078 (2021 AD)

3. Institutional Arrangement - Along with the Ministry of Health & Population and other concerned ministries/agencies, the following committees have been

constituted at the federal, provincial and local levels, which are in operation for the prevention, control and management of pandemic inclusive of the infection of COVID-19:

- 3.1. In order to make the prevention and control of COVID-19 further effective and extensive, a COVID-19 Crisis Management High-Level Coordination Committee (CCMC) formed as per the decision of the Council of Ministers dated 1st March, 2020 under the convenership of Deputy Prime Minister, and members comprised of Ministers of various seven Ministries, Vice-Chair of National Planning Commission, Chief Secretary and Secretary of Office of Prime Minister and Council of Ministers (OPMCM) as Member Secretary.
 - 3.2. Under the COVID-19 Crisis Management Center, a Steering Committee has been constituted under the convenership of the Deputy Prime Minister and the Minister of Home Affairs, Minister of Federal Affairs & General Administration, Minister of Health and Population, Minister of Industry, Commerce & Supplies and Minister of Finance as members; and a Facilitation Committee has also been in place under the convenership of Chief Secretary of Government of Nepal and Chief of Army, Secretary of Ministry of Home Affairs, Inspector General of Police, Inspector General of Armed Police Force and Chief Investigation Director as members.
 - 3.3. For conducting the prevention, control and treatment works of COVID-19 effective, systematic and coordinated manner, a COVID-19 Crisis Management Center has been established, which is constituted as per the decision of the Council of Ministers dated 29th March, 2020. Similarly, the province, district and local level COVID-19 crisis management centers are also operational.
 - 3.4. The CCMC Operations Committee is in place under the convenership of a Secretary of the Prime Minister and the Office of the Council of Ministers and membership of the Major General of Nepal Army and representatives of the Ministry of Health & Population. Various Operations Groups are formed under the Operational Committee, which include Health Services & Treatment Operations Group, Medicine & Equipment and Health Materials Supply Service Group, Law & Order Monitoring and Control Operations Group and Information & Technology Operations Group.
 - 3.5. As per Section 17 (2) of the Disaster Risks Mitigation and Management Act, 2074 (2017) and Rule 8 of Disaster Risks Mitigation and Management Rules, 2076 (2019), the functions, duty and powers of the Local Disaster Management Committee include, such as - to formulate and implement local disaster management plan in line with integrated sectorial policies and programs approved by Province Disaster Management Executive Committee, establish Disaster Preparedness and Response Committee, perform rescue and reliefs works in affected areas and conduct its monitoring, develop and operate disaster information system, update
-

statistics, prepare and implement action plan by preparing various programs inclusive of the identification of disaster affected households/families etc.

The nature of roles to be played by the above Committees and Centers is coordinating and policy decision making. Such policies or recommendations are to be implemented by the concerned sectorial entities, and province and local levels.

Chapter 3 - Audit Observations

The receipts and expenditures status of the Federation, Provinces and Local Levels of 2020/21 with regards to the formulation of laws and procedures related to prevention and controls of the COVID-19 Pandemic, laboratories and hospital management, resource and manpower management, drugs, equipment and vaccine arrangement, communication and community participation, border point management, civil security are as follows:

Pursuant to the prevention and controls of COVID-19, total expenditure of NRs. 19 billion 77.9 million has been incurred in this year, out of which NRs. 12 billion 202.2 million has been spent by the Federal Government from the budget appropriation and Central Corona Fund, NRs. 2 billion 116.7 million spent by the Province Governments and NRs. 4 billion 758.9 million spent by Local Levels. Inclusive of last year's (2019/20) expenditure NRs. 13 billion 543.9 million, the cumulative expenditure has appeared NRs. 32 billion 621.8 million. The above expenditure amounts do not include the amount of assistances and commodity assistances received from various development partners.

• Status of COVID-19

In a situation the COVID-19 Pandemic has impacted globally, its impact on Nepalese economy has also been witnessed. The livelihood of mass people has been affected due to spreading of infection in short span of time. Since the prevention and controls measures adopted for saving lives of people from this pandemic are not giving any immediate positive results, it has created uneasy circumstances in livelihood of people. The status of corona infection and its impact are described below:

1. **Status of Infection** - In accordance with the data of 15/07/2020, 15/07/2021 and 13/05/2022 published by the Ministry of Health & Population, the total infection cases and deaths cases in Nepal have increased, where as the active infected cases has decreased in later period. In the global scenario, the number of total infections, active infections and deaths have increased, however, the infection rate seems to be higher in Nepal than in the global scenario. The Observations witnessed from analysis are mentioned below:
 - 1.1. In the global context, the number of total infections, active infections and deaths are found climbing, however, the infection rate of Nepal has appeared lower than the global infection rate. Details are given in the table below:

Spread of COVID-19	End of Ashadh 2077 (15/07/2020)		End of Ashadh 2078 (15/07/2021)		30th Baishakh 2079 (13/05/2022)	
	World	Nepal	World	Nepal	World	Nepal
Total Infected Cases	13,464,468	17,177	189,183,522	709,457	519,865,036	978,982
Deaths Cases	581,374	39	4,074,687	9,463	6,284,713	11,952
Active Cases	4,528,362	6,106	12,407,285	26,639	38,984,766	117

Cases (per hundred thousand)	141	0.17	1896	6.62	6,669	3251
Deaths (per hundred thousand)	7	0.10	41	26	80.6	39.7

Although the government initiated the activities related to the control, prevention and treatment of COVID-19 after emergence of global infection, the effects of COVID infections have been witnessed more in 15th July 2021 as compared to 15th July 2020. But, its effect has been declining in later period due to vaccination program and other causes. However, an analysis is yet to be done with regards to the projection of risks and its impact.

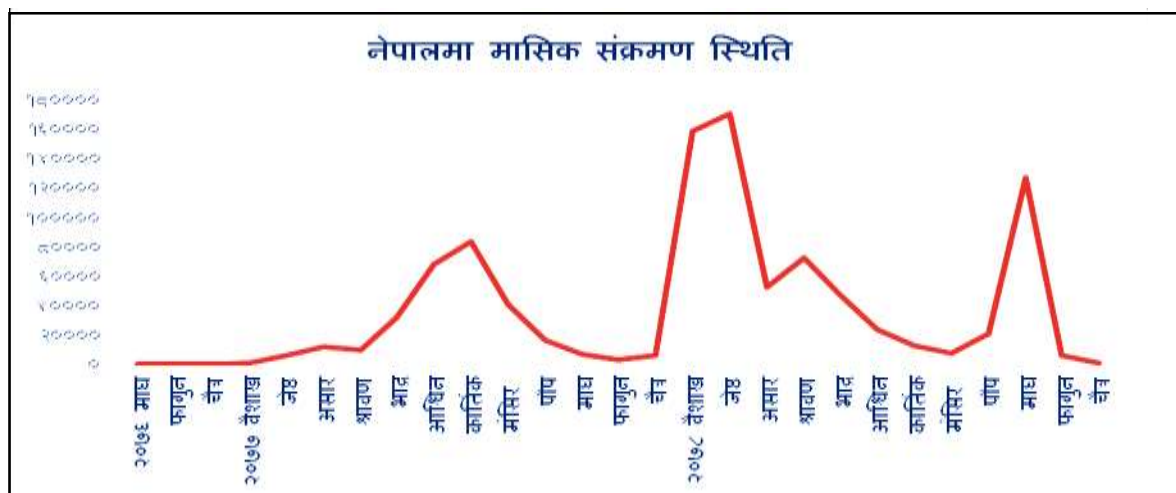
- 1.2. The comparative status of infection of SAARC countries based on the statistics obtained from Worldometer and Ministry of Health and Population is depicted in the table given below:

Description	End of Ashadh 2077 (15/07/2020)		End of Ashadh 2078 (15/07/2021)		30th Baishakh 2079 (13/05/2022)	
	Total Infection	Number of Death	Total Infection	Number of Death	Total Infection	Number of Death
SAARC Countries	1,439,474	33,228	34,289,177	471,774	48,679,437	620,160
India	936,181	24,309	31,026,829	412,531	43,116,600	524,190
Pakistan	255,769	5,386	983,719	22,720	1,529,080	30,376
Bangladesh	190,057	2,424	1,072,774	17,278	1,952,939	29,127
Afghanistan	34,740	1,045	137,853	5,983	179,169	7,686
Nepal	17,177	39	709,457	9,463	978,982	11,952
Maldives	2,801	14	75,622	215	199,483	298
Sri Lanka	2,665	11	280,543	3,573	663,632	16,510
Bhutan	84	0	2,380	11	59,552	21

In SAARC countries, the number of total infections appeared 1 million 439 thousand and number of deaths 33 thousand in 2077 Ashadh-end (15/07/2020). During the same period, the number of total infections of Nepal appeared 17 thousand and total number of deaths 39. Upon the spreading of the infection, the total number of infection of the SAARC countries has reached 34 million 300 thousand and number of deaths 472 thousand up to 2078 Ashadh-end (15/07/2021). In the same period, the total number of infection of Nepal has reached 709 thousand and number of death has reached 9 thousand. Likewise, till 30th Baishakh 2079 (13/05/2022), the total number of infections of Nepal has reached 979 thousand and total number of deaths 12 thousand in comparison to the total number of infection 48 million 679 thousand and number of death 620 thousand of the SAARC countries.

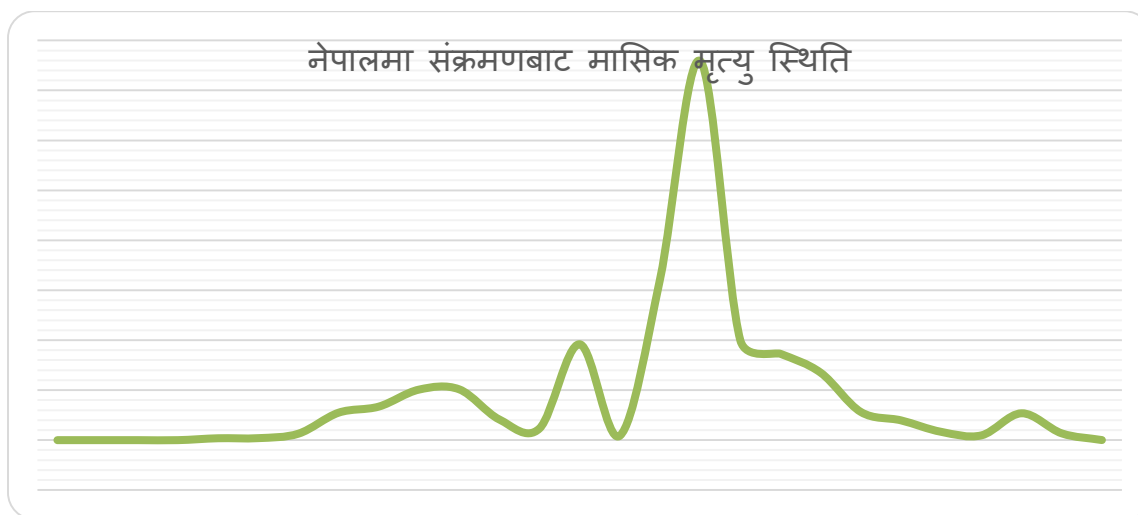
2. **Monthly Infections and Deaths** - The COVID-19 infection, which started in Nepal from 2076 Magh (2020 Mid January), had accelerated from 2077 Baishakh (2020 Mid April) onwards to reach 83 thousand 639 in 2077 Kartick (2020 Mid November). Thenafter, the number infection started to decline gradually to reach 2

thousand 621 in 2077 Falgun (2021 Mid March). The infection so declined did not prevail for a long period, but inclined again from 2077 Chaitra (2021 Mid March) onwards to reach 170 thousand 873 in 2078 Jestha (2021 Mid June). The infection, which reached in the highest point in 2078 Jestha, has started to decline thereafter, however, it has inclined again and reached to 127 thousand 131 in 2078 Magh (2022 Mid February). The Ministry of Health and Population has pronounced as the first wave period of COVID-19 from the beginning of Corona infection to 2077 Falgun (13/03/2021) and the second wave period from 2077 Chaitra (14/03/2021) to 2078 Chaitra (13/04/2022). The monthly status of the infection of Nepal is shown in the graph chart given below:



Source : Status Report published by Ministry of Health and Population

Though the Corona infection inclined since 2077 Baishakh (Mid-April 2020) onwards, but no one had died from the infection up to that period. Thenafter, the death toll reached to 19 persons in 2077 Jestha (Mid-June 2020). The death toll of infected person reached to 506 persons in 2077 Kartick (Mid-November 2020), in which the infection reached at highest peak. The infection started to incline again since 2077 Chaitra (Mid-March 2021) and the death toll stood 3 thousand 796 persons in 2078 Jestha (Mid-June 2021). The death toll appeared 3 thousand 14 persons in first wave period and 8 thousand 937 persons in second wave period, which indicates the infection of second wave has appeared more harmful. The monthly status of death of infected people is depicted in graph chart given below:



Source : Status Report published by Ministry of Health and Population ।

3. **Risk Forecasting and Preparedness** - In order to minimize the impact of COVID-19 Pandemic, the Ministry of Health and Population had implemented Health Sector related Emergency Response Plan in 2077 Baishakh (2020 April/May) for COVID-19 Pandemic prevention and control covering the areas of public health and social, hospital and laboratory and managerial response. In the response plan, the matters have been specified, such as - the number of Nepalese that may return from 2077 Ashadh (Mid-June 2020) to 2077 Magh (Mid-February 2021); number of persons to be accommodated in hotels and home quarantines and management of quarantines; management of isolation centers; number of infected patients and out of them the number of patients to be treated keeping in ICUs and ventilators; control of infections; management of cases; supply of equipment, drugs and materials and quality assurance; management of health education and information; good governance; mobilization of community etc.

In addition to the above work, the Ministry has issued of COVID-19 Health Sector Rapid Action Plan for the period 2077 Falgun (13/02/2021) to 2078 Ashadh (15/07/2021) by assessing the risks of further wave of Covid pandemic due to- the emergence of new types of Corona Virus infection prior to control of the existing pandemic, undertaking of all social and economic activities without any restriction, and lack of adherence to public health protocols at community levels and organizing of mass meetings and rallies at daily basis. By making the projection of possible covid cases based on information obtained from past surveys and making the estimation of the number of persons for which the treatment service will be required amongst the new additional infection, the action plan has covered the subjects such as- the arrangements of vaccines against COVID-19, control of infection, testing and treatment, procurement and supply of goods, and monitoring and evaluation. Though the estimation of the budgets necessary for performing activities from beginning of risks forecasting to vaccination work are made, the management has not been done for the skilled manpower and equipment, and construction of

adequate isolation centers, hospitals and beds in line with the infection; very low contact-tracing is undertaken in the second wave infection; and the management of the supply of oxygen, essential drugs, receiving vaccines against covid and timely vaccinating to all citizens has not been done effective manner as per the growth in infection cases. In addition, the preparedness works has also been affected due to lack of proper coordination and collaboration between the federation, provinces and local levels.

• **Impact of COVID-19**

4. **Impact on Delivery of Health Services** - In a situation of the existence of total 30 thousand 101 approved positions of health workers, 3 thousand 99 positions have fallen vacant, and the health workers engaged in regular health service have been mobilized in the prevention, control and treatment of COVID-19 disease, and consequently, the delivery of regular health service has been affected. It is observed that the patients which need to visit for regular check-up failed to get specialist services approaching hospitals due to lockdown and prohibitory order; patients could not perform various tests due to non-operations of all services in hospitals; the patients visited hospitals for check up of diseases became infected by COVID-19; and the newborn mothers, patients having chronic diseases, disables and elderly citizens failed to receive timely services due to lack of proper management of delivery of services. It is because of the lack of COVID hospitals facilities and infrastructures, the Covid infected patients that approached in the hospitals for treatment were provided services by keeping in hospitals' passages, verandas, and open places; many patients died as they failed to get admission in hospitals; and the health services were affected as the health workers themselves became infected by COVID-19.

It is because of COVID-19, the child health and immunization service has also been affected as the vaccination centers have not been operated regular basis, the maternal and nutrition program and Baal Vita (Micronutrient powder) distribution program are not conducted regular basis. It is observed that overall health services including the basic and emergency service, mental health, the referral services being referred to referral hospitals by local levels, has also been affected due to COVID-19.

5. **Impact on Economic Growth** - Nepal had started to impose the lockdown since 2076 Chaitra (14/03/2020) according high priority to life saving of people than the economic losses that might occur from the COVID-19 Pandemic. The economic growth rate of Nepal has been affected due to long period lockdown imposed during corona infection period. The economic growth rates of Nepal have remained negative (minus) by 2.1 percent and 4.01 percent in 2019/20 and 2020/21 respectively as against the target of achieving growth rates of 8.5 percent and 7.0
-

percent respectively. Nepal's economic growth rate has appeared negative by 2.21 percent in 2019/20 for the first time in the subsequent two decades.

6. **Impact on Achieving Sustainable Development Goals** - The sustainable development goals covers the social, economic and environmental aspects, such as - end poverty and hunger, access to health and education for all, gender equality, clean water for all, access to clean energy for all, full employment, economic growth, industrial development, infrastructure development & sustainable cities, good governance and partnerships etc. The specified targets are to be met in order to accomplish the sustainable development goals and attain the targets of social, economic and infrastructural development. The capital expenditure, which stood NRs. 241 billion in 2018/19, has remained only NRs. 189 billion in 2019/20 and NRs. 228 billion in 2020/21 due to COVID-19. As compared to 2018/19, the expenditure has decreased by 21.73 percent in 2019/20 and 5.55 percent in 2020/21. The attainment of sustainable development goals has been impacted by various reasons, such as - the slow down of the construction of infrastructures resulted from decrease in capital expenditure, negative economic growth, obstacles in mobility of people and trades & businesses due to the prohibitory orders and obstruction in transportation sectors, and non-operation of regular health services and all levels of educational services etc.
7. **Impact on Revenue Mobilization** - The impact of COVID-19 infection on overall economy has also been witnessed in revenue mobilization. As per the data obtained from the Financial Comptroller General Office, the status of revenue collection from 2016/17 to 2020/21 are as follows:

(NRs. in Billion)

Fiscal Year	Initial Estimate	Actually Collected	Recovery Percent	Increase Percent in comparison to Previous Year
2016/17	575.90	615.47	106.87	23.36
2017/18	745.05	782.39	105.01	27.12
2018/19	860.01	839.67	97.63	7.32
2019/20	1,112.03	841.31	75.66	0.20
2020/21	1,011.76	978.75	96.74	16.05

Source : *Financial Comptroller General Office*

As per the above table, the growth rates of revenue recovery over the respective previous years, which appeared 23.36 percent in 2016/17 and 27.12 percent in 2017/18, dropped to 7.32 percent in 2018/19 and 0.20 percent in 2019/20, which shows the lesser revenue recovery as compared to targets fixed. It is because of sluggish economic activities, the revenue scope and recovery have not remained in accordance with the target fixed, and the revenues which are to be mobilized in development works have not been able to cover the recurrent expenditure of the country.

8. **Impact on Foreign Employment** - As per the Ministry of Labor and Employment, the number of workers going abroad by getting labor approval were 1 million 608 thousand in 2017/18, 1 million 119 thousand in 2018/19, 1 million 126 thousand in 2019/20, but the number appeared only 1 million 90 thousand in 2020/21. Thus, the above data, which shows a decrease in number of the country's labor force going foreign employment, can be taken as a positive aspect, but the existence of 752 thousand listed unemployed persons in 2020/21 due to the rise in number of citizens coming to labor market, shows that the number of unemployed and semi-unemployed person is surging in the country. In view of the effect of feeble world economy on Nepalese economy, the works of integrating the unemployed citizens in employment or self-employment programs have not been done in an effective manner. For increasing the production and productivity with full exploitation of labor force, appropriate policy measures should be adopted.
9. **Impact on Tourism Sector** - The impact of COVID-19 Pandemic on tourism sector is furthermore. The number of tourist visiting Nepal in 2018 and 2019 (prior to the Covid infection period) had existed 1 million 173 thousand and 1 million 197 thousand respectively, but the number of tourist arrival in 2020 and 2021 (during the Covid infection period) confined to only 230 thousand and 150 thousand respectively.

The 'Visit Nepal Year- 2020' was announced with an objective of attracting 2 million tourists in Nepal, but the program was withheld due to corona infection at the beginning of the year. It is because of obstacles in the operations of transportation, hotels, restaurants and air routes during lockdown and prohibitory order period owing to corona infection, the incomes receivable from tourism sector have dropped due to lethargic tourism industry caused by decline in tourist arrivals. The revenue collected from tourism sector, which figured NRs. 739.8 million in 2018/19, has appeared NRs. 3 million 257 thousand only in 2020/21.

10. **Impact on Education Sector**- The COVID-19 Pandemic has adversely affected the educational sector as other sectors. The educational activities which resumed for physical presence after the end of the covid first wave have been shut down again after resuming few months due to the second wave of infection. During the Corona period, the schools were closed down by the federal level and school education were provided using alternative methods of learning, such as - online classes, radios, televisions, printed materials etc. Including the community, institutional and religious schools, total 35 thousand 674 schools are operated throughout the Nepal in which 363 thousand teachers are teaching and 8 million 335 thousand students are studying. The alternative methods of learning are found functional in urban areas, but the methods are found ineffective in rural and remote areas as the students of such areas have limited access to such technology and infrastructures.
-

During the lockdown period of COVID-19 Pandemic, the result of S.E.E. and Class 12 are published on the basis of internal assessment of schools. Based on result of the examination, significant improvements are witnessed in the success results of students, but the evaluation of the quality of education and learning of the students has not been conducted.

11. **Impact on Public Procurement** - As per decision of the Council of Ministers dated 19/08/2021, the due dates procurement contracts have been extended up to the maximum of 13/04/2022 citing that the contract works of then ongoing procurement contracts could not be completed within specified contract period due to imposition of the lockdown and prohibitory order caused by COVID-19. The extensions of procurement contracts have caused delay in receiving services/facilities to the people and increased the time and cost due to non-completion of works on time.
12. **Impact on Livelihood** - The first and second wave of COVID-19 have significantly impacted on livelihood of the people in Nepal. The fear of disease on one hand and the lockdown and prohibitory orders imposed for a couple of months on the other, have created obstructions in people's free movement and travelling due to restriction in social and economic activities; effective regulation has not been conducted to black marketers; the incomes of entrepreneurs and traders have declined due to closure to industries and trades & businesses; and the laborers and the groups relying on daily wages have been affected furthermore. The lockdown was relaxed to some extent based on certain conditions, but bypassing such conditions, people had participated in social and cultural programs, such as - marriages, bratabandha, jatra, festivals, worships, religious acts, gatherings, political and discussion programs, mass meetings, procession etc., which has caused growth in the rates and extent of infection. Consequently, on the one hand, huge amount of resources of the country were spent for the treatment of infected people and its management and on the other hand, the income earnings and self-employment areas had also slumped.

It is because of Covid, some positive effects have also witnessed in livelihood of Nepalese people. It has assisted people to become IT-friendly with the development of the habit of working through the virtual medium by using technology, like - computers, laptops and mobiles etc. The cost and time of person and institution have been saved from the usage of online payments, online education, and remote workshop/seminars/trainings.

13. **Impact on Operations of Industries/ Businesses** - The economic activities of the country have been impacted by lockdown imposed from 2020/03/24 for preventing and controlling the COVID-19 infection. The operations of economic activities became easy since the year end of 2077 (2021 April) onwards after the relaxation of the health safety measures that adopted for the prevention of infection, however, the economic activities have been affected again after the outbreak of second wave
-

in 2078 Baishakh 2022 (March-April) due to re-imposition of lockdown and prohibitory orders for the prevention and control of infection. As per the Nepal Rastra Bank's study report on the impact of COVID-19 in Nepalese economy conducted in 2077 Ashadh and the follow up reports conducted in 2077 Mansir, 2078 Baishakh and 2078 Mansir, the following impacts are witnessed in the operations of industries and businesses:

(In Percent)

S.No	Particulars	2077 Ashadh (2020/07/15)	2077 Mansir (2020/12/15)	2078 Baishakh (2021/05/14)	2078 Mansir (2021/12/15)
1	Industry/Business Fully Operated	4	54	81.2	82.2
2	Industry/Business Partially Operated	35	37	14.6	15.5
3	Industry/Business Fully Closed	61	9	4.2	2.3

The above table shows that the state of production and employment has improved with gradual improvement in the operations of industries/businesses from 2077 Ashadh to 2078 Kartick. However, the situation prior to COVID-19 infection has not been approached.

- 14. Privileged Loans** - The status of privileged loans disbursed for supporting to continuity businesses including the tourism, domestic and small industries/entrepreneurship sector laborers impacted by COVID-19 are as follows:

(NRs. in Million)

S.No.	Types of Loan	No. of Borrowers 2078 Ashadh (2021/07/15)	Amount	
			2077 Ashadh (2020/07/15)	2078 Ashadh (2021/07/15)
1	Agriculture / livestock business	460,570	54,114	106,978
2	Women Entrepreneurship	555,510	4,354	50,984
3	Dalit Community Business Promotion	9,650	185	573
4	Clothing Industry Operations	2,100	648	2,162
5	Projects of the Youth Returned from Foreign Employment	390	152	598
6	Others	4,870	110	141
Total		1,041,090	59,563	161,436

Of the total loans investments, the commercial banks are supposed to mobilize 15 percent of such investment in privileged sector, but it limited to about 11 percent in Covid period, which indicates that all people impacted by COVID-19 have not received the opportunity of getting such loans and investments. The government policy of making investment in privileged sector was not effectively implemented during the Covid Pandemic period.

- 15. Privilege to Banks and Financial Institutions** - It is because of COVID-19 Pandemic, the normal loan loss provision has been increased to 1.3 percent from 1 percent to establish the financial stability mitigating the impact in the quality of

banking assets; the single client loan under share pledged loan has been limited to NRs. 40 million for obtaining from a licensed institution and NRs. 120 million for obtaining from all licensed institutions; the provision of dividend distribution has been fixed up to 30 percent from distributive profits; and granting facilities of corporate social responsibilities to the expenditures incurred in the subject matters and by philanthropic institution such as National Invention Center, Human Service Abode, and expenditures incurred in oxygen cylinders, life-saving drugs during pandemic period. However, an analysis has not been conducted about the impact of such facilities in overall economy.

- 16. Loan Re-structuring** - The principal and interest to be paid by the borrowers impacted by COVID-19 has been increased up to maximum of 2 years in case of tourist standard hotels, 9 months in case of moderately impacted sectors, and 6 months in case of low impacted sectors. Including the NRs. 122.70 billion for privileged loans, NRs. 30.03 billion for low impacted sectors, NRs. 28.20 billion for moderately impacted sectors and NRs. 129.21 billion for highly impacted sectors, the loan restructuring facilities equivalent to total NRs. 310.14 billion has been provided. Though this provision has provided some privileges to the industries/businesses of those sectors, its overall impact on economy has not been assessed.
 - 17. Contribution in the Social Security Fund** - The Government of Nepal had taken a decision to offer relief to the laborers impacted by the COVID-19 pandemic from the amount deposited in the Social Security Fund and it was decided that the final four month's contribution to be deposited on the behalf of the laborers and employers in respects to the laborers working in the enterprises registered with the Social Security Fund would be borne by the government. Accordingly, the government has deposited NRs. 1 billion 62 million in the Social Security Fund in this year as compared to NRs. 1 billion 32.4 million deposited in last year.
 - 18. Revenue Exemption** - By provisioning in Finance Act, the Government of Nepal has provided the following revenue exemption to the industries and businesses to mitigate the impacted by COVID-19:

 - 18.1. In income year 2020/21, a rebate of 90 percent provided to the taxpayers having annual transaction of 2 million Rupees or 200 thousand income, 75 percent rebate provided having annual transaction of 2 million to 5 million Rupees, and 50 percent rebate provided having business transactions up to 10 million Rupees. In accordance with the provision, the tax exemption facilities of NRs. 2 billion 892.9 million was provided to 512 thousand taxpayers.
 - 18.2. As provisioned in Section 4 (4) of the Income Tax Act, 2058 (2001), it has been provisioned that any loss occurred in 2019/20 and 2020/21 in any business can be deducted to further additional 3 years on the top of the existing number of years the
-

losses are deductible. Similarly, the remissions of the Value Added Taxes paid on the imports of raw materials essential to the drug industries have also been provided, and refund of taxes are provided for the Value Added Taxes paid in purchase of goods from such domestic industries.

- 18.3. With regards to the hotel, travels, trekking, transportation or air service business taxpayers having transactions of above 10 million Rupees, taxes at the rate only 1 percent on taxable income has been applied in 2020/21. Likewise, the amounts contributed by any person in the Covid Infection prevention, Control and Treatment Fund established by the Government of Nepal, Provinces and Local Levels in 2020/21 are made deductible in making assessment of the income computation of this year.
- 18.4. Under the facilities of granting total remission of duties applicable in the import of listed drugs, health materials and health equipment as per the standards approved for the prevention, control and treatment of COVID-19 infection, the Ministry of Health and Population has recommended the revenue exemption of value NRs. 40 billion 818.2 million to 359 health institutions on the import of health equipment in this year. However, the Ministry, by conducting monitoring of the institutions receiving such revenue exemption, has not conducted any study pursuant to the matter that whether service recipients have received privileges with the usage of such imported equipment and health materials.
19. **Revenue Remission** —Pursuant to the contracts arranged by local levels for extracting and selling boulders, aggregates and sand, 56 local levels have granted revenue remission of NRs. 233 million 137 thousand in this year on the basis of executive and assembly decisions citing the impact of the COVID-19 pandemic. In spite of non-disclosure of daily collecting quantity in contract agreements and non-maintenance of records of the materials collected and sold as per contracts, the revenue remission has been granted stating the prevalence of COVID-19 pandemic.

• **Management of Pandemic**

20. **Management of Inflated Citizen** - Though the government has done management of the isolation centers, quarantines and treatment of the COVID-19 infected patients, but the contact tracing of the infected citizen has not been done on time. The isolation centers that constructed temporarily in open space and in the quarantines that established in various school and community buildings in last year lack basic infrastructures. The delivery of services affected due to excessive pressure of patients caused by the failure to accommodate all infected by conducting the contact tracings of infected persons, availability of limited number of beds in hospitals, less number of manpower, ventilators, oxygen and lack of health materials such as- test kits and P.P.Es. The number of death of infected people inclined up as
-

the works were not done to keep the patients in quarantines by contact tracing of the corona infected persons in every households, and to keep the suspected persons in isolation centers, and to carry the serious patients in hospitals for providing proper treatment.

It is observed that necessary measures were not taken to keep the citizens entering from border checkpoints in holding centers, take the infected patients from the holding centers to the concerned districts or isolation centers due to lack of coordination between various levels of governments, and provide adequate fooding, lodging and basic health materials (masks, sanitizers, soaps, tissue paper, water, toilets) to the citizens stayed in isolation centers.

21. **Isolation Centers** - With the emergence of new and rapid spreading variants of Corona Virus in the world, the rate of COVID infection has gone ups and down. In a situation of inability to control the corona virus by forecasting the infection rate, the works have not been done to establish necessary equipment/facilities in the constructed infrastructures and treat the infected persons keeping in the quarantines/isolation centers in a situation of disaster by maintaining proper coordination between three tiers of governments. Majority of such structures have now remained in unused condition after the gradual fall in the number of Covid infection. In view of the establishment of temporary quarantines and isolation centers in the various school and community buildings in past, the program of establishing one holding center in each Province has been approved in this year, which are now in under-construction stages. In a state of gradual improvement in the condition of COVID-19 pandemic, appropriate policy has been framed for making alternative use of the constructed and under construction structures.
 22. **Surveillance of Inflated Persons** - Various Committees formed in past with the objectives to enhance people's awareness, make effective to searching of infected persons and persons contacted with such persons, conduct corona tests of all citizens entering from border checkpoints by enhancing surveillance in border checkpoints, support in minimization of infection by forming surveillance teams with the participation of the representatives elected by people, security agencies, health workers, but the number of infection had not fallen from the workings of such committees. Hence, the policy of increasing the stakeholder's participation at the time of pandemic should be adopted.
 23. **Relief Management** - The local levels had performed the work of distributing reliefs to the citizens that are weak and at risks, lost employment, poor etc., but several entities of provincial levels were also involved in distributing such reliefs. It was provided in last year's audit report that the relief materials should be distributed to all eligible people in an equitable manner, since the audits witnessed
-

shortcomings/ weaknesses, such as - the records of distribution of relief materials purchased by the local levels for relief distribution not maintained systematically; poor quality standards of procured materials; excess expenditure incurred than the actual price due to purchase of relief materials at high price than the prevalent market prices; distribution process found ineffective and uneconomical; relief materials distributed without selecting targeted families; expenditure statements not made public etc. However, no improvement has been witnessed with regards to the recommendations provided.

• Resource Management

- 24. Expenditure incurred for the Covid-19** - The Financial Comptroller General Office has stated that the civil administration, security agencies and all related entities of the federal, provincial and local levels have incurred the following expenditure in implementation of various programs against the corona virus:

(NRs. in Millions)

Particulars	Expenditure of 2019/20	Expenditure of 2020/21	Cumulative Expenditure
Federal Corona Fund	1,037.0	1,488.9	2,525.9
Federal Government	4,816.8	10,713.4	15,530.2
Provincial Government Corona Fund	1,497.0	2,116.7	3,613.7
Local Level Corona Fund	61,943.1	4,758.9	10,952.0
Grand Total	13,543.9	19,077.9	32,621.8

- 24.1. Including the last year's balance NRs. 1 billion 355.9 million and this year's income NRs. 585.5 million, total of NRs. 1 billion 941.4 million is received in the Federal Corona Fund in this year and out of which NRs. 1 billion 488.9 million is spent. Including the last year's balance NRs. 878.6 million and this year's income NRs. 2 billion 161.8 million, total of NRs. 3 billion 40.4 million is received in the Province Corona Funds in this year and out of which NRs. 2 billion 116.7 million is spent. With regards to Local Level Corona Funds, total of NRs. 7 billion 665.7 million is received and NRs. 4 billion 758.9 million is spent. Total NRs. 12 billion 647.6 million is deposited in the Corona Funds operated by the federal, provincial and local levels, out of which NRs. 8 billion is expended and NRs. 4 billion 283.2 million has remained as balance. For the COVID-19 management, including this year's expenditure NRs. 19 billion 77.9 million, total of NRs. 32 billion 621.8 million has been expended up to 2020/21 by the federal, provincial and local levels. The accounts of expenditures incurred by the various government entities from other expenditure headings for the treatment, control and management of COVID-19 have not been kept.

The above expenditures have been spent in health materials, drugs, equipment, management of infected persons, construction of quarantines and isolation centers, relief materials, risk allowances etc. However, the Financial

Comptroller General Office has not maintained accounts by obtaining the statements related to such expenditure/purposes from all levels of government entities. In addition, the expenditure amounts have been overstated than the actual amounts due to double treatment of expenditure, as the amounts treated as expenditure by the federal government have also been treated as expenditures by the provincial and local levels after recognizing the amounts as income.

- 24.2. The government needs to conduct monitoring by maintaining records of foreign assistances, but such monitoring has not been conducted. It is stated in the Foreign Aid Management System of the Ministry of Finance that out of the commitment amounts upon signing foreign aid agreements with 64 various friendly countries/donor agencies, total assistance of US Dollar 503.1 million equivalent to NRs. 59 billion 890 million (as per the 2078 Ashadh end (15/07/2021) rate of NRs. 119.04 each USD) has been received for the COVID-19 prevention, control and treatment, the statement of which is given in Annex-3. The consolidated financial statement of the foreign assistances has not been prepared keeping actual accounts and not submitted such statement or auditing.
- 24.3. For the control of the pandemic, the assistances of medical goods, such as P.P.E sets, gowns, masks, swab sticks, VTM, sanitizers, P.C.R., reagents, ventilators etc. have been received from the countries inclusive of India, Korea, China and other organizations/institutions, the details of which are mentioned in Annex-1. The Department of Health Services has distributed all types of goods received through assistances in kind or procurement to various levels of hospitals and entities, however, it has not conducted monitoring with regards to the status of usages of such goods. The details related to stock of goods, such as - surgical masks, gloves, gowns, protective glasses, real-time P.C.R., reagent etc. remaining in stock at the end of fiscal year have been provided in Annex-2. The actual expenditure incurred in control and treatment of the COVID-19 has not been ascertained as the record of equipment and goods so received has not been maintained by specifying the monetary values.
- 24.4. Various goods/materials have been received in kind from various donor agencies after the outbreak of COVID-19. As per the statements provided by the Ministry of Health & Population, the health related materials and equipment worth NRs. 11 billion 334.8 million have been received till 2021/07/15. The amount will become furthermore if to include the amounts of price undisclosed materials. Major goods/materials received as assistances in kind are as follows:

(NRs. in Thousand)

S. No.	Name of Material	Number	Amount
1	Antigen Kit	1,666,775	1,166,742
2	Ventilator	311	622,000
3	V-PAP Machine	563	168,900

4	Dead Body Bag	12,920	32,300
5	V.T.M.	300,800	41,329
6	Gown Set	917,887	6,131,331
7	Hand Sanitizer (100 ML)	26,250	189,472
8	Infrared Thermometer	316	31,030
9	Mask Normal Packet (12 pieces)	18,284,440	709,436
10	Mask N-95	3,077,672	307,967
11	Oxygen Concentrator	4,420	939,982
12	Flow Oximeter	10,317	107,871
13	Real Time / R.N.A. Kit	35,562	246,812

As per above data, the masks worth NRs. 1 billion 17.4 million, gowns worth NRs. 6 billion 131.3 million and antigen kits worth NRs. 1 billion 166.7 million have been received. The Ministry has stated that the units of goods/materials are not specified in the received reports and unit rates of goods/materials have been specified on the basis of invoices received from donor agencies. In addition to the above mentioned goods/materials, the statement relating to goods/materials received without disclosure of prices are as follows:

S. No.	Name of Material	Quantity	S. No.	Name of Material	Quantity
1	Mask KN-95	1,00,000	4	Viral B.S.M.	4,200
2	P.P.E. Set	17,298	5	Hand Sleeves	29,000
3	Safety Glove	3,66,400	6	Sodium Hypochlorite	4,01,760

The Department of Health Services has stated that the goods/materials thus received have been sent to various entities. However, necessary works have not been done to keep the integrated records of the assistances and materials received from donor agencies and to conduct the monitoring of status of usages of goods/materials sent of various hospitals and entities.

• Others

25. **Corona Insurance Directives 2077 (2020)** - In order to provide economic security from the risks arisen by the corona virus disease spreading as global pandemic, to implement the provision related to corona insurance as stated in Budget Speech 2020/21, and to systematize the insurance policy to be issued by the insurers, the Insurance Board Nepal has implemented the Corona Insurance Directives, 2077 (2020) with effective from 2020/07/16 upon the consent of the Government of Nepal, Ministry of Finance.

In the Directives issued by the Insurance Board, it is mentioned that the evidence of PCR tests conducted from the entities operating under the Government of Nepal, Ministry of Health & Population will be accepted. The Directives has not given the recognition to the PCR tests conducted from the Tribhuvan University, Teaching Hospital, Civil Hospital and the community hospitals operated under local levels. Since the issued Directives has provisioned that total insured amount can be claimed only with the evidence of positive remarks of the COVID-19, the claims of

huge amounts were received to the Government of Nepal and Insurance Companies. Consequently, the Single Insurance Plan was liquidated with effective from 2020/09/14 even before elapse of two months periods, and the provisions of the Directives have been amended broadening the areas of PCR testing and revising the claim payment procedures.

- 26. Corona Insurance** - The Insurance Board launched the Pandemic Insurance Program from 2020/05/14 during the time when the corona virus was spreading rapidly. For this purpose, the Insurance Board has issued Corona Insurance Directives, 2077 (2020). Pursuant to the division of claim payments, it has been provisioned that the insurance companies shall bear liability up to NRs. 1 billion, Nepal Reinsurance company shall bear liability exceeding NRs. 1 billion up to NRs. 2 billion, insurance companies' catastrophic pool shall bear liability exceeding NRs. 2 billion up to NRs. 2.5 billion, and Insurance Board shall bear liability exceeding NRs. 2.5 billion up to NRs. 3.5 billion, and the Government of Nepal shall bear liability exceeding NRs. 3.5 billion. Since this concept has been put forward in Nepal without making any study and the program has been implemented with issuance of directives making provisions of minimum premium amounts and bearing 50 percent of premium of the group insurance by the government through grants and bearing some portion of the insurance claim amounts by the government, the liabilities of huge amounts have been created to the Government of Nepal.

Under this scheme, total premium of NRs. 1 billion 505 million has been collected from the insurance by 1 million 758 thousand 343 persons, however, total claims of estimated amount of NRs. 10 billion 977.3 million have been lodged by 114 thousand 633 insured. Hence, an excess liability of NRs. 9 billion 926.8 million has been lodged than the premium received. The claims of NRs. 4 billion 811.1 million have been paid to 77 thousand 632 claimers, and the data obtained from the Insurance Board show that the claims of 37 thousand 1 claimers amounting NRs. 6 billion 166.2 million are to be settled yet. The liability has been created to the Government of Nepal in accordance with arrangements of the Directives. It is not clear whether or not the Insurance Board can issue such directives, which create liability to the Government of Nepal. It is not prudent to introduce the concept of such pandemic insurance without making adequate study and analysis and it has created huge financial liabilities to the Government of Nepal.

- 27. Inter-organization Coordination** - The COVID-19 Case Investigation and Contact Tracing Team Mobilization Interim Guideline 2077 (2020), has made the arrangements of mobilizing teams by the local levels, conduct training by the provincial governments, and analyze information by the federal government, but, the whole authority to make decision relating to COVID-19 has been concentrated to COVID-19 Crisis Management Center (CCMC) and monitoring responsibility
-

has been given to Ministry of Health and Population. Difficulties have been witnessed in achieving the expected outcomes in the prevention and control of COVID-19 due to lack of proper coordination and collaboration between Ministry of Health & Population, other subject-wise ministries, province governments and local levels.

The Ministry of Health & Population has been making the structural arrangements of preparedness of pandemic. Though the works of preparedness initiated in initial phase of global pandemic, the concerned entities carried out their functions only after the formation of High-Level Coordination Committee and COVID-19 Crisis Management Center. Taking the responsibility of the management and supply of oxygen itself, the Center implemented quotas system on 2021/05/10, but the supply of oxygen had not become easy accessible as expected and the hospitals faced difficulties in regular supply of oxygen. As a result, the responsibility has been given to Ministry of Health and Population by ending the quotas fixation system after implementation of 4 days and then after, the Ministry has formed a team and has made arrangement of supplying oxygen on the basis of number of patients.

Part 1 - Federal Ministries and Entities

The role of the federal government becomes vital in the formulation of laws and procedures related to COVID-19 pandemic, laboratory and hospital management, resource and manpower management, drugs, equipment and vaccine arrangement, communication and community participation, border checkpoint management and civil security.

In this year, the federal government has spent NRs. 12 billion 202.3 million for the COVID-19 prevention and control, which includes NRs. 10 billion 713.4 million spent from budget appropriation and NRs. 1 billion 488.9 million spent from Central Corona Fund.

Though the lack of proper attention in risks projection and preparedness of the pandemic, border checkpoint management, health infrastructure and health manpower management, procurement under special circumstances, vaccine and record management etc. have created obstacles in the control of infection, the infection situation has come down from the continuous efforts taken by all parties and sectors. The audit observations related to the management of COVID-19 have been provided in accordance with subject-wise ministry.

Ministry of Finance

- 1. Financial Arrangement of COVID-19** - As per the statement obtained from the Financial Comptroller General Office, the federal government has spent NRs. 10 billion 713.4 million by appropriating NRs. 14 billion 55.7 million in separate budget sub-heading. In addition, the government has disbursed NRs. 1 billion 488.8 million by establishing Coronavirus Prevention, Control and Treatment Fund. Likewise, NRs. 2 billion 116.7 million has been spent by the province governments and NRs. 4 billion 758.9 million spent by local levels, and altogether NRs. 19 billion 77.9 million has been spent for the management of COVID-19 in this year. In the Annual Progress Evaluation Report of Budget, it is stated that the government has mobilized additional US Dollar 13.79 million to combat with COVID-19 in 2020/21 coordinating with various international non-governmental organizations and the assistances of health materials, tools, and equipment etc. equivalent to NRs. 51 billion have been received from various donor agencies/ organizations in the same period. However, The Ministry has not prepared consolidated financial statements by keeping actual accounts of all such foreign assistances.

It is stated in the foreign aid management system that out of the commitment made amounts upon signing foreign assistance agreements with various friendly countries/donor agencies, total assistance of US Dollar 503.1 million equivalent to NRs. 59 billion 890 million (as per the 2078 Ashadh end (15/07/2021) rate of NRs.

119.04 each USD), has been received for the Covid-19 prevention, controls and treatment, the statement of which is given in **Annex-3**. The consolidated financial statement of such foreign assistances has not been submitted to audits keeping actual accounts.

2. **Privilege** - For mitigating the impact of COVID-19, the government has provided following facilities: - debt rescheduling facilities of NRs. 122.70 billion up to 2078 Ashadh end to the specified professionals, entrepreneurs and business-persons for rescue, relief and rehabilitation works; - invested NRs. 161.44 billion to 104 thousand 109 borrowers as privileged interest grants, and - provided loans NRs. 956.7 million for the continuity of the businesses of tourism, micro, domestic and small industrial sectors that affected by COVID-19. Likewise, it has provided loans NRs. 14.24 billion to 16 thousand 882 borrowers as additional loans of 20 percent of current capital debt of the resumption of industries/businesses badly affected by Covid and added the grace period of the loans NRs. 52 billion to 953 borrowers, and - provided the loan re-amortization facilities to 21 thousand 617 entrepreneurs.

Likewise, the government has given the following facilities - exemption in total duties applicable in the import of goods, such as - remdesivir, oxygen, oxygen cylinders, oxygen concentrators, oxygen flow-meters, oxygen regulators, I.C.U. beds etc., - exemption in duties on the machineries to be handed over to the Government of Nepal, - the facility of deducting expenses in computation of income if any person has contributed any amount in the COVID-19 transmission prevention, control and treatment fund, - remission of income tax from minimum of 25 percent up to 75 percent to the business-persons having transactions up to NRs. 10 million, - made free to tests and treatment of COVID-19, and - deposited the amounts to be deposited by the workers and employers in the Social Security Fund.

3. **Fund Mobilization** - In order to make the management of COVID-19, the Contingency Fund as provisioned in Section 124 of the Constitution and the funds established as per Disaster Risk Mitigation and Management Act, 2074 (2017) need to be mobilized. In the disaster situation, the contingency funds of permanent nature need to be operated in transparent manner, and the matters relating to making disbursement, expenditure, accounting and reporting of the other disaster management funds need to be managed by formulating the procedural laws.

Ministry of Health and Population

For making effective to the COVID-19 prevention, diagnosis and treatment, the Ministry of Health and Population has been carried out the major activities, such as - the development of health infrastructures, mobilization of health personnel, easy supply of drugs, vaccines and other health materials/equipment, formulation of health policies and fixation of standards etc.

• **Financial Arrangement, Laws and Procedures**

- 1. Budget and Expenditure** - With regards to the COVID-19 Prevention and Control Program, total budget NRs. 6 billion has been appropriated, but the net budget has been increased to NRs. 14 billion 21.6 million making virement and out of which the expenditure of NRs. 10 billion 732.2 million has been incurred. As per revised source-wise the share of the Government of Nepal is 39 percent and foreign source is 61 percent. Of the total expenditure, NRs. 267.8 million is spent in office operation, NRs. 1 billion 156.5 is spent in program expenditure, NRs. 4 billion 40.9 million is spent in drug purchases, NRs. 553.5 million is spent as capital expenditure. Since the total expenditure NRs. 10 billion 713.4 million is shown in the central statement of the Financial Comptroller General Office, a difference of NRs. 18.9 million has been witnessed in between the expenditures shown by the Ministry and Financial Comptroller General Office, which should be reconciled and adjusted.
- 2. Infectious Disease Act** - The Infectious Disease Act, 2020 (1963) has been put into implementation to control the spreading of any infection disease in any part or all over the country. As per the Power to Make Special Arrangement as provided in Section 5 of the Act, the special arrangement has been made to add the power of provinces by making amendment through the An Act of Making Amendment of Some Nepal Acts 2075 (2018). By exercising the power provided in the Section of the Act, the Government of Nepal has issued various directives in various dates for carrying out the works of prevention, control, treatment of COVID-19 infection, mobilizing manpower etc.

In accordance to the Schedule-5 of the Constitution of Nepal, the sole power and responsibility to control the infectious diseases has been conferred to the federation, and in accordance to the Infectious Disease Act, 2020 (1963), the responsibility to eradicate and prevent the infectious diseases has been given to the Government of Nepal. Though the Local Government Operations Act, 2074 (2017) has, except surveillance of public health and infectious diseases, provided some powers related to primary health care and sanitation and control of other diseases to the local levels, however, the Infectious Disease Act, 2020 (1963) has not provided any power related to the control of infectious diseases to the local levels. For the management of infectious diseases including the COVID-19, necessary legal provisions related to the powers and responsibilities of all three levels of governments should be made.

- 3. Procedures and Standards** - Though the legal provisions related to formulating various standards and directives are provided in Section 38 of the Ordinance related to COVID-19 Crisis Management, 2078 (2021), but, more than 40 procedures, standards and directives have been issued prior to issuance of the Ordinance, which includes - the

Directives Related to Case Investigation and Contact Tracing Team Mobilization and Management, Directives in Connection with COVID-19 Environmental Hygiene and Dis-infection, Security Procedures to be Adopted in Import Points at the time of COVID-19 Disease Pandemic, Standards for Operations and Management of Corona Virus Quarantines, Health Related Directives for the Persons in Quarantines, Directives for COVID-19 Sample Collection for the Persons in Quarantines etc. The Ordinance has already become inactive at present, and the above mentioned procedures/standards have been issued without any legal basis to issue such type of procedures and standards in the initial phase of the infection. The Ministry has not conducted monitoring with regards to whether or not the issued directives and standards has reached in implementing entities on time and implemented effectively where it has reached. As a result, there exists no such situation which can give the assurance on the directives and standards have been implemented.

• **Risk Assessment and Pre-preparedness**

4. **Risk Assessment** - Since the declaration of global pandemic to COVID-19 by the World Health Organization, the Government of Nepal has commenced various activities for responding the pandemic. The Ministry has implemented Health Sector Emergency Response Action Plan in May 2020 for the prevention and control of COVID-19 pandemic and has been conducting the prevention and control activities related to COVID-19 in accordance with the Plan. Likewise, the COVID-19 Health Sector Rapid Action Plan has been issued for various periods from 2020/06/15 to 2021/07/15 with an objective to give special consideration in response activities. The following risks assessment has been made in the action plan.

In the First Rapid Action Plan (covered period from 2020/06/15 to 2020/10/16) issued by the Ministry, it is mentioned that amongst the persons to be returned Nepal, 50 percent will stay in institutional quarantines, 30 percent in hotels on own expense and 20 percent in home quarantines. It is estimated that about 180 thousand new infections may be added during the period, 85 percent patients will be asymptomatic or having common symptom- which can be kept in isolation centers or at home, 5 percent patients will have moderate health problems - the treatment of which are to be done by admitting in hospitals, and 10 percent patients will have extreme health problems - the treatment which are to be done keeping in ICU and Ventilators. In addition, it is also stated that with regards to each positive patient, the contact tracing are to be conducted to additional 5 persons on an average that have come in close contact. In accordance with the action plan, it is estimated that total resource of NRs. 25 billion 850.9 million will be needed for the first alternative to implement activities, the like - infection control, case management, supply of equipment, drugs and materials, information management, health education, risks transmission, regulation and monitoring etc., and total NRs. 21

billion 809.6 million will be needed for second alternative only to conduct the testing of the patients having symptoms. In spite of the resource projection made for the management of the pandemic making risk assessment, necessary programs and work plans have not been prepared in accordance with the action plan.

5. Preparedness - Based on the risk assessment of second wave of infection may appear, the following major preparedness activities are done:

5.1. With regards to the prevention, control and treatment of COVID-19, the Government of Nepal, Council of Ministers has taken a decision on 2021/05/02 to undertake the following activities:

- Adjourning all internal flights from 2021/05/03 and all international flights from 2021/05/06 till 2021/05/14.
- Issuing flight permission in respect to internal and international chartered and relief flights with the requirement of full compliance to health security standards; and making mandatory to PCR report along with barcode and photo to the passengers arriving and departing from international chartered and relief flights.
- Adjourning the entry of foreign citizen from international border points; operating the approved customs points of Nepal-India border as usual in order to make the supply system functional; and allowing coming and going to the drivers and conductors related with supply system with the requirements of complying with health standards.
- Operating only 13 border points for the movement of Nepali citizens; concerned local administrations are to keep the records and conduct antigen tests of the persons entering from border points and keep the persons in isolation centers or hospitals as per necessity that have appeared positive in tests; and local levels are to monitor whether all persons entered from the border points have stayed in quarantines and institutional quarantines compulsorily for 10 days.
- Ministry of Health and Population is to enter agreement with private sector hospitals if it becomes necessary to arrange sufficient beds for making the treatment of patients.
- Nepalese missions of abroad are to purchase the drugs, health materials and equipment which are not available in Nepal but needed to be purchased immediately for the prevention, control and treatment of COVID-19 according high priority and are sent such goods/materials in Nepal.
- Discontinuing the supply and usage of oxygen in other purposes including construction and industry business to promote use in health treatment; making arrangements for providing the oxygen cylinders being used in other purposes other than health treatment to the hospitals existed in districts; and Ministry of Health and

Population may, by conducting needs assessment and ascertaining availability of oxygen cylinders, use the available oxygen in any government, private, cooperative, community hospitals or health centers.

5.2. Initiatives have been taken to extend the H.D.U. and I.C.U. services in hospitals along with the extension of free treatment services to the infected persons having symptom; the plasma therapy, remdesivir, Favipiravir have been used as per requirements for the treatment of COVID-19 infected; 70 hospitals have been specified for the treatment of COVID-19 and total budgets of NRs. 649 million have been appropriated and provided to 649 local levels (that have no hospital) to operate hospitals of 3 thousand 245 beds at the rate of 5 beds each; and works have been commenced to add total 6 thousand 202 beds, inclusive of 922 beds through upgrading existing 58 hospitals of districts to 25 and 50 bedded hospitals, 1 thousand 35 beds through upgrading the existing 11 zonal, sub-regional and regional hospitals to 200 bedded general hospital, and 1 thousand beds through upgrading 7 federal hospitals existed in provinces to 500 bedded hospitals. However, necessary reports have not been submitted to audit to evince that the specified number of beds has been prepared in all local levels and hospitals in accordance to the action plan.

5.3. The Government of Nepal has approved Vaccination Operation Action Plan to vaccinate people in accordance with the specified priority through conducting a 'campaign of receiving COVID-19 vaccines'. From the meeting of the Council of Ministers dated 2020/12/30, the government has taken a decision related to arrangement of necessary policies and budgets for the implementation of this program and has issued directives to the concerned entities for its implementation. In addition, the Government of Nepal has taken initiatives to obtain necessary vaccines by registering a proposal to receive facilities under the COVAX facilities that formed at global level.

Though the preparedness activities commenced by making the policy and structural arrangements as mentioned above, the activities have not been implemented effectively in accordance with the arrangements.

• **Health Infrastructure and Manpower Management**

6. **Health Infrastructure** - In the Health Sector Emergency Response Plan issued by the Ministry of Health and Population, it is mentioned that there exist 26 thousand 930 hospital beds, 1 thousand 595 I.C.U. beds, 3 thousand 76 isolation beds, and 840 ventilators as of 2020/04/15. As per the statement received, the status of the country's health infrastructures till 2078 Magh (2022/02/12) has remained as follows:

Particulars	Province No. 1	Madhesh Province	Bagmati Province	Gandaki Province	Lumbini Province	Karnali Province	Sudur-pachhim Province	Total
ICU Bed	342	396	1423	228	239	97	72	2797
HDU Bed	567	695	1191	444	640	96	213	3846

Isolation Bed	819	1680	3283	651	452	607	710	8202
Ventilator	148	124	1532	82	56	35	31	2008
Oxygen Plant	17	8	28	17	16	7	5	98
Oxygen Liquid Tank	2	2	15	1	3	0	2	25
Oxygen Concentrator	66	36	158	85	69	80	199	693

Within lapses of about 22 months of the formulation of the action plan, the number of I.C.U. beds has reached to 2 thousand 797 increasing by 75 percent and number of ventilators has reached to 2 thousand 8 increasing by 20 percent. Likewise, in the statement received, it is stated that the number of oxygen plants of the country has reached to 98. Since all oxygen plants are not in operation, scarcity of oxygen has been witnessed during the time of high risk period of the infection. There should be arrangements to bring effectiveness in patient treatment at the time of pandemic by making arrangements of such equipment on time and make alternative uses of equipment after ending of pandemic.

7. **Manpower Management** - The health related powers of the federation, provinces and local levels have been specified in the Constitution. In the Schedules of the Constitution, the list of federal powers include the power of formulating health policies, standards and regulating etc., list of concurrent powers of the federation and provinces related to health include powers of drugs and pesticides, and the local level powers related to health include basic health services.

To perform the health related activities there exists altogether 4 thousand 667 entities- including 46 federal entities, 229 provincial entities and 4 thousand 392 local level entities. It is stated that 26 thousand 959 positions out of total 30 thousand 101 approved positions existed previously in the Ministry, have been adjusted in the federation, provinces and local levels, 43 positions have been done redundant (Phajil) and 3 thousand 99 positions have fallen vacant. Since the audit has witnessed the situations of having excess or lesser numbers of health personnel in several offices even after the doing the adjustments, it has become necessary to make re-adjustments of the approved positions and fulfill staffs keeping in view the present status of work-loads and operation of services of offices.

• **Laboratory Management and PCR Testing**

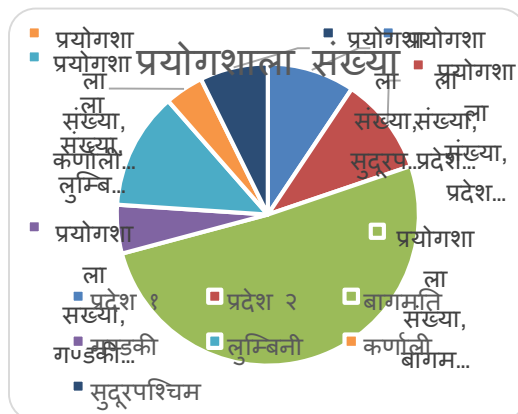
8. **COVID-19 Testing Laboratory** - The samples of testing were sent to abroad for the first time in 2076 Magh (2020 February) due to lack of COVID-19 testing facilities in Nepal. With the growth in number of COVID-19 infection, the covid testing has begun by operating P.C.R. laboratory in National Public Health Laboratory, Teku. In later period, the facilities of government laboratories have also been extended in provincial level. After the situation became complex due to non-produce of test results on time, the permissions for carrying out P.C.R. test of COVID-19 have been provided to private

laboratories from 2022/06/22 onwards in order to extend the scope of testing and make the PCR tests easier and accessible to all people. As per the arrangements, altogether 96 laboratories including 38 private laboratories have come into operations up to 2021/07/15.

Though the number of laboratories has grown after the outbreak of infection, such laboratories have been concentrated in Kathmandu Valley and other town areas only. The province-wise status of number of laboratories has been depicted in given pie-chart.

Although the total number of laboratories has reached 96 up to 2021/07/15, the number of laboratories existed in Bagmati Province are 49, which stand 51 percent. Of the total 49 laboratories existed in Bagmati Province, 34 laboratories or 69 percent have concentrated in Kathmandu, Lalitpur and Bhaktapur District within the Valley. There exist only 4 laboratories in Karnali, 5 in Gandaki, and 7 in Sudurpachhim.

Existence of disparity in geographical distribution of laboratories has not eased in easy access to people of all areas and has also created difficulty in enhancing the scope of testing geographically. In order to enhance the scope of testing, the geographical disparity in the distribution of laboratories should be minimized.



9. **Equipment and Reagent** - It is observed from the Provincial Profiles jointly published by the Ministry of Health and Population and World Health Organization by conducting studies in 2020 that the equipment and reagents of various countries and companies have been used in COVID-19 testing laboratories existed in seven provinces. There exist no mechanism to make quality tests, price fixation and making regulation of such equipment and reagent used by such laboratories. With respect to various types of VTM being used by the laboratories, it can not be assured that whether the VTMs used in laboratories are of **virus inactivate type** or not. Likewise, the monitoring has not been conducted with regards to regular maintenance and calibration of equipment of laboratories. In such situation, the audit has not witnessed such basis to assure that laboratories have provided quality services at reasonable price. Though the laboratories have adopted bio-safety procedures, the bio-safety policies and manuals are not available and training and supervision arrangements have not been made yet. Hence improvements are needed with this regards.
10. **PCR Test** - Both the number of PCR testing laboratories and number of tests have grown after emergence of COVID-19 infection and the number of sample tests conducted by 96 laboratories has reached to 3 million 446 thousand 586 up to 2021/07/15, however, the up-to-date record about the persons conducting tests has not been maintained properly.

Since the laboratories have not maintained proper records of the service recipients conducting more than one test, the number of infected persons may have inflected in the situation if more positive results reports are issued while conducted tests by single service recipient. It is also observed that actions have been taken to some health institutions and health personnel citing that different PCR negative test reports have been issued instead of positive test while conducting covid tests. By making improvements in the present tests record keeping system of the persons, arrangements should be made to identify the actual number of infected persons.

11. Procurement of Kit - Rule 85 (5) of the Public Procurement Rules, 2064 (2007) provides that while purchasing any goods from any international inter-governmental institution or government of foreign countries or public entities of such governments, any public entity may carry out direct procurement in the sales prices determined by such institutions, government or entities. The audit observations witnessed in procurement of various types of kits necessary for the treatment of COVID-19 by the Department are as follows:

- 11.1. In purchasing 155 thousand set Antigen Kits from UNICEF on 15th April 2021, the payment of US Dollar 26 thousand 641 equivalent to NRs. 3.208 million has been provided with regards to **contingency buffer** even after inclusion rent, insurance and handling charge. The amount should be recovered as no evidence has been produced in respect to the contingency buffer.
- 11.2. In purchasing 500 thousand set Antigen Kits from UNICEF on 30th June 2021, the payment of US Dollar 1 million 407 thousand 500 has been given in accordance with cost estimate. However, the expenditure amount has appeared US Dollar 1 million 310 thousand 19 only as per the bill/invoices presented on 20th September 2021, and hence, the excess paid US Dollar 97 thousand 481 equivalent to NRs. 11 million 548 thousand due to payment as per cost estimate should be recovered.
- 11.3. By making procurement contract with United Nations Office for Project Services on 2020/07/30, the purchases of 100 thousand Real Time PCR Kits have been made at total price NRs. 117 million 629 thousand at the rate of NRs. 1,176.29 per Kit and 50 thousand RNA Extraction Kits at total price NRs. 12 million 837 thousand at the rate of NRs. 256.75 per Kit. By entering contract on 2020/09/17 with a supplier through invitation of tender bids, the purchases of same type of 300 thousand Real time PCR Kits and RNA Extraction Kits have been made at the rate of NRs. 349.00 per Kit and NRs. 126.00 per Kit respectively. The Government of Nepal has to borne an excess expenditure burden of NRs. 89 million 267 thousand while making direct procurement through international agency at the interval of short span of time. Since the causes, basis and rationale of purchasing by the Department from international agency have not been clarified without following economical and competitive methods and making survey of market rate,

necessary investigation should be made with regards to this and the concerned officials should be held responsible.

- 11.4. Rule 11 of the Public Procurement Rules, 2064 (2007) provides that a public entity shall carry out purchases by preparing cost estimates on the basis of the actual cost occurred by the concerned public entity in the current or previous years in the procurement of same nature. Pursuant to procurement of 10 thousand Real Time PCR Kits, the Department had prepared cost estimate at the rate of NRs. 320.00 per unit in last year, but the procurement was not done due to quoting of NRs. 487.67 per unit by a supplier cost goods in excess of cost estimate. However, the cost estimate of this year of same Kit has been prepared at the rate of NRs. 750.00 per unit as per the rate submitted by the same supplier and NRs. 3.75 million has been paid by carrying out direct procurement of 5 thousand Kits at the rate quoted by the supplier. The Government of Nepal has to borne excess expenditure of NRs. 1 million 312 thousand due to direct procurement at the rate quoted in this year instead of taking the basis of the rates quoted by the supplier in last year.

12. **PCR Test Charge** - Though the charge of PCR test conducted for making diagnosis of corona infection was made free of cost at the beginning, the Government of Nepal, for the first time on 2020/06/14, has determined the maximum PCR test charge that can be collected by the government and private health laboratories.

Charges Determined	First	Second Revision	Third Revision	Fourth Revision	Fifth Revision
Government	5500	4400	2000	1000	800
Private	8000	5000	2000	-	1500
Decision Date	2020/06/14	2020/08/30	2020/09/13	2021/02/10	2022/01/19

The following matters are observed with this regards:

- 12.1. After fixation of the PCR test charge by the Ministry of Health and Population on 2020/06/14, the government hospitals and laboratories have conducted 1 million 975 PCR tests up to 2021/07/15. Since systematic records are kept separating the nature of tests i.e. with fees or without fees, there exists no such situation to assure that the actual status have been represented with regards to the number of tests conducted by charging fees out of the total tests conducted and the fees amounts collected therefrom. The government laboratories should maintain proper records by separating the tests conducted by collecting charges and without collecting charges.
- 12.2. The private laboratories have carried out 1 million 338 thousand sample tests during the fiscal year 2020/21 ending on 15th July 2021. Out of them, test charges at the rate of NRs. 8 thousand per test collected till 2020/08/30, NRs. 5 thousand charged till 2020/09/13 and NRs. 2 thousand charged thereafter till the remaining period of the fiscal year. The analysis the prices of COVID-19 test materials purchased by the Department shows the falling trend of its market price. In cases of down fall in the prices of test

materials, the fixed test charges also need to be adjusted accordingly. The PCR test charge NRs. 2 thousand fixed for government laboratories on 2020/09/13 has been reduced to NRs. 1 thousand on 2021/02/10, but the test charge NRs. 2 thousand fixed for private laboratories on 2020/09/13 has not been revised all over the fiscal year. The test charge should be timely revised on the basis fall in prices of such test materials.

13. **Antigen Test** - The Ministry of Health and Population has given continuity to Antigen Test as the test is found less expensive compared to PCR test and the tests give quick result in identifying the corona infection. Since the Antigen test gives quick result, any person appearing positive in Antigen test result is kept in isolation, and the PCR test is conducted to the person who has negative in Antigen Test result but having symptoms. As per the Situation Report of the Ministry of Health and Population being published daily basis, the Antigen Tests of 252 thousand have been conducted up to 2021/07/15. As per the statement obtained from the Department of Health Services, it is witnessed that amongst the total 2 million 387 thousand Antigen Kits - including 655 thousand purchased in 2077/78 and 1 million 732 thousand received through grants, 1 million 881 thousand Kits have been issued to the Provincial Governments, Local Levels and others in this year. Proper data related to the income and expenditure of Antigen Kits should be maintained.
14. **License and Monitoring** - Guideline on Health Laboratory Establishment and Operation, 2073 (2017) stipulates that the license for the operation of laboratories are to be granted only on the basis of the report received after conducting internal assessment and field inspection and monitoring from **National Public Health** Laboratory. However, with regards to licenses issued to 96 covid laboratories -including the licenses issued to 11 laboratories in 2019/20 and 75 laboratories in this year, the **National Public Health** laboratory has not conducted any monitoring with regards to whether the covid laboratories have maintained the specified standards or not? whether they have established adequate infrastructures or not? and whether they have maintained the specified quality standards in testing or not? Improvements need to be done in this respect.
15. **Operation of Laboratory** - For testing hazardous diseases arising from bacteria and virus, National Public Health Laboratory has established Bio-Safety Level-3 lab in 2071 (2014) along with all precautionary and safety measures, which is also certified by World Health Organization in 2072 (2015). Though the BSL (Bio-Safety Level) Certification Lab was operated some period for the covid testing during the peak time of corona pandemic, however, the lab has not been brought into operations for testing new variant in the situation of spreading of new types of corona variants. The Laboratory has stated that the laboratory could not be operated in full capacity due to lack of trained staffs necessary for the operation of the laboratory and prevalence of technical problem in the

laboratory itself. The laboratory should be operated in full capacity by acquiring necessary manpower and resolving technical problems.

- 16. Bio-Safety and Bio Security** - For the safety of health personnel working in the laboratories, which conduct test of life threatening virus including corona, the laboratories are required to make full compliance with the standards related to bio- safety and bio-security. However, proper standards have not been determined with regards to the fixation of bio-safety level of laboratories, appointment of bio-safety officers, providing necessary training, use of proper kits for testing, arrangement of proper bio-safety cabinets for storing the test samples obtained etc. and the monitoring have not been conducted with regards to the adoption and compliance with such standards. As per the Provincial Profile published by the Ministry of Health and Population by making studies in 2020 in support of World Health Organization, various lacunas and weaknesses have been mentioned, such as - unavailability of PPE and bio safety and bio security manuals, training not provided with regards to safe use of bio safety cabinets, no arrangements made for quality and periodic repairs and maintenance and calibration of bio safety cabinets, use of different types of equipment and VTMs, arrangement not done to keep safe to test samples collected by locking in freezers etc. In order to make improvements in above weaknesses, the National Public health Laboratory, which has got the responsibility to regulate health laboratories all over the country, should formulate necessary policies, manuals and procedures and assure their proper implementation.
- 17. Quality Control** - Point No. 5 of Directives on Issuing Permission to Private Laboratories to Conduct Molecular Testing of COVID-19, 2077 (2020) stipulates that the laboratories involved in PCR testing are required to participate compulsorily in COVID-19 quality test specified by the National Public Health Laboratory. Out of 81 covid laboratories, only 19 or 23.50 percent laboratories have participated in the quality testing held in 2078 Baishakh Month (2021 April/May). Amongst them, the results have been witnessed as excellent in case of 17 laboratories, satisfactory in case of 1 laboratory and weaker than average in case of 1 laboratory. Likewise, in Jestha month (May/June), the results have been witnessed as satisfactory in case of 2 laboratories and weaker than average in case of 2 laboratories. In Ashadh month (June/July), only 46 or 46.94 percent laboratories out of 98 covid laboratories have participated in quality testing, out of which 8 laboratories have appeared as satisfactory and 5 laboratories as weaker than average. This shows all laboratories have not come within the scope of quality testing in accordance with the provision of the Directives. Hence, necessary actions should be taken to make all laboratories compulsory participation in quality testing and make improvements in those laboratories which are found weaker than average.
- 18. Long Covid** - The symptoms of post acute covid have emerged in the globe after the treatment to covid infected. Such symptoms include excessive tiredness, light fever,

chest pain, stomach bloating etc. Since no international good practices have been prescribed for the treatment of long covid, the medication and treatment have been done in Nepal separately in accordance with the symptoms. With regards to the matter of combating with such new challenges emerged after the treatment of covid, initiatives are to be taken on time for making timely studies, disseminating information, and providing social and psychological consultation to the patients.

• Hospital Management

- 19. Covid Treatment Management** - The Interim Directives for Delivery of COVID-19 and Other of Healthcare Services, 2076 (2019 AD) has been issued to simplify and accessible to the management of suspected, potential and identified COVID-19 cases in health institutions. The Point No. 4 of the Directives stipulates that in course of the treatment of COVID-19, the basic counseling and referral services shall be performed by all Health Posts and Primary Health Centers; operation of isolations, and sample collection and referral services shall be done by the Provincial Hospitals or hospitals running COVID-19 clinics; and the management of general cases, moderately complex and very complex cases and COVID-19 patients requiring multi-specialist services shall be performed by covid hospitals. However, several designated hospitals have not been able to manage the treatment services in accordance with the arrangements till the 2078 Ashadh-end (2021/07/15).
- 19.1. It is stated that 3 thousand 57 persons have recovered and 752 persons have died out of 3 thousand 781 infected persons treated by the Tribhuvan University Teaching Hospital in 2020/21. Out of the total expenditure NRs. 379 million 242 thousand has been incurred for the treatment of infected persons, NRs. 183 million 798 thousand has been spent in procurement of drugs and health equipment, NRs. 99 million 367 thousand spent in construction of health infrastructures, NRs. 12 million 500 thousand spent in manpower mobilization, and NRs. 83 million 576 thousand spent in distribution of risk allowance.
- 19.2. It is stated that 12 thousand 237 have appeared as infected out of 60 thousand 607 PCR tests conducted by Shukraraj Tropical and Infectious Disease Hospital in 2020/21. Total 2 thousand 284 persons have recovered and 156 persons have died out of 2 thousand 440 persons treated by the Hospital in this year. Out of the total expenditure NRs. 505 million 496 thousand incurred for the treatment of infected persons, NRs. 379 million 305 thousand have been spent in procurement of drugs and health equipment, NRs. 61 million 560 thousand spent in distribution of risk allowance, NRs. 15 million 491 thousand spent in procurement of tools and equipment, NRs. 33 million 477 thousand spent in quarantine management, NRs. 10 million 583 thousand spent in remuneration and NRs. 5 million 70 thousand spent in repairs and maintenance.
- 19.3. Narayani Hospital has incurred total expenditure NRs. 144 million 890 thousand in this year for the treatment of COVID-19, including NRs. 35 million 234 thousand spent in

risk allowance, NRs. 31 million 643 thousand spent as quarantine expenditure for the doctors and staffs involved in treatment, NRs. 14 million 458 thousand spent in procurement of H.D.U. and I.C.U., NRs. 23 million 383 thousand spent in procurement of drugs, NRs. 19 million 636 thousand spent in grant to private hospitals for the treatment of COVID-19 patients, NRs. 11 million 525 thousand spent in procurement of chemicals and Kits of laboratories, NRs. 3 million 959 thousand spent in oxygen refilling, and NRs. 5 million 54 thousand spent in other goods and services. There are 4 technicians and 2 non-technicians and 2 swab collectors working in laboratory of the Hospital. The hospital has 2 PCR machines and 1 extraction machine for COVID-19 testing. Out of 46 thousand 525 PCR tests conducted by the hospital laboratory in this year, 8 thousand 91 have been found as infected. From the statement obtained from the hospital, it is witnessed that out of the total 778 COVID-19 patients admitted in the hospital up to 2021/07/15, 554 patients have gone home after recovery, 21 patients have gone other places as per own wishes, 18 persons are referred to other hospitals, 5 persons are having treatment and 180 persons have lost their lives.

- 19.4. Koshi Hospital has incurred total expenditure NRs. 111 million 238 thousand in this year including NRs. 37 million 823 thousand spent in risk allowance, NRs. 6 million 296 thousand spent as quarantine expenditure for the doctors and staffs involved in treatment, NRs. 36 million 344 thousand spent in procurement of machinery equipment including H.D.U. and I.C.U., NRs. 22 million 454 thousand spent in procurement of laboratory goods and drugs, and NRs. 8 million 321 thousand spent in preparedness, sanitation and others. Out of 83 thousand 975 PCR tests conducted by the hospital laboratory in this year, 14 thousand 977 have been found as infected. It is witnessed from the statement obtained from the hospital that out of the total 605 COVID-19 patients admitted in the hospital up to 2021/07/15, 605 patients have gone home after recovery, 99 persons have died, and remaining patients have been referred to other places and have left the hospital as per own wishes.
- 19.5. Bheri Hospital has incurred total expenditure NRs. 218 million 431 thousand in this year including NRs. 41 million 824 thousand spent in manpower management, NRs. 58 million 957 thousand spent in procurement of health equipment, NRs. 38 million 50 thousand spent in procurement of drugs and health materials, NRs. 16 million 500 thousand spent in construction of health infrastructures, NRs. 63 million 100 thousand in distribution of risk allowance, and NRs. 57 million 291 thousand spent in others. The statement provided by the hospital shows that the hospital has arranged 40 general beds, 8 H.D.U.s, 2 I.C.U.s and 2 oxygen plants for the treatment of COVID-19 in 2019/20, and it has added 92 H.D.U.s, 50 I.C.U.s, 1 oxygen plant liquid oxygen tank, 17 oxygen cylinders, and 30 concentrators in 2020/21. Likewise, it has purchased 19 ventilators. With the capacity to conduct PCR test of 500 persons daily from 2 PCR machines, the hospital has conducted 56 thousand PCR tests in 2020/21, of which 10 thousand 278 tests

are conducted charging fees and has collected NRs. 1 million 276 thousand whilst 46 thousand tests are conducted at free of cost.

- 19.6. Rapti Medical Science Academy has incurred total expenditure NRs. 124 million 635 thousand in this year including NRs. 12 million 411 thousand spent in manpower mobilization, NRs. 31 million 496 thousand spent in procurement of health equipment, NRs. 31 million 297 thousand spent in purchase of drugs and health materials, NRs. 5 million 345 thousand spent in construction of health infrastructures, NRs. 31 million 112 thousand in distribution of risk allowance, NRs. 1 million 894 thousand spent in construction of isolation centers, and NRs. 11 million 80 thousand spent in others. Out of 15 thousand 525 PCR tests conducted by the laboratory of the Academy, 762 tests have been conducted at free of cost.
- 19.7. With regards to the prevention and control of covid, Pokhara Medical Science Academy has incurred total expenditure NRs. 126 million 382 thousand in this year for the quarantine and manpower management, procurement of health equipment, procurement of drugs and health materials, construction of health infrastructures and distribution of risk allowance. The Academy has treated 1 thousand 341 infected persons granting admission and provided Covid OPD services to 791 persons.

The arrangements of budgets and construction of infrastructures have not been done for the treatment of COVID-19 based on the subject matters, such as - the infected patients, manpower involved in treatment, drugs and equipment etc. By formulating necessary standards, budgets should be managed on the basis of volume of delivery of health services. In addition, the delivery of health services should be further enhanced by safeguarding and utilizing properly to the added infrastructures.

20. **Payment on the Basis of Cases** - Section 7 of Order to Provide Grant to the hospital for the Treatment of Corona Virus Infection, 2020 stipulates that the specified amount grants shall be provided to the listed hospitals on the basis of number of cases. In the statement obtained from Health Information System, it is mentioned that with regards to the Ministry's decision to give grants NRs. 559 million 598 thousand to 42 listed hospitals, NRs. 422 million 268 thousand has been paid in this year and NRs. 137 million 330 thousand has remained as outstanding to be paid. Though the provision is made to provide case-wise grants up to 21 days to the COVID-19 patients by the Ministry, however, the reimbursements of more than the specified days have been provided. Monitoring should be conducted by obtaining details relating to such grant expenditures and achieved progress to assure that the hospitals have not collected any charge from the patients or service recipients.

• **Availability of Medical Oxygen**

21. **Medical Oxygen** - In Standards Related Usage and Need Identification of Medical Oxygen, 2078 (2021) issued by Ministry of Health and Population, it is stated that

medical oxygen on an average of 14 thousand liters per day will be required for the critical patients to be treated keeping in ICUs and Ventilators, 12 thousand liters required for the patients to be treated keeping in HDUs, and 6 thousand liters required for the patients to be treated in hospitals with oxygen. On this basis, it is estimated that the critically complex and moderately complex 60 thousand cases will emerge and 3 billion 853.2 million liters or 567 thousand cylinders medical oxygen will be required for the period 2078 Baishakh to Ashadh (Mid April to Mid July 2021):

Month	Estimated Cases	Estimated Oxygen Consumption Metric Tons	Estimated Oxygen Cylinder	Actual Cases
2078 Baishakh	15232	977656	143773	158674
2078 Jestha	20151	1293367	190201	170863
2078 Ashadh	24652	1582	232687	52049
Total	60035	3853297	566661	381587

As per above mentioned statement, acute shortage of oxygen has been witnessed during the above three months due to emergence of excessive covid cases more than 6 times of estimation in the period. The Ministry was not able to forecast spreading rate of infection and make the short-term and long-term arrangements for the supply management of oxygen. Necessary steps should be taken to prepare supply plan of oxygen in accordance with projection.

- 22. Demand and Supply of Oxygen** - As per Point No. 4 of Standards Related Usage and Need Identification of Medical Oxygen, 2078 (2021) issued by Ministry of Health and Population, any designated hospital for the treatment of COVID-19 shall have to keep the stock of medical oxygen at least for 7 days based on number of beds. In the Provincial Profile published by the Ministry of Health and Population and the World Health Organization making studies in 2020, it is mentioned that on the basis of H.D.U. an I.C.U. beds and ventilators available in 89 hospitals included in Province-wise study, total 9 thousand 798 oxygen cylinders per day are required, however, the situation of availability of only 5 thousand 205 cylinders or a shortfall of 4 thousand 593 cylinders per day have appeared as shown below:

Province	No. of Hospitals Studied	Required Cylinder	Available Cylinder	Surplus/Deficit Status
No. 1	6	1,104	696	-408
Madhesh	5	992	117	-875
Bagmati	27	4,684	2,000	-2,684
Gandaki	23	1,053	788	-265
Lumbini	7	886	993	107
Karnali	13	799	398	-401
Sudurpachhim	11	280	213	-67
Total	89	9,798	5,205	-4,593

As mentioned above, oxygen of less quantity than the required quantity is found in all provincial hospitals ,excluding 7 hospitals of Lumbini Province. The situation of

unavailability of oxygen as per requirements to the infected patients getting admission in hospitals has appeared during second wave period of corona infection.

- 23. Fixation of Oxygen Quota** - The COVID-19 Crisis Management Center (CCMC) has implemented quota system on 2021/05/10 taking overall responsibility of management and supply of oxygen itself. The quotas have been fixed for 77 hospitals of Kathmandu Valley and Kavre District, inclusive of - 150 cylinders per day for each of Kathmandu Medical Hospital, Shahid Shukraraj Tropical and Infectious Hospital, T.U. Teaching Hospital, Birendra Military Hospital, and A.P.F. Hospital; 300 cylinders per day for Bir Hospital; 100 cylinders per day for each of Norvic Hospital, HAMS Hospital, Nepal Police Hospital and Nepal Medical College; 200 cylinders per day for Patan Hospital; 75 cylinders per day for each of Grande Hospital and Maternity Hospital; 90 cylinders for Dhulikhel Hospital. One thousand 281 infected patients have died within one week of implementation of quota system by the CCMC. 139 Inflected patients have died on 10th May 2021, 225 on 11th May, 168 on 12th May, 214 on 13th May, 203 on 14th May, 187 on 15th May and 145 on 16th May 2021. Since the quota system has not eased in supply of oxygen as per expectation and difficulties are faced in regular supply of oxygen in hospitals, the quota system is liquidated after 4 days of implementation. it has become necessary to conduct studies with regards to whether there is any correlation between the difficulties faced in obtaining oxygen in hospitals based on number of patients due to implementation of quota system by the CCMC taking the responsibility of oxygen management without making any study and the prevalence of high mortality rate all over the second wave period at the same time of the implementation of such quota system. While making such types of decision in future, necessary decision should be taken only on the basis of expert's suggestions after conducting necessary studies.
- 24. Oxygen Plant** - Section 26 of COVID-19 Crisis Management Ordinance, 2021 provisions that the drugs, equipment essential for the prevention, control, diagnosis, and treatment of COVID-19 can be procured directly from international organizations on the basis of the specifications and rates approved by the Government of Nepal. For procuring oxygen generator plants and one thousand concentrators to seven provinces, the Department of Health Services has paid US Dollar 4 million 517 thousand 378 to United National Office of Project Service in this year as per the cost estimate quoted by the Organization. Since the cost estimate quoted by the organization include US Dollar 831 thousand 778 in respect to contingency, management and indirect expenses, it has increased additional financial burden to the Government of Nepal.

Though the Fund has provided the statement of the purchase of oxygen generation plants with a supplier of Nepal at a cost US Dollar 1 million 930 thousand 600, the payment of US Dollar 2 million 14 thousand 600 is given as per specified in cost estimate, resulting the a claim of excess payment of US Dollar 84 thousand; though the proposal of US Dollar 175 thousand is submitted in shed construction, the expenditure of only US

Dollar 163 thousand has been acknowledged; and in spite of prevalence of 1 year comprehensive and 5 years consumable warranty in purchase of oxygen generation plant, the payment of US Dollar 294 thousand is given with regards to 2 year operation and maintenance. Since the contract agreement entered with service providers mentions that the amount will be claimed on the basis of actual expenditure while making payment through billing process, the balance amount should be recovered by ascertaining actual expenditure.

Though the contract agreement entered on 2021/06/18 with the supplier mentions that the procurement works of oxygen generation plant and 1 thousand sets of oxygen concentrators shall be completed by 2021/08/21, however, the transformer installation work in Hetauda and Pokhara and transformer and electrical connection in Damak have not been completed till 2022/01/24, and plant installation of Surkhet has not come into operation due to fluctuation in voltages. Presently, oxygen has not been produced from the plants installed in all 7 provinces due to gradual normalization of the effect of covid. In the state of inability to use of such machines for certain time, the expenditure will grow due to requirements of overhaul and maintenance. Since the delivery of services have been affected due to non-completion of procurement works of health emergencies within specified time, the procurement works should be completed on time by examining the specified specifications and quality.

- 25. Delivery of Service** - By approving cost estimate of NRs. 29 million 380 thousand for the installation of oxygen plant, Narayani Hospital has entered a procurement contract with a supplier selected on the basis of bidding process at contract price NRs. 28 million 250 thousand along with the clause of completing works by 2021/07/15, however, the contract period has been extended up to 2022/04/13 owing to inability to commission the installation work by the supplier within contract period. Though procurement contract entered in accordance with the process of special circumstance, the plant installation has not been completed within specified time, which has affected delivery of services. The Hospital has spent NRs. 11 million 161 thousand in this year including NRs. 10 million 161 thousand spent in oxygen filling and NRs. 1 million spent in purchase of cylinders. Such expenditure should be checked by completing works of oxygen plant installation on time.

• Production of Technology based Health Materials

- 26. Sanitizer, Mask, PPE and Globes** - It is informed that Department of Drug Management has approved the quality of the production of sanitizer has to be as specified by World Health Organization, and Nepal Bureau of Standards & Metrology has determined 28 standards including product requirements, garment and test methods for the production of various products including three products - masks, PPE and surgical globes.

Social distance, masks and Sanitizing hand (S.M.S.) have been regarded as vital for protecting from corona infection. After outbreak of COVID-19 infection, the masks and sanitizers have been imported in huge volume. In the very period, the masks and sanitizers have also been produced within the country and supplied in the market. As per the information obtained from Department of Drug Management, licenses for the production of sanitizers have been issued to various 66 institutions till 2021/06/06. The institutions getting such licenses have obtained permission of producing gel and solution type of sanitizers. Pursuant to the sanitizers and masks imported from abroad and produced inside the country, monitoring have not been conducted with regards to whether the quality of products have been in accordance with standards fixed by the concerned entities.

- 27. Heath Desk** - It is mentioned that the health desks with skilled manpower are to be deputed in the international border points of the countries in which Nepal is also signatory of International Health Regulation. After the emergence of corona pandemic, the Government had taken a decision to arrange health desk in international border points and international airport. The Government deputed 48 staffs creating temporary positions in various places including 8 staffs in Tribhuvan International Airport, 4 in Kankadvitta, 2 in Rani Bhansar Border Point of Biratnagar, 4 in Maadar Border Point of Siraha, 5 in Gaur of Rautahat, 5 in Birgunj of Parsa, 3 in Belahiya of Bhairahawa, 3 in Krishnanagar of Kapilvastu, 5 in Jamunia of Banke, 3 in Gauriphanta of Kailali, 3 in Tatopani of Sindhupalchowk, 1 in Rasuwagadhi of Rasuwa, 2 in Gaddachauki of Kanchanpur. The following matters are observed in this regards:
- 27.1. The Government of Nepal has officially opened border points of 13 places adjoined with India. The global pandemic of COVID-19 has emphasized to the matters - easy access to passengers, health check and proper management of the persons detected with COVID-19 infection. Various forms have been introduced in health desks to acquire general information about passengers and keep records of test results. It was expected that the forms used would help in systematizing and harmonizing the records and reporting data of the travelers entering in Nepal from inland border points, however, such information of all citizens coming and going through the border points have not been consolidated.
- 27.2. With respect to the identification, prevention and controls of COVID -19, it is mentioned in the decision of the Government of Nepal that all health related data of all citizens shall be maintained by Information Management Unit. Though the role of health desks established in border points becomes vital in gathering health related information of the citizens coming to Nepal from abroad through inland border points and making identification and projection the pandemic like diseases on time, but, difficulties have been faced in performing works by such health desks as per expectation due to lack of infrastructures, lack of manpower, inadequate training etc. In a situation of rise in COVID-19 pandemic, the records of all people entering in Nepal have not been properly

managed and the transmission of infection has also mounted due to excessive pressures in conducting general health check up and managing records owing to crowds of people entering in the country from border points. To improve such situation, adequate manpower along with necessary infrastructures should be kept in such health desks, and the measures for controlling pandemic like diseases should be adopted in order to collect and keep records the actual status of health information of the citizens entering in the country during pandemic time.

28. Procurement and Usage of Health Equipment - For the treatment of patients, the health institutions need to keep essential health equipment in running condition. The health services including diagnosis, testing and treatment of diseases can be made more effective and qualitative in a situation of availability of the qualitative health equipment. Major observations relating to this are as follows:

- 28.1. In Directives on Establishment, Operations and Standard Up-gradation of Health Institution, 2070 (2013), it is stipulated that the requirements of classification of equipment, manpower and physical infrastructure will be in accordance with the number of beds of hospitals. Several patients have lost their lives during time of COVID-19 due to failure to make preparedness by hospitals, lack of adequate number of equipment including necessary oxygen cylinders, oxygen plants, WiSAP ventilators, high-flow nasal cannula etc. for making treatment, unavailability of skilled manpower for operating equipment, scarcity of critical care goods in ambulance etc. There exit situations of non-availability of number of beds, health equipment, technical manpower as per specified standards.
- 28.2. The standards and quality measurement of health equipment are based on the country producing such equipment. There are highly intensive treatment departments, the like-I.C.U., P.I.C.U., and N.I.C.U. etc. established in hospitals. The treatment of patients has been affected due to unavailability of skilled manpower in those departments. In Narayani Hospital, it is seen that the patient monitors of N.I.C.U. department was set in adult mode instead of **neonatal** mode. While operated ventilators without doing fully temperature **probe** and connecting the heater wire, the machines could have not worked. Hence, weaknesses have been witnessed in take care of patients.
- 28.3. Since health equipment are sensitive to environment, they need to be installed based on temperature, humidity and altitude as per nature of equipment and necessary physical infrastructure are to be arranged for the operations of such equipment. It is observed that T.U.Teaching Hospital faced problems with hemodialysis machines due to problems in R.O. machine. In Narayani Hospital, Birgunj, the Cath Lab has not been installed since last 2 years due to lack of space, and in B.P. Koirala Institute of Health Sciences, difficulties have been faced in conducting tests due to small size of bio-chemistry room. In Paropakar Maternity and Women's Hospital, delivery of services have been affected resulting from obstruction in oxygen supply system owing to installation of oxygen plant

under building due to lack of space, improper management of oxygen cylinders, and non-function of automatic change-over system. Koshi Hospital, Biratnagar have been purchasing oxygen cylinders for the supply oxygen to the ventilators, high-flow machines, anesthesia machines and COVID-19 patients due to frequent break-down of oxygen plants, and the situation of depriving the patients from getting services have will arise in the event of non-availability of oxygen cylinders.

- 28.4. The laboratory equipment essential to hospital laboratories are generally kept in close system. Hospitals will have to bear losses if the prices of any reagent are kept high keeping price of machines minimum if such machines are operated for long period. While **evaluating** tender bids, **evaluation of bids** have not been done along with the prices of machines, reagents to be used and results coming from the machines.
- 28.5. As per international standards, the average life of small machine, such as- patient monitor, ECG machine, and ventilator is of 5 years and the average life of big machine such as - CT Scan, MRI, X-ray, Gamma Camera is of 10 to 15 years. Department of Health Services used to provide the health equipment received from various donor agencies or entities to various hospitals every year. Narayani Hospital has not yet used the ventilators received from the Department as the machines are sent without identifying needs. B.P.Koirala Institute of Health Sciences has not yet used the equipment purchased for the COVID-19 purpose. Several hospitals have purchased equipment such as oxygen machines, ultrasound, patient monitors, ventilators etc., but kept such machines without any use. Proper management has not been done to such equipment the life of which have expired and which cannot be brought into usage.

Since hospitals are having problems in procurement, usage and maintenance of equipment and lack of skilled manpower for operating, the quality of hospitals' health services should be improved by doing proper management of procurement, usage, maintenance and disposing of equipment as per specified standards.

• **Vaccine Management and Storage**

29. **Immunization Act** - The Immunization Act, 2015 has been issued to make necessary arrangements relating to vaccination service preventing and controlling diseases through the medium of vaccination. The Act has made various arrangements inclusive of - the right of each person of targeted group to get vaccines, vaccines are to be received compulsorily, vaccines must be as per specified standards, records of immunization services are to be kept properly etc. The Act has also made provisions relating to the immunization fund, transport, storage and distribution of vaccines, constitution of various committees and their functions and duties, treatment and compensation, conducting awareness programs, immunization cards etc. The provision of formulating Rule by the Government of Nepal has also been made in cases where the Act requires further clarification in course of implementation. Audit has observed that the rule has not

been formulated, immunization fund has not been established, and immunization committee has not prepared the specified annual report as provisioned in the Act. Improvements should be done in this respect.

- 30. Vaccination Plan** - The Government of Nepal has approved National Deployment and Vaccination Plan for COVID-19 Vaccine, 2021 in order to assure the COVID-19 vaccine to all targeted population. It is mentioned in the plan that vaccines will be provided to the 72 percent population of Nepal and total budget of NRs. 48 billion will be required for this purpose. It is also mentioned in the plan that amongst the vaccines needed for the targeted population, and 20 percent will be received under COVAX (Organization that supports in vaccines) facilities. In the plan, it is also stated that total 68 million 270 thousand doses of vaccines (at the rate of 2 doses for each person and 5 percent wastage) will be needed to immunize the following targeted population:

Age Group	Targeted Population	Required 2 Full Doses including 5 percent Wastage
18 year and above age	19,922,165	41,836,547
From 12 to 17 year	3,425,408	7,193,357
From 2 to 11 year	5,816,636	12,214,936
Additional 1 dose for the following groups:		
• Front line health workers	112,690	118,325
• Chronic Patients of 2 year to 59 year (13.45 percent of Total Population)	3,925,386	4,121,656
• Above 60 year	2,652,258	2,784,871
Total	35,854,543	68,269,692

Though the Plan has set a target of vaccinating to all citizens by 13/04/2022, however, the work of receiving required amount of vaccines in accordance to target has not been commissioned.

- 31. Receipt of Vaccine** - During the situation of pandemic, the Government of Nepal has approved the Vaccine Procurement Concept on 2021/01/04 approving the road map to vaccinate 21.8 million citizens against the corona. The status of total vaccines received from donor agencies, COVAX facility, other grants and procured by Nepal as of 2022/01/25 are as follows:

(Vaccine in Doses)

S.No.	Name of Vaccine	Purchased	Received under COVAX Facility	Grants Received from Donor Agencies	Total
1	Covi-shield	2,000,000	6,387,000	1,100,000	9,487,000
2	Vero-Cell	15,936,400	—	3,800,000	19,736,400
3	Johnson and Johnson	—	—	3,711,500	3,711,500
4	Pfizer	—	765,180	—	765,180
5	Moderna	1,660,800	3,651,200	—	5,312,000
6	AstraZeneca	—	716,100	2,321,460	3,037,560
Total		19,597,200	11,519,480	10,932,960	42,049,640

As shown above, it is observed that out of the total 42 million 49 thousand 640 doses vaccines received, 46.60 percent are purchased, 27.40 percent are received under COVAX facility, 26 percent are provided by various donor countries on grants. Of the vaccines received, 46.94 percent are Vero Cell, 22.56 percent are Covi-shield and 30.5 percent are others. Total 60 million doses vaccines have been purchased in this year along with Covi-shield purchased from a company of India and Vero-Cell purchased from a company of China.

- 32. Income, Expenditure and Balance of Vaccine** - Rule 100 of Financial Procedures and Fiscal Accountability Rules, 2020, provides that each office shall have to keep the inventory account up-to-date disclosing the qualities and prices of goods purchased by the office and received as assistance in kind. As per statement obtained from the Department, including the purchased 6 types of vaccines and vaccines received from various donor agencies, total 42 million 49 thousand 640 doses of covid vaccines have been received as income up to January 2022, out of which 32 million 213 thousand 336 doses have been spent in the same period. Accordingly, the stock of 9 million 836 thousand doses need to be remained as balance, but only 7 million 367 thousand 600 doses have remained as balance. It shows that lesser balance of 2 million 468 thousand doses of vaccines has existed in the Department. However, it is mentioned in the investigation report that excess vaccines of 455 thousand doses have been found when deducted the expenditure of vaccines from the income of vaccines of the same period. With this situation, the audit is not able to ascertain exact balance of vaccines. Inventory accounts should be kept up-to-date as provisioned in the Rules.
- 33. Progress Status** - In order assure the vaccines for COVID-19, a target has been set in **National Deployment and Vaccination Plan (NDVP) for COVID-19 Vaccine** to vaccinate all targeted population of 18 years & above within 2022/04/13. The status of progresses achieved are as follows:

Timeline	Targeted Population	Targeted Percent	No. of Person Fully Vaccinated	Progress Percent
2021/10/17 (2078 Aswin end)	6,574,315	33	6,469,159	32.47
2022/01/14 (2078 Paush end)	13,148,629	66	11,869,974	59.58
2022/04/13 (2078 Chaitra end)	19,922,165	100	18,706,065	93.89

In respect to the plan's timeline fixed for vaccinating 33 percent of targeted population of the age-group of 18 years & above within 2021/10/17, 66 percent within 2022/02/14 and one hundred percent within 2022/04/13, the vaccination has been done to 32.47 percent, 59.58 percent 93.89 percent respectively. The work of fully vaccinating to all targeted population has not been completed. Though the plan specifies to vaccinate 2 doses of vaccines to all targeted citizens, several citizens have also received buster

(third) doses, whilst some of citizens have not yet received the first dose of vaccine. All citizens should be vaccinated against the Corona Disease.

- 34. Storage of Vaccines** -To retain the properties of vaccines and its effectiveness, vaccines need be kept within the specified temperature from the period of production to immunization. For storing vaccines, Department of Health Services has two central vaccine stores at Teku and Pathalaiya under its Supply Management Division. Likewise, there exist vaccine stores in Biratnagar of Province 1, Dhanusha in Madhesh Province, Hetauda and Teku in Bagmati Province, Pokhara in Gandaki Province, Butwal and Nepalgunj in Lumbini Province, Surkhet in Karnali Province and Dhangadhi in Sudurpachhim Province. As per the information obtained from Department of Health Services, the status of total capacity of storage of vaccines and the capacity allocated for storing covid vaccines are as follows:

(In Liter)

Vaccine Stores	Total Capacity	Capacity Allocated for Covid Vaccine out of Total Capacity
Central Vaccine Store, Teku	75,500	41,250
Province Health Supply Management Center, Biratnagar	29,750	22,250
Central Medical Store, Pathlaiya	40,750	29,750
Province Health Supply Management Center, Janakpur	46,000	36,000
Province Health Supply Management Center, Hetauda	22,250	20,000
Province Health Supply Management Center, Pokhara	29,750	22,250
Province Health Supply Management Center, Butwal	31,250	23,750
Province Health Supply Management Center, Nepalgunj	7,500	3,750
Province Health Supply Management Center, Surkhet	17,250	7,250
Province Health Supply Management Center, Dhangadhi	29,750	22,250
Total	329,750	228,500

Following matters are observed in this respect:

- 34.1.** For keeping the vaccines to be used in national immunization program and Covid vaccines, the country has vaccine storage total capacity of 32 thousand 750 liters at present along with Central Vaccine Store, Teku. Out of them, the cold chain having capacity to store 228 thousand 500 liters have been separated for keeping Covid vaccines. All these cold chains have the capacity to store from 2 degrees to 8 degrees Celsius. The capacity to store vaccines from minus 15 degrees to minus 20 degrees Celsius temperature is available only in Central Vaccine Store, Teku. Its capacity is 7 thousand liters. Necessary arrangements of storing and using vaccines should be made in order to retain the quality of vaccines.

- 34.2. Prior to the development to vaccines against Covid, Nepal had storage facility only for storing the vaccines to be used in regular immunization programs. Covid pandemic and managing vaccines against this disease were a new subject matter for the world. Necessary preparedness was not made for the management of such vaccines. In a situation vaccines being stored remaining within certain capacity, pressures have developed in the storage of vaccines after the receipt of tens of thousand quantities of vaccines for controlling Covid. The regular immunization programs have been affected by the Covid.

The work of storing vaccines has been performed amidst the challenges of lack of adequate specified standard stores for storing regular and covid vaccines, lack of adequate skilled manpower and lack of vehicles for transportation etc. In order to ease the storage of vaccines, the works of constructing Central Vaccine Store having storage capacity of 85 thousand liters was commenced on 2020/03/13 at the premises of Department of Health Services Teku, however, there has been delay in the construction works due to faulty design. The storage and usage of vaccines should be managed properly by completing the construction works on time.

35. **Use of Vaccine** - In the Government of Nepal's National Deployment and Vaccination Plan which approved for assuring COVID-19 vaccines to all targeted population, it is estimated that the wastage of vaccines will be of 5 percent. It has become not possible to evaluate the actual status of wastage of vaccines as an integrated record of vaccines received, used and wastages of the vaccines of all vaccination centers of the country have not been prepared. As per the report of COVID-19 Vaccine Investigation Committee submitted on 2022/02/13, the status of unusable vaccines owing to damages occurred by expiry of dates or by other causes are as follows:

S.No.	Name of Vaccine	Center	Province	District	Municipal	Total
1	Vero-cell	0	0	11,690	7,359	19,049
2	Covi-shield/ AstraZenica	0	0	3,115	3,908	7,023
3	Moderna	0	0	4,521	674	5,195
4	Johnson	0	0	11,542	14,020	25,562
5	Pfizer Bioentec	0	0	79	0	79
	Total	0	0	30,947	25,961	56,908

In the report, it is mentioned that the statement of unusable vaccines are obtained from the center, 7 provinces, 77 districts and 496 local levels and the volume of such vaccines are found exceptionally high in case of some districts and local levels. Pursuant to exceptionally high wastage of vaccines, appropriate controls measures should be adopted by identifying the responsible causes.

• Procurement Management

36. **Special Circumstance Procurement** - For procuring equipment related to control and treatment of Covid pandemic, Narayani Hospital has published public notice giving 7 days time in accordance with Rule 145 of Public Procurement Rules, 2007, and has

approved a proposal on 2021/06/10 having bid price of NRs. 211.27 million to purchase 6 types of health equipment.

The Council of Ministers has taken a decision on 2021/01/24 that the designated officer having power to approve a contract can extend the contract period up to 6 months, the works of which have not been completed due to lockdown caused by COVID-19. However, in order to control the impact of COVID-19 pandemic, the hospital has invited tender bid awarding 7 days time in accordance with provision of special circumstance procurement under Public Procurement Rules, and has mentioned the matter in bid invitation notice that the materials related to H.D.U. and I.C.U. should be supplied within 15 days. Out of procurement contract agreements entered by the hospitals for the supply of equipment in this year, only one material has supplied and the time has been extended up to 2022/04/13 for supplying rest of materials. It is not appropriate to grant time extension to the vital procurement and special circumstance procurement, such as - HDU, ICU, Setup, oxygen plant installation for the treatment of COVID-19 par to other purchases.

- 37. Procurement of Health Equipment** - Koshi Hospital has received NRs. 48 million 237 thousand for the establishment of I.C.U. and H.D.U. in hospital and has spent NRs. 37 million 161 thousand out of the received budget. Anticipating that the third wave of Covid will impact more to the children, the Ministry has given the assurance of budget of NRs. 12 million on 2021/05/28 for the establishment of I.C.U. through short procedures, however, the procurement contract has been entered only on 2021/07/12 with the approval of a tender bid amounting to NRs. 6 million 386 thousand, and as a result, the preparedness works have not been commissioned on time. Likewise, the Ministry has given assurance of budget of NRs. 68 million on 2021/06/17 for addition of 10 I.C.U. beds and 5 ventilators and procurement of oxygen plant, but the contract agreement for the supply of 16 types of goods have been made with various suppliers only on 2nd week of July 2021 by completing tender bid invitation procedures. For the procurement of liquid oxygen plant, the E-bid invited on 2021/05/28 with the approval of cost estimate NRs. 7.5 million, but the procurement procedure has been cancelled on 2021/07/02 stating that the only one bid so received has not complied with the given specifications. The procurement works have not been completed in this year due to non-receipt of budget on time and non-completion of procurement management processes as per the receipt of budgets.
- 38. Establishment of H.D.U.** - For enhancing treatment in Covid pandemic, the Ministry as per the ministerial level decision has made requests of budget NRs. 4 billion 252.7 million for the establishment of 25 bedded High Dependency Care Unit (H.D.U.) and the Ministry of Finance has given the assurance of NRs. 2 billion. Major observations witnessed in this respect are as follows:

- 38.1. In a state of non-preparation of cost estimates of H.D.U. by the Ministry in an objectivity manner, the disbursement amounts have been provided specifying name of program. As a result, hospitals have arranged contracts making cost estimates to same disbursed amounts. With respect to NRs. 2 billion 74.6 million granted for purchasing H.D.U.s, the Ministry has not prepared any integrated report disclosing the procurement procedures completed and services delivered by the hospitals during the time of pandemic. Service delivery of hospitals should be assured by completing procurement of equipment on time.
- 38.2. Pursuant to the budget disbursed by the Ministry in 2020/21 for the procurement of H.D.U. equipment within 15 day adopting of short procedures, some of hospitals have purchased H.D.U. equipment on the basis of market rate, whilst Human Organ Transplant Center has prepared cost estimate again and entered a contract of NRs. 10 million 494 thousand through the medium of invitation of competitive bid. However, the hospitals inclusive of National Ayurvedic Center, Paropakar Maternity & Women Hospital, Civil Hospital, Gajendra Narayan Singha Hospital- Saptari, Bheri Hospital, and Patan Health Science Academy have invited competitive bids preparing cost estimate equivalent to the disbursed amounts, which has resulted procurement process non-competitive. Till the end of fiscal year 2020/21, the hospitals have not provided any H.D.U. services installing equipment.
- 38.3. The payments are supposed to be done within the concerned fiscal year along with the procurement management in accordance with the budget and program. However, the budgets appropriated in 2020/21 during the time of COVID-19 pandemic have not been utilized within the same fiscal year for the purchase of equipment, but the budgets have been used only in 2021/22 for purchase of equipment and the payments of NRs. 4 billion 102.19 million have been granted as per secretary-level decisions and NRs. 1 billion 410 million as per minister-level decisions made time to time.
- 38.4. Though the Mental Hospital, Lalitpur has purchased H.D.U. at a cost NRs. 12 million 753 thousand utilizing the grants received for purchase and installation of H.D.U., but the installation work has not completed yet. The equipment has not been installed due to lack of space. The disable person friendly iron stair purchased at a cost NRs. 1 million 213 thousand for approaching the H.D.U. installed room has also not been utilized yet.
- 38.5. Sahid Dharmabhakta National Transplant Center, Bhaktapur has entered a procurement contract of NRs. 10 million 494 thousand for establishing 25 bedded H.D.U. for the treatment of COVID-19, but it has operated only 12 bedded H.D.U. at the roof top of hospital due to lack of space. Though the hospital has purchased equipment for the 25 beds as specified by the Ministry, the health equipment of 13 beds have been kept in stock without any use. The officials responsible for purchasing the equipment and keeping idle to them without making of necessary arrangement of space for operating services should be held responsible.

- 39. Use of Equipment** - For the purpose of managing treatment at the time of Covid pandemic, the Ministry has disbursed NRs. 6 billion 995.5 million in this year to acquire the H.D.U. units, ICU beds, ventilators, oxygen plants & tanks, PCR equipment USG & X-ray machines etc. citing necessary to entities of the federation, provinces and local levels and community, private hospitals and medical colleges. Equipment have also been received from various donors and supporting agencies at the time of pandemic. The Ministry has not conducted regular monitoring by preparing an integrated statement disclosing the operational status of the equipment that prevailed in various hospitals since past years and purchased in this year. There should be arrangements for effective utilization of machines /equipment and materials existed in isolation centers/quarantines and maintaining an integrated record such machines/ equipment/goods.

Ministry of Defense

- 40. Construction of Holding Center** - The Government of Nepal has taken a decision on 2021/04/26 to construct multi-useful semi-permanent nature holding centers having capacity to accommodate at least one thousand persons in the near and convenient areas of Gaddachauki, Gauriphanta, Jamunaha, Krishnanagar, Belahiya, Birgunj, Rani and Kankadvitta of Nepal-India inland border points and in Kathmandu through Nepal Army, and accordingly, total cost estimate of NRs. 2 billion 329 million has been approved to construct such centers in various 9 places and the procurement activities have been commenced under provision of special circumstance procurement in accordance with Rule 145 of Public Procurement Rules, 2007. One **Directorate** of Nepal Army has entered a procurement contract with a construction entrepreneur on 2021/06/17 at contract price NRs. 2 billion 2.2 million with the condition of completing the works within 2 months, however, the payment of NRs. 1 billion 643.7 million has been granted till 2022/06/02. Major observations witnessed in this respect are as follows:
- 40.1. Though the procurement contract made with a construction entrepreneur to construct holding centers in various 9 places in accordance with decision of the Government of Nepal, the construction entrepreneur has not started the construction works in Jamuniha and Kathmandu till the audit period. Rather, it has not signed a contract for the construction in Belahiya. In the situation of the requirements to construct the holding centers in different provinces with diverse geographical location, preparing one single procurement package for the construction does not seem to be pertinent.
- 40.2. In the contract signed with the construction entrepreneur, it is mentioned that the time extension shall not be granted beyond the time specified in contract. The construction works have not been completed despite of extension of the work completion date up to

2022/04/13 from the date of 2021/08/18 as specified in the contract. Works need to be completed in accordance with the clauses of contract.

- 40.3. The above holding centers, which constructed for the prevention, control and treatment of COVID-19 infection, should be used for the alternative purposes, like- disaster management by formulating necessary procedures as the situation of pandemic has not prevailed at present.
41. **Supply of Equipment and Expenditure** - For the control of COVID-19 pandemic, Birendra Military Hospital, Chhauni has spent NRs. 232 million 104 thousand out of appropriated budget NRs. 264 million 904 thousand. Out of the expenditure, NRs. 123 million 155 thousand is spent in the construction 50 bedded HDUs, NRs. 14 million 700 thousand spent in procuring 55 bedded ICU monitors, NRs. 20 million 100 thousand spent in construction of ICU unit, NRs. 20 million 200 thousand spent in distribution of risk allowances, and remaining amounts spent in other purposes. As per the standards approved by Ministry of Health & Population, the hospital is supposed to construct 25 bedded HDUs with the allocated budget NRs. 31.2 million, however, the Military Hospital has procured 50 bedded HDUs and Logistic Management Division has procured another 50 bedded HDUs. The rationale for procuring same type of equipment by two divisions of same organization at different prices should be justified.
42. **Corpse Management** - With respect to management of corpses of the citizens that have died from the Covid infection, budget of NRs. 176.6 million has been provisioned and all budgeted amounts has also been spent in managing 9 thousand 324 corpses. While analyzed the expenditures incurred in corpse management, a sum of NRs. 18 thousand 940 on an average has been spent for the management of each corpse. As compared to management of corpses done by Valley Division Headquarters at a cost NRs. 5 thousand 588 for each corpse, the cost involved in management of each corpse has appeared NRs. 19 thousand 390 in Western Division Headquarters, Pokhara, NRs. 23 thousand 431 in **Mid Division**, Hetauda, NRs. 26 thousand 582 in Eastern Division, Itahari, NRs. 28 thousand 3 in Mid-Western Division, Butwal, NRs. 45 thousand 943 in North-Western Division, Surkhet, NRs. 50 thousand 284 in **Mid Division**, Bardibas, and NRs. 58 thousand 261 in Far-Western Division, Kailali. A standard should be determined in respect to the expenditures to be borne in management of corpses of the citizens that have died due to pandemic.

Ministry of Home Affairs

43. **COVID-19 Management** - By classifying COVID-19 affected districts in accordance with the standards fixed by COVID-19 Crisis Management Center, the Ministry has written letters to all security agencies and District Administration Offices for establishing Crisis Management Centers. As per the meeting decisions of Kathmandu Valley

Integrated Quarantine Management Committee, 1 thousand 904 beds have been prepared for operating quarantines along with identification of 5 thousand 587 beds in coordination with District Administration, facilitations have been done to arrive foreign citizens in Kathmandu for the purpose of departing them to their respective countries, and the permission for operating flights more than 275 times have been issued to private sector helicopter operators and airlines companies for operating rescue flights all sectors during the lockdown period of COVID-19. For collecting an integrated data related to daily infection of COVID-19 from all districts, daily reporting were done developing software. Although the Ministry had classified COVID-19 affected districts based on risks in accordance with the standards fixed by COVID-19 Crisis Management Center, the covid pandemic could not be brought into control as anticipated as it failed to prepare and implement action plan in accordance with emergence of risks. Improvements need to be done in this respect.

- 44. Mobilization of Security Personnel** - In order to implement the lockdown policy and regulate movement of people at border points during COVID-19 period, 22 thousand 500 manpower daily had been mobilized in 1 thousand 137 places of border areas by establishing B.O.P and F.O.B. of Armed Police Force, Nepal. Pursuant to the prevention and control of COVID-19, Nepal Police mobilized 45 thousand 355 manpower including - 23 thousand 973 manpower mobilized in implementing lockdown and prohibitory orders, 3 thousand 3 mobilized in checking to immigrants entering from international border points, 1 thousand 254 mobilized in quarantines and isolation centers, 1 thousand 508 mobilized in carrying the corona infected in hospitals or isolation centers, 8 hundred mobilized in corpse management of corona infected, and 14 thousand 805 mobilized in other works. The works to be performed at the time of pandemic, such as - regulating people's movement, managing vehicle pass, enhancing awareness etc. should be done by maintaining effective coordination.
- 45. Expenditure Management** -For controlling COVID-19, total of 685.9 million spent from the federal budget, inclusive of NRs. 372.6 million spent by Nepal APF Hospital and NRs. 313.3 million spent from Nepal Police Hospital's Corona Fund. It is because of non-allocation of budgets specifying expenditure heads, Nepal APF Hospital has borne COVID-19 unrelated expenses, such as- service contract charges, meeting allowances, maintenance expenses, office goods, repair & maintenance and fuel etc. and has spent NRs. 55.1 million in purchases of drugs and medical goods stating the special circumstance procurement. With regards to the extension of beds and establishment of ICU and HDUs, Nepal Police Hospital has entered procurement contracts of NRs. 167 million 801 thousand for purchasing 42 items health materials, machinery tools and equipment publishing 5 days notice with the use of Rules provisioned for the procurement in special circumstance. Though the procurement procedures of special circumstance followed with an objective to make procurement management

immediately, the procured goods were not supplied on time and delays of 4 to 32 days have occurred in technical examination and installation of the supplied goods, such as - crash cart trolley, electrical beds, syringe pumps, patient monitors etc. Delivery of health services should be made effective by obtaining supply of goods procured under special circumstance within specified time.

Ministry of Urban Development

- 46. Purchase of Quarantine Materials** - In order to make repairs & maintenance works and logistic management of the 2 thousand beds of quarantines existed in specified places, Department of Urban Development and Building Construction has paid NRs. 26 million 24 thousand with regards to procurement of goods through 5 various firms. As per the procurement contract of the goods procured as essential for management of quarantine sites, the recommendations for payment are done on the basis of the issue of such receipts that the purchased goods from the bidder have been received by various persons and institutions inside valley. However, store entry of the received goods are not done by examining whether or not the goods received have been as per approved specifications and purchase orders? and deduction of stock from inventory books are not done on the basis of whether or not the goods have been distributed as per demands and needs of various persons and institutions? Though the goods including- hospital beds, mattresses, blankets etc. are procured giving the reasons of essential to procure immediately, but the goods have been found still lying in the concerned places. Necessary steps should be taken to make safeguard and proper usages of the goods by doing handover the goods to the institutions for which they are necessary.

Part 2 : Provincial Government and Local Level

The health sector functions of provincial governments include - operating and carrying out monitoring of the emergency and long-term treatment services by minimizing the COVID-19 infection at provincial and local level; operating health and rehabilitation programs; establishing and up-gradating to health institution; operating and rehabilitating hub hospital for the treatment services to patients; acquiring essential health services and other allied materials; enhancing capacity of existing health workers; making free from disaster of pandemic etc. The provincial governments' activities are also directed towards making overall economic and infrastructural development and facilitating and regulating to delivery of services, industrial and commercial activities of province. The provincial governments have been managing infection of diseases by allocating budget from own resources in addition to the utilization of the amounts received from federal government.

As per the statement obtained from Financial Comptroller General Office, seven provinces have acquired total NRs. 3 billion 40 million 406 thousand in this year for the control & treatment and other management of covid, including the grant amounts received from the federal government, expenditure allocated by provinces and assistances received from other donors and last year's opening balance NRs. 878 million 573 thousand. Out of the amounts, the provincial governments have spent NRs. 2 billion 116 million 673 thousand in relief distribution, construction of quarantines and isolation centers, procurement of drugs and equipment, risk allowances and miscellaneous expenses in this year, and they have closing balance of NRs. 923 million 733 thousand at the end of fiscal year. The audit could not make further analysis on expenditure as the provincial governments did not maintain heading-wise expenditure details incurred from the amounts received from various entities and the governments' own budget allocation for the COVID-19.

In order to manage the works of prevention and control of COVID-19 infection, the Government of Nepal, Ministry of Health & Population and other entities have issued various types of standards and directives for the management of quarantines, contact-tracing, isolation, operation of COVID-19 hospitals and clinics, use of personal safety materials etc. It is stated that the use of the standards and directives will help in maximization of achievement and providing same type of technical services in an coordinated manner as the corona virus is a new type of infection, however, the provincial governments have not taken adequate steps to adhere with the issued directives and conducting reviews on implementation status of such directives.

For the prevention, control and management of pandemic including COVID-19 infection, Province Corona Crisis Management Centers have been constituted under covenorship of Chief Ministers, Province-level Corona Control Committees constituted under convenorship of Ministers of Internal Affairs and Laws, and Health Management Committee constituted under convenorship of Ministers of Social Development. However, it is witnessed that the projection of infection have not been done in the absence of risk assessment and

preparedness; integrated data have not been maintained relating to the quantity of vaccines received from federal and provincial government, first dose and second dose vaccines provided and outstanding vaccines in course of preparedness for the management of vaccines during second wave of covid pandemic; reviews of roles of inter-entity coordination, partnership and activeness of committees have not been done for the management of covid pandemic. In addition, the works of procuring necessary health materials, establishing hospital infrastructures, quarantines and isolation centers have not been done in a planned way in course of second wave of covid pandemic.

The local levels have been performing the works of projection of risks, procurement of goods, management of quarantines, mitigation of pandemic risks, delivery of services and distribution of reliefs reaching in the places where the infected people have lived. As per the expenditure statement of local levels incurred for the control and treatment of Covid, the local levels have acquired total NRs. 7 billion 665.7 million in this year, including the amounts received in this year and last year's opening balance NRs. 1 billion 650 million. Out of the amounts, the local levels have expended NRs. 4 billion 758.9 million in relief distribution, construction of quarantines and isolation centers, procurement of drugs and equipment, risk allowances and miscellaneous expenses in this year, and they have closing balance of NRs. 2 billion 906.8 million in covid funds at the end of this fiscal year.

While audited the covid related expenditures of the local levels, various audit observations are witnessed, such as - expenditures incurred without action plan and collaboration with federal and provincial governments; priorities of budget and programs not determined; masks, medical and surgical equipment purchased for controlling covid without having coordination between local levels; dual expenses incurred for same nature of works in course of constructing and managing quarantines and isolation centers; tiffin/ meals expenditures related to the persons stayed in isolation centers borne without establishing any specific standards; reliefs not distributed in a transparent manner etc. It is also observed that the local levels have not used the health materials and equipment sent by the federal government through procurement and they are not able to adopt the preventive measures despite of the information furnished to them that the local levels are required to make arrangement for mobilizing the health workers for contact-tracing and investigation.

When audited the management works done and expenditures incurred by the provincial governments in respect to the COVID-19 infection and pandemic management, observations are witnessed, such as - the risk mitigation procedures not complied; covid hospitals not operated effectively; lack of staffs for treatment and controls of pandemic; risk allowances distributed varying the specified procedures; construction works and use of isolation centers not done effectively; PCR and antigen tests not done timely basis; goods procured without complying public procurement laws; delay occurred in managing laboratories; purchase and installation of equipment not done on time; purchased equipment not used; procuring vaccines and vaccination

works not done timely basis; and some of citizens still deprived of getting vaccines etc. Audit observations related to these have been provided in province-wise basis.

Province No. 1

• Provincial Government

For the prevention and control of COVID-19 and management of income-expenditure, Disaster Management Fund has been established Ministry of Social Development. Total income of NRs. 381 million 730 thousand has been generated in the Fund including last year's balance NRs. 129 million 499 thousand and this year's income NRs. 252 million 231 thousand, out of which NRs. 240 million 879 thousand has been spent for the distribution of relief, construction of isolation center, distribution of risk allowance, purchase of drugs, machinery & equipment and others and NRs. 140 million 851 thousand has remained as closing balance at the year-end (2021/07/15).

- 47. Covid Management Expenditure** - Pursuant to the management of COVID-19 infection and other pandemic in this year, it is observed from the audit of Covid People's Security Fund that amongst the amounts deposited in the Fund by the federation and province, NRs. 104 million 359 thousand has been provided to Koshi COVID-19 Treatment Centers for the management of drugs and health materials, risk allowance, management of infection and meal & tiffin, and amounts have also been disbursed to various 98 entities and agencies/organizations for manpower management and covid management, and NRs. 3 million 251 thousand has remained as closing balance in the Corona People's Security Fund.
- 48. Staff Management** - Rule 4 (3) of Civil Service Act 1993 provisions that if any temporary approved position of any project falls vacant, works are to be performed by deputing the permanent employees of civil service, and if it becomes not possible to fulfill such position through permanent position, a service contract is to be taken for performing works. Amongst 80 employees managed in Koshi COVID-19 Treatment Center, Biratnagar for the covid management, 3 administrative employees are arranged from the Ministry, 2 consultants deputed from Koshi Hospital and 14 medical officers, 25 staff nurses, 1 lab technologist, 2 lab technicians, 2 radiographers, 1 heavy vehicle driver and 30 office helpers are appointed in contract basis. The management of employees should be done by approving necessary position.
- 49. Risk or Hazard Allowance** - The risk allowances need to be distributed on the basis of An Order for the Management of Risk Allowances of the Manpower Involved in Treatment of Infection, 2020. In 2020/21, Ministry of Social Development has paid of NRs. 12 million 610 thousand as risk allowances to the health workers, cleaners and employees working in Koshi COVID-19 Treatment Center of the period from 2020/07/16 to 2020/12/15 and from 2021/04/14 to 2021/07/15.

- 50. Health Materials and Equipment** - Rule 95 of Province Procedures Rules, 2018 mentions that the record of inventory should be updated within 7 days by disclosing the description and prices of goods. However, Koshi Hospital, COVID-19 Treatment Center, Biratnagar has not updated its inventory accounts by disclosing the prices of 44 types of 1 thousand 181 medical goods and equipment including 1 bio-analyzer, 11 I.P.A.P, 26 C.P.A.P., 1 blood gas analyzer machine, 1 C.R. System, 23 high flow oxygen, 81 I.C.U. beds, 200 oxygen cylinders, 18 oxygen concentrators, 37 ventilators etc. which received from various entities and agencies/organizations in this year. Inventory accounts should be updated by disclosing the prices of goods and equipment remained in stock.
- 51. Meal and Tiffin in Quarantine** - The expenditures of quarantines and isolation centers concerned with the prevention and control of COVID-19 pandemic need to be spent on the basis of approved standards. Ministry of Social Development has made contract agreement with 5 hotels by obtaining price rates for meals and tiffin stayed in quarantines and isolation centers in this year and has paid NRs. 21 million 99 thousand in respect to lodging and fooding of health workers, employees and covid patients.
- 52. Testing and Vaccine Campaign** - For the management and control of covid, the entities operating under the Ministry of Social Development have conducted covid testing and vaccination campaign against the covid. As per the statement obtained from the Ministry till 2022/05/31, it is revealed that full doses of covid vaccines have been provided to 3 million 187 thousand or 70 percent population of Province No. 1 (i.e. about 4 million 535 thousand) and full doses of vaccines are yet to be provided to 30 percent of population. Likewise, amongst the population falling within age group 12 to 17, first doses of covid vaccine have been provided to 98 percent of children and full doses have been provided to about 81 percent of population. Full doses of vaccines should be provided to all population.
- 53. Action Plan** - With regards to the control of COVID-19 pandemic, the Provincial Government of Province No. 1 has approved an action plan related to the prevention and response on 2020/04/11 and has spent NRs. 240.9 million in this year through Covid Public Security Fund which established on 2020/03/24 with a fund NRs. 250 million. In addition, Ministry of Social Development has spent NRs. 682.4 million for the management and treatment of COVID-19 infection and other pandemic, the expenditure of which include NRs. 214.1 million spent from Province Government source and NRs. 227.4 million spent in the control, treatment and management of COVID-19, distribution of risk allowance and procurement of goods etc. from the Government of Nepal's conditional grants. The Ministry has not prepared an integrated progress report of such expenditure amounts.
- 54. Covid Control Work-** In order to safeguard citizens from the pandemic created by COVID-19, the Province Government has established 310 quarantines along with 6 thousand 670 beds from the cooperation and collaboration with Nepal Army, Nepal

Police, Armed Police Force and local levels through mobilizing funds of Corona Public Safety Fund, which established after outbreak of corona infection. Similarly, the Ministry has spent NRs. 155.4 million from Corona Public Security Fund by disbursing amounts to security agencies and local levels in order to manage 6 thousand 231 persons, establish 7 holding areas, and manage 1 thousand 864 covid patients. It is been observed that all concerned entities have not been mobilized integrated manner in covid controlling works.

- 55. PCR Lab** - In the Ministry of Health and Population's decision related to the operations of laboratories dated 2020/06/24, the permission for conducting COVID-19 test has also been issued to Mechi Hospital. In the state of lab tests are being conducted by Mechi Hospital, National Public Health Laboratory has granted permission to Kankai PCR Laboratory on 2020/09/04 to conduct PCR laboratory tests along with mobilization of manpower of the Mechi Hospital. For the laboratory, which is operated in coordination with Kankai Municipality, necessary reagents and safety materials required for 2 months have also been provided from the Mechi Hospital. The laboratory has conducted 25 thousand 976 sample test within the period from 2020/08/17 to 2021/07/15. Based on PCR sample tests conducted by the laboratory at a cost NRs. 1 thousand each test, the income generated by the laboratory will becomes NRs. 25 million 976 thousand, but the laboratory has not provided any amount to Mechi Hospital. Hence, the amounts receivable to the hospital should be ascertained and recovered by conducting an investigation on income-expenditure of the laboratory.
- 56. Procurement of Equipment** - As per Rule 84 (1A) of Public Procurement Rules, 2007, health related equipment costing up to NRs. 5 million can be procured through invitation of sealed quotation and warranty related liabilities are to be specified if any work performance guarantee is necessary. To obtain the equipment essential for treatment of COVID-19 immediately, the hospital has procured health equipment inclusive of oxygen plant, ICU beds, ECG machines, patient monitors, sharing pumps etc. and has granted payment of NRs. 12 million 318 thousand in this respect. The hospital has not obtained any evidence relating the equipment procured from the authorized dealers and has any warranty or guarantee on the equipment. The procurement of equipment has been done without any provision to make the seller liable in the event of the procured equipment do not operate as per specified capacity or do not function satisfactorily. Equipment should be procured only after ensuring the condition of warranty/guarantees and repairs & maintenance.
- 57. Monitoring and Evaluation** - For the prevention and control of COVID-19, Health Office, Morang has received total NRs. 5 million 512 thousand including NRs. 5 million 500 thousand received in this year and NRs. 12 thousand received in previous year. The Office has spent NRs. 3 million 599 thousand in drugs and health materials, meals and tiffin and other expenses operated in Purbanchal University, NRs. 1 million 334 thousand in ambulance and hearse expenses and NRs. 500 thousand in distribution of risk

allowances and NRs. 79 thousand has remained as closing balance. Monitoring and evaluation should be conducted to ensure that whether the expenditures have been incurred as per the objectives.

- 58. Procurement** - As per decision of the Government of Nepal, the permission for operating 75 bedded 3 Units of H.D.U. within 15 days have been provided to the Province from Federal Ministry of Health and Population for the treatment of COVID-19 infection. In this regards, the Health Directorate, Dhankuta has procured equipment at a cost of NRs. 82 million 919 thousand with the approval of cost estimate NRs. 93 million 810 thousand for each unit and handed over the Unit to Province Health Supply Management Center, Biratnagar. In respect to the Unit handed over to the Supply Center by the Directorate, the reports related to operation of equipment and store entry have not been prepared, and hence, the operation of HDU service in specified place can not be assured. There should be arrangement for procuring such equipment from the concerned entity approving a procurement plan.
- 59. Relief** - By estimating the losses occurred in businesses of the production and sales of milk and dairy products, poultry farming, pig farming, green tea leaves, vegetable and fruits, mushroom farming etc. created by two lockdown during COVID-19, the relief assistance of NRs. 79 million 174 thousand has been provided to 1 thousand 680 affected farmers as per decision of Council of Ministers from agriculture cooperative/covid heading. Monitoring should be done with regard to distributed assistance amounts by identifying the true farmers.

• Local Levels

- 60. Risk Projection and Coordination** - Before outbreak of second wave of covid infection, the local level/ municipalities are, on the basis of impact of first wave, required to forecast the possible risks that may appear and implement a detailed action plan related to the covid infection, prevention, treatment and management, however, such works have not been done.

From the statement obtained from Mechi Municipality, it is witnessed that total 260 thousand 350 persons have entered from Kankadvitta border point during lockdown period of 2020/21 and 1 thousand 273 persons have tested COVID-19 positive out of 22 thousand 636 persons to which the antigen tests are conducted. In addition, the medical kits with drugs have been provided to 877 persons out of 936 infected persons stayed in home isolation in Ward No 15. The covid infection has transmitted at community level due to non-testing of each and every persons entering from border point. Infection should be controlled by making projection on time.

- 61. Quarantine Meal Expense** - As per Standards for Operation and Management of Corona Virus Quarantine, 2019, all local levels need to perform the works of operation of management of quarantines. Rule 57 of Financial Procedures and Fiscal

Accountability Rules, 2020 provisions that each office has to incur expenditure by enclosing necessary invoice/bills, receipts and other documents substantiating the expenditure. Observations witnessed in this respect are as follows:

- 61.1. Pursuant to operations of quarantines by the rural municipalities - Gaurigunj, Jhapa, Kachanakawal, Budhhashanti, Milajung, Kamal Aiselukharka and municipalities - Gauradaha, Mechinagar, Barahachhetra, Letang, Siddicharan, Patharisanichare, NRs. 19 million 509 thousand have been spent in respect to meals/tiffin in this year. Though the rural municipals/municipals have prepared the records of persons entering in quarantines but not maintained the records of persons going outside, hence the audit is not able to ascertain the appropriateness of the period and payment amounts of meals/tiffin. Giving payments without enclosing necessary evidence substantiating the expenditure amounts specified in contracts is not in conformity with the law.
- 61.2. In the standards related to operations of quarantines, there exists a provision that the expenditure amounts of meals/ tiffin of the persons staying in quarantines can be provided equivalent to daily rates of ration of Nepal Police of the concerned district, however, the Kerabari Rural Municipality, without following the standards, has granted the payment of meals/ tiffin at the rate of NRs. 289.50 per day for the period from 2020/05/22 to 2020/09/12 on the basis of bills of a hotel. Inclusive of payments given to last year's outstanding amounts without enclosing the certified statement of outstanding payment and payment given exceeding the specified rates, total payment of NRs. 622 thousand have been provided, which is not in conformity with the law.
- 62. Risk Allowance** - Point No. 4 (1) of Allowance Management Order for Manpower engaged in Treatment of Corona Virus (COVID-19), 2020, provides that in order to get the risk allowance, the evidences of the person deputed for performing the works specified in Point no. 3 or the works performed at the deputed place and certified attendance need to be produced, Observations witnessed in this respect are as follows:
 - 62.1. Molung Rural Municipality of Okhaldhunga and Kamal Rural Municipality of Jhapa have spent NRs. 2 million 217 thousand as incentive allowance stating that employees have been mobilized for controlling COVID-19. As specified in law, risk allowances are to be provided only to the concerned employees involved in the activities, however, the allowances are also provided to other unconcerned employees. The basis of incurring such allowances to other unconcerned employees should be produced.
 - 62.2. Pursuant mobilization in the prevention of covid infection, the risk allowances to employees working in health section of Damak Municipality are provided as per decision of municipal chief at the rate of 20 percent to 50 percent for 1 month to 4 months of the period from 2020/07/16 to 2020/12/12. However, the audit is not able to ascertain the appropriateness of the expenditure as the payments of NRs. 903 thousand are provided without enclosing the evidence of the attendance of staffs and mobilization in related

- work. Letang Municipality has paid NRs. 623 thousand as risk allowances to the employees working in health section and primary health center, ward clinic and urban health center at rate of lump sum 116 days and the employees working in other sections at rate of lump sum 16 days to 68 days. The payments of risk allowance should be given without making any duplication in payment.
- 62.3. Pathari-Shanichare Municipality has paid NRs. 3 million 108 thousand to health workers and employees mobilized in COVID-19 hazards in respect to the last year's incentive allowance, contract service fees, and risk allowance to its employees.
- 62.4. With regards to the contribution made in works of the prevention and relief distribution in corona pandemic, Budhashanti Rural Municipality, Jhapa has paid NRs. 2 million 820 thousand as incentive allowances equivalent to 1 month to altogether 104 employees - including the employees working in ward offices, health posts, health unit and the employees appointed on contract basis under Prime Minister Employment Program. In addition to that payment, it has provided tiffin expenses to the employees working in health services at the rate of additional NRs. 500 per day.
- 62.5. Though Damak Hospital has made the arrangements of covid allowance and fooding while operating covid hospital, it has also provided NRs. 1 million 905 thousand as risk allowance to the health workers on the basis of works performed in the hospital during the period from 2021/05/01 to 2021/06/14. Since the hospital has also provided covid allowance and fooding amounts to the health workers and other employees deputed in Covid Treatment Center for the each worked day, it has provided dual facilities to employees in the same period. Providing double facilities is not appropriate.
- 63. Quarantine Management** - Mechi Municipality has made the following arrangements:
- incurring expenditure by giving advances to its municipal members and ward chairs and officials appointed as coordinators by the municipality; payment given through the officials in respect to goods purchased for quarantine site instead of paying directly to concerned parties; payments given purchasing goods without approval of cost estimate; payment of meals/ tiffin given to the persons staying in quarantines of Ward No. 11 on the recommendations of Ward Chief; and spent NRs. 1 million 430 thousand in respect to hiring of separate private vehicles to the officials for going and coming from quarantine. Though the Local Government Operations Act, 2017 has not made any arrangement for operating financial transactions from the officials, the expenses relating to above transactions from Corona Fund are operated through the officials against the provision of the Act.
- 64. Construction of Oxygen Plant** - In order to establish oxygen plant in Mechi Amda Hospital, a contract agreement has been reached on 2021/05/27 in between Rotary Club of Kankadvitta, Federation of Mechi Industry and Commerce and Mechi Municipality and a payment of NRs. 2.5 million is provided on the basis of letter of the Club prior to

the completion of plant construction works. The plant has not been established and operated up to audit period 2022/03/04. The work completion report of the plant should be produced.

- 65. Test Expense** - Rule 39 of Financial Procedures and Fiscal Accountability Rules, 2020 provisions that the specified procedures shall have to be fulfilled examining the invoices/receipts prior to incurring any government expenditure. In order to conduct swab tests of the COVID-19 infected persons, Mechi Municipality has made total payment of NRs. 1 million 568 thousand including the payments NRs. 500 thousand, NRs. 300 and NRs. 768 thousand provided to Mechi Zonal Hospital, B.P. Koirala Health Science Academy and Kankai Koshi Home PCR Lab respectively. The evidences of expenses made from the provided amounts need to be produced.
- 66. Reconciliation of Account** - Barahachhtra Municipality, Sunsari has acquired total income NRs. 12 million 590 thousand in this year inclusive of last year's balance NRs. 1 million 66 thousand and this year's income NRs. 11 million 524 thousand and has shown NRs. 12 million 532 thousand as expenditure. However, total expenditure of NRs. 13 million 236 thousand is noticed while examining bank statement of its Fund. Bank reconciliation statement should be prepared and produced in respect to difference amounts in between office' account and bank statement.

Birtamod Municipality has accumulated total NRs. 24 million 798 thousand including the last year's balance amount, addition of NRs. 1 million received from Province Government and allocating budget NRs. 7 million 592 thousand from own program. It has shown NRs. 17 million 448 thousand as expenditure from the available amount and NRs. 7 million 350 thousand as closing balance at the end of fiscal year, but, the bank reconciliation of the same has not been submitted to audit. Despite of transactions operated by the Municipality opening accounts in NMB Bank up to last year, the amounts existed in the bank have been transferred to NIC Asia Bank in this year opening new accounts through making two transfers. By reconciling balance existed at the year-end, the evidences of bank balance of both banks should be produced.

- 67. Procurement Management** - Rule 145 (1) of Public Procurement Rules, 2007 provides the provision relating to procurement in special circumstances. As per the Rules, the procurements are to be done complying with laws making necessary preparation works and need identification, and payments are to be given by ensuring whether the purchased drugs, kits and equipment are in accordance with the specified quality and specification, however, the local levels have not fulfilled the procedures specified for procurement in special circumstances. Major observations witnessed in this respect are as follows:
- 67.1. With an objective to control the COVID-19 infection, the meeting attended by the Mayors of Madi Municipality, Dharmadevi Municipality, Chainpur Municipality and Panchkhapan Municipality have formed a user committee on 2020/09/02 for

- constructing isolation buildings in two memorial academies. For constructing the 2 isolation buildings, the user committee has prepared cost estimate of NRs. 5 million 478 thousand and NRs. 4 million 53 thousand and agreements have also be signed for the same amount. However, the audit is not able to ascertain the expenditure amount as the progress report relating of expenditure incurred in isolation centers has not been produced.
- 67.2. For the purpose of constructing huts by using the materials of iron truss and roof of zinc sheet in the land of public forest areas of Ward No. 5 for keeping the COVID-19 infected people, Kamal Rural Municipality, Gorkha, by approving cost estimate NRs. 2 million 558 thousand, has entered a contract with Kerkha Bazar Road Gravelling and Maintenance User Committee with the condition of completing works by 2020/11/15. The Municipality has issued work order on 2020/08/04 for the same and given payment of NRs. 2 million 492 thousand. With regards to the construction works, the work completion report has not been certified by the office chief; the permission has not been taken from the concerned Division Forest Office while constructing permanent type of huts in public forest area; contract signed with the user committee for different place and different works with the committee of which was formed for one work; and the completed infrastructures has not been handed over to the concerned committee.
- 67.3. Direct procurements of goods have been made at a cost of NRs. 2 million 537 thousand, which includes COVID-19 safety materials of NRs. 1 million 258 thousand procured by Kerabari Rural Municipality from 3 firms procuring many times, 40 PPEs and 400 VTMs procured by Kamal Rural Municipality Jhapa at NRs. 192 thousand, 7 oxygen machines procured by Damak Municipality at NRs. 744 thousand without approving cost estimate, and safety and test related VTM procured by Kankai Municipality at NRs. 343 thousand. Goods/materials should be procured making competition.
68. **Treatment** - In the statement obtained from Budhashanti Rural Municipality- Jhapa, it is stated that PCR tests of 561 persons and antigen test of 1 thousand 83 persons are done in rural municipal isolation centers during the period from 2020/05/14 to 2020/07/15, out of which 489 persons have tested PCR positive and 424 persons have tested Antigen positive. Amongst the persons tested positive, 22 persons are referred to other place from the isolation, 230 infected persons have appeared still covid active out of 669 persons recovered, and 14 persons have died during the period. Proper management of the infected persons has not been done.
69. **Invoice /Receipt** - Sakela, Aiselukharka, Rawa Besi Rural Municipalities and Halesi Tuwachung Municipality have spent NRs. 21 million 511 thousand in this year for the prevention and treatment of COVID-19 infected. The Rural Municipalities/ Municipality have not prepared any plan/procedures to utilize the isolation centers constructed for the prevention and control of COVID-19 and use the procured drugs and equipment after

decrease in the effect of corona. Arrangements should be made to safeguard and utilize them.

- 70. Relief Distribution** - In order to distribute reliefs to COVID-19 infected, cash assistances of NRs. 355 thousand at rate of NRs. 5 thousand each person are distributed to 71 persons as per decision made by Rural Municipal Executive of Aathrai Triveni Rural Municipality, Taplejung on 2021/06/29. In the state of the income of Rural Municipality is becoming low, it is not appropriate to distribute cash from the grant received from the Federal Government.
- 71. Investment in Building of Other Institution** - Buddhashanti Rural Municipality, Jhapa has established quarantines and isolation centers in course of first wave covid as per decision of Rural Municipal Assembly and has borne necessary expenditures for operating them till 2020/09/16. However, the Rural Municipality has taken further decision for using the under-construction building of Women Community Health and Study Center as isolation center and has spent NRs. 943 thousand making direct procurement from various suppliers and construction entrepreneurs for the works, such as - soil filling, preparing gravel road, doing partition to building rooms, managing windows, doors, wiring, inverter sanitation, water etc.
- 72. Covid Control Expenditure** - Likhupike Rural Municipality Solukhumbu has taken a decision to spend the balance amount of last year for covid prevention and disaster management and has spent NRs. 2 million 123 thousand in procurement and transportation of drugs. Any unspent balance amount of last year is required to be refunded to the consolidated fund and the expenditure necessary for current year is to be spent remaining within approved budget and program. However, the Rural Municipality has spent the previous year balance amount from recurrent heading without depositing the balance amount in consolidated fund, which is against the budget principle.
- 73. Evidence of Expenditure** - For mitigating and preventing the risks arising from Corona Virus, Khumbu Pasanglyahmu Rural Municipality, Solukhumbu has provided NRs. 495 thousand to 6 employees at the rate of NRs. 1 thousand 250 per day for 66 days through the Ward Secretary of Ward No. 1 in respect to works of regulating the people's movement. Since the Rural Municipality's work orders of only 15 days from 2020/08/27 are enclosed with the accounts, NRs. 382 thousand should be recovered in respect to allowance of excess 51 days.

Madhesh Province

• Provincial Government

For the prevention and control of COVID-19 and management of income-expenditure, Disaster Management Fund has been established in Ministry of Social Development. Total

income of NRs. 290 million 666 thousand has been generated in the Fund including last year's balance NRs. 108 million 293 thousand and this year's income NRs. 182 million 373 thousand, out of which NRs. 205 million 230 thousand has been spent for the distribution of relief, construction of isolation center, distribution of risk allowance, procurement of drugs, machinery & equipment and others and NRs. 85 million 436 thousand has remained as closing balance at the year-end (2021/07/15).

- 74. COVID-19 Prevention and Management** - With regards to the detection, prevention, control and treatment of covid pandemic, Madhesh Province has appropriated NRs. 58 million in its Budget Speech of 2020/21 for procuring and receiving supply of essential goods, remuneration of health workers, equipment and enhancing province public health laboratory, and has also provisioned that the relief, privilege and restoration programs will be implemented focusing to affected groups through disaster management committee of each district. However, it has not prepared any progress report of the achievements attained from usage of the resources.
- 75. Covid Expenditure Statement** - This year, Provincial Ministry of Social Development has submitted expenditure statement of only NRs. 20 million 250 thousand. The statements as per expenditure progress report need to be submitted while disbursing any amount to any other entities. The Ministry has disbursed NRs. 7 million to 14 regional hospitals of the province at the rate of NRs. 500 thousand each, NRs. 1 million 700 thousand to Shreenath Battalion Mahendranagar, Saptari, NRs. 8 million 500 thousand to Regional Hospital, Janakpur, and NRs. 3 million to District Administration Office, Mahottari. Likewise, Office of the Chief Minister and Council of Ministers has provided NRs. 70 million to 8 District Administration Offices. For controlling Covid, amounts at the rate of NRs. 1 million to each local level have been disbursed from the federal budget. Though the province is required to prepare monitoring report along with the program expenditure and progress attained from the amounts disbursed for controlling covid control, it has not prepared and submitted such statement related to status of utilization resources and achievement of progress of the disbursed amounts .
- 76. Operation of Covid Hospital** - In order to operate covid hospital in the building situated at Mujeliya Janakpur that was previously constructed but left vacant now by Manipal Medical College, Office of Chief Minister and Council Ministers has conducted procurement contract with a private company for carrying out the building maintenance, medical equipment and other materials and has paid NRs. 25 million 333 thousand to the company. The payment has been given to the contractor without produce of evidences of goods, such as - ceiling fans, water dispensers, hospital beds, bed-side lockers, bed sheets, blankets, mattresses, plastic chairs, wooden chairs etc. worth NRs. 15 million 993 thousand have been received and store entry made by the hospital. Likewise, payment of NRs. 1 million 948 thousand is given from the provisional sum amounts that kept aside

for doing the water supply management, electricity management, sanitation works etc., but the related invoices/receipts and measurement sheet of works done from the amount have not been submitted. Necessary assurance should be obtained in respect to the receipt of goods and store entry and the works done from provisional sum.

77. **Oxygen Plant** - For procuring 2 sets of oxygen plants to covid hospital, a procurement contract of NRs. 14 million 690 thousand has been signed with a company on 2021/06/29 with condition of supplying goods within 11 days and the contract amount has been provided opening a letter of credit in a bank on 2021/07/14. Total amount has been provided prior to the receipt of goods in spite of provision made in the procurement contract that the payment will be made after the receipt of the goods. When conducted field observations of the oxygen plant in course of audits, the plant is found in the condition of kept under open sky without any use. The specified procurement procedures should be complied with and the procured goods should be utilized.
78. **Procurement** -For procuring and installing 37 types of equipment including oxygen vacuums for the covid hospital, tender bid has been invited allowing 5 days period preparing cost estimate of NRs. 10 million 83 thousand, and the procurement contract of NRs. 9 million 883 thousand has been signed with a company on 2021/06/28 as the office has received only one tender bid. The Office has spent NRs. 9 million 512 thousand for the procurement. Though the tender notice invited allowing 5 days period stating as the procurement in special circumstance, the procurement works have not been carried out in accordance with the condition of special circumstance as the procurement contract signed only after elapse of 24 days. The procurement work has not been done competitive manner due to allow of less period for submitting tender bid.
79. **Store Entry of Goods** - Office of Chief Minister and Council of Ministers has spent NRs. 49 million 534 thousand to carry out the maintenance works of covid hospital building operated under Madhesh Health Science Academy and the supply necessary medical and other goods/services, and Province Health Supply Management Center has provided equipment costing NRs. 70 million 398 thousand and procured drugs and medical goods, such as - rendesivir, oxygen flow meter, masks, sanitizers, bed sheets, curtain etc. worth NRs. 1 million 845 thousand. However, the office has not produced any statement to prove that the procured equipment and goods are in accordance with specified quantity and specifications. This matter should be ensured by conducting examination through concerned technicians.
80. **Quarantine Record** - Province Health Supply Management Center, Janakpur has spent NRs. 18 million 880 thousand in procurement of goods, such as -food-stuffs, T-shirts, towels etc. for the people residing in quarantines. The audit cannot assure the appropriateness of the expenditure as the records of persons stayed in the quarantines have not been submitted. The assurance of the expenditure should be obtained preparing

necessary records and the procured goods should be utilized for alternative purposes taking back after the normalization of covid.

81. **PCR Test** - From Corona Treatment Fund, NRs. 7 million at the rate of NRs. 500 thousand each has been released to 14 government hospitals for procuring drugs including oxygen and NRs. 8.5 million has been released to Regional Hospital Janakpur for treatment of COVID-19. The PCR tests have been conducted at free of cost throughout all districts and 250 HDU beds have been received from the Federal Government for operating special hospitals in the buildings of Manipal College. Analysis has not been done by obtaining statement relating to the expenditure and its utilization.
82. **Utilization of Goods** - Provincial Hospital, Dhanusha has not settled advance NRs. 2.6 million provided for the procurement of ambulance, and the hospital has not submitted any statement to show the utilization status of procured drugs, surgical materials, equipment worth NRs. 2 million 291 thousand. Gaur Hospital, Rautahat has procured ventilators at NRs. 18 million, but the equipment have not been utilized due to lack of manpower, and it has procured PPEs and sanitizers of NRs. 933 thousand, but the goods have been kept in stock without utilization. Procurements should be done only after proper identification of needs.
83. **Vaccine** - In Madhesh Province, till 2021/07/15, the first doses of Covi-Shield vaccine are provided to 321 thousand persons, whilst second doses of the vaccine are provided to 46 thousand persons or 14.33 percent only. Likewise, the first doses of Vero Cell vaccine are provided to 73 thousand persons, whilst second doses of the vaccine are provided to 37 thousand persons or 50.68 percent. Compared to total population 6 million 126 thousand of the Province as per statistics of 2021, the vaccination have been provided too little number to population only, and hence, vaccinations should be given to remaining population for the prevention of covid.

• Local Levels

84. **Risk Allowance** - Section 7 (e) of Allowance Management Order for Manpower engaged in Treatment of Corona Virus (COVID-19), 2020 issued by the Government of Nepal provides that the manpower deputed in quarantines, and manpower engaged in monitoring and evaluation and management are entitled to get 50 percent risk or hazard allowance of the starting pay scale fixed by the Government of Nepal. Observations related to risk allowance are as follows:
 - 84.1. Rule 39 (5) of Financial Procedures and Fiscal Accountability Rules, 2020 provisions that expenditures are to be written down by enclosing the invoices/receipts documents that substantiate such expenditure. However, Shahidnagar Municipality, Dhanusha has provided quarantine allowance NRs. 729 thousand to various 15 employees without enclosing the evidence of work order of mobilized in quarantines, details of work

- performed, attendance etc. The expenditure incurred without enclosing documents to evince the expenditure has not been seen in conformity with the Rule.
- 84.2. Mukhiyapatti Musarniya Rural Municipality, Dhanusha has given total payment of NRs. 551 thousand - including NRs. 193 thousand spent in 2077 Magh and NRs. 58 thousand spent in 2078 Jestha and Ashadh Month to a hotel as tiffin expenses incurred for COVID-19 controlling works. Since the pandemic of covid has not appeared in 2077 Magh, the payment is given to an employee instead of giving payment to a shopkeeper in spite of enclosure of the local shop's bill. The tiffin expenses has been provided as double facilities even after the payment of risk allowance provided to employees involved in treatment of covid patients and contact tracing in camps. Dual facilities provided amounts should be recovered.
- 84.3. Point No. 7 (e) of Allowance Management Order for Manpower engaged in Treatment of Corona Virus (COVID-19) Infection, 2020 provides that the manpower engaged in covid management are entitled to get 50 percent risk or hazard allowance of the starting pay scale fixed by the Government. However, Brindawan Municipality, Rautahat has provided NRs. 1 million 485 thousand at the rate of 60 percent of starting pay-scale to 43 manpower involved in 6 quarantines and health centers. An additional 10 percent amount has also been provided on the behalf of the Municipality as per decision of the meeting of municipal executive. Durgabhagbati Rural Municipality has expended NRs. 793 thousand as risk allowance to security personel as against the entitlement to get NRs. 481 thousand at the rate of 50 percent. The excess paid amount NRs. 312 thousand should be recovered.
- 84.4. As per directives and procedures related to Allowance Management Order for Manpower engaged in Treatment of Corona Virus Infection, the risk allowance is to be provided from the covid budget to the employees that involved directly in controlling covid. However, Durgabhagwati Rural Municipality, Rautahat has provided total risk allowance NRs. 9 million 246 thousand including NRs. 8 million provided to 47 health workers and NRs. 838 thousand provided to 8 administrative employees from the budget of road black-topping program. The expenditure has appeared not in conformity with the Rules as the risk allowance has been provided from capital heading.
- 84.5. As per Section 88 of Income Tax Act, 2001, tax deduction as source at the rate of 15 percent shall have to be deducted in payment of allowance. Inclusive of less tax deducted NRs. 419 thousand by Khadak Municipality Saptari, NRs. 161 thousand by Tirhut Rural Municipality, Saptari, NRs. 144 thousand by Hanumannagar Municipality, Saptari, NRs. 69 thousand by Wodebarsain Municipality, Saptari and NRs. 419 thousand by Balan Bihul Rural Municipality, Saptari, total less tax deducted amount NRs. 1 million 212 thousand should be recovered.

- 84.6. Inclusive of NRs. 2 million 314 thousand with regards to 50 percent corona risk allowance of various health workers/ employees of last fiscal year, NRs. 1 million 476 thousand of quarantine expenditure and tea/tiffin, and other petty expenses, total budget expenditure NRs. 3 million 847 thousand is incurred by Rajgadh Rural Municipality, Saptari. In a state of covid risk allowance already provided to health workers, additional NRs. 1 million 476 thousand has also been expended for tea and tiffin, but, the details of the patients admitted in quarantines and service delivered have not been enclosed. In addition, the evidences justifying the entitlement of additional tiffin expenses on the top of the risk allowance have not been submitted. The evidences that justify such expenditures should be produced.
- 84.7. Point No. 7 (e) of Allowance Management Order for Manpower engaged in Treatment of Corona Virus (COVID-19) Infection, 2020 provides that risk allowances can be provided to the manpower engaged in transportation of patients and operating vehicles for the transportation of the patients kept in isolation centers and receiving treatment after detection of infection without making duplication in payment. However, with regards to the work performed in Jestha and Ashadh of previous year during COVID-19 time, Dhankaul Rural Municipality, Sarlahi has spent total NRs. 1 million 929 thousand, including NRs. 846 thousand as the risk allowance 50 percent of pay-scale provided to 28 permanent health workers, NRs. 340 thousand provided to 17 health workers working on contract, NRs. 63 thousand provided to 3 ward employees working on contract, and NRs. 680 thousand provided to 26 employees as tiffin and meal.

Haripur Municipality has paid total 4 million 527 thousand as COVID-19 allowance to 71 health employees for period from 2020/03/14 to 2020/07/15, including NRs. 4.4 million paid from recurrent heading of the municipality and NRs. 127 thousand paid from federal conditional recurrent heading. While giving previous year's payment in this year, the municipality has not kept the outstanding payment statement with certification. It has not enclosed detailed statement while distributing allowances to employees. The appropriateness of payment of risk allowance should be ascertained by preparing description of the employees entitled to get such allowance.

- 84.8. When spending risk allowance, the record need to be managed in such a way no duplication will occur in the distribution of such allowance. With regards to outstanding payment, Manara Shisawa Municipality, Mohattari is required to maintain and get approved the outstanding payment expenditure account and detailed name-wise list in prescribed format of AG form No 221, however, it has paid NRs. 5 million 969 thousand by keeping a program of lump sum amount as last year's outstanding payment without including details.

Balan Bahul Rural Municipality has paid NRs. 2 million 994 thousand to 40 health workers and employees in respect to risk allowance of the period from 2020/03/14

to 2020/07/15 and 2020/07/16 to 2021/02/12 of the fiscal year 2020/21. In making payment of last year's risk allowances, it has not maintained the outstanding payment account and detailed list by certifying as per AG form No. 221 format. Similarly, in making payment of this year's risk allowance, it has not enclosed details of works performed by the 40 employees engaged in operations of quarantines. Essential evidences to substantiate such expenditures should be enclosed with the accounts.

84.9. Bideha Municipality, Dhanusha has distributed NRs. 2 million 114 thousand as risk allowances to employees mobilized in COVID-19 quarantines operated in various 3 places. Though the Municipality has maintained attendance records of the engaged employees, it has not kept record disclosing the works performed in shifts. It is not maintained updated records of the period passed by the concerned patients in quarantines and initials tests conducted. Records should be updated in making payment of such risk allowances.

84.10. The municipal executive of Nijgadh Municipality, Bara has taken a decision on 2021/06/08 to provide risk allowances to the maximum of 200 percent as incentives to health workers and other administrative employees, but it has not specified the dates from which the risk allowance has been provided. Though the Municipality is required to take decision remaining within the ceiling specified in Order Allowance Management Order for Manpower engaged in Treatment of covid Infection, but it has taken the decision to give allowance up to 200 percent in excess of the limit and has paid NRs. 1 million 718 thousand as risk allowance to various 27 manpower, which is against the Rule.

84.11. Mithila Municipality Dhanusha has distributed risk allowance of NRs. 1 million 224 thousand to health workers and security personnel. In distributing the risk allowance, it has not kept details of the employees that involved directly in controlling covid. Such allowance facilities should be distributed by keeping details of employees involved in such activities. As per the decision of Municipal Health Committee, Gadhimai Municipality, Bara has provided quarantine and isolation allowance of NRs. 4 million 983 thousand to other employees along with health workers. Since the incentive allowance, village assembly allowance, quarantine allowance, isolation allowance etc. have been provided to various employees from health program without paying any attention to the chance of becoming duplication in payment, the audit is not in a position to ascertain whether any duplication is made in making the payments as it has not maintained integrated record in this respect.

85. Quarantine Management Expenditure - With respect to expenditures incurred by various local levels in quarantine management during COVID-19 infection period, the following observations are witnessed:

85.1. Standards for Operation and Management of Corona Virus (COVID-19) Quarantine, 2019 provides that the persons staying in quarantines is entitled to get meal and tiffin expenses at the rate of per day per person equivalent to the specified

rationing rates of Nepal police serving in the district where the quarantines is existed. Based on 381 persons on an average stay of 14 days in quarantines, the total number of days coming to 5 thousand 334 days, and Aurahi Rural Municipality, Siraha is supposed to provide NRs. 837 thousand at the rate of rationing NRs. 157 per day of the District Police Office, Siraha, however, it has spent NRs. 1 million 980 thousand in procurement of meal/ foodstuffs from various suppliers. The expenditure NRs. 1 million 143 thousand incurred in excess of the standards should be recovered.

- 85.2. Standards for Operation and Management of Corona Virus (COVID-19) Quarantine, 2019 provides that the persons staying in quarantines is entitled to get meal and tiffin expenses at the rate of per day per person equivalent to the specified rationing rates of Nepal police serving in the district where the quarantines is existed. However, without specifying the suspected number of person and period of stay, the meal and tiffin expenses of total NRs. 15 million 174 thousand have been spent, which include NRs. 383 thousand spent by Hansapur Municipality Dhanusha, NRs. 1 million 350 thousand spent by Chhireswarnath Municipality, Dhanusha, NRs. 1 million 136 thousand spent by Kamala Municipality, Dhanusha, NRs. 2 million 343 thousand spent by Balan Bihul Rural Municipality, Saptari, NRs. 634 thousand spent by Rajgadh Rural Municipality, Saptari, NRs. 146 thousand spent by Bagmati Municipality, Sarlahi, NRs. 248 thousand spent by Mithila Municipality, Dhanusha, NRs. 338 thousand spent by Dhanushadham Municipality, Dhanusha, NRs. 5 million 795 thousand spent by Khadak Municipality, Saptari, NRs. 789 thousand spent by Tirhut Rural Municipality, Saptari, NRs. 539 thousand spent by Jirabhawani Rural Municipality, Parsa, NRs. 237 thousand spent by Parsagadhi Municipality, Parsa, NRs. 371 thousand spent by Dewahi Gonahi Municipality, Rautahat, NRs. 865 thousand spent by Mukhiyapatti Musarniya Rural Municipality, Dhanusha. Such expenses should be incurred economically in accordance with the rates prescribed in the Standards.
- 85.3. Mahagadhimai Municipality, Bara has provided grant of NRs, 980 thousand to Kalaiya Sub-Metropolitan for the procurement of PCR machines, however, it has not prepared any report conducting analysis of the status of works performed from the grant, evidences of works, audit report and services received by service recipients.
- 85.4. Kamala Municipality, Dhanusha has spent NRs. 5 million 478 thousand in operation and management of quarantines and procurement of drugs and equipment, but the municipality has conducted any monitoring relating to the expenditures. Assurance on the expenditures should be obtained by conducting monitoring in respect to true and fairness of the expenditures.
- 85.5. For prevention, management and control of COVID-19, Dhanushadham Municipality, Dhanusha has procured drugs and surgical goods worth NRs. 2 million 212 thousand

from various 11 firms. It has not enclosed the evidences of distribution of drugs and surgical goods at free of cost and status of remaining goods in stocks. Assurance should be obtained relating to the status of distribution and usages of procured drugs and equipment.

86. Temporary Hospital's Expenditure - Inclusive of the quarantine management expenditure NRs. 1 million 504 thousand and COVID-19 temporary hospital operation expenditure NRs. 15 million 879 thousand, the ...office has total NRs. 17 million 383 thousand to Narayani Hospital. True bills/receipt of the expenditures has not been produced. Proper utilization of the expenditure should be assured. खर्च गर्ने कार्यालय कुन ?

87. Last Year's Payment - With regards to the payment given by various local levels of last year's Covid management expenditure, the following observations are witnessed:

87.1. By enclosing the last year's bills/receipts, total NRs. 20 million 135 thousand is paid from Disaster Management Fund, which includes NRs. 2 million 71 thousand paid by Shahidnagar Municipality, Dhanusha, NRs. 3 million 324 thousand paid by Dhanauji Rural Municipality, NRs. 884 thousand paid by Aurahi Rural Municipality, Siraha, NRs. 6 million 333 thousand paid by Aurahi Municipality, Mahottari, and NRs. 7 million 523 thousand paid by Rajgadh Rural Municipality, Saptari. The evidences of payment not given in last year should be produced.

87.2. Bishnupur Rural Municipality, Saptari has paid NRs. 1 million 807 thousand of last year's outstanding payment by enclosing the bills of a supplier of the purchases of 1 thousand 517 packets of rice, pulse, oil, salt etc. Though the Rural Municipality has enclosed the lump sum receipt of the relief materials provided to concerned wards, it has not produced the evidence of the materials distributed to concerned beneficiaries. The evidence of distribution of materials to beneficiaries should be produced.

87.3. With respect to last year's payment of NRs. 4 million 577 thousand made by Manara Shisawa Municipality, Mohattari, the records have not been updated by ascertaining the status of utilization and stock of goods and hence the audit is not able to assure the actual status of inventory goods. The actual position of the utilization and stock of goods should be ascertained by getting the evidence of the expenditure and stock of the goods procured by the office.

88. Inventory Management - Rule 39 (5) of Financial Procedures and Fiscal Accountability Rules, 2020 provisions that the related invoices, receipt, evidence and documents substantiating expenditure shall have to be enclosed while expending any government amount. Drugs and surgical goods worth total NRs. 20 million 973 thousand have been purchased for the use of quarantines and covid hospitals in order to prevent, manage and control the COVID-19, which include - drugs and surgical goods worth NRs. 4 million 636 thousand purchased by Manara Shisawa Municipality, Mohattari,

NRs. 1 million 240 thousand purchased by Janaknandini Rural Municipality, Dhanusha, NRs. 1 million 38 thousand purchased by Mithila Municipality, Dhanusha, NRs. 387 thousand purchased by Aurahi Rural Municipality, Siraha, NRs. 2 million 640 thousand purchased by Shahidnagar Municipality, Dhanusha, NRs. 2 million 550 thousand purchased by Dhanaui Rural Municipality, Dhanusha, NRs. 1 million 264 thousand purchased by Chhireswarnath Municipality, Dhanusha, NRs. 1 million 130 thousand purchased by Garuda Municipality, Rautahat, NRs. 2 million 45 thousand purchased by Dhancaul Rural Municipality, Sarlahi, NRs. 1 million 454 thousand purchased by Mithila Birari Municipality, Dhanusha, NRs. 1 million 98 thousand purchased by Malangwa Municipality, NRs. 497 thousand purchased by Rajgadh Rural Municipality, Saptari, and NRs. 994 thousand purchased by Tirhut Rural Municipality, Saptari. However, the records of distribution of goods- inclusive of masks sanitizers etc. to the concerned beneficiaries have not been enclosed with the accounts.

With regards to the purchases of various goods by Manara Shisawa Municipality, Mohattari at NRs. NRs. 1 million 124 thousand for quarantines management, the evidences/document related to store entry, distribution, consumption or stock balance of the goods should be produced.

- 89. Covid Fund** - Point No. 4 of the Interim Directives for delivery of COVID-19 and other of Healthcare Services, 2076 (2019 AD) provides that the primary consultation services related to identification and treatment management of COVID-19 will be provided by all Health Posts and Primary Health Centers, services will be delivered by collecting samples from isolation centers, management of ordinary covid cases will be done by Level-1 Covid Hospitals, the management of moderate complex and very complex cases will be done by Level-2 Covid Hospitals and the management of COVID-19 patients requiring multi-specialist services will be done by Level-3 Covid Hospitals. However, without making such arrangements for treatment, Baswariya Rural Municipality has given payment by procuring various drugs and equipment valued NRs. 2 million 267 thousand from 6 suppliers slicing purchase lots into pieces. Kalikamai Rural Municipality, Parsa has spent NRs. 5 million 97 thousand in treatment management. Detailed evidences related to the operations of covid hospitals and isolation centers for the management of COVID-19 and the services received by patients and consumption of drugs and equipment should be produced.
- 90. Food-stuff Distribution** - Rule 39 of Financial Procedures and Fiscal Accountability Rules, 2020 provisions that the related invoices, receipt, and document substantiating expenditure shall have to be enclosed in expending any government amount. Rajpur Municipality Rautahat has procured foodstuffs, including - pulses, rice, potatoes, onions etc. amounting to NRs. 9 million 856 thousand from 4 firms for daily subsistence of the laborers and poor citizens that have lost employment due to corona virus. However, it

has not enclosed the receipts of the foodstuffs distributed to the concerned laborers and poor citizens. The evidences of distribution of food-stuffs should be submitted.

- 91. People's Awareness Program** - Besides the Disaster Management Fund, Rajpur Municipality, Rautahat has spent NRs. 13 million 495 thousand as covid expenses from other budget sub-headings. The Municipality has spent NRs. 2.5 million in 2 programs through employees and NRs. 10 million 995 thousand in people's awareness program related to control of corona disease through 7 non- governmental organizations. However, the Municipality has not assessed the achievements made in control of corona disease from the expenditure amount.
- 92. Cash Distribution** - As per the decision of Municipal Executive, Dhanaui Rural Municipality has provided cash assistance of NRs. 400 thousand in this year to one family the person which has died due to corona virus, and it has provided NRs. 950 thousand at the rate of NRs. 25 thousand per person to the infected municipal employees. Similarly, Chhireswarnath Municipality has provided total cash assistance of NRs. 1.35 million inclusive of NRs. 50 thousand each provided to 11 families the persons which died due to corona virus, NRs. 15 thousand each provided to 22 persons which admitted in hospitals, and NRs. 5 thousand each provided to 63 persons which stayed in home isolation. Thus, total NRs. 2.3 million has been distributed as cash assistance. Since there exists no such provision to distribute such cash assistance in Corona Virus Control and Management Procedures, the expenditures have appeared inconsistency with the rules.

 - 92.1. Procurement Management** - Rule 85 of the Public Procurement Rules (including amendment 2020), 2007 provides that in making any direct procurement of the goods exceeding 100 thousand Rupees, the public entities shall have to obtain written quotation or proposal from 3 service providers enlisted in standing list, and direct procurement of cannot be done at a time or many times in a fiscal year of the goods the value of which exceeds 500 thousand Rupees. However, without obtaining such quotation or proposal from 3 ambulance service providers, Balan Bihul Rural Municipality has entered a contract agreement directly with an ambulance operator on 2020/03/15 at the rate of NRs. 110 thousand per month and has incurred budget expenditure NRs. 1 million 85 thousand, which is not conformity with the Rules.
- 93. Cost Estimate** - The Section 5 of the Public Procurement Act, 2063 (2007) provides that the cost estimate shall be prepared in specified manner for any procurement the value of which exceeds 100 thousand Rupees, and Section 8(2) stipulates that procurement shall not be conducted by slicing a work into pieces so as to limit competition. Major observations witnessed in this respect are as follows:

 - 93.1. Godaita Municipality Sarlahi has taken the basis of quotations slicing cost estimates into 6 pieces while procuring drugs and surgical equipment worth NRs. 1 million 926 thousand.** The public procurement has not become economical and transparent due to

- preparation of cost estimates without complying with the Rules. In addition, since lump sum quantity is deducted from the income of purchased goods, the appropriateness of expenditure amount should be assured by obtaining the details of utilization and stock balances of purchased goods.
- 93.2. Under disaster management, Hansapur Municipality Dhanusha has spent NRs. 1 million 509 thousand in procurement of oxygen cylinders, health materials, travelling allowances etc. without enclosing invoices, receipts, clear basis and evidences. Documents evincing such expenditures should be produced.
- 94. Procurement of Sanitizer Dispenser** - For prevention and control of COVID-19, Janakpur Sub-Metropolitan has procured masks, sanitizers and sanitizer dispensers through sealed quotations and has paid NRs. 1 million 209 thousand to a Surgical Pvt. Ltd. in this respect. It has spent NRs. 644 thousand in procurement of 30 sanitizer dispensers at the rate of NRs. 21 thousand each. Of the 30 sanitizer dispensers procured, 12 have been used in Sub- Metropolitan and Ward Offices and remaining 18 have still existed in stock of store. Goods should be procured only on the basis of identification needs and demands.
- 95. Construction Expenditure from Disaster Management Fund** - Mahadewa Rural Municipality has incurred total expenditure NRs. 1 million 888 thousand from the amount received from the center and balances remained in its Disaster Management Fund, which include NRs. 490 thousand spent for maintenance and painting works of the building of Livestock Service Center situated at Ward No. 3 for operations of covid hospital, NRs. 490 thousand spent in electrification and toilet maintenance of same building, NRs. 500 thousand spent in procurement of beds, mattresses, Iv stands, tables etc., NRs. 409 thousand spent in salary and allowances of public health officer and AHWs of the period from 2020/08/25 to 2021/07/15 in connection of operations of the hospital. In spite of investments made for the operation of hospital, the covid patients could not get services/facilities from the hospital due to lack of doctors. The expenditures incurred for the covid hospital have not appeared effective and justifiable as essential manpower has not been arranged prior to the operation of hospital.
- 96. Evidence of Expenditure** - Rule 39 (10) of Financial Procedures and Fiscal Accountability Rules, 2020 provisions that any government payment should be provided only after examining whether the prescribed procedures have been fulfilled. Tithali Koiladi Rural Municipality has entered a contract on 2020/07/20 for hiring two vehicles at rate of NRs. 5 thousand per day for carrying the persons arriving from abroad to quarantines or secured place and it has paid NRs. 1.5 million in respect to rents of 5 months. The Rural Municipality has paid the amount only on the basis of the received application without getting the evidence showing the description of the usage of vehicles and transportation of patients, and hence, the audit sees no such basis to assure that

expenditure has been utilized for the specified purpose. The evidence of the basis of the payment of rent should be produced.

Bagmati Province

• Provincial Government

For the prevention and control of COVID-19 and management of income-expenditure, Disaster Management Fund has been established in Ministry of Internal Affairs and Law. Total income of NRs. 518 million 825 thousand has been generated in the Fund including last year's balance NRs. 307 million 325 thousand and this year's income NRs. 211 million 500 thousand, out of which NRs. 334 million 500 thousand has been spent for the distribution of relief, construction of isolation center, distribution of risk allowance, procurement of drugs, machinery & equipment and others and NRs. 184 million 325 thousand has remained as closing balance at year-end (2021/07/15).

- 97. Expenditure Management** - In accordance with Section 45 of Province Disaster Management Act, 2017, Ministry of Internal Affairs and Law has established a Fund with the issuance of Corona Virus Infection Prevention, Control and Treatment Assistance Procedures, 2018. Assistances have been received in the Fund from Province Government and officials and employees of various agencies/organizations. From the Fund, total NRs. 170 million has been disbursed including NRs. 46.1 million disbursed to 12 District Disaster Management Committees within provinces except Kathmandu and NRs. 123.9 million disbursed to 132 entities including 119 municipals and other entities within province at rate of NRs. 1 million to 2 million. Similarly, NRs. 214 million 54 thousand has been disbursed to others. However, it has not obtained any details of expenditures from them. The amounts contributed in the Fund should be utilized in the prevention, control and treatment of the pandemic in accordance with the procedures.
- 98. Progress** - For the purpose of the procurement of essential drugs and equipment for the control and treatment of COVID-19 infection and expansion of health infrastructures, the Province Government has disbursed NRs. 183 million 538 thousand to various hospitals and 42 entities, out of which NRs. 70 million 389 thousand has been spent and NRs. 113 million 149 thousand has remained as balance. Since the progress statements have not been obtained yet from the concerned entities, such statements should be obtained, and it should also be ensured whether the entities have incurred expenditures as per the Corona Virus Infection Prevention, Control and Treatment Assistance Procedures, 2018.
- 99. Monitoring** - Pursuant to the preparation and operations of isolation wards in various 8 hospitals run under Ministry of Social Development and 16 municipals, the Province Government has disbursed NRs. 159 million 630 thousand for undertaking preparatory works along with the procurement of beds, lockers, stands, oxygen plant, trolleys, equipment and surgical materials, drugs and PPE sets etc. There should be arrangements

to obtain the progress of expenditures and monitoring reports from the concerned municipals and hospitals.

- 100. Staff Incentive Allowance** - Pursuant to the amounts provided by the Federal Government for motivating the health workers and other employees engaged in corona pandemic, total 40 million 158 thousand has been spent, which includes NRs. 1 million 385 thousand spent by Ministry of Social Development, NRs. 12 million 778 thousand spent by Bhaktapur Hospital, NRs. 17 million 809 thousand spent by Sindhuli Hospital, and NRs. 8 million 186 thousand spent by Hetauda Hospital. From Covid Management Fund, Bhaktapur Hospital has distributed risk allowance of NRs. 12 million 778 thousand and has provided allowances to the employees mobilized in Kharipati Isolation Center and Hospital on the basis duty roster. In distributing allowances of various works inclusive of - the extra time allowance of health workers, risk or hazard allowance of COVID-19, allowance for works done in public holidays, allowance for engagement in emergency works, the works performed period have been found same time and the payments have been provided without any indicator and objective basis. Hence, such allowances should be distributed preparing objective basis. The payments of extra time allowances under employee management expenditure have been provided by calculating amounts from manual basis preparing duty roster instead of computing the allowances on the basis of e-attendance. Measures should be adopted to make such expenditures economical.
- 101. Establishment and Operation of HDU** - In order to establish ICU for the patients having moderate risks of COVID-19 pandemic and upgrade HDU along with necessary facilities and equipment within 15 days for providing services to the patients having common risks, Sindhuli Hospital has entered contract with a company and paid NRs. 19 million 277 thousand. Though the procurement procedures commenced allowing a short period of 7 day notice through procurement under special circumstances, the process has not been accomplished even after passages of about 6 months period. Though the procurement processes of special circumstances are followed with emergency provision, the works have not been completed due to- extension of contract period citing various reasons, inability to make technical evaluation on time, and publishing of notices with the condition of filling bid document by downloading from the websites instead of selling bid document, but re-notice are published due to non-functioning of websites. This has affected in delivery of public health services.
- 102. Procurement of Equipment and Drug** - By preparing cost estimate of NRs. 37 million for the procurement of health equipment and drugs, Hetauda Hospital has entered contracts with two suppliers at contract price NRs. 34 million 290 thousand on 2021/01/01. Without specifying the work completion date in making the contracts, it has paid NRs. 12 million 67 thousand in respect of the receipts of goods from one supplier

on 2021/03/22 and another supplier on 2021/04/28. Technical reports should be produced with regards to the goods supplied.

- 103. Purchase by Slicing** - Section 8 (2) of the Public Procurement Act, 2007 provides that the procurement shall not be done by slicing any works into many pieces so as to limit competition. For the works which are required to be procured preparing a single cost estimate through invitation of tender bid, Hetauda Hospital has prepared 3 different cost estimates and has procured drugs of NRs. 8 million 191 thousand procuring directly from various suppliers many times, which is not in compliance with the Act.
- 104. Evidence** - Rule 39 (5) of Financial Procedures and Fiscal Accountability Rules, 2020 provisions that the related invoices, receipt, and document supporting expenditure shall have to be enclosed while expending any government amount. With respect to the vaccination works of COVID-19, Health Office, Lalitpur has spent program expenditures and incentive allowance of NRs. 600 thousand, Makwanpur spent NRs. 813 thousand, Kavrepalanchowk spent NRs. 8 million 711 thousand and Trishuli Hospital spent NRs. 7 million 953 thousand. The act of incurring such expenditure without keeping supporting bills/receipts should be controlled.
- 105. Revenue Exemption** - In view of unfavorable situation created by the announcement of lockdown by the Government of Nepal since 2020/03/24 due to emergence of global transmission of COVID-19 pandemic, the following arrangements have been made with an objective of allow additional time to the taxpayers that have not paid various tax and non-tax revenues on time :
- 105.1. Section 13 of Province Finance Act, 2019 has extended the due date up to 2020/07/15 for depositing the vehicle tax, land and building registration tax, entertainment tax and non-tax revenue, and Ministry of Industry, Tourism, Forest and Environment has given remission to the fines from 2020/07/16 to 2020/11/15 to the industrial and tourism sectors established in the districts inside the Bagmati Province.
- 105.2. With respect to the of private and partnership industrial and commercial firms operating inside the Province, the period of depositing the fines/late fees applicable in making registration and renewal and the tax and non-tax to be deposited by taxpayers had been extended up to 2020/11/15. Similarly, the period of depositing vehicle tax, house and land registration tax, entertainment tax and non-tax revenues had also been extended up to 2020/11/15.
- 105.3. As per Province Vehicle and Transportation Management Act and Schedule -2 of Finance Act, 2020, in cases of the taxpayers which have failed to pay the vehicle tax and non-tax, the due date of renewing tax and duty has already expired, the period of depositing such vehicle tax and non-tax revenues was extended up to 2020/11/15.

The impact created on the economy by the above mentioned time extension and remission of fines has not been analyzed. Such decisions relating to the remission and time extension should be taken only after analyzing the impact on revenues.

• Local Levels

- 106. Income - Expenditure** - For the prevention, control & treatment of covid, altogether 133 municipals including the transactions of 119 of this year and 14 of previous year of Bagmati Province have generated total income NRs. 1 billion 279 million 595 thousand in this year, including the NRs. 95 million 925 thousand received from the federal consolidated fund, NRs. 353 million 538 thousand received from the province consolidated fund and NRs. 830 million 132 thousand received from other sources, out of the amounts, NRs. 935 million 519 thousand has been spent and NRs. 344 million 76 thousand has remained as closing balance. Of the expenditure, NRs. 86 million 419 thousand has been spent for the relief distribution, NRs. 129 million 300 thousand spent in construction of quarantine and isolation center, NRs. 167 million 704 thousand spent in procurement of drugs, NRs. 87 million 555 thousand spent in procurement of equipment, NRs. 210 million 765 thousand spent distribution of risk allowance, and NRs. 253 million 776 thousand spent as miscellaneous expenditure.
- 107. Audit** - With respect to NRs. 238 million 642 thousand spent by Kathmandu Metropolitan for the prevention and control of COVID infection, the related accounts of the expenditure have not been submitted. The related accounts of the expenditure should be produced.
- 108. Procurement Management** - The Rule 145 (1) of Public Procurement Rules, 2007 provides the provision related to procurement in special circumstances. While conducting procurement as per the provision, the procedures to be followed by an entity include - making preparedness and identification of needs, procuring as per procurement law, and giving payments only after confirming the procured drugs, kits and equipment are in accordance with the specified quality and specification. However, the local levels have not complied with the procedures of procurement in special circumstance. Audit observations witnessed in this respect are as follows:
- 108.1. For the management and control of disaster, Lalitpur Metropolitan has spent NRs. 19 million 701 thousand by conducting direct procurement of oxygen cylinders, masks, sanitizers PPEs, soap, face-shield and medical goods from 3 suppliers. Since the goods/materials are purchased time to time with a single supplier without making any competition, it cannot be assured that the purchases have been done economically.
- 108.2. Ratnanagar Municipality, Chitwan has spent NRs. 5 million 915 thousand in this year by conducting direct procurement of drugs, equipment and kits from various suppliers, but it has not maintained the records of utilization of quantity used of the procured goods, which is not in conformity with the laws.

- 108.3. Raksirang Rural Municipality, Makwanpur has spent NRs. 3 million 375 thousand in the procurement of relief materials, but it has not maintained record of drugs and equipment, and not procured the goods and equipment specifying specifications. In addition, with regards to the goods/materials received from various agencies/ organizations, it has not maintained records specifying prices. Hence. it has become not possible to make an analysis on the usages of drugs and equipment obtained from procurement and grants.
- 108.4. Panchkhal Municipality, Kavre has paid NRs. 5 million 298 thousand by procuring health materials from Covid Management Fund out of which NRs. 1.9 million is paid from disaster management. Since the municipality has spent whole amount by conducting direct procurement from a single supplier, the procurement processes have not been found transparent and economical.
- 108.5. Utilizing the Covid Management Fund, Nagarjun Municipality, Kathmandu has made direct procurement of health materials /drugs of NRs. 8 million 894 thousand from 6 suppliers, however it has become impossible to ascertain the stock balance of the goods remaining at the end of fiscal year as the municipality has not updated its inventory accounts. Procurements should be done by following legal provision only.

109. Disaster Management Fund - Section 23 of Disaster Mitigation and Management Act, 2017 provisions that a Disaster Management Fund shall prevail in each local level for the management of disasters, the amount to be deposited in the Fund and arrangement related to its operations shall be in accordance with the Rules formulated by the concerned local level, and audits of the Fund are to be completed. Audit observation witnessed in this respect are as follows:

- 109.1. Without establishing Disaster Management Fund, Suryabinayak Municipality Bhaktapur has spent NRs. 11 million 493 thousand from its recurrent account for control and management of COVID-19, the expenditures of which include NRs. 410 thousand spent in quarantine and isolation, NRs. 7 million 211 thousand spent in procurement of drugs, NRs. 246 thousand spent in equipment, NRs. 2 million 770 thousand spent in risk allowance and NRs. 856 thousand in others.

Without establishing the Fund, Chandragiri Municipality, Kathmandu has spent NRs. 13 million 550 thousand from its recurrent account for control and management of COVID-19, the expenditures of which include NRs. 7 million 103 thousand spent in quarantine and isolation, NRs. 3 million 833 thousand spent in procurement of drugs, NRs. 2 million 448 thousand spent in risk allowance and NRs. 165 thousand in others. Since the disaster management expenses are borne from this budget heading, such expenditures should be incurred by establishing a separate fund.

- 109.2. Without establishing the Fund, Gandga Jamuna Rural Municipality, Dhading has spent NRs. 11 million 161 thousand from its recurrent account for control and management of COVID-19, the expenditures of which include NRs. 3 million 318 thousand spent in

quarantine and isolation, NRs. 2 million 841 thousand spent in procurement of drugs, NRs. 221 thousand spent in risk allowance and NRs. 4 million 781 thousand in others. Expenditures should be managed properly complying with the provision of Act.

110. Relief Distribution - In Allowance Management Order for Manpower engaged in Treatment of Corona Virus (COVID-19) Infection, 2020, there exists no such provision for providing allowances for relief distribution and monitoring of quarantines. However, various offices have issued Risk Allowance Management Ordinance, 2020 for distributing risk allowance to manpower involved in treatment of corona virus (COVID-19). Audit observations found in this respect are as follows:

110.1. Nilkantha Municipality, Dhading has spent NRs. 7 million 742 thousand in respect to distribution of 7 thousand 477 kg of fooding items to 4 thousand 343 households of covid affected families at the rate of 30 kg rice, 2 liter cooking oil, 3 kg pulse per family, but it has not maintained the receipts of the distribution of goods. Barhabise Municipality, Sindhupalchowk has spent NRs. 776 thousand in distribution of relief materials, but it has kept the evidences of distribution of 458 sacks of rice, pulse, salt, oil only. Dhunibesi Municipality Dhading has spent NRs. 2 million 659 thousand in respect to the distribution of relief materials - soap, salt, oil, pulse, sugar, rice etc., but it has kept the receipt of materials received by Ward Chairpersons only. It is not appropriate incur such expenditures without produce of the receipts evincing the goods are received by concerned beneficiaries and clear basis for distribution of reliefs.

110.2. Panchpokhari Thangpang Rural Municipality, Sindhupalchowk has spent NRs. 2 million 996 thousand stating that relief materials have been distributed to total 1 thousand 400 families, however, it has not specified the places of materials distributed and has not obtained the recommendations of concerned wards or rural municipal executive while distributing such materials. Though the rural municipality is required to adopt one door system in distributing such reliefs, it has not adopted such system. Such expenditures should be incurred making the relief distribution transparent.

110.3. Ghangkhel Rural Municipality, Sindhuli has spent in distribution of relief materials worth NRs. 2 million 439 thousand to 1 thousand 800 persons, but the actual status of the expenditures cannot be assured as it has not produced the details of the basis, places, persons and quantity of the relief materials distributed.

111. Risk or Hazard Allowance - Point No. 4 (1) of Allowance Management Order for Manpower engaged in Treatment of Corona Virus (COVID-19) Infection, 2020 provides that the necessary evidences demonstrating the works performed in mobilized places and certified attendance need to be submitted in making payment of risk allowance. Audit observations witnessed in this respect are as follows:

- 111.1. Budhanilkantha Municipality, Kathmandu has incurred expenses related to incentive allowances of its office's administrative, technical, health and sanitation related employees. It has provided allowance of NRs. 7 million 85 thousand at the rate of 50 percent of initial pay-scale to all employees which have attended the offices of the municipality and ward regularly during the period of prohibited order. Since the payments are given without the evidence of description and place of works and issue of work orders for mobilized in controlling corona, the payment has not appeared inconsistency with law.
- 111.2. Nagarjun Municipality, Kathmandu has provided incentive allowances NRs. 4 million 188 thousand to its administrative and technical employees at the rate of 10 to 50 percent of initial pay-scale without certifying description and place of works and work orders of mobilized for pandemic management. Such expenditures should be incurred by formulating necessary procedures.
- 111.3. Gokarneswar Municipality, Kathmandu has distributed risk allowance of NRs. 9 million 175 thousand from COVID-19 Fund. While distributing the allowance to its employees at specified rate, it has not enclosed with the evidences of - the work orders for doing specified works or certified attendance of works done in mobilized places, details that evince the suspected infected persons have stayed in quarantines in case of quarantine operation, evidence of operations of fever clinics, personal details of sample collected in case of laboratory etc. Incurring such expenditures without enclosing essential documents evincing expenditures has not appeared in conformity with law.
- 111.4. Tinpatan Rural Municipality, Sindhuli has provided incentive allowances NRs. 4 million to its administrative and technical employees at the rate of 10 to 50 percent of initial pay-scale without enclosing the work orders of mobilized in risk management and the certification for works performed in mobilized places. The system of incurring expenditures only by formulating necessary procedures should be developed.
- 111.5. With regards to risk allowance NRs. 1 million 736 thousand distributed by Likhu Tamakoshi Rural Municipality from COVID-19 Fund, NRs. 278 thousand is paid to 25 employees in excess of entitlement amount, which should be recovered from the concerned employees.
- 112. Advance Management** - With respects to procurement of goods, the competent officer may provide an advance to its office employee by specifying the valid reasons and such advances shall have to be settled within 21 days after the return in office by procuring goods. Audit observations witnessed in this respect are as follows:
- 112.1. By providing advances to the office employees, Barhabise Municipality, Sindhupalchowk have spent NRs. 2 million 86 thousand in the COVID-19 quarantine management. It has not maintained the certified documents evincing the expenses incurred in meals/tiffin of quarantine management and the presence of security personnel

- and patients mobilized in such quarantines. Instead of incurring expenditures through office employees, the payment of such expenditures should be given to the concerned suppliers on the basis of actual bills.
- 112.2. Raksing Rural Municipality, Makwanpur has provided an advance of NRs. 1 million 70 thousand to a health coordinator and NRs. 545 thousand to one ANM. The Office has conducted direct procurement by giving advances to the employees instead of following the provisions of procurement in special circumstances.
- 112.3. For the COVID-19 management, Manohari Rural Municipality, Makwanpur has provided an advance of NRs. 569 thousand to a AHW and NRs. 1 million 153 thousand to another person. It is not appropriate to give payment to the employees without making direct payment of the expenditures related to quarantine management to the concerned suppliers on the basis of actual bills.
- 112.4. Galchhi Rural Municipality, Dhading has provided an advance of NRs. 700 thousand to an office employee from COVID-19 Fund for operating people's awareness program. Since the advance amount has not been settled till the end of fiscal year, necessary amounts should be recovered from the concerned persons along with applicable fines.
- 113. Unrelated Expenditure** - Kalika Municipality, Chitwan has spent NRs. 1 million 42 thousand from the disaster management budget in construction works, such as - road construction, gravelling, gabion wiring and canal construction; Bhotekoshi Rural Municipality, Sindhupalchowk has spent NRs. 432 thousand in road up-gradation works from COVID-19 Fund; and Beteswar Rural Municipality, Dolakha has spent NRs. 391 thousand in office goods by using the budget of covid management heading. Incurring such expenditures beyond the purpose of budget provision is not conformity with law.
- 114. Quarantine Management** - Rule 57 of Financial Procedures and Fiscal Accountability Rules, 2020 provisions that the related invoices, receipts, and documents evincing the expenditures shall have to be enclosed with the accounts while making any government expenditure. For the construction and management of quarantines/ holding centers, Bharatpur Metropolitan, Chitwan has spent NRs. 10 million 424 thousand, Bhaktapur Municipality has spent NRs. 4 million 477 thousand, and Likhu Rural Municipality, Nuwakot has spent NRs. 4 million 71 thousand. They have not maintained separate record of expenditures related to quarantine management. In situation of the quarantines are not operational at present, the records of such quarantine expenditure should be prepared and the procured goods for quarantines should be safeguarded and properly utilized.
- 115. Grant Assistance** - From Covid Management Fund, Bhaktapur Municipality has provided grant NRs. 2 million to a Multi-Technical Institution and NRs. 30 million 767 thousand to a hospital Multi-Technical Institution and Madhyapur Thimi Municipality, Bhaktapur has provided grant NRs. 19 million to Nepal-Korea Friendship Hospital. The

progress achieved and the financial audit report of such grant expenditures should be obtained.

- 116. Cash Relief** - Relief Distribution Procedures, 2019 provides that food materials should be distributed for daily subsistence of the workers/laborers and poor citizens that have lost jobs due to corona virus pandemic. Nagarjun Municipality, Kathmandu has distributed total relief of NRs. 2 million 315 thousand, including NRs. 175 thousand distributed to 35 woman bearing child at the rate of NRs. 5 thousand each, NRs. 325 thousand distributed to 25 families of the deaths at the rate of 13 thousand each, and NRs. 1 million 815 thousand distributed to 363 covid infected persons at the rate of 5 thousand each. Shailung Rural Municipality, Dolakha has provided NRs. 637 thousand to 91 covid infected persons at the rate of 7 thousand each. Without distributing foods/materials as reliefs in accordance with the Procedures, the municipal and rural municipal have distributed cash directly, this has not appeared appropriate.
- 117. Corona Insurance** - Rule 39 of Financial Procedures and Fiscal Accountability Rules, 2020 provisions that the related invoices, receipts, and documents evincing the expenditures shall have to be enclosed with the accounts while making any government expenditure. In respect to corona insurance of employees, Bharatpur Metropolitan, Chitwan has paid NRs. 2 million and Suryabinak Municipality has paid NRs. 1.4 million, but they have enclosed the receipts of insurance premium only. Similarly, Balephi Rural Municipality Sindhupalchowk has paid insurance premium of NRs. 187 thousand enclosing the receipt of insurance premium only. Necessary invoices and insurance policies should be produced.
- 118. PCR Test** - By constituting Case Investigation and Contact Tracing Team, Nilkath Municipality, Dhading has spent NRs. 14 million 626 thousand in this year for covid management based on search screening conducted for 320 cases and finding of 63 positive cases.
- 119. Sustainability and Continuity of Program** - The programs operated by municipalities are to be implemented effectively giving continuity. With an objective to give employment of at least 3 months to one person each of every household that have lost employment due to COVID-19, Melamchi Municipality, Sindhupalchowk has spent NRs. 3 million 68 thousand in 13 wards. However, it has not produced the justification of expenditure incurred for labor intensive programs and measurement book along with technical evaluation demonstrating the place and quality of works done. The program should be run sustainably giving continuity.

With an objective to produce masks in view of covid pandemic, Panchpokhari Thangpal Rural Municipality, Sindhupalchowk has spent NRs. 666 thousand in purchase of clothes and NRs. 737 thousand in mask weaving wages, and Netrawati Dawajong Rural Municipality, Dhading has spent NRs. 1.2 million. If the mask weaving program is

developed as micro-entrepreneurship industry, it will create employment to rural communities and the program will also become sustainable.

- 120. Invoice Receipt** - Rule 57 of Financial Procedures and Fiscal Accountability Rules, 2020 provisions that the related invoices, receipts, and documents evincing the expenditures shall have to be enclosed with the accounts while making any expenditure. In respect to tiffin/meal expenses of quarantines operated for the prevention and control of COVID-19, Nilkantha Municipality, Dhading has spent NRs. 3 million 565 thousand, Gokarnewar Municipality, Kathmandu has spent NRs. 1 million 709 thousand, Melamchi Municipality, Sindhupalanchowk has spent NRs. 3 million 141 thousand, and Barhabise Municipality, Sindhupalchowk has spent NRs. 3 million 197 thousand, however, they have not submitted the evidences, such as - daily attendance of the persons and aides staying in quarantines, number of persons stayed, receipts of foodstuff distribution. The practice of making such expenditures without enclosing evidences of the expenditures has not appeared in conformity with law.
- 121. Receipt and Utilization of Vaccine** - Likhu Rural Municipality, Nuwakot has provided a statement showing the details that out of total 16 thousand 237 doses of vaccines received from the Federal and Province Government, total 7 thousand 342 doses of vaccines have been used for vaccination and 5 thousand 785 doses of vaccines have remained stock balance. Similarly, Panchakanya Rural Municipality, Nuwakot has stated that total 15 thousand 800 doses of vaccines including Covi-Shield 2 thousand 300 doses, Vero Cell 8 thousand 300 doses, AstraZenica 1 thousand 400 doses, Johnson & Johnson 500 doses and Moderna 3 thousand 300 doses, have been received from the Health Office on 2022/02/07, out of which 10 thousand 743 doses have been used for vaccination and 5 thousand 57 doses of vaccines have remained in stock balance. The unused vaccines should be returned back to the concerned entities on time.

Gandaki Province

• Provincial Government

For the prevention and control of COVID-19 and management of income-expenditure, Disaster Management Fund has been established in Ministry of Social Development and Province Treasury Comptroller Office. Total income of NRs. 724 million 959 thousand has been generated in the Fund including last year's balance NRs. 188 million 632 thousand and this year's income NRs. 536 million 327 thousand, out of which NRs. 386 million 522 thousand has been spent for the distribution of relief, construction of quarantines and isolation center, distribution of risk allowance, procurement of drugs, machinery & equipment and others and NRs. 338 million 437 thousand has remained as closing balance at year-end (2021/07/15).

- 122. Operation of Covid Fund** - Directives for Government Transaction Operations, 2019 stipulates that all entities of the Province Governments shall have to open accounts in

the concerned Province Treasury Comptroller Office for operating transactions of the contingency fund and various other Funds. Though Ministry of Social Development has operated a miscellaneous account in Rastriya Banijya Bank through the Province Treasury Comptroller Office for the prevention and control of COVID-19, it has operated transactions of a covid current fund by opening another separate account in the same bank. There exists a balance of NRs. 54 million 501 thousand in the account at the end of this fiscal year. The account operated as against the provision of the Directives should be closed and the balance remaining in the account should be transferred in the accounts of Province Treasury Comptroller Office. Audit observations witnessed in this respect are as follows:

- 122.1. Ministry of Social Development has allocated budget NRs. 200 million for the operations of Corona Virus Disease Prevention, Control and Treatment Fund and procurement of health equipment. Out of the amount, NRs. 14 million 848 thousand is spent and the remaining balance NRs. 185 million 152 thousand is deposited in Corona Virus Control and Treatment Fund operated by Province Treasury Comptroller Office. A balance of NRs. 283 million 937 thousand has existed in the Fund at the end of fiscal year. Though the program approved for procuring health equipment in this year, it has not operated the program and withheld the balance amount by transferring the amount in non-freezable account, which is against the budget principle.
- 122.2. From the Fund, total NRs. 368 million 696 thousand has been disbursed in this year, which includes NRs. 155 million 982 thousand disbursed to Province Health Supply Management Center, NRs. 11 million 876 thousand disbursed to Health Directorate, NRs. 13 million 905 thousand disbursed to Province Public Health Laboratory, NRs. 6 million 652 thousand disbursed to Tuberculosis Treatment Center and Health Training Center, NRs. 83 million 789 thousand disbursed to 85 local levels, NRs. 8 million 525 thousand disbursed to 11 District Administration Offices, NRs. 5 million 268 thousand disbursed to 3 ministries, NRs. 2 million 400 thousand disbursed to 11 Ayurvedic Health Centers, NRs. 8 million 549 thousand disbursed to 11 Health Offices, and NRs. 71 million 752 thousand disbursed to 12 Hospitals. Inclusive of NRs. 18 million 200 thousand from Province Consolidated Fund, NRs. 6 million 413 thousand from Federal Covid Fund and NRs. 13 million 201 thousand from Province Covid Fund, total NRs. 37 million 814 thousand has been provided to Infectious and Communicable Disease Hospital, out of NRs. 24 million 314 thousand is spent and NRs. 13 million 500 thousand has remained as balance. The Ministry has not conducted monitoring updating the record of expenditures incurred from the disbursements.
- 122.3. From the Fund, NRs. 9 million 34 thousand is provided to a Community Lions Hospital, NRs. 2.7 million to a Natural Hospital, NRs. 320 thousand to a Red Cross Society and NRs. 1 million to the G.P. Koirala National Respiratory Treatment Center. With respect to the amounts provided to those organization/ entities, the Ministry has not conducted

any monitoring obtaining the statement of expenditure and progress reports. For the disbursed amounts, monitoring should be done obtaining the expenditure statement.

122.4. Eight Hospital run under this Province have shown total expenditure of NRs. 37 million 82 thousand in other expenditure heading. It has not become possible to analyze the nature of expenditures as long-sum expenditure has been shown without disclosing the details as per the nature of expenditure. Expenditure statement should be prepared in accordance with the nature of expenditure.

123. Direct Procurement - Rule 84 of the Public Procurement Rules, 2064 (2007) provides that any construction works having cost estimate of NRs. 0.5 to 2 million are to be undertaken from sealed quotation and Rule 31 of same Rules provides that any construction works having cost estimate more than NRs. 2 million are to be undertaken through tender bid. Madhyabindu Hospital, Nawalpur has spent NRs. 4 million 653 thousand in procurement of medical goods and NRs. 1 million 403 thousand in procurement of oxygen cylinders. District Hospital, Parbat has spent NRs. 2 million in the construction of prefab building for operating isolation center and NRs. 2 million in the construction of wards for covid infected. Infectious and Communicable Disease Hospital, Pokhara has spent NRs. 7 million 949 thousand in the construction and management of isolation centers. While making the construction and procurement works, direct procurements are done without making any competition. While making any procurement of works above the sealed quotation amount fixed by law, Procurements should be done making competition.

124. Risk Allowance - Allowance Management Order for Manpower engaged in Treatment of Corona Virus (COVID-19) Infection, 2020 provisions that the risk allowance can be provided to - the manpower engaged directly in treatment of the patients kept in isolation centers and receiving treatment after detection of infection, the manpower engaged in imaging service and the manpower engaged in operating vehicles for transporting to such patients the treatment of which are going on. Madhyabindu Hospital has provided risk allowance NRs. 1 million 467 thousand to total 107 employees - including 87 health workers and technical employees, and 20 administrative employees that involved in treatment of corona virus (COVID-19) during period 2078 Baishakh, Jestha and Ashadh Month (2021 Mid-April to Mid-July). Risk allowance should be provided according to law only.

125. Quarantine Management - Section 11 of Standards for Operation and Management of Corona Virus Quarantine, 2019 mentions that the amounts necessary for the operation and management of quarantines will be borne from Corona Virus Infection Prevention and Treatment Fund. Madhyabindu Hospital and one Restaurant have entered a contract on 2021/01/13 for providing meals and residence services with effective from 2021/01/14 and the Hospital has paid NRs 844

thousand from Mid-February to Mid-July 2021. However, the Hospital has not updated records by disclosing the number of persons that stayed in quarantines and isolation centers.

- 126. Installation of Oxygen Plant** - By inviting tender bid for the establishment of oxygen plant, Damauli Hospital, Tanahun has entered a procurement contract of NRs. 5 million 339 thousand with a company on 2021/05/13 with the condition of completing works within 30 days. The oxygen plant installation works, which are supposed to be completed by 2021/06/13 as per the contract, have not been completed. The Hospital has spent NRs. 585 thousand only for the purchase and transportation of oxygen in 2078 Ashadh Month (2021 Mid-June/July). The oxygen plant should be operated by completing the installation works in accordance with the contract.

• Local Levels

- 127. Income Expenditure Statement** - Altogether 85 local levels of Gandaki Province, by establishing Fund for disaster management, have incurred expenditures by depositing the amounts received from the federal government and province government and amounts allocated by themselves. As per statements obtained from 73 local levels out of 85 local levels, the local levels have generated total income NRs. 663 million 633 thousand in the Fund inclusive of last year's balance NRs. 122 million 765 thousand and this year's income NRs. 540 million 868 thousand, out of which 468 million 593 thousand and NRs. 195 thousand 40 thousand has remained as balance. Out of the expenditures, NRs. 21 million 185 thousand has been spent in relief distribution, NRs. 128 million 137 thousand spent in the construction of quarantines and isolation, NRs. 76 million 810 thousand spent in procurement of drugs, NRs. 34 million 241 thousand spent in procurement of equipment, NRs. 71 million 477 thousand spent in risk allowance, NRs. 3 million 150 thousand spent in construction of ICU, and NRs. 133 million 593 thousand spent in others. The income expenditure statements of the Funds of the remaining 12 local levels have not been submitted. The local levels have not prepared detailed statement of expenditures incurred from such fund and have not provided such statements to budget disbursing entities.
- 128. Last Year's Payment** - Rule 39 (13) of Financial Procedures and Fiscal Accountability Rules, 2020 provisions that if there exists proper basis and adequate reasons for any liability is to be borne due to insufficiency of budgeted amount allocated in salaries, allowance etc. heading in current fiscal year, a statement of outstanding payment is to be prepared and maintained. However, without keeping a detailed list of outstanding payment, Pokhara Metropolitan has provided last year's outstanding expenses of NRs. 1 million 588 thousand including NRs. 1 million 277 thousand in respect to last year's fooding/ tiffin expenses related to quarantines and NRs. 311 thousand of relief

distribution. The act of granting payment without a certified list of outstanding payment statement has appeared inconsistency with law.

129. Risk Allowance - Allowance Management Order for Manpower engaged in Treatment of Corona Virus (COVID-19) Infection, 2020 provisions that the risk allowance can be provided to - the manpower engaged directly in treatment of the patients that are kept in isolation centers suspecting infection and receiving treatment after detection of infection, the manpower engaged indirectly in such works and imaging service providers, and the manpower engaged in operating vehicles for the transporting to such patients the treatment which are ongoing. Audit observations related to the payment of risk allowance are as follows:

- 129.1. Binayi Triveni Rural Municipality, Nawalpur has distributed total risk allowance of NRs. 3 million 739 thousand to various employees with regards to their involvement in treatment of corona infection for the period from 2021/04/14 to 2021/07/15, which includes NRs. 2 million 621 thousand paid to 62 health workers, NRs. 177 thousand paid to 1 technical employee, and NRs. 941 thousand paid to 11 administrative employees. The Rural Municipality has provided the risk allowances without produce of certified documents from the concerned units. Risk allowances have also been provided to administrative employees without disclosing the work description.
- 129.2. Inclusive of NRs. 405 thousand distributed to 26 health workers involved in treatment of COVID-19 and NRs. 60 thousand distributed to 3 administrative employees, Phedikhola Rural Municipality, Sangja has distributed total NRs. 466 thousand as risk allowance. Similarly, Kaligandaki Rural Municipality, Sangja has distributed total risk allowance NRs. 747 thousand, inclusive of NRs. 484 thousand distributed to 12 health workers, NRs. 22 thousand distributed to 1 administrative employee, and NRs. 114 thousand distributed to 4 technical employees. The Rural Municipalities have distributed risk allowances to administrative employees without keeping records the details of works done.
- 129.3. Bandipur Rural Municipality Tanahun has distributed risk allowance of NRs. 405 thousand to 25 health workers and employees; Bhimad Municipality has distributed NRs. 471 thousand, Devaghat Rural Municipality has distributed NRs. 570 thousand, Ghiring Rural Municipality has distributed NRs. 559 thousand, Aarughat Rural Municipality, Gorkha has distributed NRs. 565 thousand, Myagdi Municipality, Beni has distributed NRs. 587 thousand to 12 health workers, and Raghuganga Rural Municipality has distributed NRs. 558 thousand. The Municipality/Rural Municipalities have paid risk allowances without enclosing work description and certified attendance of works done in mobilized places for the prevention and controls of covid pandemic. The work description and attendance certified by the concerned offices should be produced.

- 130. Assistance in Kind** - For the control of covid and distribution of reliefs to affected people, Lomangthang Rural Municipality has received 20 thousand kg rice, 14 thousand kg wheat, 1 thousand liter cooking oil and 500 blankets from the Government of China, but it has not distributed those relief materials, but it has recognized the goods as income in its inventory books and not maintained the records properly.
- 131. Capital Expenditure** - Point No. 6 of Directives Relating to COVID-19 Case Investigation and Contact Tracing Team Mobilization and Management, 2020 provides that each local level is required to mobilize all necessary expenses for covid contact tracing teams from the Fund allocated for the prevention and control of COVID-19 and the local level may request to the concerned Province and Federal Government if such allocated budget becomes inadequate. Aarughat Rural Municipality, Gorkha has incurred total expenditure NRs. 2 million 658 thousand in the risk allowance to health employees engaged in the prevention and controls works of COVID-19, procurement of masks, procurement of oxygen and drugs for covid hospital, collection of PCT/ Antigen swab etc. from the Fiscal Equalization capital budget Heading. Out of the expenditure, NRs. 1 million 228 thousand has been spent in the procurement of materials for PCR test kit collection, NRs. 517 million in procurement of materials including masks and NRs 913 thousand in distribution of allowance. Incurring such expenditures from capital budget heading has appeared against the provision of the Directive.
- 132. Expenditure Invoice/Receipt** - Section 42 of Gandaki Province Financial Procedures Act, 2017 provisions that each entity is required to keep the record of each transaction by making clarifying and fulfilling the procedures as prescribed in the prevalent laws. However, Kaligandaki Rural Municipality, Syangja has not attached the related invoice/receipts of medical treatment expenditures of NRs. 220 thousand of 74 persons for the period from 2021/05/05 to 2021/06/29 paid to Kaligandaki Hospital; Ghiring Rural Municipality, Tanahun has not kept the description of persons stayed in quarantines in respect to payment of meal/ tiffin expenses NRs. 359 thousand in operations of quarantines, and it has not produced the related receipts of the expenditure NRs. 179 thousand provided to 3 persons at the rate of NRs. 850 each; Baragung Rural Municipality, Mustang has not produced the related receipts of procurement and distribution of 1 thousand dustbins and 1 thousand buckets (including tap and cover) of value NRs. 495 thousand for the prevention and controls programs of COVID-19; and Kushma Municipality, Parbat has not produced the related receipts of the procurement and distribution of relief materials, including - 165 sacks of rice, 360 kg of pulses, 730 packets of cooking oil, 255 packets of salt etc. in connection of the settlement of advances of NRs. 375 thousand of an employee.
- 133. Direct Procurement** - Rule 145 of Public Procurement Rules, 2007 provides that the procurement has to be done making competition as possible while making procurement

of goods for specified quantity and period necessary in emergency or special circumstances. In making such procurements, procurements are to be done preparing cost estimates. Section 26 of COVID-19 Crisis Management Ordinance, 2021 stipulates that the procurement period can be shortened in order to complete the procurement processes quickly. However, several local levels have conducted direct procurements of various medical/health related goods without preparing cost estimates and making any competition. Audit observations witnessed in this respect are as follows.

- 133.1. Beni Municipality, Myagdi has conducted direct procurements several times of health materials - masks, PPEs etc. of value NRs. 1 million 621 thousand procuring several times; Mangala Rural Municipality has conducted direct procurements several times of the health related materials of 21 types including - gloves, boots, oxygen cylinders etc. of value NRs. 2 million 37 thousand; and Raghuga Rural Municipality has conducted direct procurements several times of the health materials and equipment including - PPE sets, surgical masks, sanitizers etc. of value NRs. 4 million 187 thousand.
- 133.2. Ghiring Rural Municipality, Tanahun has conducted direct procurement several times of the construction and health materials worth NRs. 2 million 684 thousand from a single supplier. Shuklagandaki Municipality has conducted direct procurement several times of drugs and health materials worth NRs. 4 million 996 thousand from 12 suppliers. Similarly, direct procurements of several times have been done by - Bhimad Municipality in making procurement of the health materials of value NRs. 1 million 515 thousand, Devaghat Municipality in making procurement of the health materials of value NRs. 1 million 817 thousand from 6 suppliers, and Jaljala Rural Municipality, Parbat in making procurement of the drugs of value NRs. 2 million 324 thousand.

While procuring various types of health materials and equipment for maintaining stock in connection of the preparedness of prevention and controls of covid pandemic and making procurement necessary for immediate use, procurements should be done competitive, economical and transparent manner preparing cost estimates.

- 134. Construction of Quarantine and Isolation Center** - Rule 31 of Public Procurement Rules, 2007 provides that the construction works exceeding cost estimate NRs. 2 million shall have to be conducted through the medium of tender bid. Pokhara Metropolitan has spent NRs. 5 million 710 thousand in construction works including NRs. 4 million 913 thousand spent in the construction quarantines and NRs. 797 thousand spent in the construction of isolation centers. Ghiring Rural Municipality, Tanahun has spent NRs. 1 million 771 thousand in construction of quarantines. The works have been conducted through the direct procurement without making any competition.

Jaljala Rural Municipality, Parbat has spent NRs. 501 thousand in the construction of isolation and NRs. 1 million 874 thousand in the construction of quarantines and NRs. 1 million in construction of 10 hospital beds. Directives of the

Operation of Covid Infection Prevention, Control and Treatment Fund, 2021 provides that such expenditures can be incurred only for the prevention and controls of corona virus, but NRs. 3 million 853 thousand has been spent in controls of landslides and floods, road maintenance, management of pipes and gabion wires as against the directives. By preparing cost estimates and making competition as per the law, the procurements of such quarantine and isolation construction works should be done adopting economical procurement procedures.

- 135. Corona Insurance** - The insurance of all civil servants are to be covered in accordance with policy of the federal, provincial and local government, however, Pokhara Metropolitan has done the insurance of its employees partially only, and with regards to the employees for which the insurances have not been covered, it has provided at the rate of NRs. 15 thousand per person on the basis of decision of Disaster Management Committee in case if any employee becomes infected. Hence, without making insurance of all employees, the Metropolitan has paid total NRs. 590 thousand based on the decision of Metropolitan Executive and Disaster Management Committee, which includes NRs. 390 thousand paid to 26 employees and NRs. 200 thousand paid to 2 employees at the rate of NRs. 100 thousand each. The amount thus paid based on piecemeal decision as against the provision of the Directives has appeared inconsistency with law.

Lumbini Province

• Provincial Governments

For the prevention and control of COVID-19 and management of income-expenditure, Disaster Management Fund has been established in Ministry of Social Development. Total income of NRs. 533 million 394 thousand has been generated in the Fund including last year's balance NRs. 125 million 946 thousand and this year's income NRs. 407 million 448 thousand, out of which NRs. 331 million 808 thousand has been spent for the distribution of relief, construction of isolation center, distribution of risk allowance, procurement of drugs, machinery & equipment and others and NRs. 201 million 586 thousand has remained as closing balance at year-end (2021/07/15).

- 136. Province Covid Fund** - For the prevention and control of COVID-19 and management of income-expenditure, Disaster Management Fund has been established in Ministry and NRs. 225 million 878 thousand has been disbursed from the Fund, which includes NRs. 105 million 787 thousand disbursed to special hospitals, NRs. 14 million disbursed to 11 hospitals for operating expenditures, NRs. 2.5 million thousand disbursed to Province Public Health Laboratory, NRs. 6 million disbursed to 12 District Health Offices for Public Health Campaign, NRs. 9 million disbursed to 6 local levels, NRs. 44.2 million disbursed to District Administration Offices for the distribution of reliefs to families of

death and construction of isolation, and NRs. 7.5 million disbursed to Rapti Health Science Academy.

Covid Expenditure Status - While auditing the expenditure incurred by various hospitals operating in Lumbini Province for the prevention and control of covid, the income expenditure statements obtained from 10 hospitals show that the hospitals have generated total income NRs. 396 million 781 thousand in this year, out of the amounts, total NRs. 375 million 615 thousand is spent and NRs. 21 million 166 thousand has remained as closing balance. Of the expenditure, NRs. 20 million 319 thousand is spent in construction of isolation center, NRs. 38 million 145 thousand spent in procurement of drugs, NRs. 91 million 385 thousand spent in procurement of machinery equipment, NRs. 85 million 978 thousand spent in risk allowance, and NRs. 139 million 789 thousand spent in relief distribution and other expenditure.

- 137. Preparedness and Risk Projection** - For the prevention and controls of pandemic, the risk projection and preparedness need to be done prior to outbreak of such pandemic. With respect to the making preparedness through risk projection of COVID-19 and the prevention, control and management of pandemic, a High Level Steering Committee has been constituted under the convenorship of Chief Minister, Fund Operations Committee has been constituted under convenorship of Minister of Social Development, and Technical Committee has been constituted under convenorship of Director of Health Directorate. However, the Province has not prepared the risk projection and mitigation action plan up to this year. As per decision of Province Level Corona Crisis Management Center, the works of covid controls and preparedness have been carried out by establishing a holding center in Kapilvastu having capacity of 1 thousand persons. However, the works, such as - expanding beds, increasing number of manpower, ventilators and management of oxygen have not been done prior to spreading of infection.
- 138. Corona Crisis Management Center** - For the projection and controls of corona risk, various 39 decisions have been taken by the meetings of Lumbini Province Corona Crisis Management Center holding meeting 3 times in this year. Such decisions include - constructing isolation centers having 200 beds in Tarai and hilly districts in order to prepare isolation centers, using premises of Rapti Health Science Academy for the control of covid, granting 3 months extension to the manpower engaged in corona controls, providing covid special hospital services from Butwal Spinning Mill and HDU services from Beljhundi Ayurveda Center, operating HDU services having 5 beds in all districts etc. However, the Center has not conducted any monitoring with regards to the implementation of such decisions. Monitoring should be conducted and coordination should be established for the effective implementation of decisions.
- 139. Service Delivery** - All types of tests related to corona of the suspected and affected persons must be conducted from the concerned hospitals. The PCR and RDT tests are to

be conducted for the treatment of suspected persons affected by corona. However, it is observed that Rapti Regional Hospital, Dang has not conducted PCR tests due to lack of machine, but conducted only RDT tests of 3 thousand 35 persons. Non availability of the PCR test machines in a situation of pandemic is not appropriate. From the isolation of hospitals having capacity of 70 beds, 70 persons have stayed daily basis and treatment services have been provided to 1 thousand 70 corona affected persons. Amongst the total 1 thousand 48 persons got admission in hospital having complex covid problems, 96 persons have died and 952 persons have recovered. Delivery of services of the hospital should be made effective by making arrangements of PCR machines.

- 140. Adequacy of Infrastructures** - In Lumbini Province, there are 7 governmental and 5 private laboratories. As per the data as of 2021/06/03, the covid infection has been found amongst the 88 thousand persons from the total 361 thousand tests, including - 327 thousand PCR tests and 33 thousand Antigen tests. Up to this year, 101 thousand persons have infected and 2 thousand persons have died. In Lumbini Province, the corona control and treatment services have been provided from 4 dedicated hospitals. Till now, it has 624 HDU beds, 240 ICU beds and 61 ventilator beds for the treatment of Covid cases. Keeping in view of 5 million 165 thousand total population of the Province, proper management should be done to the infrastructures prepared for corona treatment and controls.
- 141. Oxygen Plant** - For carrying out the supply and installation works for the covid treatment, Lumbini Regional Hospital has entered a procurement contract on 2021/05/06 with a company at NRs. 15 million 594 thousand with the terms of completing works by 2021/07/09, however, the plant has not been supplied till this year. The management of oxygen supply should be done by getting supply of the plant on time.
- 142. Construction Site** - Rule 6 (3) of the Public Procurement Rules, 2064 (2007) provides that a public entity shall not arrange any procurement contract without making arrangement of construction site. However, in order to operate covid HDU and ICU services in the under construction building of nursing block within the premises of Lumbini Regional Hospital, Federal Project Implementation Unit Office, Bhairahawa functioning under Department of Urban Development & Building Construction, has conducted the finishing and painting works through the medium of sealed quotation under 5 packages prior to completion of the construction works of the building and has paid NRs. 5 million 702 thousand to construction entrepreneurs for such works.

The hospital has acknowledged that after signing the procurement contracts with the construction entrepreneurs through the medium of sealed quotation for operating the HDU and ICU services in big building of Spinning Mill, Rampur Butwal being used as warehouse by Janak Educational Materials Center, the Spinning Mill, Rampur - Butwal did not give the permission to use its building, and hence, the hospital has taken further decision to carry on the construction works of operating HDU and ICU services for the

management of covid from the nursing building existed within premises of the hospital. Arranging contracts for one place but undertaking actual works in another place has appeared not conformity with procurement law. Such construction works should be undertaken only after certainty of construction site.

- 143. Pre-determined Liquidated Damage** - Rule 121 of the Public Procurement Rules, 2007 provides a pre-determined liquidated damage at the rate of 0.05 percent not exceeding 10 percent of contract amount shall be charged to the supplier if any goods are not supplied with the specified time. In order to establish HDU unit in Bhim Hospital, a contract of NRs. 29 million 662 thousand has been entered with a supplier along with the terms of supplying 12 types of goods including ICU beds, monitors etc. by 2021/02/20, but the goods are supplied on 2021/04/26 only. Since the goods are supplied 52 days late than the date specified in the contract, a pre-determined liquidated damage of NRs. 771 thousand should be recovered.
- 144. Cost Estimate** - Section 5 (1) of the Public Procurement Act, 2007 provides that every public entity need to prepare cost estimate for making any procurement and Rule 11 of Procurement Rules, 2007 specifies the basis for preparing cost estimates. As compared to the cost estimate of NRs. 16 million 441 thousand prepared for procuring 6 thousand PPE full set, the bid price has appeared NRs. 5 million 383 thousand (67.25 percent) only. Cost estimates should be made realistic by adopting the procedures prescribed in the Public Procurement Rules.
- 145. Receipt and Distribution of Vaccine** - It is observed from the statement obtained from Health Directorate that amongst the existence of 3 million 967 thousand 674 population of above 12 years that are eligible to get covid vaccines in Lumbini Province have received 7 million 796 doses of vaccines, which includes 1 million 342 thousand doses of Covi-Shield, 3 million 336 thousand doses of Vero Cell, 1 million 356 thousand doses of AstraZenica, 588 thousand doses of Johnson & Johnson, 11 thousand doses of Pfizer and 1 million 162 thousand doses of Moderna. Out of the vaccines received, vaccination of one doze each have been provided to 3 million 779 persons, full doses of vaccines have been provided to 3 million 460 thousand persons and 1 extra dose has been provided to 801 thousand, and the stock balance of 293 thousand doses has existed in stock. It appears from the statement of Health Directorate that the Province require still more 3 million 66 thousand doses of vaccines. vaccinating works to all citizens should be done by making arrangements of more vaccines.
- 146. Store Entry of Goods** - In order to procure ICU equipment for Covid controls, a contract agreement has been inked between the Province Health Supply Center and one supplier at a price of NRs. 25 million 64 thousand with the terms of completing works by 2021/03/19, and goods are supplied after the extension of contract period up to 2021/04/10. Though the office is required to recognize income of goods only after

conducting quality tests, the payment of ICU equipment have been given after supply of equipment directly to various hospitals. Conducting installation works in concerned hospitals without making entry of income in stock register is not appropriate. The hand over of such goods procured by the Office should be done only after ensuring the quality of goods and making store entry.

- 147. Reimbursement** - Point No. 7 of Order to Provide Grant to the Hospital for the Treatment of Infection, 2020 provides that the listed hospitals receiving grants are required to submit an application to the entity specified by Ministry of Social Development along with attachment of necessary invoices and receipts for getting reimbursements. It is observed from the software statement obtained from the Bhim Hospital that out of the procured drugs of NRs. 4 million 56 thousand in this year for pharmacy, the net sales has appeared negative by NRs. 2 million 211 thousand, if deducted the amounts of health insurance rebate, corona expenditure rebate and other rebates. With regards to rebate NRs. 3 million 118 thousand provided by the Office in the insurance and free drugs to corona patients in the sales of drugs, the Hospital should receive reimbursements from the concerned Health Insurance Board and superior Ministry, and the amounts thus collected should be recognized as income in main Fund of the Hospital.

Kapitvastu Hospital has incurred reimbursable treatment expenditure of NRs. 13 million 32 thousand at the rate of NRs. 3 thousand 500 per person for 222 normal cases, NRs. 7 thousand per person for 995 moderate cases and NRs. 15 thousand per person for 352 complex cases. Out of the amounts, the reimbursement have been received of NRs. 6 million 672 thousand only and hence, the outstanding reimbursement of NRs. 6 million 350 thousand should be collected.

• Local Levels

- 148. Income and Expenditure** - In the Point No. 4 of Circular of the Financial Comptroller General Office dated 2020/04/09 issued to all local levels and Province Treasury Comptroller Offices with regards to the operations of Corona Disease Prevention, Control and Treatment Fund at local level, it is mentioned that each local level office shall have to establish Disaster Management Fund for the management of expenditure and income of COVID-19 Prevention and Controls and shall have to complete audits by maintaining separate accounts.

Twelve local levels, including - Thakurbaba of Bardiya District, Bansgadhi Municipality, Badhaiyatal Rural Municipality, Nau-bahini Rural Municipality of Pyuthan, Khajura, Rapti Sonari, Janaki Rural Municipality of Banke, Kohalpur Municipality of Banke, Kaligandaki Rural Municipality of Gulmi, Palinandan, Pratappur and Bardaghat Rural Municipality, have not prepared Income-Expenditure Statements by establishing separate funds. Since the Municipality/Rural Municipality have not prepared such income-expenditure statement, the status of income, expenditure and

balance amount incurred in control and management of corona disease cannot be ascertained. Such statement of income, expenditure and balance amounts should be prepared.

- 149. Expenditure Exceeding Appropriation** - Bangalachuli Rural Municipality of Dang has appropriated NRs. 6 million 416 thousand in Covid Fund as per its Assembly decision taken on 2020/06/24 and has increased the appropriated budget to NRs. 10 million with amendment. Out of budgeted amount, it has disbursed NRs. 15 million 267 thousand and spent NRs. 13 million 969 thousand and hence NRs. 3 million 969 thousand has been spent in excess of the budget amount, which is against the Rules.
- 150. Income Expenditure Statement** - For the prevention and Control of COVID-19, Rapti Rural Municipality and 3 local levels of Deukhuri Valley have deposited NRs. 5 million 254 thousand in Corona Special Fund for operating Deukhuri Isolation Center, however, they have spent NRs. 5 million 613 thousand out of the amount. Hence, excess expenditure of NRs. 359 thousand has been incurred than the income.

In the last year's final audit report of Chandrakot Rural Municipality, Gulmi, it was stated that the office had recognized NRs. 718 thousand as income in a state of existence of NRs. 391 thousand balance in Disaster Management Fund. Hence, the Rural Municipality has also recognized excess income of NRs. 327 thousand in this year than the last year's balance. In the income-expenditure statement of Disaster Management Fund submitted by Pratappur Rural Municipality, Nawalparasi-West, income of NRs. 1 million 978 thousand and expenditure of NRs. 2 million 230 thousand have been shown, but the expenditure amount as per Bank/Cash Book has been NRs. 12 million 838 thousand. Excess expenditure of NRs. 10 million 607 thousand has appeared in the Bank/Cash Book than the income-expenditure statement. thus, the income-expenditure statement submitted by the Rural Municipality in this year do not present actual status of income-expenditure. Accounts of the Fund should be adjusted along with the preparation of bank reconciliation statement.

- 151. Unrelated Expenditure** - In the Point No. 3 of Circular of the Financial Comptroller General Office dated 2020/04/09 issued to all local levels and Province Treasury Comptroller Offices, it is mentioned that while operating and managing Corona Disease Prevention, Control and Treatment Fund at local level, the expenditure can be incurred from the Fund only for the distribution of corona relief materials. Audit observations noticed in this respect are as follows:

- 151.1. Bangsadhi Municipality, Bardiya has spent NRs. 1 million 36 thousand for the works which are not directly related with controlling corona disease, which includes NRs. 493 thousand spent in construction of Badki Bhawani Temple, NRs. 194 thousand spent in construction of building, NRs. 130 thousand spent in construction of Gauripara Shiva Temple, and NRs. 218 thousand in construction of ring-road. Similarly, Bangalachuli

- Rural Municipality, Dang has spent NRs. 4 million 769 thousand in the construction works without preparing any plan and NRs. 3 million 568 thousand in procuring drinking water and zinc sheets. Incurring such expenditures from Covid Fund seems non-compliance with laws.
- 151.2. Thakurbaba Municipality, Bardiya has spent covid unrelated expenses NRs. 2 million 438 thousand in 2019/20, which includes NRs. 1 million spent in construction of community forest building, NRs. 402 thousand in construction of road and NRs. 1 million 36 thousand in various road upgrading works, which are not conformity with prevalent law.
- 151.3. Ward No. 12 of Ghorahi Sub-Metropolitan has spent NRs. 151 thousand in office maintenance and procurement of office goods, freeze, tank, vacuum cleaner etc. from Covid Management Budget Heading, and Rapti Rural Municipality, Dang has spent NRs. 1 million 545 thousand in various 5 unrelated works from Covid Fund, which are not conformity with prevalent law.
- 151.4. **Store Entry** - For the covid management, Raptisonari Rural Municipality, Banke has purchased masks, sanitizers etc. of value NRs. 1 million 197 thousand in 2019/20 from capital budget heading, but the goods are distributed without making store entry.
- 151.5. **Risk Allowance** - Kaligandaki Rural Municipality, Gulmi has provided NRs. 326 thousand to 10 employees along with administrative employees without any evidence; Lumbini Sanskritik Municipality, Rupandehi has distributed risk allowance of NRs. 314 thousand to 7 administrative employees at the rate of 2 months each and public health employees at the rate of 1 month each; and as per decision of rural municipal executive, Bagnaskali Rural Municipality has distributed risk allowance of NRs. 1 million 673 thousand to health workers, security personnel, technical and administrative employees on the basis of bills obtained from hospitals without determining any standards for providing such allowance.
- 152. Distribution of Allowance** - Point No. 4 of Allowance Management Order for Manpower engaged in Treatment of Corona Virus (COVID-19) Infection, 2020 provides that the evidences of mobilized for doing the works specified in Point No. 3 along with justification for doing such works or the works performed in mobilized places and certified attendance, need to be submitted while giving payment of risk allowance. However, the local levels have distributed risk allowances against provision of the Order. Audit observations witnessed in this respect are as follows:
- 152.1. Ghorahi Sub-Metropolitan has provided incentive allowance of NRs. 8 million 856 thousand to the office administrative, technical, health employees and employees concerned with sanitation. It has provided the allowance to all employees of the sub-metropolitan and ward offices at the rate of 50 percent amount of the existing initial pay-scale for the prohibited order period from 2021/04/30 to 2021/06/29 as per Municipal

Assembly decision dated 2021/06/25. The payments are found against legal provisions as the incentives are paid without enclosing the works orders of manpower mobilization and certification for works done in mobilized places.

152.2. Ruru Rural Municipality has distributed incentive allowance of NRs. 2 million 78 thousand to administrative and other employees without getting any evidence. Taxes at the rate of 15 percent on the payment amount are required to be deducted as per Section 87 of Income Tax Act, 2002, but the Rural Municipality has deducted 1 percent tax only and hence, inadequate taxes remaining 14 percent or NRs. 291 thousand should be recovered and deposited in revenues.

152.3. Satyawati Rural Municipality, Gulmi has spent incentive allowance NRs. 760 thousand to its employees in respect to mobilization for extra works, but it has also provided allowances of NRs. 350 thousand - including NRs. 115 thousand provided to 13 employees in respect to the mobilization in isolation works and NRs. 235 thousand provided to 6 employees in respect to the mobilization for 282 days in covid control works in same period. Babai Rural Municipality has paid of NRs. 175 thousand to 21 employees as additional grade amount while providing covid allowance. Palinandan Rural Municipality, Nawalparasi-West has provided risk allowance of NRs. 486 thousand to 15 officials including Chairman by deducting taxes. The above mentioned ineligible payment amounts should be recovered.

153. Advance Management - Rule 49 of Financial Procedures and Fiscal Accountability Rules, 2020 provisions that if any advance is to be given to any office employee for the procurement of goods, the competent officer may provide an advance to an employee by specifying the valid reasons and such person shall have to submit invoice/bills for the settlement of advances within 21 days after the return in office by procuring goods. Audit observations witnessed in this respect are as follows:

153.1. In a state of existence of unsettled advance of NRs. 1.07 million taken by an employee in 2019/20 for the covid prevention and control, Rajpur Rural Municipality has provided additional advance of NRs. 1.5 million in 2020/21 for same purpose against the legal provision, however, the advances of NRs. 2.57 million have been settled only on 2022/02/24. An interest at the rate of 10 percent per annum should be recovered as per Rule 51 of the above Rules.

153.2. Pursuant to the construction and management of quarantines, Marchwari Rural Municipality has provided total advance of NRs. 7 million to the Ward Chairpersons of Ward No. 1 to 7 at the rate of NRs. 1 million each for procuring goods, and the advances have been settled after 8 months. The advances are provided to the municipal officials for procuring goods against the legal provision. In the advance settled by Ward Chairperson of Ward No. 1, the bills/receipts of only NRs. 880 thousand have been found. For the shortfall NRs. 120 thousand, the payment has been given by attaching a

list of meal and tiffin expenses equivalent to the amount without any valid evidences, therefore, the amount should be recovered.

153.3. Rajpur Rural Municipality has provided total advance of NRs. 2.57 million to a health section chief providing advances time to time. On scrutiny of the bills/receipts submitted by him in advance settlement, the bills/receipts are found for the claims of quarantine meal /tiffin expenses of NRs. 641 thousand, procurement of equipment of NRs. 1 million 485 thousand, and procurement of and drugs of NRs. 444 thousand along with transportation expenses and other management expenditures, however, the purchase rates of goods/materials are found different. When examined the attached bills submitted by the employee in course of procurement through giving advance, the bill are found to the maximum purchase price of NRs. 2 thousand 260 for a PPE set, NRs. 254.25 for a face shield, NRs. 227 for a KN-95 mask, NRs. 3 thousand 390 for a oxygen flow-meter, and NRs. 295 for a VTM kit. Without following the procedures of procurement in special circumstance specified in Public Procurement Rules, the office has conducted direct procurement of goods giving advance to an office employee, which is against the provision of the Procurement Rules.

154. Procurement Management - Rule 145 (1) of Public Procurement Rules, 2007 has provided a provision related to procurement in special circumstances. While conducting procurement as per the provision, the procedures to be followed by an entity include - making preparedness and identification of needs, procuring goods as per procurement law, and giving payments only after confirming the procured drugs, kits and equipment are in accordance with the specified quality and specifications. However, local levels have not complied with the procedures of procurement in special circumstance. Audit observations witnessed in this respect are as follows:

154.1. While procuring drugs, equipment and kit worth NRs. 6 million 873 thousand by Babai Rural Municipality including outstanding amount of 2019/20 and this year, NRs. 2 million 793 thousand by Shantinagar Rural Municipality, Dang in this year, NRs. 6 million 873 thousand by Gadhwara Rural Municipality, Dang, NRs. 2 million 925 thousand by Lamahi Municipality including of this year, and NRs. 4 million 35 thousand by Isma Rural Municipality, Gulmi, direct procurements have been conducted, and the records showing the utilized places and quantity of the procured goods have also not been prepared.

154.2. For Corona Special Deukhuri Isolation Center, Rapti Rural Municipality has spent NRs. 1 million 799 thousand in procurement of equipment, drugs, PPE sets etc., but the purchase rates of goods have been found different as per lots of purchase. Since the direct procurement are conducted without adopting appropriate procedures, the purchase rates have been found to the maximum of NRs. 4 thousand 407 for a PPE set, NRs. 113 for a face shield and NRs. 94.40 for a KN-95 mask. The Rural Municipal Office should

procure goods complying with the procedures of procurement in special circumstances specified in the Procurement Rules.

155. Quarantine Management - Rule 57 of Financial Procedures and Fiscal Accountability Rules, 2020 provisions that the related invoices, receipts, and documents evincing the expenditures shall have to be enclosed with the accounts while making any government expenditure. However, several municipals/rural municipals have not complied with the provisions specified in Act/Rules while incurring expenses related to the isolation and quarantines operations. Observations noticed in this respect are as follows:

- 155.1. With regards to Corona Special Deukhuri Isolation Center, Dang, total NRs. 5 million 614 thousand have been paid, which include - the meal/ tiffin expenses of NRs. 3 million 381 thousand along with outstanding of 2019/20 and isolation expenses of this year, operating expenses of NRs. 1 million 376 thousand, allowance of NRs. 90 thousand, and procurement of drugs & equipment of NRs. 767 thousand. While procuring the goods and food-stuffs, direct procurements have been conducted without following the procedures specified in the Procurement Rules.
- 155.2. Rajpur Rural Municipality has spent NRs. 2 million 806 thousand in connection of operating 3 quarantines, but it has not maintained the records separating quarantine-wise expenditures. As per statements furnished by the rural municipal office, altogether 760 persons have stayed in the quarantines during the covid period and average stay of the persons is 21 days. The audit is not in a position to verify the appropriateness of the expenditures as the quarantine-wise expenditure details has not been maintained.
- 155.3. For the 4 quarantines operated by Rapti Rural Municipality, the meal/ tiffin expenses of total NRs. 1 million 175 thousand have been incurred along with the expenses of last year and this year. While incurring the expenditure, detailed list of persons that resided in quarantines is to be prepared and the related expenses of the persons stayed in quarantines are to be borne for the day of stay and fooding of the quarantines and hotel bills, however, the payment expenditure are given only on the basis of hotel bills. Such expenditures should be paid by preparing and verifying with detailed list of persons that stayed in quarantines.
- 155.4. Dhurkot Rural Municipality, Gulmi has paid total NRs. 1 million 149 thousand, including - NRs. 712 thousand paid to a ward in respect to the meal/ tiffin expenses of the persons resided in 7 quarantines of Ward No. 2, NRs. 301 thousand paid to the ward secretary in respect to the meal/tiffin expenses of persons resided in 7 quarantines of Ward No. 6, and NRs. 136 thousand paid in respect to the meal expenses of the persons resided in a school quarantine, but Rural Municipality has not obtained attendance and related bills while giving such payments.
- 155.5. Marchabari Rural Municipality, Rupandehi has paid NRs. 1 million 981 thousand with regards to tiffin/meal expenses of 226 persons of 2077 Jestha Month (2020 Mid May-

Mid June) that stayed in 3 quarantines of Ward No. 1. The audit is not able to verify the appropriateness of the meal/tiffin expenses as the daily attendance of persons and assisters remained in the quarantines has not been enclosed. Average expenditure per person **per day** of the quarantines has been found ranging from NRs. 8 thousand 456 to NRs. 30 thousand 814. Necessary receipts of distribution of food stuffs have not been produced with regards to the purchase of food-stuffs including potatoes, onion, salt etc. of NRs. 2 million 90 thousand by the Marchabari Rural Municipality from various 4 food stores in 2019/20 and incur of expenditure of NRs. 3 million 420 thousand by Thakurbaba Municipality, Bardiya. Similarly, Mathagadhi Rural Municipality has paid NRs. 1 million 350 thousand to a store on the basis of Municipal Executive decision without obtaining necessary bills/receipts. Necessary invoices/receipts and evidences evincing such expenditures should be produced.

156. Procurement and Distribution of Relief - Section 8 (2) of the Public Procurement Act, 2007 provides that any public entity shall not procure any goods slicing a works into pieces so as to limit competition. Gaudahawa Rural Municipality Rupandehi has procured food stuffs, including - rice, pulses, cooking oil, salt etc. of value NRs. 3.01 million conducting the direct procurement several times, and it has distributed the purchased food stuffs to 3 thousand 325 families residing in Ward No. 1 to 9. Procuring food-stuffs without making any competition is not in compliance with the procurement law.

157. Covid Special Agriculture Program - Under this program, Malika Rural Municipality, Gulmi has distributed grants of NRs. 1 million 271 thousand to 68 farmers, Madane Rural Municipality, Gulmi has distributed NRs. 871 thousand to 9 farmers, Isma Rural Municipality, Gulmi has distributed NRs. 2 million thousand to 100 youths, Dhurkot Rural Municipality, Gulmi has given grant NRs. 5 million 243 thousand in **agriculture tools & equipment and distributed NRs. 2 million to** 100 youth farmers, Madane Rural Municipality, Gulmi has distributed NRs. 3 million 320 thousand, and Chhatrakot Rural Municipality has distributed grants of NRs. 3 million 720 thousand to youths returned from abroad. However, the evidences of the youths returned from abroad have not been enclosed. Chhatra Rural Municipality, Gulmi has not conducted monitoring with regards to grants NRs. 1 million 938 thousand distributed to 100 farmers through a bank. Audit observations witnessed in this respect are as follows:

157.1. While procuring equipment under Small Agriculture Tools & Machinery Equipment Grant Program, qualitative equipment are to be procured not exceeding the recommended prices fixed by the Ministry. Under this program, fifty percent price of various equipment has appeared NRs. 1 million 259 thousand on the basis of invoices purchased by Madane Rural Municipality and NRs. 1 million 543 thousand in case of purchase of Dhurkot Rural Municipality, Gulmi. The fifty percent grant amounts have been paid on the basis of procurements of 16 mini-trailers, 3 chaff cutters, 1 corn Sheller,

1 sugarcane crushing machine, 1 ploughshare of mini-trailer and 1 mud pudding machine by farmers from one Agro Vet Supplier. Since the seller has not mentioned specifications of the equipment in purchased bills, it cannot be assured that purchased equipment are of specified quality and within the prices fixed the Ministry.

- 157.2. Pursuant to purchase of goats under One Municipal One Production Program, the risks related grants are to be minimized doing livestock insurance. Madane Rural Municipality, Gulmi has spent NRs. 1 million 55 thousand from recurrent and capital expenditure heading in respect to 50 percent grant on the purchased price NRs. 2 million 30 thousand plus transportation of 290 goats purchased at the rate of NRs. 7 thousand each. However, it has not examined the productivity and has not done insurance of the purchased goats. While purchasing such goats, risks should be minimized by conducting examination of productivity of goats and doing insurance.

Karnali Province

• Provincial Governments

For the prevention and control of COVID-19 and management of income-expenditure, Disaster Management Fund has been established in Ministry of Social Development. Total income of NRs. 314 million 39 thousand has been generated in the Fund including last year's balance NRs. 35 million 241 thousand and this year's income NRs. 278 million 798 thousand, out of which NRs. 291 million 608 thousand has been spent for the distribution of relief, construction of isolation center, distribution of risk allowance, procurement of drugs, machinery & equipment and others and NRs. 22 million 431 thousand has remained as closing balance at year-end (2021/07/15).

- 158. Mobilization of Fund and Budget** - For the prevention and control of covid, total NRs. 314 million 39 thousand have been received to various entities operating under Karnali Province in this year, including NRs. 264.5 million received from the province government, NRs. 37 million 497 thousand received as assistance from various persons, agencies and organizations and NRs. 12 million 42 thousand received from offices/ persons, out of the amounts, NRs. 291 million 608 thousand has been spent to 79 local levels, 10 district disaster management committees, 28 district offices and reliefs distributed to 10 deceased families due to covid.

In the Disaster Management Fund established in Ministry of Internal Affairs and Law, total income of NRs. 85 million 93 thousand has been generated including last year's balance NRs. 37 million 893 thousand and this year's income NRs. 47 million 200 thousand, out of which NRs. 33 million 757 thousand has been spent and NRs. 51 million 336 thousand has remained as closing balance.

- 159. Risk Projection and Preparedness** - In accordance with the decision of Karnali Province Disaster Management Council and Executive Committee, various preparedness

works related to minimization of impacts of the COVID-19 pandemic have been done, which include - giving entry in province from border points only after conducting tests in airport and inland entry points, making easy supply of goods along with food-stuffs and medicines in province paying due attention to possible risks, establishing temporary posts of Nepal police in entry points, publishing and transmitting health related public awareness information and materials from all F.M. Radios, TV channels and newspapers existed in Province, establishing quarantines in various places etc. Though the Province has made the preparedness works for providing quarantines, fooding and pure water to the displaced citizens gathered in places - Babai, Chhinchu, Scuba Kuna etc. arriving from abroad and other places, the services have not been provided properly due to non-appropriation of adequate budget.

- 160. Budget Expenditure** - As per statement obtained from Province Accounts Unit, Surkhet, sixteen offices operating within the 10 districts inclusive of - Health Service Office, Ministry of Social Development, Health Service Directorate, Province Hospital, Mehalkuna Hospital, Province Ayurved Hospital and Human Resource Center, Birendranagar have spent NRs. 521 million 583 thousand from the recurrent and capital budget expenditure. Province Hospital, Surkhet alone has spent NRs. 3 million 861 thousand spent in risk allowance, NRs. 37 million 700 thousand spent in procurement drugs, NRs. 86 million 398 thousand spent in procurement of equipment, and NRs. 21 million 900 thousand spent in construction of building.

With the conditions of carrying out various works relating to the prevention and control of COVID-19 and maintaining accounts of expenditure and presenting accounts before audits, Ministry of Internal Affairs and Law has disbursed total NRs. 15.5 million to various 22 offices through cheques, including NRs. 5.5 million disbursed to 11 Armed Police Battalions /Brigades at the rate of NRs. 500 thousand each, NRs. 5 million disbursed to 10 District Police Offices at the rate of NRs. 500 thousand each, and NRs. 5 million disbursed to Ministry of Industry, Tourism, Forest & Environment. With respect to the amounts, the Ministry should conduct monitoring with regards to whether the concerned entities have incurred expenses depositing the amounts in miscellaneous accounts and should also ensure whether the audits of such expenditure have been completed.

- 161. Quarantine and Isolation** - Point No. 2 of Standards for Operation and Management of Corona Virus (COVID-19) Quarantine, 2019 provides that each person residing in quarantines is to be provided with the meal expense equivalent to per day per person rate fixed for police employees of the district. Health Service Office, Salyan has spent NRs. 13 million 382 thousand as covid program expenditure of various quarantine and isolation centers. The appropriateness of the expenditures cannot be assured as the evidence of certified statements exhibiting the daily number of persons inclusive existing and newcomer residing in quarantines has not been submitted. Without taking the basis of prevalent rates and number of covid patients

staying in quarantines, the Office, from a single budget sub-heading, has paid NRs. 1.48 million as fooding expenses to a supplier based on the submission of bills. Such expenditure should be incurred only on the basis of submission of the statement of persons residing in quarantines.

In respect to the prevention and control of COVID-19, Province Hospital, Surkhet has submitted statements showing the total income generation of NRs. 191 million 690 thousand - inclusive of NRs. 167 million 261 thousand received from Province Consolidated Fund and NRs. 24 million 429 thousand received from Federal Consolidated Fund. It has incurred total expenditures of NRs. 176 million 112 thousand -including NRs. 7 million 765 thousand spent in mobilization of manpower, NRs. 109 million 192 thousand spent in procurement of drugs and health equipment & materials, NRs. 25 million 305 thousand spent in construction of health infrastructures, NRs. 7 million 223 thousand spent in other heading, NRs. 9 million 212 thousand spent in distribution of risk allowance, NRs. 17 million 415 thousand spent in management of accommodation, meal/tiffin, and drinking water for the persons staying in quarantines and manpower mobilized for such quarantines, and has freeze NRs. 15 million 578 thousand. The hospital should give justification with regards to utilizing NRs. 7 million 223 thousand in other expenditure heading of the budget appropriated for COVID-19.

- 162. Hotel Expenditure** - Rule 37 (3) of Financial Procedures Rules, 2018 stipulates that accounts are to be maintained enclosing with invoices/receipts while making any expenditure and Sub-Rule 8 mentions that documents are to be examined to ensure that the specified procedures have been complied while giving any payment. Province Hospital, Surkhet has paid NRs. 16 million 916 thousand to 4 hotel entrepreneurs with regards to the lodging and fooding expenses of health workers engaged in control and treatment of covid pandemic and fooding of patients. The standards related to lodging and fooding expenses of the employees and health workers have not been fixed. Such fooding and lodging expenditure should be incurred only after fixation of standards.
- 163. Installation of Oxygen Plant** - Province Hospital, Surkhet has operated an oxygen plant by completing installation works at a cost of NRs. 26 million 818. Birendranagar Municipality has also installed another oxygen plant the **premises of the hospital** at a cost of NRs. 12.2 million by mobilizing its own resources and donor source. Without identifying needs, Department of Health Services has also procured additional structures including **oxygen** plant, generator etc. at a cost of NRs. 29 million 262 thousand through U.N.F.P.S. Though the procurement processes for procuring oxygen plant have been initiated giving reasons of necessity to complete the installation works by Mid-July 2021 for emergency purpose, the plant has not been installed till 2022/02/12. Making such expenditures without assessing the pressure of patients and identifying needs of hospital does not appear justifiable. Such plant & equipment should be installed only on the basis of identification of needs.

- 164. Establishment and Operation of Laboratories** - In Province Hospital, Karnali Health Science Academy, Dailekh, Chaurjahari and Dullu Hospital, PCT tests of the COVID-19 have been conducted after the procurement of PCR test machines in last year. Up to this year, the covid positive cases of 23 thousand 209 (177.84 percent) have been witnessed out of 130 thousand 128 PCR tests conducted, and 15 thousand 588 positive cases (24.21 percent) have been witnessed out of 64 thousand 404 Antigen tests conducted. The Province is not in a position to conduct treatment of the covid patients having complex problems as it has only 57 ICU beds and 37 ventilators. The extent of covid tests of the Province has remained limited due to its geographical, road and transportation condition and lack of adequate laboratories. More efforts should be done for the covid controls by enhancing the scope of covid tests.
- 165. Covid Hospital** - Province Hospital, Surkhet has been providing outdoor and indoor services for the treatment of COVID-19. Up to 2021 July 15 (2078 Ashadh end), it has provided the treatment services to 844 patients by admitting the patients in the hospital. Of the total available 250 beds capacity of the hospital, it has allocated 65 general beds, 35 HDU beds and 30 ICU beds for covid patients. The hospital also has 10 ventilators and 2 ambulances. However, the hospital has not provided covid treatment services without segregating separate buildings for covid patients and non-covid patients in accordance with the hospital protocols. For the treatment of covid patients, the hospital does not have essential health equipment/goods such as VTM and safety goods and 157 positions of the hospital have fallen vacant out total 214 approved positions (inclusive of 78 doctors, 124 nurses and 12 paramedics). Since the treatment services seem to be impacted due to the lack of essential manpower and equipment, efforts should be made to arrange necessary equipment and fulfill the health personnel in order to bring effectiveness in delivery of services.

• Local Levels

- 166. Disaster Management Account** - Section 76 (2) of Local Government Operations Act, 2017 stipulates that each local level is required to keep accounts of its transactions in accordance with the formats approved by the Auditor General upon the recommendation of the Financial Comptroller General Office. Audit observations related to this are as follows:
- 166.1. In comparing the income-expenditure statement related to covid submitted by Kumakh Rural Municipality with its Bank Cash Book, the expenditure amounts have appeared unrealistic. As per Bank Cash Book, the expenditure related to covid has existed NRs. 8 million 166 thousand. However, the Rural Municipality has shown expenditure of NRs. 7 million 266 thousand in the submitted income-expenditure statement. By examining accounts in respect to excess expenditure NRs 900 thousand and difference of NRs. 1 million 187 in between income and expenditure, actual income-expenditure statement should be prepared and submitted.

- 166.2. As per the income expenditure statement submitted by Barahatal Rural Municipality, Surkhet, it has generated total earning NRs. 12 million 774 thousand including last year's balance, but the total expenditure along with closing bank balance has appeared NRs. 6 million 234 thousand only, resulting a difference of NRs. 6 million 540 thousand. The difference amount should be ascertained and recovered.
- 166.3. By utilizing the budget amounts appropriated by itself and amounts received from various sources, Thulibheri Municipality Dolpa has spent total NRs. 24 million 610 thousand, which include NRs. 17 million 560 thousand spent in the construction and management of isolation centers, NRs. 2 million spent in the construction and management of quarantines and holding centers, and NRs. 3 million 50 thousand spent in the construction of health infrastructures. The audit is not able to make detailed analysis as the Municipality has not maintained the source-wise income statement. The Municipality should make efforts to make maximum utilization of available sources and resources.
- 167. Risk or Hazard Allowance** - Point No. 7 (e) of Allowance Management Order for Manpower engaged in Treatment of Corona Virus (COVID-19) Infection, 2020 provisions that the administrative manpower engaged in monitoring & evaluation and management of covid are entitled to get 50 percent risk allowance at the rate of starting pay scale fixed by the Government of Nepal, and the health workers engaged in contact tracing and manpower engaged in management of quarantines are entitled to get 75 percent risk allowance. Though there exists no provision to distribute the risk allowances only to the manpower involved in the covid control at specified rates, Khatyada Rural Municipality, Mugu has distributed NRs. 3 million 696 thousand without issuing letters of manpower mobilized for such works, and hence, the appropriateness of expenditure can not be justified. In this year, Rural Municipality has incurred allowance expenditures of NRs 1 million 860 thousand for health workers and NRs. 581 thousand for security personnel. Though there exists no such provision to provide remuneration to volunteers, it has paid NRs. 1 million 255 thousand to volunteers and other service forces. Similarly, Mugum Kamarong Rural Municipality, Mugu has spent NRs. 1 million 50 thousand as risk allowances to health workers, administrative employees and security personnel. For the distribution of incentive allowances, Chhedagada Municipality, Jajarkot has spent NRs. 1 million 57 thousand, 6 local levels of Dailekh have spent NRs. 7 million 156 thousand and 2 local levels of Surkhet have spent NRs. 4 million 277 thousand. Chaurjahari Municipality, Rukum-West has provided NRs. 1 million 654 thousand as risk allowance and other facilities to employees mobilized in isolation, swab collection, labs and quarantines in addition to regular salary and local allowance, but it has deducted social security tax only in such payments. The local levels have

not maintained proper records to check the matter that whether any dual facilities have been claimed against the provision of the standards.

- 168. Procurement of Drug** - As per provision of procurement in special circumstances specified in Rule 145 (1) of Public Procurement Rules, 2007, a public entity, in making procurement pursuant to Section 66 of the Act, shall prepare descriptions such as written descriptions of the need, quality standards, quantity, terms of procurement and period for performance and make procurement only in such quantity and for such period as required to meet exigencies by way of having competition as far as possible or soliciting written quotation or proposal from only one construction entrepreneur, supplier, consultant or service provider and holding negotiations for fair and reasonable price. For the prevention and mitigation of COVID-19 pandemic, Khatyad Rural Municipality and Mugum Kamarong Rural Municipality, Mugu have procured health materials at NRs. 1 million 929 thousand and NRs. 3 million 169 thousand respectively from various firms. Various local levels have conducted direct procurement of drugs and health materials at NRs. 8 million 510 thousand, which consist of NRs. 711 thousand procured by Kumakh Rural Municipality, Salyan, NRs. 2 million 564 thousand procured by Jagadulla Rural Municipality, Dolpa, NRs. 1 million 555 thousand procured by Bhagwatimai Rural Municipality, Dailekh, NRs. 538 thousand procured by Naumule Rural Municipality, Dailekh, NRs. 1.8 million procured by Kushe Rural Municipality, Jajarkot, NRs. 1 million 461 thousand procured by Nalagadh Rural Municipality, Jajarkot, and NRs. 592 thousand procured by Shivalaya Rural Municipality, Jajarkot. Since the local levels have not adopted above mentioned prescribed procedures, significant differences have been witnessed in between the minimum and maximum prices of same goods, which shows that above mentioned provisions related to procurement in special circumstances have not been effectively implemented.
- 169. Relief Distribution** - Point no. 3 of Directives related to Relief Distribution (Standards and Monitoring) to Workers, Laborers, Poor and Financially Poor Farmers Affected by Corona Virus Infection (COVID-19) states that reliefs are to be distributed within own areas of a ward as per the recommendation of the Committee, and by identifying targeted group and preparing a **list of beneficiaries** in the format specified in annex, such lists are to be submitted to the concerned local level along with making public of the list in ward office and other communication means. However, without complying with the provisions, 6 local levels of Kalikot have spent NRs. 13 million 344 thousand, 3 local levels of Dailekh have spent NRs. 1 million 337 thousand and Panchpuri Municipality, Surkhet has spent NRs. 120 thousand in relief distribution.
- 170. Vehicle Rent** - While making any expense related to vehicle renting, the records of name of person using vehicle, purpose of visit, certified weight, purposes if any goods are to be transported, and certified walk distance (kosh) are to be maintained and the approval

of a competent authority for using vehicle is also to be obtained. However, without producing above mentioned documents, various local levels have spent NRs. 3 million 238 thousand in vehicle rent and transportation expenses, which includes, NRs. 818 thousand spent by Soru Rural Municipality, Mugu, NRs. 103 thousand spent by Bheriganga Municipality, Surkhet, NRs. 1 million 811 thousand spent by Mahabu Rural Municipality, Dailekh, and NRs. 506 thousand spent by Barekot Rural Municipality, Jajarkot. Giving payment of such expenses without preparing log books along with the details of - place of vehicles used, persons using vehicle, and expenditure details, is not permissible as per law.

- 171. Procurement of Relief Materials** - Section 66 of the Public Procurement Act 2007 and Rule 145 (1) of Public Procurement Rules, 2007 provide that a public entity, in making procurement, shall prepare descriptions such as written descriptions of the need, quality standards, quantity, terms of procurement and period for performance and make procurement only in such quantity and for such period as required to meet exigencies by way of having competition as far as possible or soliciting written quotation or proposal from only one construction entrepreneur, supplier, consultant or service provider and holding negotiations for fair and reasonable price. Without complying with above provisions, various local levels have procured materials/goods related to the COVID-19 Pandemic control, relief and rehabilitation at NRs. 9 million 372 thousand, which includes NRs. 4 million 22 thousand procured by Mahabu Rural Municipality, Dailekh and NRs. 5 million 350 thousand procured by Narayan Municipality, Dailekh. The records of usages of procured goods/ materials in quarantines have not been maintained. The records of such expenditures should be properly maintained making procurement in a competitive manner.
- 172. Invoice and Receipts** - Rule 39 (5) of Financial Procedures and Fiscal Accountability Rules, 2020 provisions that while making any expenditure, accounts are to be maintained along with supporting bill/receipts. Out of the expenditures incurred by Mahabu Rural Municipality, Dailekh in control, treatment and management of COVID-19 pandemic, NRs. 3 million 112 thousand has been spent without any bills/receipts, which is not in compliance with the Rule.
- 173. Covid Hospital** - Gurans Rural Municipality, Dailekh has spent NRs. 4 million 275 thousand by carrying out the construction works of covid isolation hospital from a user committee. Presently, the hospital is named Gurans Hospital. **All** construction works of the hospital have not been completed.
- 174. Relief Distribution** - With respect to supply of rice, Soru Rural Municipality, Mugu has paid NRs. 7 million 582 thousand to one contractors that conducts transportation of rations to Nepal Food Corporation. The supplier has not issued invoices by stating quantity of rice supplied. It has also not specified the quantity and rates of rice supplied

throughout the year. Photocopy statements have also been attached in the documents related distribution of relief materials. Genuine invoices/receipts of rice purchase and records of relief distribution should be prepared and submitted.

- 175. Construction of Isolation Building** - Sharada Municipality, Salyan has constructed isolation building at a cost of NRs. 2 million 257 thousand, out of which NRs. 628 thousand is borne from labor donation of Sabuj Battalion and NRs. 1 million 629 is incurred as expenditure. Since the related contract and work acceptance report have not been submitted, the audit is not able to ascertain actual expenditure.

For minimizing the impact of COVID-19, Shivalaya Rural Municipality, Jajarkot has spent NRs. 419 thousand in procurement of cookers, gas cylinders, drums and other goods. Though the Rural Municipality has issued store entry report in this respect, the records of such goods have not been maintained up to date in the accounts.

- 176. Antigen Test** - Chaurjahari Municipality, Rukum-West has procured drugs and corona test materials of NRs, 6 million 349 thousand. Since it has not prepared statement and report disclosing the PCR and Antigen tests conducted to patients at free of costs and with costs, patients having corona and not having corona, and patients recovered, the usefulness of the procurements of drugs/goods can not be justified.
- 177. Financial Assistance** - Kushe Rural Municipality, Jajarkot has formulated and implemented Act related to Disaster Management and Financial Assistance, 2017. In Section 9 of the Act, it is stated that the financial assistance shall not be distributed without decision of **Operations Committee**. Though the Act provides that an application along with true copy of witnessed paper (Muchulka) are to be submitted while receiving any financial assistance as per Act related Disaster Management and Financial Assistance, the Rural Municipality has distributed NRs. 1 million 387 thousand without produce of such application and certified documents. Evidences and documents evincing such expenditure should be produced.

Sudurpachhim Province

• Provincial Governments

For the prevention and control of COVID-19 and management of income-expenditure, Disaster Management Fund has been established in Ministry of Internal Affairs and Law. Total income of NRs. 165 million 349 thousand has been generated in the Fund including last year's balance NRs. 10 million 675 thousand and this year's income NRs. 154 million 674 thousand, out of which NRs. 142 million 921 thousand has been spent for the distribution of relief, construction of isolation center, distribution of risk allowance, procurement of drugs, machinery & equipment and others and NRs. 22 million 428 thousand has remained as closing balance at year-end (2021/07/15).

- 178. Disaster Management Fund** - In order to minimize the risks arising out of the corona virus spreading globally, Disaster Management Fund has been established in Ministry of Internal Affairs and Law as per Section 6 of Directives Related to **Sudurpachhim Province Corona Virus Disease Risk Control**, Treatment and Management Fund (Establishment and Operations), 2019. As per this year's income expenditure of the Fund, total NRs. 31 million has been deposited in the Fund including previous year balance NRs. 5 million and this year received amount NRs. 26 million from Province Consolidated Fund, out of which NRs. 16 million 165 thousand has been spent and NRs. 14 million 835 thousand has remained as closing balance. Of the total expenditure amount, NRs. 14 million 245 thousand is disbursed to 9 District Administration Offices, NRs. 920 thousand is spent as air rescue expenses, NRs. 660 thousand is spent in procurement of office goods, and NRs. 340 thousand is spent as disaster program expenditure. The Ministry has not conducted any monitoring & evaluation with respects to the expenditures. There should be arrangements to formulate the work procedures for mobilizing Fund amounts and prepare reports by conducting monitoring & evaluation.
- 179. Covid Management Expenditure** - Ministry of Social Development has shown total income of NRs. 176 million 189 thousand in this year with respect to the covid air rescue, oxygen plant, oxygen cylinders etc., out of which NRs. 127 million 682 thousand is shown as expenditures and NRs. 48 million 507 thousand as closing balance. Audit observations witnessed in respect to the income-expenditure are as follows:
- 179.1. Out of NRs. 48.5 million received by Ministry of Social Development from the Office of Chief Minister and Council of Ministers for the establishment of oxygen plants in various hospitals, NRs. 16 million has been expended and NRs. 32.5 million has remained as balance. The balance amount should be deposited in the Fund existed in the Chief Minister and Council of Ministers.
- 179.2. Directives related to Sudurpachhim Province Corona Virus Disease Risk Control, Treatment and Management Fund (Establishment and Operations), 2019 stipulates the amounts deposited in the Fund shall be expended only for the works in accordance with decision of Province Government as approved by the Committee. In respect to the prevention and control of Covid, NRs. 117.6 million has been received from Province Corona Fund for Jorayal Rural Municipality, K.I. Singh Rural Municipality and covid hospital, out of which NRs. 102 million 603 thousand has been spent and NRs. 14 million 997 thousand has remained as balance. The balance amount should be deposited in Covid Fund.
- 179.3. The Ministry of Social Development has acknowledged that it has procured antigen test kits, mask etc. worth NRs 4 million 947 thousand from the budget appropriated for covid controls and handed over the materials to Health Supply Centers. In a situation of Health

Supply Centers are functioning at working level for the supply of health materials, making procurement of the materials by the Ministry itself appears inappropriate.

Though the arrangements have been made for sending expenditure statement and other details to Ministry of Social Development by the office making expenditure from Corona Fund after incur of expenditures, the Ministry has not received any such statements, and the Ministry has not prepared central account showing the expenditures of the Ministry and subordinate offices pursuing to this matter. A central account of such expenditure should be prepared realistic manner by obtaining income-expenditure statement from subordinate offices.

- 180. Financial Assistance and Rescue** - Rule 37 (3) of Sudurpachhim Province Financial Procedures Rules, 2019 provisions that any entity making expenditure shall maintain accounts enclosing invoice/receipts and other documents related to the expenditure. In order to bring effectiveness in functioning of Ministry of Internal Affairs and Law, as per decision of Province Government dated 2021/01/26, NRs. 2 million 790 thousand is released with regards to the expenditures incurred in air rescue of one minister, one parliamentarian and one ordinary citizen infected by covid.

As per decision of Corona Virus Mobilization Committee dated 2021/03/13, NRs. 984 thousand is released to District Administration Office, Kailali to provide financial assistance to nomadic landless badi communities. Distributing financial assistances in cash from the amounts received for the prevention and control of covid is not in conformity with the Rule.

- 181. Monitoring** - Section 14 of Directive related to COVID-19 Infection Risk Control, Treatment and Management Fund (Establishment and Operations), 2019 provides that a committee may be formed to conduct monitoring of the expenditures incurred from the Fund. With respect to NRs. 2.5 million disbursed to Sudurpachhim Province Police Office, NRs. 2 million disbursed to Dhangadhi Sub-Metropolitan, NRs. 9.4 million disbursed to 9 District Administration Office and District Police Offices, NRs. 500 thousand disbursed to Reporter's Federation, Dhanagadi, NRs. 500 thousand disbursed to Armed Police Force No. 7 Headquarter, NRs. 117.6 million disbursed to Ministry of Social Development, it has not conducted monitoring and analysis of expenditure and progress by obtaining progress reports. Conducting monitoring in accordance with the Directives, the balance should be deposited in the Fund getting refund.
- 182. Covid Test** - Out of 277 thousand Antigen and PCR tests conducted in Sudurpachhim Province for covid testing up to 2021/07/15, 44 thousand have appeared COVID-19 positive. Of the patients tested positive, 574 patents have died. There are 977 beds in the dedicated hospitals of the Province. Likewise, there are 142 HDU beds, 69 ICU beds, 35 ventilators, 471 isolation beds, 130 covid HDU beds, 54 covid ICU beds and 21 covid ventilators in the Province. The Province has isolation centers in 135 places having

capacity of 2 thousand 603 isolation beds. In a situation of the livelihood of people has become normal due to decline in effect of covid, considerations should be given to make alternative use the equipment/goods existed in isolation centers.

- 183. Covid Management Expenditure** - To manage the circumstances arising from COVID-19, Tikapur Hospital, Kailali has spent NRs. 39 million 269 thousand in the construction/management of quarantines and holding centers, manpower mobilization, procurement of drugs and health equipment/ materials through direct/quotation/special circumstances, distribution of covid allowances, construction and management of isolation centers, construction of health infrastructures - establishment of 5 bedded hospital etc. However, the hospital has not updated the accounts and statements evincing the expenditures, and has not updated statistics ascertaining the number of positive and negative cases out of the total covid tests conducted. In making such expenditures, expenditure statement should be prepared as per the grant providing entities and expenditure heading, and all statistics related to control and management of the covid should be kept up-to-date.

• Local levels

- 184. Other Purpose Expenditure** - Section (2) 9 of Intergovernmental Fiscal Arrangement Act, 2017 provides that while providing any conditional grant, the Government of Nepal may lay down necessary conditions related to the implementation any plan and the concerned province and local level shall have to comply with such conditions. Khaptad Chhanna Rural Municipality, Bajhang has spent NRs. 1 million 122 thousand in respect to risk allowances of the employees of covid health services and health employees appointed on contract basis against the condition of guidelines. Similarly, Saipal Rural Municipality, Bajhang has spent NRs. 1 million 688 thousand in Maternity and Newborn Baby Program, free distribution of sanitary pads to students of community schools, and Educational Learning Facilitation due to Corona etc. as against the condition of guidelines. Such expenditures should be utilized only for the works specified in conditional grant complying with the conditions.
- 185. Difference in Heading** - Rule 37 of Sudurpachhim Province Financial Procedures Rules, 2019 provisions that in making any entity expending government amount shall incur expenses remaining within ceilings of budget and program and shall comply with the expenditure heading specified in Integrated Economic Codes Classifications and Explanations, 2017 issued by Federal Ministry of Finance. From amounts allocated in capital heading, Chhbis Pathibhera Rural Municipality, Bajhang has spent NRs. 4 million 568 thousand in procurement of drugs for covid purpose. Such expenditures should be borne only from specified budget heading.
- 186. Use of Goods** - Belauri Municipality, Kanchanpur has spent NRs. 14 million 497 thousand in home isolation management of COVID-19 tests conducted 1 thousand 838

persons, management of drugs, health materials and equipment, and salary allowances of health workers, out of which NRs. 6 million 961 thousand has been utilized in the procurement of drugs and health materials and provided such materials to Covid Hospital Kunda. Proper utilization of the procured goods cannot be assured as the evidence of store entry has not been produced.

- 187. Risk Allowance** - Mohanyal Rural Municipality, Kailali has spent risk allowance of NRs. 1 million 407 thousand - inclusive of NRs. 1 million 264 thousand paid to 58 health workers mobilized in frontline amid the covid risk condition and NRs. 143 thousand paid to other 6 administrative employees as per decision of executive stating that mobilized in frontline. Bhim Dutta Municipality, Kanchanpur has spent NRs. 3 million 671 thousand as risk allowance of 57 health workers and sanitation staffs. The payment of risk allowances are given without with obtaining the certified attendance of mobilized in covid works and getting monitoring report. There should be control in such payments.
- 188. Last Year's Payment** - Rule 41 (7) of Sudurpachhim Province Financial Procedures Rules, 2019 provisions that an entity shall not incur expenditure beyond the limit fixed by current budget and in cases if any amount of expenditure is exceeded the current budget, a Statement of Outstanding Payment shall be prepared and get such statement certified from Province Treasury Comptroller Office within 15 days of completion of fiscal year. Audit observations witnessed in this respect are as follows:
- 188.1. With regards to last year's outstanding payment of COVID-19 Prevention and Treatment Fund, Dodhara Chandani Municipality, Kanchanpur has paid NRs. 7 million 345 thousand in this year by certifying the statement only from office chief.
- 188.2. Without preparing outstanding payment statement and stating that inadequacy of amount in Corona Fund in Jestha and Ashadh Month of last year, Sayal Rural Municipality, Doti has spent NRs. 6 million 497 thousand in last year's quarantine management, food-stuff, and volunteers/assisters allowance. Without preparing outstanding payment statement, Shailyashikhar Municipality, Darchula has spent NRs. 33.3 million in distribution of reliefs, quarantine management expenditure, incentive allowance, procurement of health materials etc. of last year and Budhiganga Municipality, Bajura has provided last year's payment NRs. 4 million 335 thousand out of this year's total expenditure NRs. 8 million 580 thousand.

In cases any amount is to be paid due to transfer of liability for the next year resulting from inadequacy of approved budget, the payment of such amounts should be given only on the basis of certified evidences/document.

- 189. Expenditure Statement** - Amongst the total amount acquired from various sources for the management of Covid disaster management, Bedkot Municipality has spent NRs. 12 million 687 thousand and retained NRs. 6 million 219 thousand as balance. Bhimdutta Municipality, Kanchanpur has spent NRs. 15 million 822 thousand in the construction of

quarantine/holding centers, construction and management of isolation centers, procurement of drugs and health equipment and materials, mobilization of manpower, procurement oxygen plant, helicopter charter etc. and retained NRs. 783 thousand as balance. The Municipalities have incurred lump sum expenditures without preparing details, purposes and sources of expenditures, which is not appropriate. Accounts should be maintained by specifying donor-wise and heading-wise expenditures.

- 190. Procedures** - Section 102 of Local Government Operations Act, 2017 provisions that a municipality may formulate an Act remaining within scope of its powers and remaining within such Act, the municipal executive can formulate related rules, directives, procedures and standards as per necessity. Shilyashikhar Municipality, Darchula has spent NRs. 34 million 690 thousand from Local Level Disaster Management Fund without preparing directives, procedures and standards. Necessary expenditure procedures, directives and standards should be formulated in making any expenditure from Disaster Management Fund.
- 191. Use of Health Materials** - By utilizing the budget of NRs. 6 million allocated for the procurement of drugs, kits and equipment from the federal fiscal equalization, Mahakali Municipality, Mahakali has spent NRs. 5 million 380 thousand in procurement of surgical goods, antigen kit, medical beds etc. and kept them idle in a school room. It is not appropriate to keep the procured goods in useless condition without making use in the control and treatment of covid.
- 192. Relief Distribution** - The local levels of Darchula District of Sudurpachhim Province have distributed reliefs in 2019/20 for the control and management of COVID-19. Audit observations witnessed in distribution of relief are as follows:
- 192.1. For giving relief from the food crisis to targeted groups during lockdown period, various municipalities/ rural municipalities have made decisions to distribute reliefs on the basis of number of family members. Lekam Rural Municipality, Darchula has distributed reliefs by procuring food-stuff of NRs. 2 million 450 thousand from Disaster Management Fund. Marma Rural Municipality has taken a decision of distributing reliefs of NRs. 2 million 475 thousand to 1 thousand 406 persons of 235 Dalit households of ward No. 6 that used to work on daily wages. Similarly, Byas Rural Municipality, Darchula has distributed relief materials of NRs. 2 million 374 thousand to 929 household families. They have not prepared the description of the families getting such reliefs. It is necessary to prepare statements related to ward-wise relief distribution of expenses and savings of goods along with the record of number of families to which reliefs are distributed.
- 192.2. To get rid of the food crisis to the targeted groups during lockdown period of 2019/20, Mahakali Municipality, Darchula has made a decision to distribute reliefs on the basis of number of family members. The Municipality has distributed relief of NRs. 5 million

849 thousand to 3 thousand 654 families of Ward No. 9 in this year. The Municipality has distributed reliefs to all persons proportionately instead of distributing reliefs to certain targeted group - poor, workers, helpless groups which have problems in daily subsistence due to lockdown. It is not appropriate to distribute reliefs proportionately without giving preferences to certain affected groups.

- 193. Disaster Management Fund** - For the management of circumstances arising from COVID-19, NRs. 6 million 768 thousand has been spent by Bhajani Municipality, Kailali, NRs. 9 million 386 thousand spent by Janani Rural Municipality, NRs. 8 million 307 thousand spent by Joshipur Rural Municipality, and NRs. 7 million 693 thousand spent by Tikapur Municipality in the works such as- the construction and management of quarantines holding centers, manpower management, procurement of drugs and health equipment and materials through direct procurement, quotations and special circumstances, covid allowances, construction and management of isolation centers, construction of health infrastructures etc. With regards to the expenditures, the municipality/rural municipality have not updated the accounts and statements evincing the expenditures, and have not updated statistics ascertaining the number of positive and negative cases out of the total covid tests conducted. Proper records should be maintained of the construction of isolation for the covid patients, relief distribution, procurement of drugs and equipment, details of vaccines, and statistics of patients.
- 194. Daily Wage Staff** - Section 83 of Local Government Operations Act, 2017 provisions that a local level, by assessing its work-load, shall propose position of the employees to be appointed on contract basis and it shall not create temporary positions for such works. For the management of quarantines during covid period, Joshipur Rural Municipality, Kailali has spent NRs. 2 million 618 thousand by appointing 21 employees in various posts on daily wage basis without making any competition. In a situation of non-operations of quarantines and isolations, the Rural Municipality has paid NRs. 1 million 558 thousand to the employees with regards to salary of Mansir to Ashadh Month (Mid-November 2020 - Mid July 2021).

Chapter 3 - Improvement to be done in Future

For the prevention and control of COVID-19, attentions should be given in the projection of risks and preparedness, management of hospitals and laboratories, procurement and usage of drugs, medical goods and machinery and equipment, procurement and management of vaccines etc. For this, it is essential to have joint efforts and coordination of the federal, provincial and local governments for the arrangements of necessary budgets and resources, conduct necessary surveillance at border point to prevent and control corona disease, and make continuous improvements in the works of covid testing, quarantines & isolation management and vaccination services. The following improvements are to be done in future for making the prevention and control of the health sector related pandemic along with the COVID-19 :

• Legal and Institutional Arrangements

1. Necessary preparation should be done to formulate, amend and implement the Disaster Management Code by integrating the provisions of various laws related to disaster management such as Infectious Diseases Act, Public Health Services Act, Disaster Risk Mitigation and Management Act, Local Government Operations Act etc. Efforts should be taken to establish coordination and determine the responsibility within the jurisdiction of the federal, provincial and local levels.
2. An integrated policy should be formulated consolidating all the policies related to pandemic related disaster management, and steps are to be taken to ease its implementation.
3. An Institutional Strengthening Central Disaster Management Body should be established by covering the activities of all governmental and non-governmental entities concerned with the disaster management, and the federal, provincial and local levels should also be mobilized in a coordinated manner. The manpower, resources and equipment required for such institutions should be managed. Steps should to be taken to maintain consistency in regulating and directing to overall disaster management.
4. One single fund should be created for the disaster management, and all existing funds should be merged with the Fund. A separate disaster management guideline should be issued to guide the financial transactions to be operated during the disaster period. In order to prevent shortage of amount in the fund, a certain amount should be allocated in budget every year for depositing in the Fund.
5. The records of the assistances received from the various donor agencies and countries at the time pandemic are to be kept up-to-date, and effective monitoring are to be done with regards to the mobilization of goods and equipment received as technical assistance and assistance in kind.

• Risk Assessment and Pre-Preparedness

6. Since the pandemic usually have long-term impact on human and social aspects, necessary preparation works are to be done for resolving the problems by anticipating its effects and impacts realistic manner. The machineries established for the projection of risks and preparedness should also be effectively mobilized.
7. Proper attention should be given towards research and search activities. Necessary infrastructures should be established to carry out gene-sequencing testing in Nepal.
8. In order to make effective to the prevention and control works of COVID-19, arrangements are to be made to mobilize the machineries formed as per the guidelines and protocols.
9. The lockdown should be imposed only in the very essential situation by projecting the risks and identifying the possible places that may be impacted by pandemic. In such situation, arrangements should made for the movement, foods and transporting to destination to general people.
10. Arrangements should be made to develop a system in order to consolidate the expenditures of all levels of Government incurred in the management of COVID-19, and make public to such expenditure statement by updating the records. Cooperation and coordination should be enhanced by keeping systematic records of works performed by the federal, provincial and the local levels.
11. A permanent information Center should be established to create public awareness on the communication mode that inform the public about the pandemic situation including Covid that appears in national and international arena and to give importance to the subject matters related to the prevention of pandemic.

• Prevention and Control

12. The dissemination of information should be made effective to make precaution and vigilant for the prevention and control of the COVID -19.
13. Management of COVID test, holding center, quarantines and isolation centers should be done effective by keeping surveillance of the border points.
14. Compulsory testing should be done to the persons/ communities that have fallen in high risk in accordance with the Contact Tracing Guidelines, and the IT system along with mobile application should be used for contact tracing and making follow up. Arrangements should be made to use the machineries of the local levels for conducting the contact tracing.
15. Arrangements should be made to monitor effectively to the operations and management of the quarantines and isolation centers in accordance with the prescribed standards, and monitoring should also be conducted effectively to the infected people staying in home isolation.

16. Meetings and workshops/seminars should be conducted through the use of webinar as well as information technology (IT) to maintain social distancing and discourage social programs, crowding and public gatherings.
17. The procurement of kits should be made transparent, economical and competitive, and the policy should be formulated to make alternative use of the machineries, equipment and, oxygen plants purchased during infection period in future.
18. By making the arrangements of giving payment on the basis of cases of corona treatment and making effective to the monitoring the of patient treatment, the integrated report pertaining to consumption and stocks of the purchased vaccines, machineries equipment and drugs in course of the prevention, treatment and control of Corona should be prepared and an action plan related to proper utilization of such materials/goods should also be prepared.

• Compliance to Health Protocols

19. The protocols prepared for the works such as forecasting, preparedness etc. of covid should be implemented keeping in view of new wave of covid.
20. The specified standards should be implemented in the private and community hospitals that provide emergency health services to the persons having complex health problems and provide services to covid infected patients.
21. Arrangements should be made to separate other persons from the covid infected patients and health workers directly involved in treatment of such disease for certain period.

• Hospital and Laboratory Management

22. In order to increase the capacity and quality of laboratory testing, the National Disease Diagnostic and Control Center should be established and the infrastructures of the federal, provincial and local level hospitals should also be extended maintaining coordination with each other.
23. Monitoring should be conducted in regards to whether various government and private hospitals have complied with the health standards issued by the World Health Organization. In determining the service delivery standards and making adjustments fees of the covid patients by the private hospitals, the hospitals should pay attention in the promotion of accessibility and convenience of services considering the adverse condition like the pandemic.
24. Arrangement should be made to supply of the medicines and medical equipment easily. The equipment such as digital X-rays, hand carry **Ultrasound** machines, electric cardiographs, ventilators, oxygen concentrators etc. to be used for treatment by COVID Hospitals should be distributed to the concerned hospitals on time.
25. The capacity of the National **Public Health** Laboratory should be enhanced, and well-equipped laboratories should be established in each provincial level, and

monitoring should be conducted with regards to the services delivery of such laboratories .

• Procurement and Management of Drugs and Equipment

26. Separate procurement procedures should be enacted in order to make procurement in special circumstances including pandemics, crisis, emergencies, natural calamities and disasters etc. and to construct necessary infrastructure, procure materials and consultancy services for make rescues and relief distribution on the basis of immediate decision.
27. By identifying procurement needs, a procurement plan should be prepared segregating the goods/materials that need to be procured immediately and can be procured after some time, and arrangements should be made to procure goods/materials in competitive manner as possible.
28. Since huge unnatural difference is witnessed in the prices of the same health materials and equipment procured by various entities of the federal, provincial and local bodies, all the Governments should enter into a framework agreements and should follow the system of procuring goods of specified specification and quality at the rate stipulated in such agreements.
29. For the implementation of activities related to COVID-19, necessary budgets and drugs & equipment should be provided on basis of the demands so that the scarcity of these will not occur. The information technology system should also be used for this purpose.

• Relief and Rehabilitation

30. In order to mitigate the impact of COVID-19 on the economy by studying the its sectorial impacts and to rehabilitate the areas most affected by it, the system of providing various facilities, such as - relief rehabilitation packages, concession or privileges, incentives etc. should be arranged.
31. In order to make easy access to the supply of essential food stuffs and medical goods and give continuity to the treatment of other patients during the lockdown period, the management of the transportation, procurement of medicines and delivery of essential services should be made effective.
32. Service delivery through single point should be encouraged, and aid received from donors and other organizations should also be mobilized through single door system.
33. Food relief should be provided for the subsistence of workers that depend on daily wages. Instead of distributing relief on the basis of proportional manner, the policy of providing reliefs only to the classes/communities actually affected by the pandemic should be adopted.

34. Since different policies have been adopted by the governments of all the three levels with regards to the COVID-19 testing, treatment, relief, rescue and rehabilitation, appropriate policy should be formulated and continuity to existing policies should be given by making adequate study.

• **Manpower Management**

35. The doctors, nurses and other health workers studying on scholarship of the Government of Nepal should be mobilized as per necessity. Inadequate manpower should be hired in order to extend the health services and facilities as per pressure of patients, and adequate training should be provided to the manpower involved in controlling the covid.
36. Actions should be taken to keep the health workers working in front line safe and to make the personal safety materials easily available to the front line manpower including health workers. Conducive environment should be created to perform works with motivation.
37. The participation of the local people's representatives and political parties should be enhanced, and adequate training on pandemic control should be provided to the security personnel prior to engaging in covid control.
38. There should be uniformity in the distribution of risk allowances as per the approved guidelines.

• **Management of Vaccines**

39. In order to enhance the resistance capacity against the Corona infection, adequate resources are to be managed to acquire the vaccines developed in world market.
40. The act of procuring vaccines should be made qualitative and economical taking actions through the World Health Organization and diplomatic channels.
41. In order to vaccinate people easily, the vaccination programs should be launched by determining priorities on the basis of place, age group, population, geography etc.
42. The internal controls system should be made effective in order to timely update the records of the receipt and usage of vaccines.
43. Special importance should be given to health education program by making adequate study and analysis on the impact and effect of the vaccination.

Statement of Health Materials/Equipment received from Various Donor Agencies/Institutions

S.No.	Donor Agency	Particulars
1	Government of China	Syringe 1 ML, Vero-cell Vaccine (5 doses vial), Automated RNA Extraction Kit, RNA Extraction Kit, Oxygen Cylinder (40 L), Portable X-ray machine (DR system), Anesthesia Workstation, WI PAP machine, Full Automated Biochemistry Analyzer, USG machine, Ventilator, ICU Bed, General Bed, Automated RNA Extraction Machine, Mobile X-ray, N-95 Mask, Surgical Mask, Infrared Thermometer, Ear Thermometer, Gown
2	World Health Organization	Various 18 types of Medicine, 3 types of Injection, Antigen Kit, Dengue Registrar, Determine HIV test Kit, Electrical Panel, Glove, Face Mask, Filariasis Test Kit, Gown, Infrared Thermometer, Leishmania DAT Antigen, MB Combi- Adult Strip, N-95 Mask, Nasal Cannula, National Communicable Disease Kit, Oxygen Concentrator, Kala-azar Test Kit, Safety Goggle, Venturi Mask Child
3	Qatar Embassy	Gown, Safety Goggle, Mask, Face Shield
4	UAE Embassy	Hand Sanitizer-500 ML, Shoe Cover, Wet Wipes, Surgical Gloves
5	Swiss Embassy	RNA Extraction Kit, Covid E-gene Eva Test Ki, SARS Covid N-gene Test Kit, Light Cycleclear Multi-plex RNA Virus Test Kit
6	Indian Embassy	Portable Ventilator, RNA Extraction Kit, RT-PCR Re-agent
7	US-AID Nepal	Oxygen Mask, High Concentrated Oxygen Mask, Nasal Cannula, COVID-19 Antigen Kit, Portable Ventilator, Two Way Valve Escavational Bulk, FIO-2 Measurement Kit, Nelkar Portable Pulse Oximeter Censer, Patient Monitoring System, PM-10 Re-usable Adult Pulse Oximeter Censer, SPO- 2 Re-usable Pediatrics Pulse Oximeter Censer, BiPAP Machine, CPL High Flow Nasal Cannula, Battery, Pulse Oximeter Spot Check, AMBU Bag, Face Masks, Face Shields, Shoe Covers, Surgical Cap, Rapid Diagnostic Test Kit, Masks, Gloves, Dead-Body Bag, Gowns, N-95 Masks
8	Alibaba Foundation	N-95 Mask (COVID-19)
9	GIZ Nepal	Laptops, Rapid Diagnostic Test Kit, RNA Extraction Kit, Covid E-gene Eva Test Kit, VTM with Swab Stick, SARS Covid RDRP Test Kit, RT-PCR, Polymer Mix, Bio-hazard Bag medium, Face Shield, Gown, Gum Boot, Hand Sanitizer 550ML, Infrared Thermometer, Masks, N-95 Masks, Safety Goggle, Shoe Cover, Surgical Cap, Glove, Surgical Hood, Swab Stick, Sodium Hypo chloride
10	Timasek Foundation Singapore	VTM, Oxygen Concentrator, Pulse Oximeter Spot Check, BiPAP Machine, Ventilator, Enhancer, RNA Extraction Machine, Potable Ventilator, RT-PCR, Test Kit
11	UNFPA	IUD Cut 380A Set, Implant Set, 5 various types of Drugs, 2 types of Syringe, Oxygen Cylinder, PPE Set, Hand Sanitizer 300 ML, Dead Body Bag, Gum Boot, Face Shield, N-95 Mask, Goggle, Shoe Cover, Gloves, Surgical Cap, Surgical Hood, Gowns, Infrared Thermometer, Surgical Mask
12	UNICEF	Polio Vaccine (IVP), Fridge Tag, Compressor Set, Thermostat Freezer, Thermostat Solar, Starting Device, Compressor FR, Freezer Complete, Ice Land Refrigerator, Solar Direct Combined Refrigerator, Fovotik Solar Power Unit, Vaccine Freezer, various spare parts, BOPV Vaccine, Measles-Rubella Vaccine, Covi-shield Vaccine, Johnson Covid Vaccine, Sinovac Covid Vaccine, Moderna Covid Vaccine, Ice Pack/ Deep Freezer, Various types of Syringe, Typhoid Vaccine, Vitamin A Capsule, RT-PCR Test Kit, Antigen Test Kit, RNA Extraction Kit, Various Types of Drugs, Autoclave Tape, BiPAP

S.No.	Donor Agency	Particulars
		Machine, High Flow Nasal Cannula, Pulse Oximeter, Venturi Child Mask, Venturi Mask, Oxygen Concentrator, Nasal Prongs, Oxygen Analyzer, Ultrasonic Hand Held, Autoclave machine, Automatic Hospital Washing Machine, Air Compressor, Oxygen Regulator, Oxygen Cylinder
13	USODC	RNA Extraction Kit, RDT Test Kit
14	Bangladesh Embassy	Remdesivir Injection, Oxygen Concentrator, PPE Full Set Cover, Gown Set, Hand Sanitizer 200ML, Sodium Hypo chloride, Surgical Mask N-95 Mask
15	Nepal Korea Friendship Hospital	RNA Extraction Kit
16	Water Aid Nepal	Surgical Mask, Sodium Hypo chloride, PPE Set, Hand Sanitizer 500ML, Safety Goggle, Face Shield, Heavy Duty Glove, Shoe Cover
17	Bernhardt Worldwide	Various Types of Injection, Various Types of Drugs, Antigen Test Kit, Dead Body Bag, Glove, Face Shield, Hand Sanitizer, Infrared Thermometer, IV Set, K-95 Mask, Surgical Mask, Oxygen Analyzer, Ultrasonic Hand Held, Oxygen Cannula, Oxygen Concentrator, Oxygen Cylinder, Pulse Oximeter Spot Check, Safety Goggle, Shoe Cover, Sodium Hypo chloride, Surgical Cap, Surgical Glove, Digital Thermometer, Ventilator Accessories, Voltage Regulator, Wet Wipes
18	Save the Children Nepal	Various Types of Injection, Various Types of Drugs, Alcohol Swab Stick, Android Tab, Power Bank, Bio-hazard Bag, Blood Lancet, HIV Test Kit, Disposable Shoe Cover, EDTA Capillary Tube, Examination Glove Medium, Face Shield, Gown Set, Hand Sanitizer 500ML, High Flow Nasal Cannula, Viral Nuclead Acid Kit, Spray Pump Set, ICU Ventilator, Infrared Thermometer, Isolation Gown, Lubricant Water Based F Condom Sachet, Magnetic Stand, Surgical Mask, N-95 Mask, Oxygen Concentrator, Patient Monitor, RDT Test Kit, RNA Extraction Kit, Safety Goggle, Shoe Cover, Surgical Glove, Surgical Cap, Surgical Mask, Ventilator
19	World Vision International	Pulse Oximeter Spot Check, Oxygen Cylinder, Oxygen Regulator, PPE Set, Infrared Thermometer, Hand Sanitizer 1000ML
20	Fair Made Nepal	Infrared Thermometer, Surgical Mask, N-95 Mask, Nebulizer Machine, Oxygen Concentrator, Oxygen Regulator, Oxygen Reserver Valve, PPE Set, Pulse Oximeter Spot Check, Safety Goggle, Surgical Glove, Ventura Mask
21	Basanta Chaudhary Foundation	Face Shield, Gown, Goggle, Surgical Cap
22	Chaudhary Foundation	PPE Set
23	Non-Resident Nepal Association, Kathmandu	Antigen Kit, Cotton Mask, Face Shield, Gown Set, Infrared Thermometer, Surgical Mask, N-95 Mask, Oxygen Concentrator, Oxygen Cylinder, Oxygen Regulator, PPE Set, RT PCR Kit, RNA Extraction Kit, Safety Goggle, Shoe Cover, Surgical Glove, Ventilator
24	Sumi Pharmaceuticals Pvt. Ltd.	Hand Sanitizer
25	Lion Club International	PPE Set, Surgical Glove, N-95 Mask
26	Luthran World Federation Nepal	AMBU Bag, BiPAP Machine, Chlorine Solution Jar, Examination Glove, Face Shield, Gown Set, Hand Sanitizer 100 ML, Infrared Thermometer, Liquid Hand Wash, Surgical Mask, N-95 Mask, Nebulizer Machine, PPE Full Set

S.No.	Donor Agency	Particulars
27	Chemical and Medical Supply Association, Nepal	Cotton, Glucometer Device, Gown Set, Hand Sanitizer 100 ML, IV Cannula, N-95 Mask, Shoe Cover, Surgical Cap, Surgical Glove, Viral Carrier Kit, Syringe
28	Surya Trade Concern	Dis-infection Tablet, Pressure Sprayer
29	International Nepal Artists Society	N-95 Mask, Infrared Thermometer, PPE Set, Surgical Mask
30	Shikhar Insurance Company	Surgical Mask
31	Lumbini Health Care Pvt. Ltd.	Post Mortem Set, OT Table, Safety Goggle, Face Shield, N-95 Mask, Surgical Glove, Surgical Mask, PPE Full Set Cover
32	Unilever Nepal Ltd.	Ventilator, Oxygen Concentrator, VTM, Sample Release Re-agent, PCR Tube, Swab Stick, Sample Storage Re-agent
33	Association of Engineering College	PPE Set
34	Good Neighbors International	RT-PCR Kit, RNA Extraction Kit, Ventilator, ICU Bed, Surgical Mask, Gown Set, Gum Boot
35	United Distributors Nepal Pvt. Ltd.	N-95 Mask, Infrared Thermometer, Gown Set

**Status of goods/materials distribution that procured by Department of Health
Services/ received from other entities**

S.No.	Name of Goods/Materials	Unit	Purchased Quantity	Received from other entities	Total Quantity	Distributed to Provinces	Distributed to other Entities	Total Distribution	Balance Quantity
1	PPE Set	Set	625	22,720	23,345	1,485	21,602	23,087	258
2	Gown	Number	325,900	1,066,467	1,392,367	751,182	521,411	1,272,593	119,774
3	Surgical Mask	Piece	2,127,280	46,215,240	48,342,520	26,896,435	20,656,948	47,553,383	789,137
4	Surgical Gloves	Pair	334,920	621,400	956,320	265,005	674,080	939,085	13,803
5	Gloves	Pair	50	3,939,332	3,939,382	2,310,900	1,193,421	3,504,321	435,061
6	N-95 Mask	Number	60,000	4,367,177	4,427,177	2,803,990	1,155,017	3,959,007	468,170
7	Surgical Cap	Number	39,400	153,520	192,920	58,990	121,890	180,880	12,040
8	Safety Glass	Number	114,250	470,694	584,944	370,609	158,703	529,312	55,632
9	Face Mask	Number	0	4,100	4,100	580	3,520	4,100	0
10	Face Shield	Piece	1,300	1,104,729	1,106,029	658,795	329,661	988,456	117,573
11	Shoe Cover	Pair	55,350	166,690	222,040	54,890	155,505	210,395	11,645
12	Gum Boot	Pair	18,540	8,230	26,770	10,119	13,734	23,853	2,917
13	Heavy Duty Glove	Pair	5,200	13,080	18,280	2,280	12,961	15,241	3,039
14	Sanitizer 100 ml	Bottle	5,750	140	5,890	0	5,026	5,026	864
15	Sanitizer 300 ml	Bottle	0	3,750	3,750	50	3,700	3,750	0
16	Sanitizer 500 ml	Bottle	10,800	20,964	31,764	7,414	13,396	20,810	10,951
17	Sanitizer	Liter	6,690	25,275	31,965	12,845	16,085	28,930	2,173
18	Surgical Hood	Piece	0	3,000	3,000	50	2,300	2,350	650
19	IR Thermometer	Number	915	5,988	6,903	1,165	3,485	4,650	2,253
20	Ear Thermometer	Number	0	520	520	0	11	11	509
21	Body Bag	Piece	900	15,320	16,220	5,285	8,112	13,397	2,823
22	Wet Wipes	Packet	0	3,495	3,495	2,280	1,010	3,290	205
23	Sprayer Pump	Number	84	227	311	57	254	311	0
24	Chloroquine Phosphate	Bag	0	80,000	80,000	0	40,000	40,000	40,000
25	Chlorine NaDCC	K.G.	4,000	500	4,500	2,525	1,562	4,087	413
26	Sodium Hypo-chloride Solution	Liter	0	10,480	10,480	3,400	516	3,916	6,395
27	Dis-infection Tab	Number	0	490	490	140	350	490	0
28	Portable Ventilator	Number	0	221	221	1	172	173	48
29	Portable PCR Machine	Number	5	3	8	1	6	7	1
30	VTM (including packing material)	Set	1,555,000	991,664	2,546,664	399,776	1,685,501	2,085,277	450,108
31	PCR Re-agent Kit	Number	20,000	0	20,000	0	20,000	20,000	0
32	Rapid Diagnostic Kit for Covid	Number	396,445	4,647	401,092	240,500	152,396	392,896	0
33	RNA Extraction Kit	Test	1,593,000	1259,968	2,852,968	269,936	2,006,166	2,276,102	518,684

S.No.	Name of Goods/Materials	Unit	Purchased Quantity	Received from other entities	Total Quantity	Distributed to Provinces	Distributed to other Entities	Total Distribution	Balance Quantity
34	2019 N Covid ACE	Number	0	4,000	4,000	0	4,000	4,000	0
35	Bio Hazard Bag	Number	100	11,102	11,202	7,000	4,202	11,202	0
36	Swab Stick	Bag	0	43,818	43,818	0	18,126	18,126	25,692
37	Real time PCR Kit	Test	1,600,000	1,001,271	2,601,271	188,732	1,949,072	2,137,804	462,191
38	Lifilise One Step RT-PCR	Test	0	46,000	46,000	0	46,000	46,000	0
39	Covid Egen EVA Test	Test	0	104,160	104,160	3,648	100,512	104,160	0
40	SARS COVID Antigen Test	Test	0	30,000	30,000	1,152	28,848	30,000	0
41	SARS COVID RdRp Test	Test	0	33,840	33,840	1,152	32,688	33,840	0
42	Real Time PCR Re-agent	Test	0	123,400	123,400	0	123,400	123,400	0

Statement of Foreign Assistance Received

S.No.	Donor	Project/Program	Agreement Date	Received Amount (in US Dollar)
1	Save the children	COVID-19 Global Fund	2020/4/15	300,001
2	Handicap International	COVID-19 Response	2019/12/16	75,651
3	Save the Children	Start Fund COVID Response	2020/6/15	234,607
4	Terra De Hommes	Integrated Response of COVID	2020/8/5	129,006
5	Tear Fund	Community Protection	2020/5/27	436,450
6	UNESCO	Camp COVID	2020/4/1	103,136
7	Good Neighborhood International	Community Development Project	2021/6/11	436,328
8	German Development Cooperation	Corona Emergency Fund	2020/10/16	10,968,000
9	Plan International	COVID-19 Response	2020/9/1	844,142
10	India	COVID Relief Package	20/07/16	386,482
11	German -Nepal Help Association	COVID-19 Response	2021/4/29	1,747,433
12	Australia	COVID-19 Response	2021/6/25	635,811
13	Ipas Nepal	COVID-19 Response	2021/6/1	114,077
14	Fair Made	COVID-19 Response	2020/4/10	130,832
15	Catholic Relief Services	COVID Active Response	2021/6/1	361,374
16	ADB .	COVID Active Response	2020/6/1	250,000,000
17	European Union	COVID Crisis Response	2020/6/1	767,760
18	Good Speard International	COVID Crisis Response	2020/5/28	35,237
19	Government of Australia	COVID-19 Response	2021/6/10	181,248
20	Medecines du Monde	COVID-19 Response	2020/5/27	72,973
21	Catholic Relief Services	COVID-19 Response	2020/4/23	183,610
22	Save the children	Defeat COVID-19 Response	2020/7/6	3,458,071
23	Save the children	Pool Fund	2019/8/9	35,000
24	USAID	Health Emergency	2019/8/9	1,700,000
25	Salfer Nis	Health Emergency	2021/9/21	124,423
26	KURVE Wustrow	COVID-19 Response	2021/9/21	177,317
27	USAID.	Ventilator Donation	2021/5/16	1,985,933
28	Save the children	COVID-19 Response	2020/11/9	341,252
29	Adventist Development Relief Agency	COVID-19 Response	2021/2/2	211,290
30	Korea International Corporation	Medical Equipment	2021/4/15	21,000
31	Swiss Agency For Development Cooperation	Private Sector Response	2020/10/21	1,800,000
32	Aminist Development and Relief Agency	COVID-19 Response	2021/6/23	381,797
33	IMF .	Rapid Credit Facilities	2020/5/6	214,000,000
34	Swiss Agency For Development Cooperation	Small Sector Response	2019/2/1	891,381
35	Korea International Cooperation Agency	Oxygen Concentrator	2021/5/10	596,763
36	Korea International Cooperation Agency	Oxygen Concentrator	2020/5/30	78,000
37	Korea International Cooperation Agency	PCR Kit	2020/2/1	825,000
38	IDA	Support to Combat COVID	2020/2/1	5,236,520
39	Swiss Agency For Development Cooperation	Relief and Recovery	2020/4/27	2,681,373
40	UNFPA	COVID-19 Response	2020/6/30	415,235
Total				503,104,513

