

Special Audit Report

Management of COVID-19 2078 (2020-21)



**Office of Auditor General
Kathmandu, Nepal**

Special Audit Report on Management of COVID 19

Serving the Nation and the People

Vision

We strive to be a credible institution in promoting accountability, transparency and integrity for the benefit of the people.

Mission

Provide independent and quality audit service to assure our stakeholders that the public funds are efficiently used.

Core Values

Integrity

Independence

Professionalism

Transparency

Accountability

Foreword

As mandated by the Article 241 of the Constitution of Nepal, the accounts of all the government offices at the federal, provincial and local levels shall be audited by the Auditor General (AG) with due regard to, *inter alia*, the regularity, economy, efficiency, effectiveness and the propriety thereof. As per the constitutional and legal provision the AG shall have access to accounting records at all times and is required to submit annual reports on work performed to the President. The provision in the Audit Act, 2075 (2019 AD) also stipulates the methodology, scope and the matters to be audited shall be as specified by the AG. The same Act specifies that various matters shall be audited by the AG.



Audit plays an important role in making financial management system transparent and strong by enhancing responsibility and accountability of officials of the public entities. The COVID-19 pandemic which first surfaced in late December 2019 has currently impacted most of the countries around the world. Most of the countries across the world have spent a huge sum of money on prevention, controlling and treatment of COVID-19. Public accountability and promotion of transparency is important at the time of pandemic and it is being accepted at the international arena that the expenditure incurred for this purpose must be examined independently, assessed and reported. In this regard, this report has been prepared in line with the commitment to submit a special report to the Hon'ble President by examining the work performed and expenditure incurred for the prevention and treatment of COVID-19 pandemic. In connection of audit, it has covered the activities related to COVID-19 of 803 entities of government at all three levels. The federal government has spent Rs.4.79 billion - out of which Rs.1.3 billion has been spent from the Federal Fund, Rs.2.94 billion from the provincial government and Rs.7.74 billion from the local level has been spent for this purpose.

All the three levels, federal, provincial and local bodies operated activities regarding pandemic prevention, control and treatment such as preparedness, relief distribution, quarantine and isolation management, procurement of health materials, infrastructure development, manpower management, raising awareness, surveillance at border points, searching, tracing, testing and treatment, operation and management of COVID hospitals, lockdown and other activities. Since the outbreak of pandemic was seen unprecedented, activities were also carried out for management of available resources and arrangement of additional resources in order to mitigate the pandemic. The federal and provincial government created a Fund to raise assistance from all sectors for responding to the pandemic. In addition to spending large sums of money through budgetary appropriation and funds, various economic and social impact resulted due to lockdown. Industries, trade and schools remained closed. A large number of manpower have lost employment.

In course of audit of federal, provincial and local level entities, the audit has revealed various lapses in connection with prevention, controlling and treatment of pandemic that includes: inadequate preparedness and risk assessment; failure to procure economically and competitively since the procurement process was initiated only after the outbreak of pandemic; weak management of surveillance at border points due to influx of thousands of citizens at a time; lack of adequate-quarantine and isolation centers at the initial stage and unused facilities at later stage; lack of proper management and coordination of relief and rehabilitation activities etc. Similarly, the quality of the materials procured for the prevention and treatment of COVID-

19 could not be ensured and relief has been distributed at the local level by spending irrepressibly.

I do hope that all the federal, provincial and local level entities shall implement the recommendations given in this report and act accordingly to bring effectiveness in controlling, preventing and treatment of pandemic by promoting public accountability and transparency. Also, I would like to express my special thanks to all the staffs of my office who worked and contributed day and night during the pandemic period in preparing this report.

Sd-

(Tankamani Sharma, Dangal)

Auditor General

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Chapter-1- Audit Objective, Scope and Methodology

- 1. Background** - The World Health Organization (WHO) declared outbreak of Novel Corona Virus, "COVID-19", as a global pandemic. It was first seen at the end of December 2019 and has almost effected all the nations across the globe. It is not predictable how long this pandemic will last, the impact it shall have and in what form it will exist thereafter. The first case of COVID-19 was detected in the mid of January, 2020, in Nepal. Since then cases have continued to rise in Nepal in recent days. Death rate has also been increasing along with increase in infection cases. From the very beginning, the federal and provincial governments as well as the local level have been involved for pandemic control and prevention. The Government of Nepal imposed lockdown from April 8, 2020, however the reappearance of cases increased rapidly after the lockdown was relaxed in Mid-April. Since then, municipalities and district administration offices have been imposing lockdown at the local level.

All the three tiers of Governments were involved in infection prevention and control measures like monitoring, detection, contact tracing, testing, quarantine and isolation management, relief distribution, procurement of health supplies, COVID hospital operational management, manpower management, raising awareness, evacuation of citizen from foreign countries, announcement of prohibitory orders etc. The government managed the resources for responding to the pandemic spread by creating a separate Fund for the prevention, control and management of COVID-19, by redirecting the budget appropriated for other purpose through virement, by arranging fund from foreign donors and by raising funds from all sectors. In addition to the huge amount of money spent through the budget and the fund in responding to the pandemic, the persistent lockdown also created social and economic implications. Trade, industries, and schools remaining closed. A large number of manpower lost their jobs. This report has been submitted by conducting audit based on the practice of doing special audit by the Supreme Audit Institutions regarding the management of the pandemic.

- 2. Audit Objectives:** The main objective of this audit was to report and offer suggestions regarding the pre-preparedness and prevention of COVID-19 pandemic and examine whether the activities carried for prevention, control and treatment of the virus and measures to mitigate the impact on livelihoods were undertaken economically and efficiently. In order to achieve this objective, the following sub- objectives of audit were set to ensure:

- Whether resource management and expenditures were transparent
- Whether pandemic risk assessment and pre-preparedness activities were undertaken timely and adequately
- Whether the federal, provincial and local level acted in a coordinated manner to control and prevent the pandemic
- Whether activities related to surveillance, contact tracing, testing and treatment of the infected persons were properly managed
- Whether, the hospital infrastructures required for pandemic prevention, control and treatment, procurement and management of health equipment and manpower mobilization including other activities were performed economically and efficiently

3. **Scope of Audit** -The audit covered the expenditure incurred by Office of the Prime Minister and Council of Ministers (Corona Disease Control and Prevention High Level Committee and COVID-19 Crisis Management Center), Ministry of Finance, Health and Population, Home, Defense, Urban Development and Labor, Employment and Social Security Ministries and activities performed by 803 entities for the prevention and control of Corona pandemic undertaken till Mid-July, 2020. In connection of audit, some relevant issues have also been covered till the audit period. The list of the audited entities covered were as follows:

S.N.	Name of the Entity	No.	S.N.	Name of the Entity	No.
1	Ministry of Finance	2	6	Ministry of Urban Development	1
2	Ministry of Health and Population	19	7	Ministry of Labor, Employment and Social Security	1
3	Ministry of Home Affairs	5	8	Ministry of Social Development	7
4	Ministry of Defense	2	9	Regional and District Hospitals	71
5	Ministry of Culture, Tourism and Civil Aviation	1	10	Local Level	694
Total					803

4. **Audit Methodology** - A process-oriented and problem-oriented approach has been adopted for audit. In the context of prevention, control and treatment of COVID, problem-oriented methods have been used focusing on problem identification and mitigation measures. Since various entities have to carry out the work of prevention, control and treatment of pandemic as stipulated in the Act, Rules, procedures, guidelines and good practices, process-oriented method has been adopted regarding its compliance and economy and efficiency of the activities carried out. In addition to the norms, guidelines and international best practices adopted by the Office in this audit, the guidelines issued by the International Organization of Supreme Audit Institutions and the methods and procedures mentioned in the Disaster Management Audit Guidelines prepared by the Office have been followed as required.

In course of audit, documents and evidence were collected during on-site visit and were reviewed, discussed and interacted with audited entities. Apart from this, details have been collected from various agencies covered in the scope of audit by using various forms. Remote auditing process has also been used for this purpose. The report has been prepared based on the analysis of the information received.

5. **Rationale to Special Audit** - The rationale to undertake this audit were as below:
- 5.1 Section 5 of the Audit Act, 2075 mandates to the AG to conduct audit of various matters-
- 5.2 It is necessary to evaluate the expenditure incurred and the work performed by the Provincial for prevention of pandemic, expansion of required infrastructure for treatment, supply of goods, management of human resource, operation of COVID Fund, generation public awareness, management of quarantine and isolation centers and other related activities in dealing with tracing of affected persons and their treatment.
- 5.3 The work performed by the federal, provincial and local governments with regard to prevention, control and management of COVID-19 is of national importance and needs to be assessed.
- 5.4 It is necessary to promote public accountability and transparency through the report by independently examining such issues of national importance and public interest.

6. **Limitation of Audit-** The audit has been performed with optimum use of available resources by mobilizing the multi-audit team and paying due attention to the health concerns and capacity of the staff. As information had to be collected from a large number of entities to be audited, the report has been prepared by testing samples based on the details provided by those entities. There was problem of maintaining uniformity as audit was carried out by several teams and was performed simultaneously with financial audit; these have been taken as the limitation of audit.

Chapter Two - Policy and Legal Provisions related to Pandemic Control

1. **Pandemic Cycle:** In order to evaluate the activities of the pandemic or to respond to the pandemic, stage wise strategies should be formulated. There are four stages of pandemic response. Activities related to risk assessment and preparedness should be carried out before the outbreak of a pandemic and in inter- pandemic period. Anticipating a pandemic or considering the situation of subsequent outbreak of pandemic waves one after another, various activities should be considered like: nature of the possible damage, number of people that might be infected, management of treatment infrastructures, procurement of necessary medical equipment and stockpiling and the provincial of readiness.

After the outbreak of pandemic or post disaster, activities such as enhancing awareness for applying precautionary measures, identifying infections, conducting case investigations and contact tracing, managing quarantine and isolation, mobilizing financial resources, arranging hospitals and other infrastructures and manpower, purchasing medical equipment and health supplies are undertaken. Rescue should be done during the infection stage. Activities like providing relief or treatment to the vulnerable or infected people; adopting appropriate strategies to prevent further spread of the disease; management of health workers and providing incentive allowance; supply of personal protective equipment including medical equipment; evacuation of those in crisis at home and abroad; collection and dissemination of accurate information; co-ordination between three tiers of government; assistance; relief package to the traders and the poor who have been affected due to announcement of lockdown should be performed. As there is a risk of re-emergence even after the pandemic, it is important to carryout prevention and mitigation measures like vaccination campaigns, mobilize foreign aid, maintain adequate provision of medical equipment, and adhere to health protocol. This special pandemic audit is focused on these pandemic management cycles.

2. **Policy and Legal Provision:** Healthy Nepal is the health policy of the government. The constitutional, policy, and legal provisions regarding the prevention, control, and management of pandemic, including the transmission of COVID-19 are as follows:

(a) **Policy Provisions:** The National Health Policy, 2076 BS aims to ensure access and delivery of quality health services by expanding the development of health system based on social justice and good governance for all classes of citizens in the federal structure. The relevant points mentioned in the policy are as follows:

- Adoption of Integrated preparedness and response measures to combat communicable diseases, insect-borne and animal-borne diseases, problems related with climate change, other diseases, epidemics and disasters,
- Modification of 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,

- Establishment of structures, capacity building, response planning and preparation at all levels for immediate response to disasters and pandemics as well as management of mobile hospital services, and
 - Encourage citizen and community participation and contribution in overall health care services including disaster management, risk reduction and health promotion.
- (b) Legal provisions:** The Constitution of Nepal has ensured free basic health care to every citizen from the Provincial, that no one should be deprived of emergency health care, that everyone has the right to information about their health care, and that every citizen has equal right to access. The following legal provisions are in place for the implementations of this right:
- Disaster Risk Reduction and Management Act, 2074 (2017 AD) and Rules, 2076 (2019 AD)
 - Public Health Services Act, 2075 (2018 AD) and Rules, 2077 (2020 AD)
 - Infectious Diseases Act, 2020 (1964 AD)
 - Drugs Act, 2035 (1970 AD)
 - Health Insurance Act, 2074 (2017 AD) and Rules, 2075 (2018 AD)
 - Foreign Employment Act, 2064 (2007 AD) and Rules, 2064 (2007 AD)
 - Labor Act 2074 (2017 AD)) and Rules 2075 (2018 AD)
 - Local Government Operation Act, 2074 (2017 AD)
- (c) Guidelines and Procedures** - The Government of Nepal, Ministry of Health and Population and other bodies have so far issued following standards and operational guidelines in respect of COVID-19 for the proper management of entire work to be carried out for the prevention and control of Corona pandemic. The use of these standards and guidelines has helped to achieve maximum results from limited resources. As the coronavirus infection is new, a directive that recommends technical services to be rendered would be of much help and would also aid in maintaining quality. The guidelines and work-procedures issued by the Government of Nepal with regard to COVID-19 are as follows:
- Working procedure for operation of COVID-19 Hospital/ Clinic
 - COVID-19-Dead Body Management Procedure, 2076 (2019 AD)
 - Case Investigation and Contact Tracing Team Operation and Management Directives, 2077 (2020 AD)
 - Directives related to Isolation Center Management, 2076 (2019 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 and Population by various Donors and Supporting Bodies in the Context of COVID-19, 2077 (2020 AD)
- Interim Directives for delivery of COVID-19 and other of Healthcare Services, 2076 (2019 AD)
- Directives on the use of Personal Protective Equipment (PPE).
- Unified Hospital Operation Order, 2077 (2020 AD)
- Directive prepared for ferrying patients for hospitalization
- Health Standards for Isolation of Infected People, 2077 (2020 AD)
- Allowance Management Order for Manpower engaged in Treatment, 2077 (2020 AD)
- Standards for Operation and Management of Corona Virus Quarantine, 2076 (2019 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)
- National Testing Guidelines for COVID-19
- Health sector emergency response plan in the context of the COVID-19 pandemic
- Treatment method for suspected patients of COVID-19

3. Institutional arrangements: In addition to the Ministry of Health and Population and other concerned ministries and agencies, the following committees have been formed at the federal, provincial and local levels that are in operation for the prevention, control and management of pandemic, including the transmission, of COVID-19:

- 3.1. In order to make prevention and control of COVID-19 further strong and extensive, as per the decision of the Council of Ministers of the Government of Nepal dated 1st March, 2020, a COVID-19 Control and Management High-Level Committee (CCMC) was established under the co-ordination of Hon'ble Deputy Prime Minister and Minister of Defense that comprises of Hon'ble Ministers of various seven Ministries, Deputy Chairperson of National Planning Commission, Chief Secretary as members and Secretary of Office of Prime Minister and Council of Ministers (OPMCM) as Member Secretary,.
- 3.2. In order to carry out the prevention, control and treatment of COVID-19 effectively and in coordinated manner, COVID-19 Crisis Management Center has been formed as per the decision of the Council of Ministers of Government of Nepal on 29th March, 2020, and is functioning as per the decision of the Council of Ministers of the Government of Nepal. Similarly, provincial, district and local level COVID-19 crisis management centers are in operation.

- 3.3. In the COVID-19 Crisis Management Center, a steering-committee is setup under the coordination of the Deputy Prime Minister and Minister of Defense, comprising of the Minister of Home Affairs, the Minister of Federal Affairs and General Administration, the Minister of Health and Population, the Minister of Industry, Commerce and Supplies and the Minister of Finance as members; a Facilitation Committee is also functioning under the coordination of Chief Secretary of Government of Nepal that comprises of Chief of Army, Secretary of Ministry of Home Affairs, Inspector General of Police, Inspector General of Armed Police and Chief Investigation Director as members.
- 3.4. Under the co-ordination of the Secretary of the Prime Minister and the Office of the Council of Ministers, CCMC Operations Committee is in place that is composed of representatives from the Ministry of Health and Population and Major General of Nepal Army. Various Working Groups that includes Health Services and Treatment Working Group, Medicine Equipment and Health Materials Supply Service Group, Peace and Security Monitoring and Control Working Group and Information and Technology working group are in operation under the Operations Committee. The role of the above Committees and Centers is in the nature of coordination and making policy decisions. In several issues, the role of these entities seems to be recommendatory rather than executive. There is an arrangement for the implementation of such policy or recommendation by the concerned sectoral entities, the provincial and local level.

Chapter three: Audit Observations

• The overall impact from COVID-19

While the global economy has been affected by the COVID-19 pandemic, it has also affected Nepal's economy. Due to the impact of the pandemic on public health in a short period of time, the livelihood has also been affected. The prevention and control measures adopted to save the lives of the people from the COVID-19 pandemic, has made daily life uncomfortable. There has also been a decline in government and private sector capital investment. The overall impact up to 14th July, 2020, are as follows:

1. **Status of Infection:** Infection in Nepal seemed to be low in the early stages. However, of late, the loss of human life has increased as the infection has peaked. The analysis in this regard is as follows:

1.1 According to the data published by the Ministry of Health and Population, the total number of infections, active infections and deaths in Nepal have increased in the Mid-July, 2020, and Mid-July, 2021. 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. Details is given in the table below:

Spread of COVID-19	Mid-July, 2020		Mid-July, 2021	
	World	Nepal	World	Nepal
Total Cases	13464468	17177	189183522	709457
No. of Deaths	581374	39	4074687	9463
Active Cases	4528362	6106	12407285	26639
Cases (per hundred thousand)	141	0.17	1896	6.62
No of deaths (per hundred thousand)	7	0.10	41	26

Although the government initiated the activities related to the control and treatment of COVID-19 after the worldwide infection was seen, the control and treatment of COVID infections should be carried out effectively as the effects of COVID infections were more in July 2020 than July 2021.

1.2 Following comparative table is presented regarding the status of infection in SAARC countries on the basis of data published by Worldometer and Ministry of Health and Population:

Particulars	Mid-July, 2020		Mid-July, 2021	
	Total cases	No. of deaths	Total cases	No. of deaths
SAARC (in thousand)	1439	33	34242	472
India	936181	24309	31026829	412531
Pakistan	255769	5386	983719	22720
Bangladesh	190057	2424	1072774	17278
Afghanistan	34740	1045	137853	5983
Nepal	17177	39	709457	9463
Maldives	2801	14	75622	215
Sri Lanka	2665	11	280543	3573
Bhutan	84	0	2380	11

In the SAARC countries, the total number of infections was 1.439 million in July, 2020 and the number of deaths was 33 thousand. In the same period, the total number of infections in Nepal was 17 thousand and the number of deaths was 39. Nepal ranked fifth among SAARC nations. However, as the infection spread, the total number of infections in SAARC countries reached 342.42 million in July, 2021 and the death toll reached 472 thousand. At the same date, the total number of infections in Nepal was 0.79 million out of which 9 thousand have died. Thus, in the first phase, the spread in

Nepal seems to be alarming. The analysis shows that the transmission graph during the second wave would not have been so high if appropriate strategy and action plan would have been prepared in time keeping in view the impact created in the first wave and the action plan so prepared modified according to the pandemic conditions in the second wave.

2. **Risk Assessment and Preparedness:** Risk assessment and preparedness are required for pandemic prevention, control and treatment. Although the first infection was found in Nepal in Jan 2020 there seems to be a delay in carrying out risk assessment and procurement of health materials. At that time, there was no facility available in Nepal to test COVID-19 and samples had to be sent abroad. On January 24, 2020, a laboratory was set up in Nepal to test COVID-19. The Government of Nepal had prepared and implemented health sector emergency response action plan in May 2020 to reduce the impact of the COVID-19 pandemic. The Council of Ministers, Government of Nepal formed a high-level committee on Prevention and Control of Novel Corona virus under the coordination of the Deputy Prime Minister on 2020-03-01. According to the action plan, 127 hospitals were proposed for operation of clinics while total of 28 hospitals including 13 first level, 12 second level and 3 third level hospitals were proposed for treatment of COVID-19. In addition, entry point screening tracing team were formed, laboratory. COVID hospital were set up and standard protocol were prepared, however, as there were insufficient manpower and equipment, inadequate isolation center compared to number of cases and limited number of contact tracing, coordination could not be achieved in work despite mobilization of volunteers. Also, the lack of coordination and cooperation between the central, provincial and local levels in the preparedness has affected implementation.
3. **COVID-19 Related Expenditure:** A ten-member COVID-19 Crisis Management Operations Center Steering Committee has been formed under the coordination of the Honorable Deputy Prime Minister, moreover, Facilitation Committee under the coordination of the Chief Secretary and a coordinating planning control group has been formed under the coordination of the Secretary to the Office of the Prime Minister and Council of Ministers for the prevention, control and treatment of COVID-19. Municipal level structure has been formed under the coordination of the local level chief and work including prevention and treatment of corona virus is being carried out. Relief and rehabilitation programs have also been launched at the provincial and local levels. According to the Finance Comptroller General Office, the following expenditures have been incurred in the year 2020-2021 AD for coordinating and conducting programs combating the corona virus through the civil administration, security agencies and all concerned agencies of the central, provincial and local levels.

(Rs. ten million)

Particulars	Appropriation/ Income	Expenses	Balance
Federal Corona Fund	23929	10370	13559
Federal Government	59281	48168	11113
Provincial Government	23756	14970	8786
Local Government	75491	61931	16560
Total	185457	135439	50018

For control, prevention and treatment related activities of COVID-19, an amount worth Rs.13.5439 billion have been expensed in total, including, Rs.1.037 billion from Corona Fund, Rs. 4.8168 billion from federal government, Rs. 1.497 billion from provincial government and Rs. 6.193 billion from local level. However, as per the details obtained in the audit, the federal government has spent Rs. 4 billion 798.5 million, Rs. 1.037

billion has been spent from federal Corona Fund, Rs. 2.943 billion has been spent by from the local level (including the COVID Fund) and Rs. 7.740 billion has been spent by 664 local levels. Thus, the expenditure mentioned in the economic survey and audited amount has not been tallied. The above situation is seen due to the lack of effective arrangements for recording and reporting of the expenditure incurred in the prevention and treatment of COVID-19 by the three levels of government.

The above expenditures have been incurred on procurement of health supplies, medical equipment, management of infected people, construction of quarantine and isolation centers, relief materials, risk allowance, etc.. However, the Financial of the Comptroller General Office has not kept a record of the expenditure incurred for that purpose. As the provincial and local level have reported income and expenditure of the same amount, there is duplication in recording of expenditures, thus the expenditure recording is more than actuals. Provisions should be made for reporting of expenditure on purpose/ activity wise basis.

- 4. Impact on economic growth:** Nepal started lockdown in March, 2020 giving more importance to the survival of the human community than the economic damage caused by the pandemic of COVID-19. Due to the prolonged shutdown, Nepal's economic growth rate remained negative at 2.12 percent for the first time in two decades, higher than the economic damage caused by the devastating earthquake in April 2015 AD.

- 5. Impact on Achieving Sustainable Development Goals** - The United Nations General Assembly in September 2015, with the participation of 193 countries, including Nepal, has approved the Sustainable Development Agenda 2030 to achieve 17 major goals for sustainable development by 2030. According to the context of Nepal, in addition to the 14 global goals, for 16 goals 159 targets and 245 additional indicators have been identified, thus totaling to 479 indicators. Out of the 15 years period to achieve the sustainable development goals, more than 6 years have elapsed and only 9 years remain.

According to the Sustainable Development Goals Progress Evaluation Report, 2019, satisfactory progress has been made on only two of the Sustainable Development Goals, namely poverty reduction and inequality. Similarly, moderate progress has been made in five areas including quality education, gender equality, sustainable energy, conservation of biodiversity and global partnership. There has been little progress on the seven goals of zero hunger, ensuring a healthy life for all, clean drinking water and sanitation for all, reliable inclusive and sustainable economic development, safe cities and human settlements, mitigation of climate change and building a more inclusive society. There seems to be no progress on the two goals of sustainable and inclusive infrastructure development and innovation and ensuring sustainable production and consumption. As there is unsatisfactory progress in achieving the targets, the impact on economy post COVID-19 poses additional challenges in achieving sustainable development goals, so government at all three levels need to formulate additional strategies.

- 6. Impact on Revenue Mobilization** - According to the data of the Financial Comptroller General Office, due to COVID-19 and other reasons, revenue mobilization in 2020-2021 seems to have decreased by 7 percent compared to 2019-2020. Also, on a monthly basis, it has decreased by 42.2 percent in April 2020 as compared to April 2019, by 77.7 percent in May 2020 as compared to May 2019 and by 42.2 percent in June 2020 as compared to June 2019.

(Rs. ten million)

Revenue operating status	Mar/Apr	Apr/May	May/June	June/July
2018/19	6246	5201	6053	9126
2019/20	7252	5537	6314	9056
2020/21	4194	1234	3650	11168
Growth rate compared to 2019/20	-42.2	-77.7	-42.2	23.3

Source: Financial Comptroller General Office

Overall, monthly revenue mobilization for the four months after COVID-19 seems to have decreased more than before COVID-19. As a result, the achievement of the annual target has also been affected.

7. **Impact on Capital Expenditure** - Analyzing the situation of capital expenditure after the outbreak of COVID-19 it can be seen that, capital expenditure has decreased by 55.26 percent in 2019, 53.25 percent in 2020, 47.17 percent in May, 2020 and 27.06 percent in July. Due to the delay in the implementation of projects and programs owing to the pandemic of COVID-19, capital expenditure could not be incurred on time. As a result, only 47 percent of the federal capital budget allocated in 2020/21 has been expensed. The details of capital expenditure for three years from Mar/April to June/July are mentioned in the table below:

(Rs. ten million)

Capital Expenditure	Mar/April	Apr/May	May/June	June/July
2018/19	2494	1610	2710	10841
2019/20	1918	1938	2260	9009
2020/21	858	906	1194	6571
Growth rate compared to 2019/20	-55.26	-53.25	-47.17	-27.06

Source: Financial Comptroller General Office

Overall, monthly capital expenditure for the four-month period after COVID-19 seems to have decreased more than before COVID-19. As a result, there has been a sharp decline in annual capital expenditure.

8. **Impact on Foreign Trade** - Foreign trade has declined sharply since the COVID-19 pandemic. Analyzing the import situation, it has decreased by 48.2% in April 2020 in comparison to April 2019, by 63.43% in May 2020 in comparison to May 2019, by 37.80% in June and by 19.16% in July. Similarly, analyzing the export situation it has decreased by 54.52% in April 2020 in comparison to April 2019, by 62.43% in May 2020 in comparison to May 2019 and by 36.15% in June.

The details of import and export for three years from March to July are mentioned in the table below:

(Rs. ten million)

FY	March/April		April/May		May/June		June/July	
	Import	Export	Import	Export	Import	Export	Import	Export
2018/2019	10893	632	10953	676	12287	751	13723	778
2019/20	11583	860	11650	871	12166	930	11874	927
2020/21	5829	391	4260	325	7567	594	9599	971
Increment Rate	-49.67	-54.53	-63.43	-62.69	-37.80	-36.13	-19.16	4.75

Source: Nepal Rastra Bank

Overall, the monthly foreign trade for the four-month period of post COVID-19 has decreased compared to previous four months before COVID-19. As a result, annual foreign trade declined accordingly.

- 9. Foreign aid mobilization** - For the prevention, control and treatment of COVID-19 infections, assistance has been received from various friendly nations including China, India, Japan and the Asian Development Bank and other international donors. This year, the Government of Nepal has signed four loan agreements with the Asian Development Bank, the World Bank, and the IMF at the end of the year, i.e., from May to July and loan worth Rs.78.248 billion has been received immediately. It was seen that the amount was kept in a separate loan account without depositing it in the Federal Consolidated Fund and the loan was mobilized by depositing it in the Federal Consolidated Fund as and when it was expensed. Out of the total loan received, only Rs.22.425 billion have been spent and Rs.55.826 billion remains as unspent balance in separate bank account. As the loan was received during the year end and has not been fully utilized, additional burden of Rs. 46.5 million per month as service charge and interest is incurred on unused debt. Instead of borrowing in advance, the loan should be drawn as and when the funds are utilized; available loan should be used in priority sectors as soon as possible.
- 10. Revenue Exemption** - According to the Economic Survey published by the Ministry of Finance, the Government of Nepal has provided the following revenue exemptions to industry and business to minimize the impact of COVID-19:
- 10.1. Taxpayers with an annual turnover of up to Rs.2 million or having income up to Rs.0.2 million in FY 2020-2021 are provided with income tax exemption of 75% and 0.45 million taxpayers have received tax exemption facility of Rs.1 billion 523 million 600 thousand. Similarly, taxpayers paying taxes on the basis of annual transaction of Rs. 2 million to 5 million are provided with tax exemption of 50% on annual tax liability in the FY 2020/21 and 2060 taxpayers have received tax exemption of Rs. 211 million 800 thousand.
- 10.2. Taxpayers having annual business transaction up to Rs.10 million in FY 2020/21 are provided with facility of 25% tax exemption and 51,243 taxpayers have received tax exemption of Rs. 404 million 300 thousand.
- 10.3. Taxpayers exceeding Rs.10 million turnover and carrying on hotel, travel, trekking, transportation or air services have been provided 20 percent exemption in income tax for the FY 2020/21 and 283 taxpayers have got exemption of Rs.56.3 million tax. Similarly, provision has been made to claim income tax deduction on the same FY of amount contributed by a person to the COVID Infection Prevention, Control and Treatment Fund established by the Government of Nepal, Provincial or local level in FY 2019/20. The income tax exemption period for micro-entrepreneurs has been extended by two years to seven years and for micro-entrepreneurs run by women entrepreneurs by three years to ten years. The value added tax on micro insurance has been removed.
- 10.4 In accordance with the approved standard for infection prevention and control and treatment of COVID-19, the entire duty on the import of listed drugs, health items and health equipment has been waived. A duty exemption of Rs. 760 million has been provided for medicines, health items and health equipment worth Rs. 3.04 billion.
- 11. Principal and Interest exemption** - The loanees affected by the COVID-19 pandemic were extended time to pay the principal and interest to mid July 2020. To minimize the impact of the pandemic on industry and business, banks and financial institutions have waived the monthly interest rate by 10 per cent for the month of April 2020 and 2 per cent for the period from April 2020 to mid-April 2020. It was found that the debtors

have received a discount facility of Rs.10 billion 216.6 million by the mid of July 2020. This has given some relief to the entrepreneurs.

60 local levels have waived off Rs. 602.5 million on amount to be collected from internal revenue as per contract agreement based on the decision of the executive and the assembly due to effect of COVID-19 pandemic on the local levels, who have arranged a contract to collect and sell stone, ballast and sand. While signing the contract neither the quantity to be collected was specified nor record showing collection and sale was maintained as per agreement that created a situation for contractor to collect and sale at the favorable time within the contract period. In z

12. **Impact on Deposit Interest Rate** - The interest rate on deposits and loans has declined due to the pandemic. The weighted average interest rate on deposits has come down from 6.7 percent in the year 2019/20 to 6.1 percent in the year 2020/21. Similarly, the weighted average interest rate on loans decreased from 12.2 percent in 2019/20 to 10.7 percent in 2020/21.
13. **Contribution to the Social Security Fund** - The Government of Nepal has decided to provide relief to the workers affected by the COVID-19 pandemic on the amount deposited in the Social Security Fund and the contribution amount to be deposited on behalf of the workers and employers for the last 4 months from Mid-July, 2019, to Mid-July, 2021. Accordingly, Rs.1 billion 32 million 406 thousand has been paid to the Social Security Fund by the Government of Nepal this year.
14. **Impact on the tourism sector** - The tourism sector seems to have been most affected due to the COVID-19 pandemic. Tourist arrivals could not take place due to lockdown and complete suspension of international flights. As a result, in April, May, June and July of 2020, tourist arrivals declined by 100 percent compared to the same month of last year. The status of tourist arrivals in the four months of last three years is mentioned in the table below:

Year	In Numbers			
	April	May	June	July
2018	98650	68825	65159	73281
2019	109399	78329	74883	70916
2020	14	31	102	196
2021	-100	-100	-100	-100

Source: Economic Survey

15. **COVID-19 Management Comparison:** According to a study conducted by the International Budget Partnership with the United Nations and Other Countries on the financial accountability of the COVID-19 Fund in 120 countries, US \$14 trillion has been expensed on controlling COVID-19 on which financial accountability has been assessed by the end of 2020. As per the study, Australia, Norway including other four countries have best management, USA, UK, Bangladesh and other 29 are countries have good management, Nepal, Pakistan, China and 55 countries have average management and 32 countries including Qatar have less than average management. According to the study, four countries including Australia, Bangladesh, USA and Peru are the best in terms of procurement and reporting; similarly, Ecuador in the purchase of materials, Jamaica and Sierra Leone in real-time audits, Togo in reducing gender impact, New Zealand, Canada, Nepal, the United Kingdom and the Philippines in effective role of the parliament are ranked best. Norway, Peru, and Chile have excelled in policy decisions; and Indonesia, Peru, and Ivory Coast have been proactive in

resolving emergencies effectively. Although Nepal has undertaken various tasks such as construction of COVID-19 hospitals, quarantine, social distancing etc., good practices implemented by other countries, especially increasing multi-level stakeholder involvement, need to be reformed including legal and policy reforms for emergencies and institutional capacity building for financial accountability.

16. **Rescue of Citizen:** According to the decision of the Council of Ministers dated 2020/02/10, the Ministry of Culture, Tourism and Civil Aviation has incurred expense of Rs. 44.979 million for air rescue and local transport of 187 Nepalese nationals returning to Nepal from COVID-19 affected friendly nation China at that time. Quarantine was constructed for these citizens at the Nepal Electricity Authority Training Center situated at Kharipati; Ministry of Urban Development has incurred expenditure of Rs.75.695 million for procurement of necessary materials for quarantine construction, internet at quarantine site, procurement of personal items at the quarantine site such as tooth brush, heater dryer, shampoo, diary, buying and making quarantine bed etc. Similarly, Nepal Army has incurred Rs.5.5 million for food and Rs. 667.147 million for various medicines for 17 days from 2020/02/16 to 2020/13/03 along with expenses of Rs.132 million 847 thousand for rescuing 187 people from Wuhan, China. On that basis, rescue cost per person amounts to Rs. 071 million. In the early stages of COVID-19, the cost of rescue, food, shelter, etc., was borne by the Government, however it was not feasible to sustain free rescue and resettlement in the long run. As a result, an atmosphere of discrimination was created among the citizens. Sustainable expenditure policy should be implemented after analysis of the crucial matters.

17. **Impact on the educational sector:** Due to the pandemic of COVID-19, the education sector in Nepal has also been greatly affected. Due to the closure of all schools, colleges and universities since the initial phase of the academic session April 2020, the regular education of about 9.7 million students has been disrupted. The examination and results publication of various classes and levels conducted at the university level, school level and national level has not been completed in time. It is seen that some schools and universities have conducted classes and examinations through alternative means. However, the educational activities were not carried on by minimizing the impact of the pandemic by including all the students.

An agreement has been entered with Janak Education Materials Center to print 5 million 70 thousand sets of question paper of regular and supplementary students of class 10 at the rate of Rs.3.85 per set this year. As the Council of Ministers cancelled the physical examination due to the COVID-19 pandemic and published the results based on the assessment done by the school, question papers remained unused. The National Examination Board, on 2020-11-29, decided to shred the question papers, however, they have not been shredded so far.

18. **Impact on Public Procurement:** According to Section 56 of the Public Procurement Act, 2063, the duration of the procurement agreement shall be as specified in the agreement and if the duration of the agreement has to be extended due to *force majeure* the authorized officer may extend it. Due to the pandemic of COVID-19 in Nepal, the agreement could not be implemented in time due to the lockdown and prohibition announced from 2020/03/24 and its extension. Despite the decision of the Government of Nepal to resume the construction work from 2020/06/10, progress remained below expectations. The Council of Ministers, Government of Nepal, by a decision, dated 2020/06/13, approved the respective Officials to extend the term of the previous procurement agreement without any financial obligation for a maximum of 6 months on the condition that the Government of Nepal would not incur any additional

cost and no further claim would be filed due to time extension. As a result, all procurement agreements related to construction, consultancy and supply in Nepal have been extended during this period. Despite the extension of the procurement agreement, the services received by the people have been delayed due to delay in completion of the works; moreover, the revenue that could have been received from electricity, drinking water, airport and other projects has also been lost.

19. Impact on Public Enterprises - The financial indicators of some of the major corporations is deteriorating due to the COVID-19 pandemic, which has also affected and delayed the performance. The observation in this regard are as follows:

- 19.1. Due to the global pandemic COVID-19, the Government of Nepal had imposed lockdown from 2020/13/24 due to which all means of transportation were closed. From March 23, 2020 to June 15, 2020, no aircrafts of Nepal Airlines Corporation could operate except few chartered flights. It is noticed that regular flights of the Corporation is not possible immediately. According to the report submitted by the Corporation to the Ministry of Finance after studying the impact of COVID-19, the corporation will incur an annual loss of Rs.10.76 billion. Due to the pandemic, the service has been shut down, passengers inside and outside the country have claimed for return of money for tickets booked in advance, and the revenue from ground handling has also been lost.
- 19.2. All flights are closed due to travel restrictions caused by the COVID-19. Hence, gross income of Civil Aviation Authority of Nepal has decreased by 15.53% in FY 2020/21 as comparison to FY 2019/20. Moreover, the income has decreased by 71 percent for the period of mid-April 2020 to mid-July 2021 AD. The works of Pokhara Airport being constructed by CAAN was scheduled to be completed by July 10, 2020 but due to the pandemic, the schedule has been revised to be completed by July 2021. Similarly, the works of Gautam Buddha International Airport has been delayed due to the pandemic and the income that could have been earned from operating the airport is lost and additional payment has to be made for price adjustment due to delay in project.
- 19.3. According to the disclosure made by the Nepal Electricity Authority (NEA) regarding the impact of the COVID-19 pandemic, the demand for electricity has declined from 7,291 gigawatts for Mid-July, 2019- Mid-July, 2021 to 6422 gigawatts due to the closure of industrial plants. As a result, NEA's revenue also declined by 10.4 percent. Apart from this, all the power generation projects and transmission line construction projects could not be completed on time due to the impact of the pandemic and the income earned by generating electricity and the income earned by selling the electricity generated by transmission is lost. The revenue lost by NEA is estimated to be Rs. 8.540 billion. However, there is no clear basis for this estimation. Based on the decision made by the Government of Nepal, NEA has provided discount facility to the customers including various industrial sector entrepreneurs during the lockdown period, however, NEA has not kept account of the lost income from it.

20. COVID Insurance - Pandemic Insurance Program was launched by the Insurance Board in June 2020 AD at a time when the corona virus was spreading rapidly. For this purpose, the Insurance Board had issued Corona Insurance Directive, 2077. In relation to the distribution of claim payments, it has been provinciald that the insurance company will bear liability up to Rs. 1 billion, liability beyond Rs. 1 billion and up to Rs. 2 billion will be borne by Reinsurance company, liability beyond Rs. 2 billion and up to Rs. 2.5 billion will be borne by insurer's catastrophic pool, liability beyond Rs. 2.5 billion and up to Rs. 3.5 billion by Insurance Board and liability beyond Rs. 3.5 billion will be borne by Government of Nepal. Although the practice of insuring

pandemics is rare in the world, the concept has been put forward in Nepal without any study; and the Government has issued a directive which provincials that insurance shall be provided at minimum premium, that 50 percent of the group insurance shall be borne by the Government in grants and that some of the liability regarding re-insurance shall also be borne by the Government; this has created huge liability for GON. Under this scheme, 1,758,383 people have been insured and insurance premium of Rs. 1.050 billion has been collected from which 114,633 insured have submitted claim of Rs. 9.126 billion as of July 27, 2020. Claim in excess of the premium is Rs. 9.926 billion. Rs. 6.166 billion claim has not been paid. As per the provisions of the directive, a situation has been created where the government of Nepal is liable. It is not clear whether the Insurance Board has the authority to issue Directives so as to make the Government of Nepal liable. It is not prudent to introduce the concept of pandemic insurance so as to impose financial obligations without proper study.

- 21. Federal COVID Fund** - The Federal Government has expensed Rs. 4.798 billion out of the budget allocation of Rs. 5.920 billion. In addition, the Government has set up a Corona Virus Infection Prevention Control and Treatment Fund and Rs. 2.392 billion has been deposited in the fund by 15 July, 2020. Rs. 1.037 billion has been expenses and balance of Rs. 1.355 billion remains. The observations in this regard are as follows:
- 21.1. Funds established by the Constitution and as per the Disaster Risk Reduction and Management Act, 2074 BS (2017 AD) should be mobilized. Procedural Legislation regarding transparent disbursement, expenditure, accounting and reporting at the time of pandemic situation out of contingency fund of permanent nature and other disaster management funds should be drafted, however it has not been drafted.
 - 21.2. According to the details received from the Financial Comptroller General Office, Rs. 51.8 million has been spent for management including quarantine of persons entering Nepal; Rs. 234.8 million for purchase of health supplies, equipment and medicines, establishment of quarantine and its management, maintenance and improvement; Rs.556.300 million for airfare of swab collection, ICU, quarantine establishment, management, maintenance and improvement; Rs. 194.1 million for ventilator, procurement of health care equipment, medicine and to build ICU room, thus total Rs.1.037 billion has been disbursed. The monitoring of such the disbursed expenditure was not seen.
 - 21.3. Rs.51.8 million has been disbursed from the Corona Infection Prevention Control and Treatment Fund for quarantine management of persons entering Nepal though land route, out of which Rs. 9 million (Rs. 0.5 million each) was provided to 18 different District Administration Offices, Rs. 14 million to Nepal Health Research Council, Rs. 10 million to Koshi Hospital, Rs. 6.8 million to Gajendra Narayan Singh Hospital, Rajbiraj, Rs. 6 million to Dadelhdhura Hospital and Rs. 6 million to three other agencies. The money has been disbursed without identifying the demands and needs of the concerned bodies.
 - 21.4. Rs. 234.8 million has been spent for procurement of health materials and equipment and medicines, establishment, management and maintenance of quarantine, out of which the Rs. 45 million was provided to Ministry of Health and Population, Rs. 30 million to National Public Health Laboratory, Rs. 132.3 million to 196 local levels for quarantine establishment, and Rs. 26.5 million has been disbursed to 20 local levels for the establishment of holding centers; lump sum disbursement of these amount has been made without ascertaining the expenditure heads.

- 21.5. Rs.556.3 million was disbursed for Swab collection, ICU, quarantine establishment, management and maintenance improvement, out of which Rs. 8.9 million was for Swab Collection flight charges, Rs. 92.7 million for ICU and infrastructure management in Birendra Hospital, Chhauni, Rs. 380 million to Provincial Government Chief Minister and Council of Ministers Office of 7 provinces, Rs.72.2 million to 20 local levels for quarantine management, Rs. 2.5 million to National Ayurveda Research and Training Centre for treatment of Corona patients; however, progress status or the activities have not been monitored.
- 21.6. Rs. 193.9 million has been disbursed for purchase of ventilator, health equipment, medicine and construction of ICU Room, out of which Rs. 88.5 million has been disbursed for catering management in quarantine to 69 local levels, Rs. 60 million to the Civil Servants Hospital for construction of ICU room and health equipment, Rs. 20 million to Rapti Institute of Health Sciences for construction of Reagent and I.C.U Room, Rs.10 million for GP Koirala National Respiratory Treatment Center, Dulegaida for construction of 50-bed ward, Rs. 15 million to Bir Hospital for the purchase of ventilator, health equipment and Rs. 0.4 million to Manmohan Cardiothoracic Vascular and Transplant Center for quarantine management; however, progress status or the activities have not been monitored.
- 22. Border Checkpoint Management** - Border checkpoints are important for pandemic control, as the pandemic is initially transmitted through migrants crossing over from foreign countries. In this regard, the Government of Nepal had started surveillance on international airport and border checkpoints connected with India from 2020/03/22 and suspended international flights from 2020/03/22 As per the decision of COVID -19 Crisis Management Center dated 1st March, 2020, the Ministry of Home Affairs had been directed to identify the quarantine building / site required for emergency quarantine at the border entrances connected with India. Initially, those entering Nepal were not allowed to enter. Later, due to the large number of citizens entering from the Indian border and due open border, people provinciald to enter from areas other than checkpoints, which caused difficulty in management. According to the information received, 320,217 people had entered Nepal from India by mid of July 2020; even though a holding center quarantine was set up at the entry point, due to the denial of the people to stay in these centers and the lack of test kits to identify the infected, those people were handed over to the local level without testing. As a result, the infection seemed to have spread widely over the rural level.
- 23. Impact on livelihood** - In order to control COVID-19, the Government had announced a sudden nationwide lockdown from 24th March, 2020, which prohibited persons from travelling from one place to another and getting out of the house; further it was announced that public transport and food supply shall be managed by the Government. As the lockdown was imposed without prior notice, the livelihood of general public was affected. The observations in this regard are as follows:
- 23.1. People leaving Kathmandu had to walk on foot for long distances; those entering Kathmandu had to secretly enter the Valley; people had to wait in line for long hours to enter the country from the Nepal-India border; some Nepali citizens returning from India in the Far West had to jump into the Mahakali River to cross the border due to lack of proper border management to enter Nepal; although some limited relief had been distributed by the local level to the people who had lost employment and were stranded, it was not enough, therefore, various organizations and civil societies provided free food to the affected people which affected the livelihood. Moreover, it

was also seen that the police administration should show civic friendliness in transportation, vehicle pass management and other activities during the pandemic.

- 23.2. During the blockade period declared for the control and prevention of COVID -19, the border checkpoints connected with India could not be managed due to huge pressure of people at the checkpoints, therefore, many people crossed the border without test. There were no reliable quarantine and testing system at the border. Also, in situation of lockdown, people were either forced to pay high fare to reach destination or to walk with difficulty to reach the destination.
- 23.3. Due to the delay in tightening and closing of the international border checkpoints - the Tribhuvan International Airport was closed only from 2020/03/22 – Corona virus infected persons kept on entering the country. The lockdown was imposed when the effect of virus was less, however, as the lockdown had been lifted on 15th June, 2020, the risk has increased of late.
24. **Quarantine Management** - Under the 4 stages of disaster management pre-preparedness, activities related to quarantine management has been carried out from 2020/05/20. The activities should have been carried out as per Corona control Directives however, the virus could not be effectively controlled as following observations were noted: the Nepal Police should have been provided amount at rates prescribed in the directive for provisioning for food and meals to the persons in quarantine, however higher rate was disbursed; even though it was provinciald to mobilize existing Government apparatus for control of virus, volunteers were mobilized by providing remuneration; emergency procurement process had not been followed; the money received from Corona Fund has been spent on unrelated work; the quarantine was built without estimating number of people, so the quarantine remained unused; refusal of people to reside in quarantine etc.
25. **Relief Management** - Necessary assistance and coordination should be provided to those affected by the lockdown imposed for prevention and control of COVID -19. In this regard, even though the local level, has been mainly engaged in making arrangements to provide relief to the vulnerable, unemployed and deprived citizens at risk, it seems that few Provincial government have also been involved in the relief work. The relief materials could not be distributed in equitable manner as many shortcomings were observed as: records of distribution of relief materials procured from local level for relief distribution not being organized; poor quality of relief material; procurement of materials at higher rate compared to the prevailing rate; expenditure in excess of the bill and invoices; ineffective and uneconomical distribution process; distribution of relief material without selection of targeted families; expenditure details not being made public etc.

SECTION 1 - FEDERAL MINISTRIES AND ENTITIES

Ministry of Health and Population

This Ministry has been mobilizing health workers for control, prevention and treatment of COVID -19, procuring medicines and equipment, providing incentive allowances for health workers serving in the frontline, monitoring and evaluating quarantine and isolation center.

- Budget release and expenditure:** With a budget allocation of Rs. 5.92 billion for 8 federal ministries, a total of Rs. 4.798 billion lakh has been incurred that includes Rs. 2.347 billion on the recurrent side and Rs. 2.451 billion on the capital side..

RS in '000'

Ministry	Current		Capital		Total		% Expenditure
	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure	
Finance	12500	0	0	0	12500	0	0.00
Home	206818	174807	32439	32429	239257	207234	86.62
Culture, Tourism and Civil Aviation	44979	44979	-	-	44979	44979	100
Foreign	650	650	-	-	650	650	100
Defense	74285	76314	2326162	2324147	2400447	2370461	98.75
Urban Development	1950	1450	12250	11494	14200	12944	91.15
Federal Affairs and General Administration	1000	1000	-	-	1000	1000	100
Health and Population	3108546	2078194	99190	83090	3207736	2161284	67.38
Total	3450728	2347394	2470041	2451158	5920769	4798552	81.05

The budget allocated under the Ministry of Finance was found unspent. The Ministry of Health and Population has incurred 67.38 percent of the allocated budget.

- Status of Source wise Expenditure:** The budget has been allocated so as to spend Rs. 4.149 billion from Government of Nepal and Rs. 1.771 billion IDA loans, however only Rs. 3.550 billion (85.58 percent) and Rs. 1.247 billion (70.43 percent), respectively, have been expensed. Foreign loans have not been fully utilized.

Ministry	Current		Capital		Total		% Expenditure
	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure	
GON	1769023	1178379	2380041	2372395	4149064	3550774	85.58
IDA Loan	1681705	1169015	90000	78763	1771705	1247778	70.43
Total	3450728	2347394	2470041	2451158	5920769	4798552	81.05

- Health sector expenditure** – Out of the Ministry of Health and Population and 19 subordinate entities that were audited this year, from Mid-January to Mid-July 2020, Rs.1.895 billion have been expensed for prevention, control and treatment of COVID -19 by Federal and Provincial Government from allocated budget as well as internal source. Rs. 1.151 billion (60.78%) has been expensed for medicines and health supplies, Rs.291 million (15.35 percent) for purchase of machinery equipment and Rs.125.5 million (6.62 percent), Rs.94 million (4.96 percent) for infrastructure construction and maintenance and Rs.232.9 million (12.29 percent) for other projects. As the allocation was made without specifying budget head, expenses which are not directly related to COVID-19 like service charges and meeting allowances have also been included in the expenditures.

- Risk assessment and preparedness**

- Risk Assessment** - The Ministry of Health and Population has prepared and implemented the Health Sector Emergency Response Action Plan for the first time in

May, 2020 to reduce the impact of the COVID -19 pandemic. As per the action plan, there are 26,930 intensive care units (ICUs), 1,595 beds and 840 ventilators available in Government and private health institutions across the country till April 30, 2019 AD and there were 194 hospitals with intensive care units. It is estimated that only one-third of the available beds and ventilators were available for treatment of COVID -19 infections. As per the action plan, 127 hospitals with COVID -19 clinics will be run and 28 hospitals including 13 first tier, 12 second tier and 3 third tier hospitals have been proposed for the treatment of the infected.

The action plan estimates that 80 percent of infected patients need general treatment, 15 percent need oxygen assistance and 5 percent need intensive care. Accordingly if 10,000 persons are infected, then 8,000 beds, 1,500 oxygen support and 500 intensive care units would be required and if more than 10,000 persons are infected, then oxygen and ventilators are required in the same proportion. Similarly, it was provinciald that 410,000 to 548,000 institutional isolation centers would be needed including 14,000 isolation center in 7 provincials, 12,000 in 6 metropolitan cities, 11,000 in 11 sub-metropolitan cities, 138,000 to 276,000 in 276 municipalities, 230,000 in 460 villages and 5,000 in Kathmandu Valley.

- 5. Preparedness** - In the first of the four stages of disaster management, risk assessment and preparedness should be done. Although the effects of the COVID -19 pandemic began to be felt in Nepal from Jan 2020, it was found that the risk assessment and action plan was prepared only four months later in May 2020. The details of the work done in relation to risk prevention and control are as follows:

S.N.	Work start date	Areas of preparation	S.N.	Work start date	Areas of preparation
1	2020-02-28	Screening and monitoring entry points	10	2020-03-24	Beginning of lockdown
2	2020-01-01	Community mobilization and risk communication	11	2020-03-29	Formation of Corona Crisis Management Center
3	2020-01-01	Awareness raising through media	12	2020-04-02	Procurement of medicines and essential health items
4	2020-01-23	Case tracing and formation of Tracing team	13	2020-04-24	Mobilizing Emergency Response Team
5	2020-01-23	Establishment of laboratory and first tracing	14	2020-04-26	Purchase of reagent kit
6	2020-01-23	Establishment of COVID -19 hospitals	15	2020-05-14	Community screening and testing
7	2020-03-01	Formation of Corona Prevention and Control High Level Committee	16	2020-05-15	Establishment of Isolation Center
8	2020-03-06	Preparation of directives, guidelines and protocols	17	2020-05-20	Quarantine management
9	2020-03-22	Provision of Hazard Allowance	18	2020-06-02	Testing guidelines approval

Tourists and Nepali nationals from China, South Korea, Japan and other European countries with high corona infection rate were able to enter Nepal by air without any hindrance till mid of March. Although the Government had deployed the security personnel and health worker at the entry point of international airport and land routes, there had been lack of systematic testing and isolation except for measuring fevers. Due

to which congestion increased at the checkpoints and passengers had been escaping the primary checkpoints which caused the spread in the family and the community. Outbreaks appeared to be exacerbated by the lack of timely contact tracing and case searching, lack of necessary testing kits, reagents and personal safety equipment and medical manpower in hospitals and laboratories.

The first infected person in Nepal was found in 2020/01/23 and in 2020/03/01, High Level Committee for Novel Corona Prevention and Control had been formed under the coordination of the Deputy Prime Minister formed by the Council of Ministers, Government of Nepal. Thereafter, the COVID -19 Crisis Management Center was established on 2020/03/29. It was observed that the Department of Health Services decided to procure necessary health items for the prevention, control and treatment of COVID -19 on 2020/04/02. As a result, it was found that there was a lack of testing kit, personal safety equipment in the early stages. Moreover, with the increase in COVID cases, the Government of Nepal performed as follows:

S.N.	Related to Preparedness	Observations regarding major activities performed
1.	Screening and Surveillance	Despite the setting up of Health desks at the entry points of air and ground checkpoints and personal safety equipment and tools had been provided, the equipment and manpower were not sufficient.
2.	Training and orientation to groups formed for case research and contact tracing	Although a high level of advocacy, meticulous planning and training had been conducted but all groups did not receive adequate training in time.
3.	Transformation of structures other than health institutions into isolation centers	Due to the increasing number of patients with COVID-19, health institutions were not been able to cope with the increase in number of patients, so, necessary instructions had been issued to convert non-health facilities into isolation centers in compliance with the standards of Infection Prevention and Control (IPC) but the isolation center were not enough compared to the transition.
4.	Formation of protocol for prevention and control of COVID -19	Protocols had been developed to prevent COVID-19 infection in health institutions and to provide treatment by all health institutions in Nepal for treating COVID-19 infections however, it could not be distributed to all the health institutions and pre-information could not be given.
5.	Implementation of Community based antigen testing	Community-based antigen testing protocols had been developed and disseminated to all the provinces but were not implemented till the mid of July.
6.	Formation of protocol for case research and contact tracing	Protocols and S.O.P. required for case research and contact tracing were published, but due to weak contact tracing monitoring was weak.
7.	Necessary mapping of entry point health desks	A map had been drawn up for the construction of health desks to be constructed at 12 land entry points, including Tribhuvan International Airport.
8.	Expert mobilization for case research and contact tracing	Although PPH and MPH Volunteers had been mobilized to facilitate contact tracing in all the municipalities of Kathmandu Valley, there had been no coordination in the work.

9.	COVID-19 facilitation formed in streets/wards	Although guidelines had been formulated for facilitation of Communities in management of COVID-19 and setting COVID -19 Facilitation Committee, in every streets/wards, it has not been implemented.
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Although quarantine, isolation and other works have been done in collaboration with the Federation, the provincial and the local level, there has not been enough preparedness for surveillance, relief distribution and contact tracing. Preparedness work should be managed in time.

- 6. Implementation mechanism** - Disaster Risk Reduction and Management Act, 2074 has been implemented with the objective of protecting the livelihood of the people from natural and non-natural disasters by managing all disaster management activities in a coordinated and effective manner. According to the Act, non-natural disasters include pandemics, famines, fires, insect or **microbial** terror, flu in animal and bird, and pandemic flu. The Act has established National Council for Disaster Risk Reduction and Management under the chairmanship of Prime Minister, Executive Committee under the chairmanship of the Home Minister, the National Risk Reduction and Management Authority, Provincial Disaster Management Executive Committee, District Disaster Management Committee and Local Disaster Management Committee. The Ministry of Home Affairs has permanent facilities including the National Emergency Operations Center, Ministry of Health and Population has Health Emergency Operation Centre and Department of Health Services has epidemiology and disease control division. Despite the existence of these structures, COVID -19 Crisis Management Centre was established by the decision of the Council of Ministers, Government of Nepal on March 29, 2020, under the coordination of Deputy Prime Minister, and subordinate Corona-19 Crisis Management Center has been established in Province, District and Local levels. Although there are permanent structures set up by law, temporary structures were added, which increased the number the agencies, which lead to difficulty in jurisdiction of work and co-ordination.
- 7. Investigation** - The COVID -19 Case Investigation and Contact Tracing Team Operational Criteria and Management Directive, 2020 approved on 2020/06/10, provides for the formation of at least one case investigation and contact tracing team at each local level. According to the details received, the ministry has formed 13 teams and conducted research on 258 cases and 575 contacts tracing till July 2021. However, this team is not adequate to conduct case research and investigation throughout the country. The Ministry has introduced a policy of swab testing of persons returning from abroad only if he/ she had symptoms such as cold, difficulty in breathing or fever above 100.4 degree Celsius, however, the swab testing of the suspected travelers was not effective and they could not be kept in quarantine, as a result other people and families who came in contact with the infected people were at risk of infection. Although contact tracing was promptly performed in the early days, the process was found ineffective in later stage.

• **COVID Hospital Management**

- 8. COVID Treatment Management** – As per point 4 of Interim Directive for COVID -19 and other Healthcare Delivery, 2076, regarding identification and treatment of COVID -19 it has been provinciald that basic counseling and referral services shall be provided by all health posts and primary health centers; isolation, sampling and referral service will be provided by the provincial hospital or hospital running COVID -19

clinic; general case shall be handled by Level 1 hospitals, moderately complex and very complex case shall be handled by Level 2 COVID -19 hospitals and services requiring multi-experts shall be handled by Level 3 COVID-19 hospital. However, due to lack of infrastructure and manpower, some of the designated hospitals have not been able to manage the treatment accordingly till the mid of July.

9. **COVID Hospital-** In the context of COVID -19 pandemic, the role of Level 2 COVID hospital is crucial in treating patients with COVID as per the Interim Directive issued for the delivery of COVID and other health services. According to the Directive, medium complex and very complex case referred by the hospital or identified in these hospitals should be treated according to the protocol through high dependency and ICU care. According to the progress report received from the ministry, 25 large hospitals and 64 medium hospitals across the country were designated as COVID hospitals for COVID treatment. In addition, 23 medical colleges and 15 private hospitals were also treated as COVID hospitals. All the hospitals have 3,076 beds, 1,595 ICU beds and 840 ventilators. Regarding the treatment of COVID -19, the status of some of the hospitals till the mid of July 2020 is as follows:

Name of the Hospital	Total numbers of Beds	Total no. of bed allocated for COVID patients		Number of patients treated	Total Posts of Health Workers	Vacant posts	Manpower assigned for COVID Patients
		Common Bed	ICU bed				
Teaching Hospital Maharajgunj	737	131	15	294	1,755	605	1,077
National Academy of Medical Science (Bir Hospital)	386	361	25	-	1,220	00	-
Sukraraj Tropical and Infectious Disease Hospital	100	76	24	115	109	-	160
Patan Hospital	231	210	21	7,400	1,083	-	1,425
Pokhara Academy of Health Sciences	394	60	6	115	601	161	105
Bheri Hospital	336	170	-	100	142	51	25
Bharatpur Hospital	300	165	29	37	381	86	200
B.P. Koirala Institute of Health Science	700	100	20	359	3,226	1,346	-
Narayani Hospital, Birgunj	195	100	75	164	199	27	100

- 9.1. Tribhuvan University Teaching Hospital has provided in-door patient and out-door patient services for COVID -19 treatment. It has provided treatment services to 2,007 out-door- patients and 294 in-door- patients till the mid of July 2020 AD. Out of the total 737 beds in the hospital, 131 were reserved for normal and 15 for ICU beds. The hospital had 15 ventilators and 3 ambulances. According to the Protocol, COVID and non-COVID patients are treated in separate buildings, but it is observed that the hospital does not have adequate VTM and safety equipment for COVID treatment. There are 217 posts for doctors, 865 for nurses and 119 paramedics out of which 509 posts were vacant. 197 doctors, 720 nurses and 90 paramedics were assigned to treat COVID -19 patients.

Although COVID treatment service was initiated in the hospital from 2020/03/24, there were difficulties in treatment due to lack of beds, ICU and ventilators. There were 131 beds and 15 ICUs as on 2020/04/11. It is observed that the hospital has received materials related to the treatment of COVID -19 only from the Department of Health Services or other agencies on 2020/06/11. Although the hospital provided free treatment, hospital did not keep separate records of the cost of treating COVID -19 patients.

- 9.2. Shukraraj Tropical and Infectious Diseases Hospital tested 10,521 PCRs till mid of July 2020 AD, out of which 212 were found to be infected and 115 patients were admitted and provided treatment. Out of the total 100 beds in the hospital, 76 normal beds and 24 ICUs were provided for treatment. The hospital had two ventilators and an ambulance. According to the protocol, COVID and non- COVID patients were treated in separate buildings. The hospital did not have adequate medical equipment including PCR machine, ventilator, X-ray machine and ultrasound machine required for the treatment of COVID -19. Due to lack of adequate machine equipment and manpower there seems to be problem in the treatment of COVID -19. The hospital has 20 doctors, 54 nurses 35 paramedics. In addition, 7 nurses and 8 paramedic personnel are under deputation, 2 doctors and 2 paramedics are under contract and 23 doctors, 5 paramedics and 4 nurses are working under the scholarship of the Ministry. Out of the mentioned posts, 45 doctors, 65 nurses and 50 paramedics were deployed for the treatment of COVID -19. The available manpower was not sufficient to manage the treatment of both COVID and non- COVID patients.

Although COVID treatment service started from 2020/01/23, initially, there were only 22 ICU beds, 2 ventilators, 1 PCR machine whereas lack of X-ray, ultrasound machine and other equipment created difficulty in treatment. The hospital added 20 ICU beds in 2nd May 2020 AD. Other materials related to COVID treatment were received from the Department of Health Service only in June 2020 AD. The hospital has provinciald that it has managed the treatment of the patients coming to the hospital by making maximum use of the available resources even though the health supplies required for the treatment of COVID received from the department and purchased by the hospital till the mid of July were not in sufficient quantity.

The hospital has expensed Rs. 345.5 million 7 thousand for the management and treatment of COVID -19 till the mid of July. The amount has been spent on medicines, health materials and hazard allowance of the employees involved, construction of physical infrastructure including other activities in the treatment of COVID. The hospital incurred Rs. 3.1 million 84 thousand by arranging hotel quarantine for the medical team. Based on the number of patients treated till end of Ashadh, the cost per hotel quarantine is Rs.27 thousands per patient.

- 9.3. It was found that the National Institute of Medical Sciences (Bir Hospital) has started preparedness for the treatment of patients with COVID -19 and PCR testing from 2020/04/10. Out of the total 386 beds sanctioned for the hospital, 361 were reserved for normal beds and 25 were for ICU beds. The hospital had 15 ventilators and 5 ambulances. Even though, according to the protocol, the hospital was prepared to treat COVID and non- COVID patients by arranging in separate buildings, but COVID treatment did start till Mid-July, 2020. The hospitals did not have adequate medical equipment including ventilator, monitor, ICU bed, PCR machine, syringe pump, infusion pump, trolley, oxygen plant required for COVID treatment. 8 infusion pumps, 5 syringe pumps, 2 defibrillators and oxygen plant were found to be out of order. It was

found that there was a problem in oxygen supply as the oxygen plant in the hospital was not repaired in time. Although there were 163 more manpower in the hospital, that were on deputation or contract, than sanctioned by the Government of Nepal and the Institute, the manpower available for COVID and non- COVID treatment has not been sufficient due to the rise in COVID patients.

The hospital has been performing PCR since March 2020. Although the test was started, due to lack of beds, ICUs and ventilators, there were difficulties in treatment. On 2020/07/15, 1 set PCR Cabinet, 1 set Real time PCR Machine, 2 set Automatic RNA/DNA Extraction Machine, 17 ICU beds and 88 common beds were added. The hospital received material related to COVID treatment from the Department of Health Service on Mid-April, 2020. In the early days, there was a shortage of health items including PPE sets, surgical mask and sanitizer, but after Mid-April, 2020, the supply of health items improved.

The hospital has not kept a separate record of the cost of treating COVID patients. In addition, the hospital has expensed Rs. 3 crore 62 lakhs till the Mid-July, 2020, for procurement of COVID materials.

- 9.4. Patan Hospital has provided in-door-patient and out-door- patient services for COVID -19 treatment. Till Mid-July, 2020,, 6,495 out-door- patient and 905 in-door-patients have been admitted and treatment services have been provided. Of the 231 beds, 231 ordinary beds and 21 ICU beds were reserved for COVID. The hospital had 15 ventilators and 1 ambulance. The hospital had 493 posts of doctors, 510 posts of nurses and 155 posts of paramedics. Out of the posts, 393 doctors, 330 nurses and 50 paramedics were deployed for COVID treatment. The equipment and COVID beds and manpower required for the management of COVID and non-COVID patients was insufficient.
- 9.5. Narayani Hospital, Birgunj received a budget of Rs. 26.2 million and started COVID treatment from 2020-04-12 and till Mid-July, 2020, Rs.25.40 million has been expensed for the treatment of 97 infected people. In addition to this, Rs. 5.890 million thousand has been spent on hotel and quarantine for the health workers and other staffs involved in the treatment. The hospital has 2 ambulances and other equipment which is not enough.

Similarly, there are 384 ordinary beds under the Pokhara National Academy of Health Sciences among which, 10 beds were allocated for COVID treatment at the initial stage and 30 beds were added later on, thus totaling to 40 beds. The Academy has received a budget of Rs. 78.794 million out of which Rs.14.918 million has been expensed. Similarly, Rs.3.98 million has been incurred on food, accommodation and other facilities for the staff involved in COVID treatment but the equipment and services required for COVID hospital have not been made more effective.

- 9.6. It is seen that Bheri Hospital, which is a provincial level referral hospital, has established and operated corona special hospital in 2020/04/02 at Sushil Koirala Acute Cancer Hospital in Khajura, Banke in the first phase for prevention, control and treatment of COVID -19 pandemic. Out of the total 142 posts, 25 health workers have been deployed for COVID treatment and of the 14,600 PCR test performed, 688 have shown positive for COVID. For COVID -19 test, the PCR laboratory was set up at 2020/04/19 and the first case reported was a man who showed symptoms of the disease in 2020/05/01. Another 21 cases were found through contract tracing and 28 people were initially treated at the corona special hospital in Khajura. At that time, 3

ventilators, 8 HDUs and 40 beds were provided for COVID -19 Special Hospital and now ambulances and hearses have also been provided. The hospital has spent Rs. 28.5 million from the budget received from the federal and provincial Government.

- 9.7 According to the Interim Directive for treating COVID -19 patients, 2077, the COVID clinic has to treat COVID patients only after making necessary arrangements. According to a survey of 95 COVID -19 clinics conducted by the Nepal Health Research Council from April 26 to May 27, 2020 on health care facility preparation and planning, 41% of the hospitals did not have COVID -19 infection preventive teams, 7% did not have fever thermometers and 20% had no place for patients for waiting. Similarly, 48% were not able to provide 24 hour service, only 3% had RT PCR facility, only 33% health workers had been trained on RT PCR, 4% did not have isolation facility for COVID-19 suspects, only 45% had PPE as prescribed by the Ministry, 4% had dedicated COVID -19 treatment services, only 3% had X-ray and ultrasonographic facilities. Similarly, 83% of the hospitals provided corona related facilities from the existing structure, 7% of hospitals made arrangements of beds to provide emergency services for COVID, 57% of hospitals had ventilators in ICUs, 77% of hospitals had ambulance facility, 53% of hospital had central pipeline oxygen supply, 37% of hospitals had CT scan facilities, 74% had x-ray facilities and the remaining 20% of hospitals had critical care specialist and all the hospitals had hydro chloroquine, azithromycin drugs but no remedicivir, tocilizumab covalent plasma is available in any of the hospitals, 70% of the hospitals have arrangements for referrals.

According to the status of the hospitals and the research done by the Nepal Health Research Council, the infrastructure and manpower at the hospitals are inadequate therefore, efforts should be made to increase the facilities by allocating resources.

10. **Treatment Costs** - Order to provide grant to the hospital for the treatment of infection, 2077 provincials that COVID-19 suspects and infected persons will be treated free of cost and the cost of the treatment will be made available to the hospitals. The Order provincials that the Government shall provide grant of Rs. 3,500 per patient per day for treatment of patients with normal symptom, Rs.7,000 for patients with moderately complicated symptoms and Rs.15,000 for patients with complex and critical symptoms. Even though the Government has fixed the rate for reimbursement to the private hospitals for treatment of COVID patients, the private hospitals have charged of their own rate to the patients. According to the details posted on their websites by private hospitals, the fees charged per person per day for COVID -19 patients are as follows:

S.N.	Fee Details	Hospital located in Dhapasi (Rs.)	Hospital located in Nakkhu (RS.)	Hospital located in Chabahil (Rs.)	Hospital located in Dhumbarahi
1.	Daily rate for common bed	7,000	12,500	2,000	7,000
2.	Daily rate for isolation suit room	50,000	-	-	50,000
3.	Daily rate for ICU bed	17,500	20,000	9,000	22,000
4.	Daily rate for Ventilator	26,500	25,000	14,500	-
5.	Daily rate for isolation double bed	11,500	6,000	3,000	-
6.	Twins sharing room	-	-	-	15,000
7.	Isolation Deluxe	-	-	-	22,000
8.	Isolation private room	-	-	-	21,000

Although, the Ministry, after investigation, has decided to instruct the eight hospitals to refund the fees, however, monitoring regarding the implementation has not been done.

Necessary actions should be taken against the hospital for charging excess fees, than prescribed by the Government, even in time of pandemic.

• **Laboratory management**

11. Laboratory Establishment and Operation - When there was a suspicion of corona virus infection in Nepal for the first time in the first week of January, 2020 samples were sent to the WHO laboratory in Hong Kong as there was no facility to test for the virus in the country. For the first time in Nepal, PCR Laboratory was set up to test sample of corona virus infection at the National Public Health Laboratory on 2021/01/26 Details of laboratories setup in 2019/20 follows:

Name of the Province	Establishment of PCR Laboratory									
	Till Mid-April, 2020		Addition till Mid-April, 2020		Addition till Mid-July, 2020		Addition till Mid-July, 2020		Total	
	No.	Capacity	No.	Capacity	No.	Capacity	No.	Capacity	No.	Capacity
No.1	2	1,800	1	500	-	-	1	350	4	2,650
No.2	1	500	1	300	1	300	-	-	3	1,100
Bagmati	6	2,320	1	100	1	350	5	4,900	13	9,670
Gandaki	1	450	-	-	-	-	1	1,000	2	1,450
Lumbini	-	-	2	450	1	180	3	2,050	6	2,680
Karnali	3	590	1	700	-	-	-	-	4	1,290
Sudurpashchim	1	500	-	-	-	-	1	500	2	1,000
Total	14	6160	6	2050	3	830	11	8,800	34	19,840

As per the details, 14 laboratories in 7 provincials had the capacity to test 6,160 cases daily till mid-April, 2020, which has increased to 34 laboratories with a capacity to test 19,840 cases daily by July, 2020 However, the laboratories are concentrated in the provincial capital and there are difficulties faced infected people at the district and local level in accessing them, as result samples have to be collected through courier.

12. National Public Health Laboratory - The National Public Health Laboratory, the central laboratory, had expanded its capacity to cope with possible pandemic by operating three PCR machines and making arrangements for necessary reagents, safety equipment, manpower, etc. so as to carry out testing 24 hours. The laboratory has equipment including bio safety cabinet, centrifuge, two fully automated nucleic acid purification system required for molecular method. The existing laboratory information system used by the laboratory has been improved and arrangements have been made to obtain details from all laboratories from sample collection of COVID -19 to transmission of results. It was noted that arrangements have been made to inform the service recipients through mobile SMS and print the report at their own convenience using the code number provided or to be physically present at the laboratory and take the report. Even though the laboratory was operated for 24 hours, due to high number of samples collected and less number of laboratories, in some cases, it took up to 2/3 days to provide report. As a result, there is a risk of infected people spreading the disease without being tested in rural areas. In recent times, despite antigen kits are being used in rural areas, they are less in areas with high infection. Therefore, the scope of testing should be expanded by setting up a laboratory in a certain distance or by arranging mobile laboratory or by using the latest technology.

13. Private Laboratory – As per the directive on allowing private laboratories to perform molecular testing (PCR) of COVID -19 approved by the Ministry on 2020/06/22, it is mentioned that private laboratories shall only test samples sent by Government laboratories and Rs. 5,500 shall be reimbursed to the private laboratories in this regard. As the National Public Health Laboratory is also a regulatory body, interested private laboratories were informed to apply to obtain permission to operate COVID -19 RT-

PCR laboratory in 2020/06/04. Upto July, 2020, 5 private laboratories were approved for operation. Initially, a fee of Rs. 5,500 was fixed. Although the Government of Nepal said it would conduct free tests, private laboratories were found to be charging higher fees. Despite the private laboratories charging higher fees, general people opted to test at private laboratories as the report was made available at comparatively in short duration. Even though some laboratories charged higher rates, no investigation was done regarding the same. Free testing from a limited laboratory alone has not been effective.

14. **Conducting Training** - The National Public Health Laboratory has conducted 4 in-house trainings on PCR Result Analysis, Biosecurity Practices, Infection Prevention and Control regarding COVID-19 and COVID -19 PCR Result Interpretation and Troubleshooting. Similarly, orientation training was provided on inter laboratory sample collection, packing, transport and biosafety practices; orientation was also done regarding online data entry. Similarly, technical teams of Armed Police Force Hospital, Nepal Military Hospital, Kathmandu Medical College, Kanti Children's Hospital and Provincial Laboratory Butwal have been given on-the-job training. Laboratory staff has been made to participate in various seminars related to COVID -19. It seems difficult to manage the manpower as testing and training as well as sample verification have to be conducted at the same time.
15. **Preparing Guidelines and Procedures** - The World Health Organization (WHO) has reviewed the procedures and methods adopted by the National Public Health Laboratory and declared them to be authentic and adequate. The laboratory has prepared two interim guidelines and three other procedures to allow SARS COV-2 PCBAR Laboratories in the National Public Health Laboratory Network and private laboratories to test PCBs by July 2020 (till Ashad 2077). To ensure the quality of COVID -19 laboratories, the National Public Health Laboratory has arranged for each laboratory to send 10 positive and 10 negative samples for verification, and if they are verified to send 5 positive and 5 negative samples for verification every month. As the number of laboratories and tests has increased, the work of sample verification has been minimal. As a result, the test results vary from laboratory to laboratory. Separate structure should be setup to verify a certain number of samples and to ensure quality of laboratories.
16. **PCR Tests** – As per the status report, the Ministry has tested 2 98 thousand 829 PCRs till mid-August 2077. According to the status report, out of the total test till Mid-July, 2020, 45.20 percent test has been conducted in Bagmati and 12.36 percent in Province 1, 5.66 percent in Province 2, 6.14 percent in Gandaki, 13.90 percent in Lumbini, 13.73 percent in Karnali and 5.01 percent in the Far West. During this period, only 1.02 percent or 10,250 tests were performed per million.

As there was 1 set of PCR machine in the laboratory of National Academy of Medical Sciences, Bir Hospital, the machine was used in the laboratory from 2020/04/10; another new PCR machine was procured on 2020/07/15 and has been put to use. Although the laboratory's testing capacity is 300 per day, it has tested up to 500 per day. As the infection began to spread, it took two days for the PCR test report to be provided. The PCR test has been started from Mid-March, 2020 from the PCR machine in the laboratory of Shukraraj Tropical and Communicable Diseases Hospital. The hospital has provinciald that even though the laboratory's PCR testing capacity is 300 per day, 950 tests have been conducted daily from the laboratory. As the infection began to spread, it took up to one day for the PCR test report to be provided. Narayani Hospital

has started PCR test from 2020/05/06 and has tested 10,914 PCR and 2,214 PCR RDT till mid-August 2020 AD. As the infection began to spread, it took up to two days for the PCR test report to be provided. In Pokhara Health Science Academy, PCR test was started from 2077 Chaitra, and 85 PCR reports were examined daily; as of July 2020, 11,766 tests were conducted. Of the tests, 650 were found to be infected and it took upto two days for the results to be provided. Difficulty in controlling the infection has been seen due to the over testing and delay in report.

- 17. Waste Rate of Kit** – The status of kits obtained by various laboratories from Department of Health Services and self-procured kits, PCR test conducted and expenditure on kits up to July, 2077 is as follows:

Name of Laboratory	Receipt of PCR Kit from Mid-March, 2020 to Mid-July, 2020	PCR Kit used till Mid-July, 2020	Kit in stock till Mid-July, 2020	Examination Number	Waste in Kit Number	Rate of waste (In Percentage)
Bir Hospital	9,348	6,607	2,076	5,672	665	10.06
Sukraraj Tropical and Infectious Disease Hospital	10,336	10,336	-	10,521	185	1.79
Pokhara Academy of Health Sciences	12,600	11,950	650	11,067	150	1.25
B.P. Koirala Institute of Health Sciences	8,304	8,304	0	11,885	-	-
National Public Health Laboratory	2,40,580	1,58,080	82,526	78,016	-	-
Bharatpur Hospital	8,028	7,800	228	9,198	-	-
Narayani Hospital	6,750	6,750	-	10,914	-	-

The National Public Health Laboratory has dispatched 81,992 kits out of the 240,580 kits received. B.P. Koirala Institute of Health Science has reported to have performed 11,885 tests using 8,304 kits. The Institute said that due to lack of kits, more than one sample was tested from one kit using the pooling method. 5 thousand 672 PCR tests have been done from the laboratory of National Academy of Medical Sciences, Bir Hospital till mid-July. In the laboratory, 9348 PCR kits were received from April 2076 to August 2077 out of which 9,348 units were used and 2076 found unused. On comparative analysis of kits used and PCR tests it can be noticed that 10.06 percent kits were wasted. Sukraraj Tropical and Infectious Disease Hospital used 10 thousand 336 kits and 10 thousand 521 test were conducted. On comparative analysis of kits used and PCR tests it can be seen that 1.79 percent kits were wasted. The National Public Health Laboratory has done aggregate tests as a result more test has been reported than kits used which shows higher wastage in other laboratories. Work should be done to minimize waste rate.

- 18. Level of Testing and Result** - The National COVID Test Guideline, 2077, provides for a priority and control system for testing Corona. In this regard, a study conducted by the National Health Research Council provincials that COVID test is used to test a person using a real-time polygamous pain reaction method. According to the report, physical condition and equipment of all the laboratories were operated as per the conditions and norms for testing as per SARS COV-2 method, and backup of data have been taken, however, further improvement is needed as work was done by contractual employees, only short term inhouse training was provided, documentation not done properly, guidelines and SOP and calibration of equipment were not improved.

Similarly, the quality of reagent kits is not as prescribed, results are different in some cases due to differences in reagents, lack of adequate training of staff to collect samples from nose and throat, lack of adequate provision of biosafety and biosecurity, lack of post-test testing. For this, a separate autonomous regulatory body should be set up,

licenses should be issued according to the physical infrastructure and level of the labs, laboratory biosafety method should be adopted, adequate human resource management unit should be set up in the Ministry, laboratories should be set up with adequate microbiologists.

• **Formulation and Implementation of Health Protocols**

19. **Guidelines and Protocols** - Different countries have developed their own protocols for the treatment of corona-infected patients in the absence of the discovery of drugs and vaccines. It is seen that the Ministry of Health and Population has formulated and made public about 39 guidelines and protocols regarding COVID -19 from Mid-July, 2019 to Mid-July, 2021, based on the standards and protocols of the World Health Organization. The Ministry of Health and Population has conducted various studies, research and surveys in connection with COVID -19. In this regard, a study conducted by the National Health Research Council found that various public places and gathering places in the Kathmandu Valley did not fully comply with the standards related to social distancing, use of masks and sanitizer (SMS). It is mentioned that the condition of the health workers working in the frontline in the treatment of COVID -19 patients is also weak, they have not received training, they have to work for 11 to 15 hours, they have to work without PPE, all the health workers have not been provided quarantine. This can lead to a decline in the efficiency of health workers and have adverse effect on treatment.

Although the Ministry of Health has formulated the guidelines, the hospital should follow the guidelines of the clinic operation; laboratories should follow testing guidelines; local level should follow case investigation, contact tracing, quarantine, isolation center management; security agencies should follow guidelines related to dead body management, entry point monitoring etc. There is a lack of monitoring process or body to monitor its compliance and even the Ministry of Health has not monitored its compliance. As a result, the directives have not been fully implemented which has affected the COVID -19 infection. The directive should be strictly followed by setting up a monitoring mechanism.

20. **Unified Laws** - Infectious Diseases Act 2020, Disaster Risk Reduction and Management Act, 2074, Public Health Services Act, 2075 and National Criminal Code, 2074 and various laws have provisions related to prevention and control of infectious diseases. Different laws have been drafted to identify, prevent and control infectious diseases, and to punish offenders. Infectious disease control laws have been enacted long ago however, it is not adequate at times of pandemic to act in an integrated manner, so integrated laws should be enacted to help control and treat COVID disease.

• **Procurement management**

21. **Procurement of Materials related to COVID -19** – As per Rule 145, of the Public Procurement Rules, 2064, the public entity shall, in making procurement, prepare written details of the procurement requirements, quality, quantity, conditions and period for the completion of work and shall procure only the quantity and for the period required to face the emerging circumstances by having competition made as far as practicable or by concluding negotiations for fair and proper price after receiving written quotation or proposal from a single construction entrepreneur, supplier, consultant or service provider. This year, the Department of Health Services has procured PPE masks, sanitizers and other items worth Rs. 1.14 billion from the direct

negotiation. The details of the 22 procurement agreements entered through bids are as follows:

S.N.	Details of Purchase	No. of Contract	Cost Estimate	Agreement amount	Percentage Decreased	Payment Amount (In ,000)
1.	More than Rs.200 million	3	9,56,763	6,41,391	32.75	6,41,391
2.	Rs. 100 million to Rs.200 million	3	3,48,066	2,66,877	23.33	2,66,877
3.	Rs. 100 million to Rs. 50 million	3	2,07,924	1,32,129	36.45	1,00,258
4.	Rs. 50 million to Rs. 100 million	7	1,85,477	1,38,352	25.41	1,23,977
5.	Upto Rs. 100 million	6	1,85,477	17,058	23.69	13,151
	Total	22	17,17,564	11,95,807	30.38	11,45,654

The observation related to the mentioned procurement are as follows:

- 21.1. Rule 11 of the Public Procurement Rules, 2064 provides that cost estimate by the public entity should be as per the actual cost incurred by the concerned public entity in the previous year, the prevailing rate in the local market and the rate issued by the Chamber of Commerce and Industry. For procuring RDT kits, VTM masks, sanitizers and other items having cost estimate of Rs. 1 billion 717.5 million, the Department of Health Services has entered into an agreement worth Rs. 1 billion 1195.8 million and has made payment of Rs. 1 billion 145.7 million. The department has procured at cost which is 30.38 percent less than the cost estimate. 51 types of health items worth Rs. 48.5 million has been procured based on the cost rate prepared by other hospitals through direct procurement without approving cost estimates.
- 21.2. While making procurement by a public entity, any method mentioned in Article 81 of the Public Procurement Act 2063 should be followed. As per the decision of the Council of Ministers, dated 2020/03/29, it has been provinciald that Nepal Army, in coordination with Ministry of Defense and Ministry of Health and Population, shall procure the required medicines, equipment and other materials through Government to Government (G2G) method. Out of the 398 items that were decided to be procured by Nepal Army, a Secretarial level decision was made to procure materials by the Department of Health Services, so that the cost does not exceed 15 percent, from three suppliers worth Rs. 361.8 million as per Rule 15 of the Public Procurement Regulations, 2064. Even though the Council of Ministers had fixed a method to procure health materials, some items were procured by different method. The basis and justification for this should be submitted.
- 21.3. In order to carry out laboratory test of COVID-19 at public level, the Department of Health Services had entered in to an agreement with a supplier for procuring PCR kits, reagents and VTM at price of Rs. 45.2 million based on the cost estimate and specifications provided by National Public Health Laboratory. In the bid document, the supplier had proposed to supply 25000 VTM of 3 LM manufactured by a certain manufacturer, however, products of another manufacturer was supplied without conducting quality control test. As the procurement has been done from a manufacturer other than that mentioned in the agreement, the concerned authority must be made accountable.
- 21.4. Rule 114 of the Public Procurement Rules, 2064 provides for inspection or testing of goods supplied by public bodies in accordance with the technical specifications and quality mentioned in the agreement. The Department of Health Services has procured 11 types of medicines required for the treatment of COVID -19 from a supplier and

paid Rs. 243.65 million. As per test done by an expert committee comprising of a chemist, on the supplied medicine, it was found that only six types of medicines were supplied, four medicines were not as per the agreement, and the country of manufacture of Insulin and Aspart were different; even these discrepancies were pointed out the supplied medicines were accepted. It is not prudent to accept medicines that do not meet the terms and specifications mentioned in the purchase agreement. The reason, basis and justification for this should be provided.

- 21.5. According to Section 27 of the Public Procurement Act, 2063, in furnishing the performance **guarantee**, the bidder shall furnish the performance guarantee in a sum to be set by five percent of the bid price of the bidder if such a bid price is up to fifteen percent below the cost estimate and by fifty percent of the amount by which less price is quoted if such a bid price is below more than fifteen percent of the cost estimate, in addition to five percent of the bid price. The Department of Health Services has approved a cost estimate of Rs. 933.29 million for the purchase of RNA kits, RDT kits, medicine gowns and has entered into an agreement worth Rs. 805.1 million with 11 different suppliers. Even though the bids are less than 15 percentage, it is seen that performance guarantee obtained was below by Rs. 39.3 millions. As the risk in the performance of the agreement increases and the facilities including warranty of machinery and equipment cannot be implemented due to lower performance guarantee, the employees concerned should be made responsible for concluding an agreement with a performance guarantee less than the provision of the Act.
- 21.6. As per Rule 42 of the Public Procurement Rules, 2064, the public entity should provincial technical details in the bidding documents, including relevant physical and chemical characteristics, technical configuration, the spare parts and specified services which are required during the life of the **goods**, quality, guarantee details, warranty and details of repair and maintenance. The Department of Health Services provided Rs. 200.1 million to 5 suppliers for procurement of RNA machine, digital thermometer, ICU equipment and other machinery equipment, however, warranty period, repair and maintenance period etc. has not been specified in the specification. The Officials not complying with the provisions in the regulation should be held accountable.
- 21.7 Rule 112 of the Public Procurement Rules, 2064 stipulates that at least 110 percent of the customs value should be insured from warehouse to warehouse. The Department of Health **Services** has not taken insurance documents when paying the contract amount of Rs. 49.7 million for three contract agreement. When procurement is done as per Public Procurement Act and the agreement, if the material is supplied without insurance, then there may be changes loss; so, the material should be procured only after confirming the insurance liability.
- 21.8. Materials purchased by the Department of Health Services in special circumstances and received from other agencies have not been distributed and is present in stock. Only urgently need medicines should be procured in special circumstances.
- 22. Use of the Kit** – Section 53 of the Financial Procedure and Financial Accountability Act 2076 stipulates that the person holding the position of public accountability shall be responsible for the transaction under the order or direction given by the person holding the post or for the transaction done by himself. The Department of Health Services has procured 96,445 RDT kits worth Rs. 278.1 million from two suppliers this year through bidding and negotiation. Although the WHO provinciald that the kit could be used for emergency surveillance purposes, the kits were used for identification, therefore, the cost incurred did not generate value for money. Out of the purchase

amount, after use of 312,402 kits this year, the Government of Nepal decided to stop using the kits on 2020/07/29; therefore, the remaining 84,043 kits worth of Rs. 52.9 million 47 thousand could not be used; out of the balance unused kit, 8196 kits lying in the Department had expiry date of March 21, 2021 and the status remaining 75 thousand 847 kits that had been sent to other health institutions could not be verified. The kits were procured without detailed study and analysis and its usefulness, which resulted in wastage of Government resources as well as resulted questioning its reliability in general public.

- 23. Procurement of Health Supplies** -As per Rule 145 of the Public Procurement Regulations, 2064, procurement can be done in special circumstances considering the crisis that may occur in public security, interest and community health, if procurement is not made immediately and after preparation of written details of the procurement requirements, quality, quantity, conditions and period for the completion of work and shall procure only the quantity and for the period required to face the emerging circumstances by having competition made as far as practicable or by concluding negotiations for fair and proper price after receiving written quotation or proposal from a suppliers

In audit it is noted that the Council of Ministers, Government of Nepal provided consent to Department of Health Services to procure medical items for prevention, control and treatment of COVID-19 on 2076.12.9. In this regard, on the basis of the details received from the Department of Health Services, the observations are as follows:

- 23.1 The Department of Health Services had prepared cost estimate of USD 9 million 77 thousand and floated an open tender to procure 19 types of health equipment. However, agreement of Rs. 10.338 million, which is 13.9 percent higher than the cost estimate, was entered with a supplier on 2020/03/27. The agreement stipulates that the supplier will provide health equipment in three lots and the first lot of USD 9.053 million was agreed to be delivered on 2020/03/30. However, only equipment worth USD 2.334 million has been supplied. The equipment were used without conducting technical testing. The contract was voided on 2076/12/19 citing the reasons of non-performance and that the supplier did not supply remaining lots of goods and supplier partial amount of essential goods. The performance guarantee of USD 517 thousands has been forfeited and deposited in the revenue. However, the amount required to complete the remaining work in accordance with the contract because of its termination has not been recovered as governmental dues from the bidder failing to so perform the work under the contract as per section 59(8) of the Public Procurement Act, 2063.

The supplier has not been paid Rs. 194.23 million for the freight of chartered flight from China and USD 2.334 million for goods supplied. The writ petition filed by the supplier in the Supreme Court and Patan High Court for judicial remedy is sub-judice. The original documents of this procurement was not made available for audit.

- 23.2 As per section 71 of the Public Procurement Act, 2063, the public entity shall form an evaluation committee, under the Chairmanship of the Chief of the public entity or senior officer and comprising of four members, for the examination and evaluation of pre-qualification proposals, bids, expression of interest or proposals of consultancy services or sealed quotations. For the evaluation of 7 proposals received as per the notice published for supply of essential items relating to COVID-19 prevention and control in special circumstances, committee as stipulated in law was not formed and a 6-member committee under the coordination of the advisor to the Minister was formed and negotiations were held. The basis, reason and rationale to form a committee against

the provision of law cannot be justified. The decision taken by persons who are not accountable by law is not consistent with law.

24. **Unused kits** – The Department of Health Services received 34,320 RNA extraction and VTM kits which are used in testing PCR, in aid from the Chinese Government. However, 14,352 kits and 16,536 VTM were lying in unused condition as it did not fit in the machine and results were not displayed. Only quality and usable goods should be accepted while obtaining foreign aid.
25. **Unspent Balance** - As per Rule 33 of Financial Procedural Regulation, 2064, the amount which could not be expended during the year should be refunded back. Out of the amount disbursed for procurement of health equipment for treating COVID-19, Rs. 9.96 million is balance in National Academy for Medical Sciences, Bir Hospital, while Rs. 117.9 million is balance in B.P. Koirala Health Science Academy, i.e. Rs. 217.5 million balance is lying without being expended. Such amount should be expended.
26. **Reimbursement** – As per section 7 of the Order to Provide Relief to Hospital Regarding Treatment of Corona Virus Infection, 2077, the listed hospitals in Kathmandu Valley are required to submit application for reimbursement in the prescribed form along with the bills and invoices to the Department of Health Services and in case of Provincial hospitals, the application is to be submitted to the body prescribed by the Ministry of Social Development of the respective Province. As per the data generated from the Health Information System Rs. 6.293 million was reimbursed to 16 private hospitals for treatment of 248 patients for 1798 days upto mid-July, 2019. As the private hospitals have been charging service fees from patients as well as claiming reimbursement from the Government Fund, monitoring system should be made effective.
27. **Information of Procurement** – As per Rule 145 of the Public Procurement Regulation, 2064, if a public entity makes procurement the value of which exceeds one million rupees, such entity shall publish a public notice of such procurement details and send information thereof to the Public Procurement Monitoring Office (PPMO). The Department of Health Science has procured health materials of Rs. 1 billion 159.1 million from 28 different suppliers; Sukraraj Tropical and Infectious Disease Hospital has disbursed Rs. 239 millions on the basis of written quotation and proposal for construction of physical infrastructure and procurement of machinery, equipment, medicines and other medical supplies; Rapti Academy of Health Science has disbursed Rs. 52.784 million and Bheri Hospital has disbursed Rs. 28.5 million citing special circumstances, however, public notice has not been published and information has not been sent to PPMO. Therefore, the procurement done at time of special circumstance is not transparent. Relevant laws should be adhered to while carrying out procurement works.
28. **Utilization of Machinery Equipment** – The observation regarding utilization of machinery and equipment is as follows:
 - 28.1 For effective delivery of hospital service the machinery /equipment must be in good condition. Although the Rapti Academy of Health Sciences received the Fully Automated Nucleic Extraction Machine from the Department of Health Services in 2020/10/18 it was found to be unusable due to non-availability of related accessories. The service delivery should be made effective by using machines essential for corona testing-
 - 28.2 Gajendra Narayan Hospital, Saptari has not used the UPVC lamp and 3 blasts received from Health Foundation and 1 comprehensive care ventilator received from the

Management Department due to lack of space. Similarly, in Narayani Hospital, Birgunj, it has been provinciald that the service has been disrupted due to damage in the CT scan. The equipment should be used and repaired for providing service.

• **Drugs and Pharmaceuticals Materials**

29. **Store Entry** - Gajendra Narayan Singh Sagarmatha Zonal Hospital, Saptari had procured medicine for treatment of corona virus worth Rs. 5 million from a supplier, however, medicines worth Rs. 2.961 million has not been entered in the in the stock book and the records of its consumption is also not maintained. The purchase and distribution of these drug should be investigated.
30. **Need Identification** - Considering the risk of epidemic, the COVID Crisis Management Center has prepared a list of 398 types of materials which includes 38 types of personal protective equipment, 20 types of laboratory equipment, 185 types of essential medicines including oxygen plant, ambulance and hearse van, as follows:

S.N.	Details of Goods	Total	Priority Classification			
			Essential	1	2	3
1.	Personal Protective Equipment	38	23	15	-	-
2.	Laboratory materials	20	-	20	-	-
3.	Essential medicines	183	-	92	91	-
4.	Corpse management	5	-	5	0	-
5.	Sanitation related items	29	-	27	2	-
6.	Intensive Care Unit equipment	38	-	27	11	-
7.	Hospital materials	43	-	20	23	-
8.	Purification materials	23	-	6	10	7
9.	Dressing set accessories	9	-	-	9	-
10.	Washing equipment	7	-	1	6	-
11.	Others	3	-	-	-	3
Total		398	23	213	152	10

Among above materials, 23 types of materials such as gowns, gloves, surgical masks, face shields, etc. have been identified as essential materials. Similarly, 215 materials are regarded as 1st priority which includes soaps, chlorine, tablet, apron, safety box, thermometer and other materials are regarded as 2nd priority. Among them, 82 materials are not available which includes Pharmaceuticals like hydrochloroquine, lorajeyan, ritonvir, Venkomycin, and other 85 materials including piperacillin, metroprozol, sodium chloride, acychlomir tab are only partially available.

The Ministry of Health has carried out need assessment for 398 types of health equipment, materials and medicines for the prevention, control and treatment of COVID-19. Out of the identified goods, the Ministry of Defense has procured 67 types of materials including compact patient monitor, digital X-ray, PCR kit, hand ultrasound machine according to G2G method from China. The process of procuring 53 types of medicines and other goods from India under the same process was not successful. Apart from these, 278 types of medicines and health items including stretchers, hearses, ambulances and laundry trolleys were not procured. Thus, the lack of supply of medicines and health items identified as essential has affected the delivery of services for prevention and treatment of COVID-19. Some of the hospitals had to procure these medicines and health items at their own expense even at high prices. These scenarios were noticed as the procurement work was not carried out in a planned manner for the responding to the pandemic, therefore it is required to carry out the procurement work in a realistic manner.

- 31. Status of Material Usage** – On 2020/04/06, the Ministry of Defense has requested the Ministry of Health for procurement after submitting list of medicines and pharmaceutical products, which was prepared by High-Level Coordinating Committee in coordination with the Ministry of Health and Population.

As per the decision of the Council of Ministers of the Government of Nepal dated 2020/03/29, the Ministry of Defense has procured 67 types of materials through the Nepal Army by G2G method and distributed them to various agencies and the list of high priced material is provided in **Annexure-1**. It was noticed that the Ministry did not monitor the status of utilization of materials. The status of utilization of the material is as follows:

- 31.1. The COVID-19 Crisis Management Center has donated a portable digital X-ray machine worth USD 140 thousands each to the Ayurveda Research and Training Center, Kirtipur, Temporary COVID Hospital, Sushil Koirala Acute Cancer Hospital, and Rapti Academy of Health Sciences. The Center has also handed over 25 units syringe pumps worth USD 26,250 to the Temporary COVID Hospital, Sushil Koirala Acute Cancer Hospital. The condition of the device should be investigated.
- 31.2. One digital X-ray machine worth USD 140,000 was handed over to Bhim Hospital, Bhairahawa and two compact patient monitors worth USD 4,800 was handed over to COVID Temporary Hospital at Sushil Koirala Acute Cancer Hospital and one electrocardiograph worth USD 9,000 found unused due to damage. It is observed that 13 syringe pumps, 4 infusion pumps and 1 dialysis machine sent to Karnali Institute of Health Sciences have not been used and the dialysis machine sent to Ayurveda Research and Training Center, Kirtipur has not been installed.

As the need assessment, infrastructure and ascertainment of manpower is not conducted before handing over the goods, such goods remain unused causing scarcity in necessary places. In addition, the damaged equipment should be repaired/ replaced according to the warranty in the procurement agreement and the terms of after-sales service.

- 31.3. Rule 84 of the Public Procurement Rules, 2064, procurement of X-ray, ECG, medicinal goods, medical equipment used for diagnosis and treatment of a disease, the cost of which does not exceed five million rupees may be made by inviting sealed quotations. Even though B.P. Koirala Institute of Health Sciences, Dharan has published notice to purchase bed, ECG, ventilator, nebulizer, infusion pump, intensive care bed for COVID control and procured good worth Rs 40.5 million, no payment have been made this year. However, some of the materials have been put to use even before entering the purchase agreement; this be investigated and the concerned should be made responsible.

- 32. Assistance in Kind** - Rule 48 of the Financial Procedure Rules, 2064 provides for the inclusion of 1 assistance received in kind in the annual Consolidated Financial Provincialment. The details regarding 39 types of materials like PPE set, gowns, masks, swab stick, VTM, sanitizer, PCR reagent, Ventilator, provided by India, Korea, China and other countries and other organizations as assistance to help control the pandemic is provided in **Annexure-2**. The list has been maintained without disclosing the full price and without need assessment; moreover, as the monitoring regarding utilization is not effective, the detail status of utilization was not provided. The details were also not sent to FCGO, for inclusion in the consolidated financial provincialment as per the Rules.

The Department of Health Services has received all kinds of material assistance and procured materials and has distributed them to different levels of hospitals and agencies, however, monitoring of utilization the same has not been done. The list of surgical masks, gloves, gowns, glasses, real time PCR, reagents remaining in the store at year end is as mentioned in **Annexure-3**. Corona control should be made effective by distributing these materials based on the demand and necessity. In addition, there should be an arrangement to get the assistance related to pandemic control through one-stop system and include it in the central Consolidated Financial Provincialment.

33. Procurement at Different Rates: According to the Public Procurement Act, 2063 and Rules, 2064 (2007 AD), Public entities should procure at economic and competitive rates. The observation in this regard is as follows:

33.1. This year, the Department of Health Services procured similar health products related to COVID-19 and there is significant difference in the per unit rate as follows:

Name of items	Date of Purchase	No. of Purchase	Unit	Unit rate (Rs.)
N 95 Mask	076\12\18	10,000	Nos	836.90
	077\01\24	37,500	Nos	218.00
Gown	077\01\29	84,440	Nos	1,960.00
	077\02\25	1,06,460	Nos	800.00
PPE set	076\11\11	25	Set	9,500.00
	076\11\28	600	Set	8,800
Surgical Mask	076\11\14	25,000	Nos	5.00
	077\01\04	1,00,000	Nos	10.00
	077\01\12	1,61,000	Nos	14.50
Gumboot	077\01\26	425	Nos	595.00
	077\01\29	15,000	Nos	483.00

Although time, quality and specification affect the price of health products, the difference in procurement rate as per the specification set by the Ministry of Health and Population indicates that procurement was done without price competition and without transparency. Therefore, procurement should be done in an economical and competitive manner.

33.2. Comparison of the purchase rate of the PPE set procured by various bodies: Bheri Hospital procured at Rs. 3,825, B.P. Koirala Memorial Cancer Hospital Bharatpur and Gajendra Narayan Singh Hospital have purchased at rate of Rs 4,400 and Rs 3,390, respectively. Similarly, the comparative position of some items procured by the Department of Health Services and the Government to Government method is as follows:

S.N.	Details of items	Unit	Cost estimate	Department of Health Services		Government to Government	
				Quantity	Rate in Rs.	Quantity	Rate in Rs.
1.	PCR kit		-	20,000	1,739	28,385	2,220
2.	Infrared thermometer		-	900	6,419	5,239	5076
3.	Five function electric bed		-	20	1,62,000	150	2,40,000
4.	Gown(M)	Per piece	2,013.33	38,000	800	65,629	296.38
5.	Gloves (M)	Per pair	14.65	1,15,810	14.50	6,56,283	19.35
6.	Safety goggles	Per piece	638	13,150	540	74,541	290.33
7.	Gown (M)	Per piece	952	38,000	800	2,15,328	296.38
8.	Glasses	Per pair	1,202	8,400	775	47,600	302.43
9.	Respirator mask	Per piece	244.33	37,500	218	2,12,500	356.86
10.	Face shield	Per piece	442	8,440	406	47,850	181.46

According to the above, the prices of PCR kits, beds, gloves, respirator masks and other items procured by government-government method is higher than the price at which the Department of Health Services procured these materials by publishing a notice; whereas prices of thermometer, gown procured by the Department of Health Services is higher. It is necessary to adopt a competitive procurement policy.

- **Coordination and Monitoring**

34. **Video Conference** - With the aim of minimizing the impact of the COVID-19 infection on SAARC member countries and to collectively combat the pandemic and also as symbolic gesture, a program was organized with the Heads of Government of SAARC countries and the Foreign Ministers, under the coordination of the head of Government of India, on 15th March, 2020. At the event, the Government of India proposed to set up a fund of USD 10 million for the SAARC COVID Emergency Program to conduct different COVID-19 prevention and control programs. The program focused on the collective challenge of fighting the epidemic of COVID, managing inland borders, forging discussion among medical personnel and control measures. The Government of India has pledged to assist in the operation of the Rapid Response Team, lab testing equipment, conducting of online training and the providing of free epidemic surveillance software.
35. **Mobilization of Stakeholder Institutions** - The Government of Nepal started the mobilization of stakeholders for the control and prevention of COVID on April 9, 2020. For this, the Council of Ministers, Ministers, Secretaries, Joint Secretaries, Advisors, Experts and other individuals and all three levels of government, including the World Health Organization, 52 agencies, 200 partners and other individuals and bodies have been mobilized. It is mentioned in the report on COVID control published by the Ministry that the body has been mobilized in 11 different areas. According to the report, it has been collectively used for preparation of plan, making materials available, construction of infrastructure, flow of information, preparation of progress report etc. Similarly, it has been mobilized in the areas of capacity development of laboratories, procurement of supplies related to COVID prevention and management of supply chain, quarantine management, capacity development assistance, coordination between health agencies and provincial and local governments. However, it is difficult to identify the stakeholders and monitor their work. As the control of the epidemic cannot be done by the government alone, that the mobilization of the concerned agencies and other bodies should be made further systematic.
36. **Inter-Agency Coordination** - According to the Interim Directive for the operation of COVID-19 case Research and Investigation Team, 2077, the local level has to mobilize the team, the provincial government has to conduct training and the central government has to analyze information; however the Center for Crisis Management (CCMC) has been mandated with the overall authority to take decision regarding COVID-19 and the Ministry of Health and Population has been assigned the task of implementation and monitoring. Due to the lack of proper coordination and cooperation between the Ministry of Health and Population and other thematic ministries, the provincial government and the local level, it has been difficult to achieve the expected results in the prevention and control of COVID-19. Some examples are as follows:
 - 36.1. The Ministry of Health and Population being the thematic ministry, has a structural arrangement to prepare for other epidemics of general nature, moreover, preparedness was done at the initial stage of the pandemic; however, it was only after the formation of High-Level Coordinating Committee and the COVID Crisis Management Center,

work was carried out under their direction. It was noted that even though the conduction of physical examination of Secondary Education Examination (SEE) was scheduled to be held on April 22, 2020, the Ministry of Education, Science and Technology has postponed the exam at the last moment due to the risk of infection.

- 36.2. The Constitution of Nepal has provided formulation of policy shall be done at Federal level, administrative work shall be done by provincial level and basic health service shall be delivered at local level. Although coordination and cooperation between the three levels is essential, no coordination was noticed between the provincial government and the local levels and the federal ministry in resource mobilization, manpower management and information communication. Since the governments at each level are independent and there is no situation to control each other, in some cases there is a problem of interdependence and duplication in the operation of pandemic control activities.
- 36.3. For control of the pandemic, security agencies, Ministry of Home Administration, Ministry of Health and Population, 7 Provincial Ministry of Social Affairs, Provincial Ministry of Internal Affairs, Chief Ministers, Office of the Chief Secretary and Council of Ministers, and local levels have been mobilized. Although Corona Prevention and Control High Level Coordinating Committee, COVID-19 Crisis Management Committee and the Federation were responsible for making policy decisions, many permanent structures were active in their respective responsibilities; as one structure did not control or direct another structure, there was difficulty in coordination. As a result, many policies formulated by High level Coordination Committee were not complied with at the provincial and local level.
- 36.4. As the cases of COVID-19 began to spread, in order to quarantine patients, the Government of Nepal initiated tracking and tracing activities and mobilized doctors, nurses and health technicians in public and private hospitals to update health protocols; moreover, COVID spread was categorized into four group as imported, local transmission, community spread, and beyond control. The health response report published by the Ministry of Health provincials that it has cooperated and coordinated with international and national non-governmental organizations, disseminated information to the public, supplied medical equipment and pharmaceutical supplies, provided essential services and supplies, and adhered to health protocols. However, as it is difficult to coordinate between the inter-agencies and maintain uniformity of work. It is recommended that single door system should be used to issue directions in making it further organized.
- 37. Unrelated Expenditure** - Section 24 of the Financial Procedure and Financial Accountability Act, 2076 provincials that the authorized officer should order the expenditure on the basis of the approved program. Out of the budget allocated for COVID-19 prevention and control program, Rs. 1.5 million was disbursed as remuneration of contractual staff of the Ministry, and meeting allowance of promotion committee; Rs. 65.5 million has been disbursed for regular programme like dengue, scrub typhus, animal bite rabis, diarrhea prevention to Shukraraj Tropical and Communicable Diseases Hospital; and Rs. 3.577 million has been provided as reimbursements to Hospital Development Committee. The allocated budget should be spent only on approved programs.
- 38. Hazard Allowance** – As per the Order to Manage Hazard Allowance for Manpower Involved in Treatment of Corona Virus (COVID -19) Infection, 2077, the manpower involved in treatment of COVID-19 shall be provided hazard allowance ranging from 50 percent to 100 percent of the basic salary scale and that the Ministry should monitor such allowances. This year, the Ministry and its subordinate bodies have spent Rs. 125.52 million as hazard allowance. The Ministry of Health and Population has paid

Rs. 8.379 million, Health Services Department has paid Rs. 13.610 million, Bir Hospital has paid Rs. 1.454 million, Bheri Hospital has paid Rs. 1.280 million, Shukraraj Tropical and Communicable Diseases Hospital has paid Rs. 31.11 million, National Public Health Laboratory has paid Rs. 161.53 million, Narayani Hospital has paid Rs.11 million and Pokhara Institute of Health Sciences has paid Rs. 11.44 million towards hazard allowance to its employees. Although the Ministry and the Department have budget for hazard allowance, the National Academy of Medical Sciences, Bir Hospital, Bheri Hospital and other hospitals did not have adequate budget for the allowance. Health workers and employees engaged in treatment of COVID in this grave situation should be provided due hazard allowance.

39. **Corpse Management** – Summary Procedure for Corpse Management of People Who Died of COVID -19, provincials that special care should be taken at hospital morgues, mortuaries, cemeteries or burial grounds, and people should use surgical mask and gloves and that final rites should be done at place where such rites were being held as per custom. However, disputes have arisen in Saptari, Sunsari, Okhaldhunga, Nawalpur, Kaski, Syangja, Gorkha, Kailali and other places during the cremation of the deceased. Awareness programs should be conducted to prevent such situation.
40. **Impact on Livelihood** - After the Government of Nepal declared a lockdown from March 24, 2020, to prevent and control COVID -19 in Nepal, the Government had decided to manage the daily life of the people including public transport and food keeping in mind the lives of the people. However, it was observed that when some people came to Kathmandu Valley for urgent work, they had to use alternate way through hills and hillocks; similarly people leaving Kathmandu had to travel by walking on the road due to lack of means of transportation; moreover, people had to wait in line for hours at the Nepal-India border and had to cross the Mahakali River. Similarly, various organizations, social activists and others had provided free food to the people who lost their jobs due to the pandemic and lockdown. The general public also agitated for relief and treatment in the pandemic. The Government has not been able to make effective arrangements for food, travel and other relief to the distressed people. It has been observed that additional resources need to be mobilized for such activities.
41. **Employee Management** -As per the Guidelines for the Management Of Health Workers And Other Staff Directly Involved in the Treatment Of Patients Of COVID-19, 2077, doctors, nurses and other health workers directly involved in the treatment were to be assigned only for 14 consecutive days for a maximum of 10 hours a day; moreover, if manpower is inadequate due to flow of patients, then on the coordination of Provincial Ministry and the Ministry of Health and Population, additional manpower are to be mobilized. Similarly, as per the manpower mobilization and criteria prescribed by the Ministry, the manpower available in the hospital should be mobilized in a proportional and proper manner, by maintaining a roster as needed. In order to prevent shortage of health workers in the hospital, the Ministry of Health and Population, on 2020-03-13, decided to cancel approved leave of the health workers other than maternity and mourning leave; approval to cancel the transfer letter of adjusted health workers and to retain them on the original place; to empower the Departmental head or the Chief of the office to extend contract period of contractual health workers by making arrangements of salary and allowances for the current fiscal year. Similarly, it has been decided to arrange medical officers or senior doctors having similar educational degree at provincial hospitals; and to extend the contract period of doctors and health workers working in province hospitals and establishments upto mid-April 2021 AD. However, it was observed that manpower in the hospitals was not available as per requirement.

Ministry of Defense

As per the decision of Government of Nepal, dated 2020-03-29, it was decided that medicines, equipment and other materials required for prevention, control and treatment of COVID -19 shall be procured in coordination with the Ministry of Health and Population through Government-Government (G2G) method as per necessity; that after designation of Birendra Army Hospital as COVID dedicated hospital, treatment of Army and non-Army personnel shall be done; and as per the decision of the Council of Ministers, dated 2020-05-25, the work of managing the dead bodies of the person who died due to COVID -19 shall be carried out by this Ministry and the Nepal Army under it.

1. **G2G Procurement** – Following up on the decision to procure that medicines, equipment and other materials required for prevention, control and treatment of COVID -19 on coordination with the Ministry of Health and Population, on Government-Government (G to G) method, communication was done with Government of China, India, Singapore, South Korea and Israel to procure 398 types of drugs, medicines and pharmaceuticals. For supply of medicines, 67 quotations from China and 53 quotation were received from India, however, as agreement could be done with Indian firm, procurement was installed. A Chinese firm was paid Rs. 2.26 billion 34.98 million in advance, and all the procurements was supplied through a single Nepali firm by paying Rs. 79.47 million for the service. In total of Rs. 2.34 billion 29.69 million has been expended. The following are the observation in this regard:
 - 1.1. Section 5 (1) of the Public Procurement Act, 2063 provincials that cost estimate should be prepared for any purchase. Although Rule 11 of the Public Procurement Rules, 2064 mentions for preparing cost estimate of goods, while goods are procured from foreign government or from foreign public entity through G-to-G method, the price rate supplied by such supplier shall be deemed to be the cost estimate. While procuring through G-to-G method, arrangement should be made to prepare cost estimate; establish reliability; find out the variation; ascertaining whether other government manufacturer exists while asking for rates; analysis of freight for supply in Nepal; guarantee and warranty of the goods received; income tax, security deposits etc., and procurement should be done accordingly
 - 1.2. After the Government decided to procure 67 types of medicines and pharmaceutical products from China by adopting the G2G process, an agreement was entered on 7 April 2077, cent percent advance payment was released through T.T. with the consent of the Government of Nepal. Thereafter, 67 types of materials including 3 free items were received and after inspection goods were received by Army Ordinance Department. On 2077/2/25 these materials were released so as to be managed by COVID-19 Crisis Management Center (CCMC). The Crisis Management Center has made the equipment available to various hospitals and health institutions. Details of major items purchased are given in Annexure-1. Also, the goods lying in stock have been handed over to the Department of Health Services on 2020-10-11.
 - 1.3. It was mentioned that the quality of the medicines and pharmaceutical products to be procured would comply with the standards of WHO, FDA, ISO and other similar standards, however, M/s. China Sinopharm International Corporation provinciald that the medicines to be supplied would comply with the standards of National Medical Product Administration. Thereafter, after the consent of the Ministry of Health and Population was received through the Ministry of Defense, and procurement was done accordingly. Therefore, it should be ascertained whether that the said medical devices

have been received in accordance with the criteria prescribed by the World Health Organization.

2. **Supply of Drugs** - The Ministry of Defense has sent a budget authority of Rs. 24.615 million on 2020-05-17 to Ministry of Foreign Affairs for the procurement of medicine and equipment from Indian Firm. Thereafter, the Ministry of Foreign Affairs wrote a letter, on 207477/2/5, stating that as all the works were being carried out by Nepal Army, the procurement work should also be done by Nepal Army. Therefore, the authority for such amount was sent back to Nepal Army by the Ministry of Defense. The Nepal Army had sent the money to Ministry of Foreign Affairs, as the Nepalese Embassy in New Delhi had accepted the financial proposal made by an Indian firm to provide 53 types of medicines and pharmaceutical products worth Rs. 15.3 million. As no reply has been received from the Indian side and no purchase agreement has been signed so far, the amount could not be disbursed in this fiscal year, as a result, the money was returned by the Ministry of Foreign Affairs to Nepal Army on 2020/07/10. Due to this, required medicines could not be procured. As a result, the prevention and treatment of COVID-19 has been affected. When procuring through such process, there should be an arrangement to work with the support and coordination of all the stakeholders.
3. **Expenditure on Quarantine** – As per the decision of Council of Ministers dated 2020-02-10, the Directorate of Supply and Transport accommodated 175 Nepali nationals who had returned to Nepal from China, a country affected by COVID -19 at that time, at the quarantine site set up at the training center of Nepal Electricity Authority, Kharipati. Quotations were called from three firms regarding food to be supplied for 17 days, from 2020/02/16 to 2020/03/03, and agreement amounting to Rs. 5.5 million was entered with a supplier of catering service on 2021/02/15. Moreover, Rs. 6.671 million has been disbursed for procurement of various medicines, thus total of 12.171 million has been expensed. For a total period of 17 days, on an average of Rs. 1849 and Rs. 2242, respectively has been incurred for food and medicine. Per person medicine costs appear to be high for non-infected people.
4. **Operation of Crisis Management Center** – The Office of Quarter Master General was authorized the operation of COVID -19 Crisis Management Center (CCMC). Total budget of Rs. 6.066 million had been allocated for office operation, electricity and telephone tariff, fuel rent and miscellaneous while, Rs. 5.58 million has been disbursed on recurrent expenditure and towards capital expenditure of the budget allocation of Rs. 7.180 million, Rs. 5.85 million has been disbursed for capital expenditure including construction of pre-fab house. Total of Rs. 11 million 824 thousand has been spent.
5. **Purchase in Special Circumstances** - Birendra Sainik Hospital has procured goods like masks, sanitizer, face shield, gloves, goggles, PPE, various hygiene items worth Rs. 1.489 million by direct negotiation. In addition, from the miscellaneous head of Corona Infection Prevention Control and Treatment Fund operated by the Office of the Prime Minister and Council of Ministers, total of Rs. 94.168 million has been disbursed including Rs. 92.649 million incurred for medical equipment, construction of laboratories and emergency ward, construction of ICU, and various machineries. The Public Procurement Monitoring Office has not been informed about the procurement in special situation.
6. **Infrastructure of Birendra Army Hospital** - According to the Interim Directive for COVID and Other Health Care Delivery Related to the COVID -19 pandemic, the role of COVID Level 2 hospital is crucial in treating COVID patients. According to the

Directive, complex and very complex cases referred to these hospitals or identified by these hospitals should be treated as per protocol through high-dependency and ICU care. Out of the total 635 beds in Birendra Sainik Hospital, a total of 350 (about 55 percent) beds have been allocated for COVID treatment, including 330 for normal COVID cases and 20 for ICU. The hospital has treated a total of 1,607 COVID patients with the help of 395 manpower, excluding doctors, in this year. A PCR testing laboratory was set up at the hospital in September, 2020. Since there is no PCR laboratory, it was observed that there was difficulty in providing testing and treatment services to the infected.

In addition, 748 items including 28 sets of ventilators, 282 sets of digital thermometers, 302 sets of oxygen flowmeter, 15 sets of patient monitor, 3 sets of ECG machine were found to be damaged; health equipment should be repaired and delivery of health service should be made effective.

Ministry of Home Affairs

In the aftermath of the global pandemic of COVID -19, the Ministry of Home Affairs seems to have been tasked with maintaining peace and security, managing rescue, controlling the black market that may occur during that period, facilitating supply management, and roads.

- 1. Preparedness** – Alertness was raised on anticipation of the possibility of spread of COVID-19 in Nepal, and a circular was issued to 77 District Administration Offices and subordinate security agencies on 2076-11-22 to minimize its impact, and to carry out preparedness, management and facilitation works. Similarly, it was found that circulars have been issued to the concerned bodies for managing quarantine, laboratory and health materials on different dates. District level crisis management center, quarantine management committee has been formed and national emergency operations center which is open 24 hours a day has been established for the prevention and control of COVID -19. In addition, the Ministry has provided assistance for contact tracing for health check-ups, facilitated in keeping people returning from abroad in the holding center, facilitated in distribution of relief to the needy and disabled, facilitated in quarantine and isolation center management, and maintained overall security during lockdown. Activities appear to be more focused on the prevention and management of the pandemic after the outbreak than on the preparedness. Different strategies and action plans should be prepared by assessing the risks at the district level
- 2. Infrastructure management** – For the prevention and control of COVID -19, authorization for expenditure has been received from the federal budget and Rs. 174.78 million has been disbursed towards recurrent expenditure and Rs. 324.26 million has been disbursed towards capital expenditure, thus totaling to Rs. 207.213 million. As per the details received, for prevention and control of COVID-19, Nepal Police has spent Rs. 25 million 438 thousand on medicine, equipment etc.; Armed Police Force has spent Rs. 157.641 million on repair and construction of building, including construction of 120 bed isolation, 20 bed Hepa Filter and ICU ward with ventilator; Jagannath Deval Prison Office, Psychosocial Handicapped Prison Hospital, Lalitpur and Central Prison Hospital, Kathmandu, have spent Rs. 24.134 million on furniture, canteen construction, medicine and medical equipment etc. In addition, A. P. F. Hospital, Balambu, has expensed Rs. 6.41 million, from regular budget, for establishing molecular lab and procurement of PCR machine and equipment. As per Rule 145 of the Public Procurement Rules, 2064 regarding procurement in special circumstances, of procurement of health materials, machinery tools and equipment, procurement can be done by inviting tender by giving ~~providing~~ 5 day notice and through direct procurement. The Public Procurement Monitoring Office has not been informed about the procurement done in special circumstances.
- 3. Mobilization of security personnel** – The Ministry has provincially even during the post lockdown period, which was declared on April 26, 2020, it has played a coordinating role for control of the infection. The status of the security personnel mobilized to effectively control and manage COVID -19 is as follows:

S. N	Sector of Manpower Mobilization towards Nepal Police	Mobilized number	S. N	Sector of Manpower Mobilization towards Armed Police Force	Mobilized number
1.	Lockdown and prohibition enforcement	21209	1.	On foot Surveillance	8149
2.	Border check post	4528	2.	Check point	3414
3.	Security of Quarantine and isolation	5431	3.	Quick response team	1415
4.	Secured transportation of Corona infected people	2623	4.	Long range petrol	51
5.	Corpse Management	1876	5.	Stand by	3942
6.	Rescue of Corona infected patient	7560	6.	Isolation/ Quarantine	513
			7.	Border point	11105
			8.	Crisis response team	2818
	Total	43227		Total	31407

As the daily cases of infection began to surge after Mid-April, 2020, a six-member help desk has been formed under the chairmanship of the Additional Inspector General of Police as a front-line agency to control the impact of the transition in Nepal. Under the Corona Control Prevention, the security personnel have been working to increase public awareness by asking to use masks, by playing jingles and miking. The Ministry should coordinate effectively in the corona prevention and control. It was also observed that the police administration should show civic friendliness in transportation, vehicle pass management and other activities during the pandemic.

4. **Prevention and control** - The following are some of the statistics collected by the National Emergency Operations Center for Prevention and Control in 77 districts from April 26, 2019 to mid-July 2020.

S. N	Description		Up to Mid-July, 2020
1.	Quarantine number	Site of quarantine	6233
2.	Number of beds	Quarantine	213807
		Isolation	14706
3.	No. of people staying in Quarantine	Normal People	22678
		Sick People	822
		Total	23500
4.	No. of people staying in Isolation	Normal People	2941
		Sick People	6113
5.	Nepali citizens entering from India	After lockdown upto of Mid- July	320217

Although it was provinciald that infected and contact traced persons were to be kept in quarantine and isolation centers and its monitoring were to be done through local level, district administration office and Nepal Police, due to few number of quarantine and isolation centers, the work of isolating infected and contract traced person could not be effective in the later stages. As the number of infected case rose, the concept of home isolation was adopted but it was not monitored. As a result, the number of infected people has increased due to the movement of infected and contact traced people. Therefore, the person staying in isolation should be monitored after assigning responsibility according to the guidelines and criteria.

5. **Border and entry point** - As per the decision CCMC, dated 18 February, 2020, it has been decided to identify the quarantine building / site required for emergency quarantine at the border entry points connected with India and the Ministry of Home Affairs was directed to manage the same. According to the available details, 320,217 people have entered Nepal from India by mid-July 2020, and although the work of identifying and isolating the infected people were carried out by constructing holding center and quarantines at entry points, it was observed that such centers were not

adequate; and as large number of citizens entered from Gaddachauki and Belahiya at the same time, tests were not conducted on all the people and were handed over to the local level. As a result, the infection has spread to rural areas. Moreover, as the boarder entry was totally shut down for some time, on reopening, the border was overcrowded and difficulty in managing the same was observed. Total ban on entry was challenging as some people are unwilling to stay in the holding center and quarantine; immediate RDT and PCR test could not be done; test result could not be obtained on time; lack of physical infrastructure; and due to open border. It was found that the passengers who entered Nepal were forced to pay high fares or walk long distances as there was no public transport to reach the destination.

- 6. Service delivery by Armed Police Force Hospital** – The Hospital has been providing outpatient surgery, X-Ray, laboratory testing services; after the decision of Government of Nepal, dated 2076/12/09, to approve it as a dedicated COVID Hospital, it began to operate 20 ICU beds with 9 ventilators from 2077-03-09 and 129 beds isolation center from 2077-01-15. After the permission to operate it as a dedicated COVID hospital, 161 corona positive and 272 suspected patients, in total 433 patients have been admitted and treated from April to July, 2020. Rs. 3.5 million has been expensed on food and accommodation of medical team; and 161 COVID -19 positive patients have been treated during the same period, with a cost of Rs. 21,975 per patient. Samples were sent to other hospitals for testing before setting up of corona testing molecular lab. Even though it has been declared to be a dedicated COVID hospital, it was noted that as the samples were required to be sent to another place, there was difficulty in service delivery.
- 7. Molecular Lab** - The Armed Police Force Hospital had prepared cost estimate of Rs. 87.18 million for setting up a molecular lab for corona testing and had called tenders providing duration of 5 days as per Section 66 of the Public Procurement Act, 2066 and Rule 145 of the Public Procurement Regulation, 2064. An agreement was entered on 2020-07-07 for the supply of machinery and equipment at the cost of Rs. 6.14 million and the same was received on 2020-07-13. After the establishment of Molecular Lab in the hospital on 2020-08-05, the testing service of COVID -19 has been provided from its own laboratory. It was found that the service delivery was delayed due to lack of infrastructure.
- 8. Expenditure Management** – The Hospital was approved as a dedicated COVID Hospital after the after the decision of Government of Nepal, dated 2076/12/09. The Armed Police Force Hospital had received Rs. 128.4 million for operation of dedicated COVID hospital on 2019/2020. Total of Rs, 120.5 million has been expensed as: Rs. 49.8 million on procurement of health equipment, machinery and equipment; Rs. 17.8 million on construction of ICU block; 12.1 million on procurement and installation of HEPA filter and RO water system in ICU block; Rs. 29 million on procurement of medicines, surgical items and lab reagents; Rs. 0.9 million on procurement of PPE, masks, sanitizers etc.; Rs. 3.5 million on procurement and installation of waste management system; Rs. 3.5 million on medical team quarantine and accommodation; Rs. 24 million on upgrading of buildings and structures related to Corona including medical line; and Rs. 6 million on furniture, clothing and stationery items. The Public Procurement Monitoring Office has not been informed about the procurement done in special circumstances.

Ministry of Culture, Tourism and Civil Aviation

- 1. Rescue Flight** - Nepal Airlines and other airlines have managed the transportation of the materials required for the management of the COVID -19 pandemic. The Ministry has incurred an expenditure of Rs.44.9 million for rescue of citizen and for flight and local transportation. As per the decision of Government of Nepal, dated 2020/02/11, chartered flight expenses has been disbursed to Nepal Airlines Corporation, for rescue flight of 186 persons from China in the widebody aircraft of the Nepal Airlines Corporation. In the initial stage, the cost of rescue flight of COVID -19 was borne by the Government, but later it was borne by the concerned passengers, so it was not possible to maintain free rescue in a sustainable manner. As a result, an atmosphere of discrimination was created among the citizens. Moreover, Hon'ble Supreme Court has ordered for free rescue. A policy should be adopted to spend by analyzing the sustainability and necessity. Regarding the rescue of foreigners stranded in Nepal, it has been learned that the Government of the concerned country has made arrangement of return flights, however the travel fare and other related costs were borne by the respective persons.
- 2. Source of Data** - According to a report prepared by the Nepal Tourism Board on the impact of COVID -19 on Nepal's tourism sector, about 1.1 million people have been directly and indirectly unemployed in the tourism; Rs. 1.5 trillion has been spent on tourism sector and that Rs.10 billion loss has been incurred every month. However, the source of the data has not been provided. This loss in the tourism sector has affected the entire economy.
- 3. Visit Nepal Year** – Regarding the celebration of Nepal Visit Year, 2020, the Government had prepared and implemented various programs. The aviation and tourism sector was affected by COVID -19 during the course of visit year program. The euphoria that has been sparked in Nepal's tourism sector was ended. As a result, the expenditure incurred on publicity, inauguration, foreign tours, tourism sports events, international conferences, seminars, human resources, etc. during this period has become Rs.303.98 million has been unproductive.

Ministry of Labor, Employment and Social Security

- 1. Foreign Employment - Section 3 of the Foreign Employment Foreign Employment Act, 2064 BS** provincials that the Government of Nepal shall specify the country to conduct foreign employment business by publishing a notice in the Gazette.

So far this year, 110 countries have been opened for foreign employment on institutional level and 174 countries on individual level; however Iraq and Libya have been prohibited.

It has been observed that 0.612 million people from 0.5936 million people from and 0.368 million people from Mid-July, 2019 to Mid-July, 2020, went for foreign employment, including institutional, individual, legalization and renewal. According to the Economic Survey from Mid-July, 2020 to Mid-July, 2021, Rs. 47.92 million workers have gone for foreign employment till the mid of March, 2021. According to the National Planning Commission, there are about one million workers in India. However, work permit agreement has been signed only with nine countries. The observation regarding the effect of COVID -19 in this sector is as follows:

- a.** The secretariat of the Foreign Employment Board has been releasing money to the concerned mission through the Ministry of Foreign Affairs for the rescue and relief of Nepali workers who have gone to foreign employment in various countries including the Gulf with the work permit.

As the impact of COVID on the global economy has increased, many workers who faced difficulty in food and accommodation due to non-receipt of salary, who lost their employment, whose visa period expired, and who became ill desired to return back to Nepal and among them 110 thousands workers have returned from Saudi Arab, UAE and 6 other countries on their personal efforts.

- b.** With the efforts of the Government of Nepal, Rs. 8 million has been sent through the Ministry of Foreign Affairs for the purpose of repatriation of workers from six different countries. The missions for which such amount was released were: Rs. 3.5 million to Saudi Arabia (including Jeddah), Rs. 1.5 million to Barhain, Rs. 2 million to United Arab Emirates (UAE), Rs. 1 million to Malaysia. The amount has not been settled along with the proof of utilization.

- 2. Impact on Foreign Employment -** The Secretariat of the Foreign Employment Board had requested various missions through the Ministry of Foreign Affairs to rescue stranded Nepali workers who could not return home. Workers have to pay a fine for overstay for every day after the visa expires in the concerned country. Although many countries exempted overstayed workers in the early months of the pandemic, however, workers in Gulf and Malaysia whose visa had expired had to pay overstay fines as the Government was unable to rescue them on time. Moreover, arrangement was made for return of Nepalese whose permit and contract had expired, who lost their jobs due to corona, who got amnesty, who went abroad for study, travel and meeting. As the Government had set quotas on the number of flights and the number of workers returning to Nepal, as regular flights were not done and as flight permission was not given to airlines of the concerned countries, the workers staying illegally could not avail the facility provided to legalize them and prepare documents. The observation in this regard are as follows:

- 2.1.** It has been noted that during the period after the imposition of lockdown till mid-July, 2020, work permits of 172,500 Nepali workers has expired. Of which, work permit of 139,150 workers in the Gulf countries, work permit of 22,425 workers in Malaysia and

work permit of 10,925 workers in other countries have expired. According to a study report by the Human Rights Commission, on an average work permits of 1,500 Nepali workers are expired every day. It has been noted that in addition to penalty and visa renewal charges, a worker has to pay Rs. 31 thousand in Malaysia for overstay, Rs. 9 thousands and Rs. 800 per day in UAR, Rs. 320 per day in Qatar, upto Rs. 152 thousands in Oman, Rs. 760 per day in Kuwait and Rs. 3000 per day in Bahrain. It is also observed that adequate attention has not been given for providing facilities of rebate to the workers whose permit has expired and for coordination of their return.

- 2.2. As per the decision of the Council of Ministers, Government of Nepal, dated 2020-02-26, various relief programs have been implemented to ease the daily life of the workers and lower class who were severely affected by COVID 19 and to protect industry and business. Moreover, the Supreme Court had directed to create an environment for the free return of Nepalese stranded abroad. It was observed that only after this directive, the Government has issued the Directive for Rescue and Repatriation of Workers Stranded due to COVID-19 Pandemic, 2077 on 2020/07/20. Only after this, the Government mechanism had started to return the workers from chartered flights and regular flights.
- 2.3. With the increase in corona infection, many companies in various countries were shut down, which has also affected Nepali citizens. Due to this, thousands of Nepalese have lost their jobs. Some companies did not issue identity cards to the workers, while some companies did not renew the identity cards, moreover, some did not pay salaries on time, and some only paid half of the salary and some did not issue health insurance. In addition, other problems faced by the workers were: non-facilitation regarding the workers whose work agreement had expired, not providing of services and facilities of the workers by the concerned companies, not providing air tickets etc.
- 2.4. As the Corona infection increased, quarantine was arranged at the local level targeting migrant workers returning to Nepal. The Ministry of Health and Population also set standards for the quality of locally constructed quarantines. However, returnees were found to be mingling with communities and did not live-in quarantine. The concerned bodies should pay attention to improve the shortcomings.

Even though the main responsibility for the safety of workers going for foreign employment lies with the employer, the government should protect migrant workers. Analysis of the impact of the pandemic on foreign employment and overall situation should be done and facilitation should be done through policy arrangement and fiscal and monetary tools so as to make foreign employment safe and sustainable.

3. **Domestic Employment-** According to the information received from the Department of Labor and Occupational Safety, 128 workers from 7 different organizations in the country have lost their jobs due to the COVID -19 pandemic from April, 2020, to mid-July, 2021. It is seen that out of 29 complaints including 8 individual and 21 group complaints, created due to COVID -19 pandemic, 8 complaints including 2 individual and 6 group complaints have been resolved and regarding the remaining, the action has been initiated by writing to the concerned employers. The Department of Labor and Occupational Safety has to monitor whether the companies supplying labor manpower in the country are providing facilities according to the Act, rules and regulations and take action on the complaints received.

Ministry of Urban Development

1. **Quarantine Construction Expenses** – Quarantine has been constructed in Kharipati and Nagarkot of Bhaktapur for students rescued from Wuhan, China and pilots of Nepal Airlines Corporation; and procurement has also been done regarding materials required for construction of beds for quarantine in Ichangunarayan. Similarly, Rs. 75.69 million has been expensed for the purchase of goods and furniture required for the holding centers, at Basundhara and Dhumbarah, for housing people returning from abroad, run by the Nepal Army

Detail of expenses	Rs. In '000
Items required in the quarantine	5,278
Quarantine construction	26,401
Internet equipment at the quarantine site	1,264
Personal items for use at the quarantine site including brush, toothpaste, hairdryer, shampoo, etc. (Telkot and Kharipati)	5,467
Purchase and manufacture of quarantine beds	13400
Accessories and bed, medical equipment used in quarantine at various places in the valley.	23885
Total	75695

The hospital beds, mattresses, blankets, ordinary beds and computer equipment which were in use at that time are not in use now. The Government property should be protected and handed over to the needy institutions and the goods should be put to good use. Also, for the people living in the quarantine, the procurement of materials for personal use should be done after formulating a procurement plan and expenses for such personal use should be controlled.

SECTION 2 - PROVINCIAL GOVERNMENT

Province No. 1

- 1. Risk Assessment** – As per the Action Plan for Testing COVID -19, approved by the Provincial government, the risky areas have been classified as very high risk, high risk and normal risk. People entering Nepal through India, health workers, ambulance drivers, security personnel on duty, markets and traders at *Hat-bazars* (market day) in road intersections have been classified to be in very high risk. People in contact with very high-risk category, persons living and walking around the infected person, other people in contact with health workers and security personnel, and family members and the media personnel have been classified to be in high risk. Except for the people falling in this group, all other persons have been categorized as normal risk group. Sunsari, Morang, Jhapa and Udayapur have been classified as very high risk, Ilam, Panchthar, Terhathum, Dhankuta, Sankhuwasabha, Bhojpur, Khotang and Okhaldhunga as high risk and Taplejung and Solukhumbu as normal risk districts. Apart from this, it is estimated that 25,000 citizens enter the country daily through Indian checkpoints.

It was forecasted that swab tests would be carried out in 1 per cent of the total population at very high risk, 0.75 per cent at high risk and 0.5 per cent at normal risk in every district; accordingly it was planned that out of 4 million 544 thousands 796 persons in the Provincial, after capacity enhancement of testing centers of the Provincial, 900 tests would be done per day and in 46 days tests would be conducted on targeted population of 40 thousands 619. However, test was not conducted accordingly.

- 2. Preparedness** - As the virus began to spread among the local people and take the possible form of a pandemic, for its preparedness and management, the Provincial Government had to specify the clear responsibilities and work descriptions of the concerned bodies. The Council of Ministers has formulated and approved the 23-point "Novel Corona Virus Introduction and Prevention, Immunization and Treatment Action Plan of the Provincial Government" highlighting the body responsible for corona infection control, supporting bodies, resources and means, time period and monitoring and body responsible for evaluation. Following items have been identified in the Action Plan: public awareness and dissemination of information; establishment of health desks at international border points and airports; transfer of suspects from scanning desks to quarantine and isolation sites; mobilization of health workers at border points; storage and transportation of medicines and equipment; provision of isolation beds; ambulance service; sample collection and testing; garbage management and autopsy. The same action plan has set up a steering committee under the chairmanship of the Chief Minister, an implementation committee under the chairmanship of the Chief Secretary and a district level implementation committee under the chairmanship of the Chief District Officer. Even though action plan has been formulated, the isolation and quarantine were not adequate, contact tracing and construction of infrastructure of monitoring international border points and search were not done as per the set target.
- 3. Corona Public Safety Fund and Expenditure** - This year this Fund received Rs. 250 million from the provincial Government, Rs. 40 million from the Federal Government, Rs. 18.609 million from banks and financial institutions, Rs.17.480 million from business entrepreneurs and Rs. 2.881 million from other organizations and individuals, totaling to Rs. 346.67 million Out of the Fund, Rs. 282.2 million has been expensed on Ministry of the Provincial, local level, other security agencies, and District

Coordination Committee. Out of such expenditure the Office of the Chief Minister and the Council of Ministers has spent Rs. 5 million on information dissemination and awareness which has been provided to media agencies; Ministry of Social Development has spent Rs. 20 million on hospital management, setup, operation and management of isolation centers, procurement of medical items and equipment, corona testing and treatment, delivery of medical materials, food and lunch of health workers and infected persons etc; and the Ministry of Physical Infrastructure Development has spent Rs. 20 million on construction of Koshi COVID Hospital. Similarly, the Ministry of Social Development has expensed Rs. 48.1 million while the federal Government has also expensed Rs. 27 million. However, as not all expenditures have not been consolidated, the actual expenditures cannot be ascertained.

4. **Special Hospital and Isolation Center** - As per the decision of COVID -19 Provincial Steering Committee, dated 2020-03-20, Koshi COVID Hospital with a total capacity of 50 beds including minimum 10 ventilators have been established in the vacant building of then National Trading Limited. The hospital has treated 137 patients till mid-July 2020. 16 Doctors, 3 nurses and other health workers have been deployed from Koshi Hospital, however due to the rise in number of cases, the manpower and infrastructure seems to be inadequate. This year, goods worth Rs. 3.556 million purchased from the Health Office Morang, equipment worth Rs. 1.227 million purchased from the Provincial Laboratory, equipment worth Rs. 6.988 million purchased from the Ministry of Social Development and other materials worth Rs. 17.71 million have been received, however the records of store entry have not been prepared. Those equipment and other materials should be recorded in the store register of the hospital.
5. **Quarantine and Holding Center** - Quarantine with total capacity of 12 thousand 255 beds was in operation 452 places in 14 districts of the Province. A total of 2,349 suspected patients, including 458 women and 1,891 men, were kept at the quarantine site till mid-June, 2020. The Provincial Government had set up holding centers with a capacity of 2,972 beds in 24 places of Ilam, Jhapa, Morang and Sunsari districts and holding center at one place of Sunsari was allocated to persons returning from third country. Due to lack of infrastructure in quarantine and holding center, people refused to stay and as large number of citizens were admitted at the same time, there was difficulty in management. It is observed that adequate infrastructure and manpower need to be managed for monitoring at the border.
6. **Procurement and receipt of health items** – As per the details provided, till 2020/07/02, 1 thousand 518 units of PPE, 22,504 pieces of N-95 Masks, 5 95 thousand 535 pieces of masks, 98 units body bag, 3 units portable ventilator, 1 PCR test machine, 1605 IR thermometers, 66 thousand 729 units of PPE gown, 35 thousand 598 units of surgical globe, 15 thousand 560 units of RDT kit, 19 thousand 200 units of VTM, 10 thousand units of PCR kit were received from Provincial Government, Nepal Government, aid from Swiss and Chinese Government and various Governmental and non-Governmental organizations. The health materials procured and received in aids should be recorded and utilized.
7. **PCR test site and capacity** – In the Testing Action Plan of the Provincial Government, 300 test sites have been identified at B.P. Koirala Institute of Health Sciences, Dharan 150 test sites at Koshi Hospital, Biratnagar and 150 test sites at Provincial Laboratory, Biratnagar. According to the action plan, 40 thousand 619 persons had to be tested according to the risk classification and for that purpose 52 thousand 805 VTM were necessary. For the same purpose, it was targeted to carry out 900 sample tests per day

for 46 days, however as the test laboratory only had capacity of testing 600 samples per day, the set target could not be achieved. As a result, infection treatment control is affected.

8. **Laboratory Operations** - In the year 2019/20, the laboratory was made budget allocation of Rs 45 million for procurement of machines, equipment and reagents, however, as the procurement process was not initiated on time, the laboratory did not come into operation. Infection prevention and control has been affected due to non-operation of laboratory during outbreak of COVID -19.
9. **Double Hazard Allowance** - As per the decision of the Council of Ministers of the Government of Nepal, dated 2020/03/22, the staff at the provincial labs working at the risk of COVID -19, were to be provided hazard allowance of 50 to 100 percentage of the initial scale from 2020/03/22 itself. It has been mentioned in point no. 7 (d) of the same decision that, such allowance should be paid without duplication. In addition to the allowance, the Provincial Public Health Laboratory decided to pay overtime allowance for overtime work done by the staff at the laboratory. While distributing the hazard allowance to staff deputed from Koshi Hospital to Koshi COVID Hospital, it was not ascertained whether they had taken Hazard allowance approved by Department of Health Service and Committee and had distributed Rs. 2.202 million. Double allowance payment should be controlled.
10. **Relief** – Authority of Rs. 791.74 million has been provided to various district level offices under the Directorate of Agriculture Development and Directorate of Livestock and Poultry Development so to provide relief to the farmers affected by COVID -19 in activities including production and sale of dairy products, poultry, pig rearing, green tea, vegetables and fruits, agricultural loan interest and electricity tariff exemption and transportation. As the Ministry of Land Management, Agriculture and Cooperatives has not prepared annual consolidated provincialment, it could not be assured that the relief amount has been expensed in the concerned sectors as per the prescribed criteria.
11. **Balance Amount** - Rule 77 of the Provincial Financial Procedure Rules, 2075 BS stipulates that the amount should not be deposited in the deposit account only for the purpose of accounting for budget expenditure till the end of the fiscal year. Out of the amount provided to Agriculture Knowledge Center, Jhapa for Agricultural Business Relief Program, the balance amount of Rs. 9.535 million remaining after payment was made to the beneficiaries was kept in deposit accounts. The officials involved in the decision to keep the balance in the deposit account should be made responsible and the amount should be returned to the Provincial Consolidated Fund. Similarly, the Ministry of Social Development has received Rs. 1 million for the establishment of an isolation center at Chatradham Ashram in Varaha area municipality, Rs. 5 million for installation of transformer and electricity at the COVID-19 Hospital and funds for other purposes, however, the balance amount of Rs. 12.548 million has not been returned to the Fund. The balance amount should be refunded.
12. **Health Workers Food, Meals and Accommodation**- As per the Ration Guidelines for Patients in Quarantine approved by the Government of Nepal, the payment of meals for the patients in the quarantine should be based on the ration rate of the concerned district police. Out of the amount received from Public Security Fund, The Ministry of Social Development has expensed Rs. 8 million 10 thousands on accommodation, food, lunch, overtime allowance of cleaning staffs and health workers of Koshi COVID Hospital and food of patients under treatment. It has been observed that payment of hotel bill for meal and lunch of patients was made at the rate of Rs. 674.61 per person, per day

without mentioning the names, by citing the provisions of COVID control protocol with prohibited mentioning the names of patients. It was observed that while making payment of accommodation and food for medical persons on call and on duty, payment has been made at the rate of Rs. 723 per day. Payment should have been made at the ration rate of Rs. 157 as per the directive, however, the payment has been made without disclosing the number of persons and at different rates for accommodation and food, as a result of which extra burden of expenditure has been incurred. Arrangements should be made to control the expenditure at a higher rate than the directive and to spend only at the prescribed rate.

- 13. Communication Desk Expenditure-** Rule 42 (4) of the Provincial Financial Procedure Rules 2075 provides for disclosure of plan program and cost as far as possible while providing grants. As per the decision dated 2020/04/20 of the Corona Public Security Fund Steering Committee under the Office of the Chief Minister and Council of Ministers, it has been decided that in order to increase public awareness regarding control and treatment of COVID virus, all radio, television and online media would be managed and effectively utilized and a communication desk would be established for the same purpose; moreover, the scope of the work of the desk has also been approved. Accordingly, it has been specified that jingles should be prepared, broadcast, and arrangements should be made for communication through television and radio. For carrying out the same, Rs 5 million grant was provided which would be distributed proportionally by to all the media by the Federation of Nepali Journalists (FNJ) Provincial Committee. There was no evidence of payment of the amount through the professional organization and no assurance could be provided that the said work had been done. The use of grants should be ensured as per the Rules.

Province No. 2

14. **COVID Fund** - This year, the Provincial Government had appropriated Rs. 289.76 million for prevention, control and treatment corona virus, out of which, Rs. 185.48 million has been released and Rs. 104.28 million remains as balance. Out of total release, Rs. 167.597 million has been released to Province Health Office and Rs. 17.883 million has been released to 5 agencies including 3 Federal Health Offices and 2 Security Agencies.

Rs. 828.31 million has been released to 32 offices including Rs. 167.597 million from COVID Fund and Rs. 660.713 million from the Provincial Consolidated Fund out of which, Rs. 688.773 million has been incurred and Rs. 139.537 million remains as balance. In the expenditure front, Province Office and Local Level has incurred Rs. 136.3 million for procurement of relief materials, Rs. 242.8 million on agricultural interest waiver, Rs. 39.5 million on construction of quarantine and isolation center, Rs. 12.8 million on meals of doctor and patient, Rs. 34.7 million on hazard allowance, Rs. 206.4 million in procurement of health material, equipment, medicine and Rs. 16.1 million has been incurred for information dissemination.

15. **Risk Assessment and Preparedness** - After the corona was first confirmed in Nepal in January 2020, the Province government should have initiated preparedness by assessing the possibility of future damage, number of infections, management of necessary medical equipment, etc., however Provincial-2 did not carry out adequate risk assessment and preparedness related to control and prevention of COVID -19 by conducting research. It was observed that, construction of quarantines and additional arrangement in hospitals for controlling COVID was done only after the pandemic began to spread.

Due to lack of planning, the management of budget has not been done from one window system, some amount has been disbursed from COVID Prevention and Control Fund, some amount has been disbursed from the Ministry of Land Management and Agriculture and some amount has been disbursed from the Ministry of Industry, Tourism, Forest and Environment, which has incurred expenses after release through the Provincial Treasury Controller Office. As a result, the actual situation of expenditure cannot be ascertained from the Province alone. It has been observed that, the Provincial Government has not made an official decision on where to construct quarantine, isolation ward centers and which hospitals were to be converted to COVID hospital. It has been observed that, after the growth in number of patients schools, nursing campuses etc. were operated as quarantine, without constructing a separate isolation, the identified patients were sent to hospital. Due to non-assignment of COVID hospital, there arose a situation where COVID patients and other patients were being treated in the same hospital.

16. **Monitoring and Audit** - From the COVID Fund of the Ministry of Social Development, this year, Rs. 185.48 million has been disbursed, out of which, the Ministry has shown an expenditure of Rs. 157.76 million including Rs. 7.2 million transferred to various accounts and Rs. 169.74 million has been transferred to Middle East Pratna Headquarters, Bardibas, Provincial Health Supply Management Center, Gajendra Narayan Singh Sagarmatha Hospital, Saptari, various Provincial Hospitals and Health Offices to perform various works related to prevention and treatment of COVID-19. The Ministry has not monitored the expenditure and performed audit of the said amount.

17. **Media Briefing** - As per Rule 85 (4) of Public Procurement Regulation 2064, the public entity shall, in making direct procurement exceeding one hundred thousand rupees, make procurement by inviting written quotations or proposals from at least three consultants included in the standing list and as per Rule 8(2) of Public Procurement Act, 2063, in making procurement pursuant to this Act and the rules framed under this Act, procurement shall not be so made in piecemeal as to limit competition. The Ministry of Social Development has for the purpose of disseminating information regarding the works performed by the Government relating to prevention, control and treatment of Corona; regarding the facts, data and information; regarding briefing the factual position of Corona virus; and regarding for preparing audio visual material, has entered into an agreement with four firms without preparing standing list has incurred Rs. 3.54 million. The agreement stipulates that the broadcast material will be broadcasted free of cost through the media including Itahari Television, Radio Nepal Bardibas and Community Radio Broadcasting Association. Payment has been made without sufficient evidence to confirm that the materials have been broadcasted by the media as mentioned in the agreement. Similarly, the Directorate of Health, Dhanusha has entered into an agreement with a firm for Rs. 1.372 million to broadcast the message even in the local dialect which is found to be irregular and un-economical.
18. **Proof of Admission/entry** - As per request of the Ministry of Social Development of Province no.2, Middle East Command Headquarters Bardibas has procured materials for quarantine establishing in various locations and made them available to the Ministry; according to bill of one trader, 1 thousand summer blanket, 1 thousand mosquito net, 1 thousand bed sheet/pillow cover and 1 thousand pieces of pillow has been procured and Rs. 2.605 million has paid to the trader as per the demand of trader. Similarly, 1 thousand pieces of mattress were procured and supplied to Ministry and the Ministry has paid Rs. 6.168 million including bill of an industry which includes Rs. 35.63 million with transportation for the mattress. The condition of store entry and utilization of the materials has not been disclosed. The material received should be entered into store, preserved and utilized.
19. **Laboratory Management** - Under Province no. 2 there is only Provincial Public Health Laboratory, Dhanusha. Out of 11 posts in the laboratory, only 5 have been fulfilled and 6 posts including Director, Senior Consultant Pathologist, Senior Consultant Microbiologist found vacant. It was observed that, this year, in P.C.R. test of 5 thousand 52 people, report of 800 peoples were positive and report of 4 thousand 252 peoples were negative. Vacancy of pathologists and microbiologists, including directors, even during the COVID pandemic, affected the operation of the laboratory.
20. **Establishment of Laboratory** - Rs. 30.5 million has been disbursed to the Provincial Health Supply Management Center, Dhanusha from the COVID -19 Control and Management Fund of the Ministry of Social Development and out of that amount, the Center has booked as income amounting to Rs. 28 million till Mid-July and cheque amounting to Rs. 2.5 million has deposited in 2020/07/27. Moreover, out of this amount, the Center has incurred Rs. 4.138 million and Rs. 23.862 million has been transferred. Out of the amount disbursed for the purpose of installing the machine in the laboratories of Janakpur and Rajbiraj and establishing a laboratory in Gaur Hospital however, Rs. 23 million has not been incurred and still remains as balance. As a result, laboratories could not be established by installing PCR machines in those places. This has impacted control and prevention of COVID -19.

21. Procurement in Special Circumstances - As per the Section 66 of the Public Procurement Act, 2063, in case of special circumstances arising out of immediate procurement, there is a provision to procure through competition as much as possible as per Rule 145 of the Public Procurement Rules, 2064. In this regard, the following has been observed:

21.1. The Provincial Health Supply Management Center, Dhanusha, by mentioning the reason of special circumstance created by COVID-19, invited quotation from 3 to 5 firms for procurement of P.P.E. set regular, N95 mask, disposable mask P.P.E set disposable and prepared cost estimate at average rate of Rs. 73.787 million and published a three-day notice on 2076/12/24; and procured the items from 4 suppliers that had submitted lowest bid for 4 different kinds of medicine and equipment at a cost of Rs. 49.357 million (33.11 percentage less).

21.2. Provincial Health Supply Center, Dhanusha said that the materials were again ordered from the balance amount remaining after the first procurement by preparing a cost estimate of Rs. 24.544 million as per the initial rate and invited bid with a three-day notice on 2020/06/01 and approved the contract of Rs. 6.38 million (74 percent less) of 4 suppliers that had submitted lowest bids. As condition 39.1 of the agreement with the bidders, in case of the request from the Office additional quantity is to be provided at the same rate. Under the terms of the agreement, the Office has procured additional quantity at the same rate from the supplier and paid Rs. 138.75 million.

While making request for additional quantity, as per the condition of an agreement, special circumstances has been mentioned, however, as per Section 54 of the Public Procurement Act 2063, while procuring in excess of 100 percent, variation has not been approved. It was observed that, the rate at which health materials were procured initially has fallen. For instances, it was observed that the rate of I.R. thermometer has fallen from Rs. 7 thousand to Rs. 5,000, N95 mask from Rs. 500 to Rs. 125, surgical mask from Rs.40 to Rs.8. Even though there was a sharp fall in market prices of P.P.E. sets, disposable mask and N95 mask used in COVID -19, new cost estimate has not been prepared, and notice has not been issued accordingly.

22. Variation in Procurement Rate - The Provincial Health Supply Management Center, Dhanusha, has procured health related items like P.C.R. machine, equipment, P.P.E set, gloves, M20 mask, sanitizer related to COVID -19 control in the province by publishing short term bids in by stating special circumstances.

23. Hotel Expenditure - As per the Rule 36 (8) of the Financial Procedure Rules, 2064 examination shall be done whether the requirements have been met or not, while making payment of any amount. The Provincial Hospital, Janakpur has incurred Rs. 3.895 million at the rate of Rs. 1100 per person for lodging and Rs. 370 for food and tea, as per contact rate according to the recommendation made by one doctor stating that medical officer, staff nurses appointed on contract have stayed in hotel and banquet. Payment could not be ascertained in absence of criteria or guidelines for incurring expenses while staying at the hotel.

24. Meals for Patients - The Provincial Hospital, Janakpur while arranging meals for the patients, this year, instead of entering into an agreement, made payment of Rs. 1.348 million to a hotel at the rate of Rs 50 per patient per meal. The actual cost could not be ascertained as the detail of number of daily patients and meals served has not been disclosed and the payment has been made only on the basis of the application and bill

presented by the hotel. The payment system should be implemented whereby payment will be made only after matching the patient records of the hospital.

- 25. Interest Subsidy on Agriculture** – As per the Section 4 (2) of the Relief and Subsidy to Mitigate the Adverse Effects on The Farmers Due to The Lockdown Done for Control of Corona Virus Directives, 2076, it is provinciald that interest subsidy will be given in case of agricultural loan from April 2020 to July 2021. As per the Clause 8 of the same Directive, 12 percent interest subsidy shall be given to the loanee who have debt up to Rs. 0.5 million. As per the same Directive, Rs. 242.847 million interest subsidies have been given to 45,978 farmers within the province. The following are the major observations regarding the payment of interest from the Agricultural Information Center in accordance to the order of the Ministry of Economic Affairs and Planning and the Ministry of Land Management, Agriculture and Cooperatives:
- 25.1 Agriculture Knowledge Center, Dhanusha has released Rs. 35.57 million to the concerned banks and financial institutions as interest subsidy by collecting applications of 7,830 farmers who have taken loans for agricultural purposes. The grant amount must be ascertained after collecting details from the bank and the excess amount released above the actual subsidy should be refunded.
- 25.2. The Agriculture Knowledge Center, Bara has released Rs. 27.03 million to 42 cooperatives and 15 financial institutions, including 47 financial institutions to waive the interest through bank on agricultural loans. It is observed that confirmation has not been done regarding interest waiver and number of farmers by collecting the details.
- 25.3 Out of Rs. 31.052 million interest subsidy provided to be distributed to 4190 farmers through 72 branches of Banks and Financial Institutions, Rs. 42.93 million has not been distributed till audit period of 2020/05/13, as per the details received from 35 branches, should be recovered. The details should also be obtained from the other 37 branches the undistributed amount need to be deposited in the Consolidated Fund.
- 25.4 It is observed that Agriculture Knowledge Center, Saptari, has given Rs. 30 million 8 thousand interest subsidy to 4 thousand 492 borrowers by not keeping records of interest paid by farmers to banks and financial institutions. On a sample test of ten farmers, it is observed that even though Rs. 10 thousand interest was paid by such farmer to bank and financial institutions, subsidy of Rs. 41 thousand has been provided and Rs. 31 thousand has been paid in excess. It is observed that while distributing Rs. 299.67 million subsidies to 4 thousand 482 farmers in the same proportion, there may be a situation of releasing excess subsidy, if any, which must be recovered by investigating it.
- 25.5. Agriculture Knowledge Center, Parsa has provided Rs. 296.46 million interest subsidies to 4 thousand 665 farmers through 72 banks and financial institutions. Banks and financial institutions have not attached the evidence of deposit in the accounts of the beneficiary farmers. Since no evidence confirming that the interest subsidy given on agriculture had been deposited in the bank account of the beneficiary farmers. So the evidence of amount spent as per the specified purpose should be submitted.

The fact has been made public that trade, hotel and industrial sectors have been affected more than agriculture sector due to COVID -19. However, the Provincial Government has taken the policy for waiver of interest only for the agricultural sector without providing any relief and subsidy to other sectors. As the Government of Nepal has decided to reduce the interest rate by 2 percent in the existing interest rate of banks and financial institutions from April to mid-July 2020 AD, relief has been provided to these

farmers; these farmers have again been provided relief by the Province Government; it should be ensured that that bank and financial institutions have not taken double benefits. Also, it cannot be ascertained whether the disbursed subsidy was received by the target group or not.

26. Documentary Evidence - As per Point 3(2) of Directives for Relief Distribution and Supervision to workers, labors, poor and financially deprived farmers impacted by COVID-19, every Local Levels has to send compiled details of identification of targeted groups within its area and details of relief material distributed to targeted group by consolidation as per Clause 3(5) of Anenxure-1 to Cottage and Small Industry Office . Observation in relation to relief distribution by Cottage and Small Industry Office are as follows:

- 26.1. The Cottage and Small Industries Office , Dhanusha, has procured 8565 packets of relief materials for Rs. 151.32 million, to provide relief to laborer who have lost employment due to lockdown imposed for controlling COVID-19. It is seen that the relief materials have been handed over to the concerned Ward Chairpersons at the rate of 60 packets in 142 wards of all local levels of Dhanusha District. As there is no proof of distribution to the concerned workers by the Chairpersons, the proof has to be submitted.
- 26.2. The Cottage and Small Industries Office, Mahottari has procured relief materials of Rs. 175.84 million, from a supplier through competition and handed over to Local Level and Ward offices of Maottari District; the concerned Ward offices have not submitted the receipt of distribution of relief materials to the target group, therefore the receipts should be submitted by all the local level.
- 26.3. The Cottage and Small Industries Office, Rautahat procured relief materials worth Rs. 18 million 44 thousand through bidding and the same has been expensed. Although it was provinciald that 10 thousand 590 packets of relief materials have been distributed at the rate of Rs. 1 thousand 622.15, the details of distribution has not been submitted. The details regarding type of relief goods, quantity, number of families receiving relief, etc. have not been prepared. Relief distribution must be assured.
- 26.4. The Cottage and Small Industries Office, Parsa has incurred expenses of Rs. 12 million 14 thousands for procurement of 6 different kinds of relief materials on the basis that these materials were provided to local level chief (Chief, Chairman and Ward Chairman). The quality of the procured material has not been tested and the documents regarding receipt by the beneficiaries has not been attached. The materials should be entered in store and monitoring of the distribution of relief material should be performed and the receipts of the materials distributed should be attached.
- 26.5. The Cottage and Small Industries Office, Bara has procured various relief items of 10,670 packets at the rate of Rs.1,613.40 per packet, from a supplier and paid has Rs.1,72,15,000. Although the office has handed over the relief materials to the concerned municipalities and wards on the basis of the requisition form of the municipality, the municipalities and wards have distributed only 1,047 packets and have not submitted receipts for distribution of 9,623 packets. Relief distributed should be monitored and all evidentiary documents should be collected.

As per the above, the Provincial Government has procured relief materials worth Rs.80 million and distributed the Wards at the local level. Even the local levels have procured and distributed relief materials by themselves. It cannot be ensured that there is no duplication in procurement of relief materials and all the distribution have been made to the targeted group.

Bagmati Province

- 27. Risk Assessment and Preparedness** - After the first infected person was identified in Nepal in Mid-January, 2020, the province did not perform adequate risk assessment and preparedness. The province has not enacted a law on communicable diseases despite it being on the Concurrent list. At the same time, there is no permanent mechanism for the prevention, control and management of infectious diseases. A separate COVID -19 Risk Reduction Action Plan has not been prepared. It seems to be dependent on the federal action plan as it does not have its own action plan. For prevention, control and management of infectious disease including COVID-19, various mechanism has been setup like: Corona Crisis Management Centre under the coordination of the Chief Minister, Corona Control Committee at the provincial level under the coordination of the Minister of Internal Affairs and Law, Health Management Committee under the coordination of the Minister of Social Development and High Level Industry, Tourism and Trade Monitoring committee has been formed under the coordination of the Minister for Trade, Tourist, Forest and Environment. Due to lack of risk assessment and preparedness, the work related to procurement of necessary health supplies, hospital infrastructure, quarantine and establishment of isolation centers could not be carried out in a planned manner.
- 28. Expenditure Management** - For the prevention, control and treatment of corona under Bagmati Province from Mid-July, 2019 to Mid-July, 2020, Rs. 244.314 million has been budgeted. Among that Rs.188.005 million has been expended which is equivalent to 76.95%. Observations related to expenditure are as follows:
- 28.1. Provincial Public Health Laboratories, Kavre, Bhaktapur and Sindhuli have expensed Rs. 24.27 million from the capital budget of federal resources to procure equipment required for the establishment of ICU and isolation ward in the hospital and to procure of equipment, furniture and furnishing and equipment for testing of COVID -19.
- 28.2. Provincial Public Health Laboratory, Dhading, Trishuli, Rasuwa, Chautara, Bhaktapur and Sindhuli Hospitals have expensed Rs.13.314 million from the current budget of federal resources for risk allowance and hazard allowance for the staffs involved in prevention, control and treatment of COVID -19, procurement of bedding materials for ICU and isolation ward, medicines and masks, health items including gloves. Out of the amount received, Hetauda and Ramechhap Hospital have not expensed Rs. 6.55 million and Rs.1.126 million, respectively. The amount received by the hospital to distribute risk allowance to staffs involved in the treatment has not been expensed.
- 28.3. From the capital budget of the province resources, 12 agencies including the Ministry of Social Development, Health Supply Centers, Hospitals and Health Offices have expensed Rs. 52.941 million for the procurement of vehicles, tools, furniture and furnishing equipment for ICU and isolation wards for the prevention and control of COVID -19.
- Out of the capital expenditure, Rs. 42 million has been provided to 6 hospitals and Rs. 58.8 million including Rs.16.8 million has been provided to 4 health offices for the procurement of the vehicles; all the offices have expensed Rs.41.778 million on the procurement of vehicles within the budget. Similarly, Rs.10.753 million has been expensed on tools and furniture for ICU and Isolation Ward. In the prevention, control and treatment of COVID -19, the impact of procuring vehicles with priority over health materials and medical equipment has not been assessed. Procurement should be done

after need assessment and priority identification; and treatment of the infected should be made more effective by utilization of procured vehicles, tools and equipment.

- 28.4. From the concurrent budget of the province resources, 39 entities including the Ministry of Social Development, Health Supply Centers, Hospitals, Health Offices and Ayurveda Offices have expensed Rs.101.323 million for risk allowance, meal for sick, ambulance operation, health worker training, publicity, hotel management for manpower involved in the treatment, procurement of medicine and health equipment.

Public Health Laboratory has also expensed Rs. 0.823 million from non-allocated budget under the heading of hazard allowance for staff involved in prevention and treatment of COVID -19. In the current budget of the Province, Rs.1.673 million has been allocated for the training program for health workers including doctors engaged on prevention, control and treatment of COVID -19. No expenditure has been incurred due to non-operation of the training program. Training for doctors and health workers has to be conducted to inform about new variants.

- 28.5. In order to procure necessary medicine equipment including expansion of health infrastructures for control and treatment of COVID-19, Province Government has released Rs. 200.426 million out of which Rs. 154.226 million has been expensed. Out of the expenditure, amount has been released to various 10 offices and Rs. 41.778 million has been expensed for prevention, control and management of COVID-19. Rs. 11.163 million has been expensed for procurement of isolation and ICU materials, Rs. 37.606 million for risk allowance, Rs. 63.718 million for staff management, publicity, research study, hotel quarantine management.

- 28.6. Rs. 40 million of Central COVID-19 Fund which was transferred to Chief Minister and Office of Council of Ministers for COVID-19 prevention, control and treatment remained unused this year. The amount of pandemic prevention and treatment should be utilized efficiently in essential purpose.

- 29. Establishment of Fund** – As per Section 45 of Province Disaster Management Act, 2075, Ministry of Internal Affairs and Law has established a fund by implementing Corona virus Infection, Prevention, Control and Treatment Cooperation Work Procedure, 2076. The fund has received Rs. 400 million from Province Government and Rs. 44.024 million from various organization officials and staffs of the province amounting to an income of Rs. 444.024 million. Rs. 307.324 million remained in the reserve of the fund after releasing Rs. 6 million at the rate of Rs. 50 million to twelve district disaster management committees and Rs. 130.7 million to 119 local levels of the Province at the rate of Rs. 1 million and up to Rs. 2 million.

- 30. Directive and Guidelines** - Various guidelines and directives relating to quarantine, contact tracing, isolation, COVID-19 hospital, and clinic operations including use of personnel protective equipment have been implemented to manage various works conducted by Ministry of Health and Population Nepal Government and various entities in order to manage corona pandemic prevention and control.

These guidelines and directives help in achieving maximum utilization of limited resources; corona virus infection being novel, the directives help for uniformity in technical service, will ensure service quality. Review of situation of implementation has not been done even though Provincial Government has implemented these directives. Directive and guidelines should be implemented and monitored.

- 31. Preparation of isolation ward** – Out of Rs. 3.2 million received from 11 local levels for operation and preparation of COVID-19, isolation ward with 10 beds at Trishuli

Hospital Nuwakot, Rs 2.737 million has been spent on preparation and operation of bed, locker, stand, trolley equipment, procurement of surgical instruments medicine and PPE set, isolation ward and similar other items. The balance amount should be spent on provinciald objective.

32. **Hazard allowance** – Amount has been provided by Federal Government for motivating health workers and other staffs working during corona pandemic; out of the total amount received, this year, Rs. 1.385 million was incurred by Ministry of Social Development, Rs 7.368 million by Bhaktapur Hospital, Rs. 5million by Sindhuli Hospital, Rs. 8.975 million by Hetauda Hospital, Rs. 4.415 million by Dhading Hospital, Rs. 4.432 million by Trishuli Hospital and various 37 provincial level offices have incurred Rs. 44.647 million. Risk allowance needs to be distributed to the manpower involved in prevention control and treatment of COVID-19 as per Hazard Allowance Management Order, 2077.

Gandaki Province

- 33. Risk assessment and Preparedness** For prevention and control of pandemic risk assessment and preparedness should be done before pandemic begins. However, the province was not found to have assessed the risk. Province has not prepared a separate COVID-19 risk mitigation work plan under preparedness. As a result, there has been a dilemma on estimating number of infected, which sector and class will be riskier, investigation in an event of infection, isolation and matters related to treatment. The province has coordinated with federal government decision to control crowd. The Federation has been requested to manage limited emergency supplies and quarantine construction. Under the chairmanship of Chief Minister, a high-level steering committee has been formed and under the chairmanship of the Minister of Financial Affairs and Planning, a coordination committee has formed for preparedness and pandemic prevention, control and management after risk assessment. Similarly, Provincial Level Coordination Committee has been formed under Chairmanship of Chief Secretary, 10 separate sub-committees have been formed and is being operated effectively under Ministry of Social Development according to work, nature and scope of health sector and technical manpower involved. Even though structural arrangements are in place, preparedness has not been done by preparing workplan, therefore difficulty was faced while controlling and preventing the infection.
- 34. Budget release** – In order to manage the complexity of COVID-19 and to set up and operate 5 bed intensive care unit (ICU) in hospitals for intensive treatment of critical patients, the provincial government has released Rs. 137.853 million to various 9 hospital in 2020/05/19, Rs. 16 million for procurement of ventilator and Rs. 6 million for oxygen plant to Dhaulagiri Hospital. Similarly, a federal conditional grant of Rs. 52.773 million has been released to subordinate offices for staff hazard allowance, staff management and medicine and medical equipment. Rs. 212.5 million has been spent by Provincial Government for prevention control and treatment of COVID-19. No supervision has been carried out to know whether the work in relation to the amount released has undertaken out or not. Supervision is necessary in order to determine whether the amount released to other entities has been spent as per objectives.
- 35. COVID Fund** – In order to control COVID pandemic, the provincial government has operated multiple account as COVID Current Fund. Rs 300 million has been allocated from budget of Provincial Government and other amount has been received from staff and officers' salary including from various bank and financial institution, totaling to Rs. 347.01 million; Rs 185.467 million has been released to 35 offices from this Fund. Following was observed in this regard:
- 35.1. Ministry of Social Development has provided Rs. 5 million for Pokhara Academy of Health Science, Rs. 10 million for GP Koirala Respiratory Disease Hospital, Rs. 0.160 million for Nepal Red Cross Society, Rs. 3 million for District Administration Office, Lamgunj and Rs. 8 million for various 7 municipality. Provincialment of expenditure of the amount and progress report from those entities has not been asked for.
- 35.2. Rs. 185.467 million was released to various offices from this fund, however the Ministry has not prepared document regarding expenditure incurred and balance amount. It is not prudent to release fund but not ask for details of expenditure. Out of the total amount Rs. 128.581 million released from this fund, Province Health Supply Management Center has incurred Rs 47.364 million for medicine and equipment till the end of financial year and Rs. 81.217 million remains as balance. The details of

expenditure from the fund has not been submitted. There may be undisclosed expenses on other areas so actual balance cannot be verified.

- 35.3. Authority of expenditure has been given from this fund to Health Directorate, Provincial Public Health Laboratory, Health Training Center, Province Health Supply Center, Health Office Kaski including 5 offices of Rs. 0.5 million for purchase of VTM machine and Rs. 0.5 million for PCR test kit, totaling to Rs. 5 million. Even though there is separate provision for procurement in special circumstances in Public Procurement Act and Regulations, procuring in part and giving authority to various offices for same item is found to be inappropriate.
- 35.4. Ministry has not documented work for management of COVID and expenditure and various expenditure for quarantine and isolation center and the number of people in such center, health material and equipment procured and ration distributed under the Province. Records of expenditure has to be maintained for COVID management.
- 36. Directive and Standards** - Ministry of Health and Population, Government of Nepal and various entity have prepared standard and guidelines for quarantine, contact tracing, isolation, operation of COVID-19 hospital and clinic, using of personal protective equipment and implementation of various work for COVID -19 control and treatment in order to manage work of prevention and control of Corona pandemic. The standards and guidelines help to achieve maximum output from limited resources; Corona virus being new, directives are expected to maintain service quality and provide uniformity in technical service. Provincial Government has to implement or make the directives implemented, however reviews regarding the implementation of the same has not been done. Directives. Guidelines has to be implemented and monitored.
- 37. Employee hazard allowance** – Out of the total amount provided by Federal Government to motivate health workers and other staff doing work on corona pandemic, Damauli Hospital Tanahun has incurred Rs. 5 million for staff involved in corona pandemic, District Hospital Syangja Rs. 5.965 million, Dhaulagiri hospital Rs 9.113 million and various 23 offices have incurred Rs 43.853 million. Under Hazard Allowance Management Order, 2076, issued by Ministry of Health, the hospital has paid COVID hazard allowance from 2020/03/22 to 2020/07/15 not to make double payment however, the decision passed by hospital development committee to pay an additional amount equivalent to 15 days salary towards COVID hazard allowance has caused double payment totaling Rs. 0.726 million which needs to be controlled.
- 38. Quarantine Center** – It has been mentioned that there are 845 beds in 34 quarantine places within the Provincial and that in 2076/77 out of the total 21 thousand 335 people staying in quarantine, 14 thousand 653 people in quarantine are from India. Similarly, Provincial Government has mentioned 1 thousand 397 persons were 38 isolation centers however, due to lack of records, exact data of people staying in quarantine could not be confirmed .
- 39. Use of Procured Equipment** - For control and prevention of COVID-19 and similar other diseases, Matri Shishu Miteri Hospital, Kaski has paid Rs. 13.253 million for procuring ventilator and various medical equipment by making 3 packages. Procured equipment have not been used. It is inappropriate keep in store unused, equipment procured from budgetary expenses for solving critical health issues. Procured health equipment should be used.

Manang District Hospital procured oxygen plant for Rs. 4.860 million, ICU equipment for Rs 9.679 million from different suppliers, however, it has not been operated even till the expiry of warranty period due to the lack of manpower management.

40. **Direct Procurement** – Gorkha District Hospital has made a direct procurement of ventilator from one firm, as per special circumstances, amounting to Rs. 6.944 million According to the provision of the Public Procurement Regulation. It is inappropriate to procure directly without publishing notice and complying with process specified by the Rule 145 of the Public Procurement Regulation, 2064.
41. **Technical Examination** – Rule 115 of the Public Procurement Regulation, 2064, provincials that goods supplied need to be inspected or tested to see the conformity with technical specification and quality according to agreement. District Hospital Parbat has procured ventilator and various 16 equipment at the cost of Rs. 13.615 million through tender having cost estimate of Rs. 16.909 million for COVID -19 management. Agreement was entered in 2020/07/14 to procure those 16 items, and on the same day expenses has been booked for supply, receipt and installation of goods. There is no technical examination of procurement of Rs. 1.880 million from one supplier. Similarly, tender has been called for procurement of oxygen plant and pipeline and a single firm had submitted a proposal of Rs. 6.387 million and procurement has been done from such firm however, it could not be confirmed that the procurement was according to specification in absence of technical inspection.
42. **Utilization of Equipment** - District Hospital, Parbat has procured ICU ventilator and similar 16 types of equipment with cost a cost estimate of Rs. 16.909 million though tender, however, due to lack of manpower ICU and ventilator has not been operated till date. Due to the non-operation of procured equipment for more than a year, the warranty has expired and people could not get health services benefit. Equipment should be operated for service delivery after arranging necessary manpower.
43. **Duplication of work** – Health Office, Lamjung received Rs. 3.3 million from Federal COVID fund and Rs. 1.6 million from other sources, totaling to Rs. 4.9 million; and incurred Rs. 1.984 million for hazard allowance, Rs. 0.5 million on PPE, Rs. 0.4 million on contact tracing, Rs. 0.5 million on medicine procurement while balance Rs. 1.332 million remains in the reserve. Beni hospital has incurred a total of Rs. 8.583 million, out of which, Rs. 3.574 million was for isolation center construction and Rs. 1.322 million for quarantine construction and management. All local levels also incurred their funds for isolation center, quarantine construction and relief etc. Incurring expenses for same works by various entities results in situation of duplication of spending which needs to be improved.
44. **Dhaulagiri Zonal Hospital** - Since Mid-March, 2020 this hospital of Baglung has started indoor and outdoor service. 25 out of 75 bed have been allocated for COVID-19 treatment and the hospital provided health services to 117 patient till Mid-July, 2020. According to the protocol, there is separate provision for treatment of COVID and non-COVID patient. The hospital has one ambulance. The number of posts for doctor, nurse, paramedics including other people in the hospital is 78, out of which, 28 post remain vacant; 7 nurses and 2 paramedics are appointed on contract in the vacant posts. Initially, difficulty arose in treatment due to lack of bed, ICU, ventilator, PPE, gloves and similar health supplies and equipment and lack of supply of manpower. Hospital reported that Rs. 1 million has been incurred in treatment process upto Mid-July, 2020 which shows per patient expenses amounting to Rs. 8,574 per patient.

As per the reports provided by the hospital, Rs. 26.636 million has been received from Province Consolidated Fund, federal COVID fund and from other sources, out of which a total of Rs. 26.52 million has been incurred which includes Rs. 9.998 million for quarantine construction except patient treatment, Rs. 7.309 million for isolation center construction and management, Rs. 9.113 million for manpower mobilization and Rs. 0.1 million on other heads.

- 45. Support In-kind** - As per the report received from Health Office, Mustang, this year, the Chinese Government has provided 1,387 thousand pieces of health material including N95 mask, disposal medical mask, disposal medical gloves, gown/ PPE and quick test kit of which 38.278 thousand pieces have been used and 0.1 million 1.422 thousand pieces are in stock. Financial Provisionalment has to be prepared including the price of such material, however, it has not been prepared. Similarly, record clearly showing distribution of goods received as support in-kind need to be prepared.

Lumbini Province

- 46. Preparedness and Risk assessment** - Risk assessment and preparedness needs to be carried out before pandemic starts for prevention and control of the pandemic. After risk assessment of COVID-19 in this Province, High Level Direction Committee was formed under the coordination of Chief Minister, Fund Operation Committee under the leadership of Social Development Minister and Technical Committee under the leadership Director of Health Directorate for preparedness and prevention, control and management of pandemic. Although the high level committee has taken various decision from 4 meetings from Mid-July, 2019 to Mid-July, 2020, the Provincial has not prepared work plan for risk assessment and mitigation. Similarly, work relating to bed expansion, manpower, management of additional ventilator and oxygen have not been done before spread of the infection.
- 47. COVID Fund** – COVID fund established by Social Development Ministry has received Rs. 700 million from Federal Government, Rs. 100 million from Provincial Government, Rs. 231.876 million from Ministries and officers from Secretariat, staffs of office, industries and business organization and institution. Out of the amount received, Rs. 24 million has been expensed for Lumbini Provincial Hospital, Rs. 3 million for Rapti Provincial Hospital, Rs. 14.4 million for Bheri Hospital, Rs. 20.7 million for Provincial Public Health Laboratory, Rs. 1 million for Provincial Health Directorate, Rs. 5.5 million for Provincial Health Supply Management Center, Rs. 6 million for Rapti Academy of Health Science, Rs. 14 million for various 6 health offices and 10 district administration offices, Rs. 5 million for 3 sub metropolitans and Rs. 12.331 million for other expenses, totaling to Rs. 105.931 million, which had been released upto mid-July, 2020, and Rs. 125.945 million is in reserve. There is no supervision for released amount spent on specified purpose or not.
- 48. Lumbini Provincial Hospital** - Lumbini Provincial Hospital, recognized as corona special hospital, had received income of Rs. 90.957 million, out of which Rs. 0.991 million was spent on procurement of safety kit and material, Rs. 2.915 million on manpower management, Rs. 15 million on staff risk allowance, Rs. 7.733 million on hotel resident expenses, Rs. 1.92 million on procurement of oxygen, Rs. 1.581 million on procurement of medicines, Rs. 1.63 million on procurement of machinery equipment, Rs. 14.82 million on procurement of PCR and bed, Rs. 24.257 million on structural construction, Rs. 9.769 million on procurement of ICU equipment, totaling to Rs. 80.571 million. Following observations were made in this regard:
- 48.1.** Role of level 2 COVID hospital has been important for treatment of COVID patient according to interim directive in respect of providing COVID as well as other health services in case of COVID-19 pandemic. According to the directive, the medium and high complex cases transferred and identified by the hospital should be treated through high dependency and ICU care according to protocol.

Lumbini Provincial Hospital has provided indoor and outdoor service of COVID-19 treatment. According to report received from hospital, it has been mentioned that till mid-July, 2020, out of the total number of 393 PCR, 241 were positive and 88 were admitted to hospital, 69 deaths and 5 referred to other places. Average stay of a patient on hospital is 20 days. Out of total 400 bed in hospital, 45 simple bed, 16 ICU bed have been reserved for COVID. Hospital has 5 ventilators and 1 ambulance. In temporary COVID Special Hospital, total posts are 424 including 24 doctors and 71 nurses; 135 manpower were engaged in COVID treatment and 54 posts were vacant. A separate

building has been allotted within the area Butwal Thread Factory for treatment of COVID patients and treatment has been done from the Regional Hospital. There were no sufficient ventilator, isolation bed and sufficient health equipment for treatment of COVID -19 in hospital as per necessity. Due to the lack of additional manpower, equipment could not be operated due to which the problem for treatment have arisen. There was lack of manpower to manage treatment of COVID as well as non-COVID patients.

- 48.2. Although hospital has started COVID treatment service from 2020/06/24, additional 144 beds were added on 2020/09/03 as there was problem in providing services due to lack of bed. It was observed that there is lack of necessary ambulance, ventilator and various health materials for COVID -19 treatment.
- 48.3. Hospital has not recorded expenditure incurred for treatment of COVID -19 patient separately. Lumbini Provincial Hospital has paid Rs. 7.733 million only on the basis of hotel bill without disclosing name list of person staying on hotel and without attaching the stay period of health-workers involved in treatment. Till the mid of July, 2020, 88 patients were admitted in hospital and have been treated; the expenses per patient health worker for hotel quarantine amounted to Rs. 87,875. Expenses, along with details, incurred for health worker staying in hotel should be provided.
- 48.4. As per point no.7 of Hazard Allowance Management Order, 2077, Rs. 15 million allowance have been paid to various 552 staffs and health workers involved in treatment of COVID -19.
- 48.5. Rs. 2.39 million has been received from various 34 person and institution, 1 ECG machine from Save the Children, 15,070 surgical mask from 7 persons and institutions, 642 PPE set from 22 persons and institutions, face shield, sanitizer and various medical equipment from various 86 persons and institutions for establishment and operation of special COVID hospital. Hospital has not recorded received materials disclosing price.
- 48.6. According to Rule145(3) of Public Procurement Regulation , procurement details should be disclosed and information have to be sent to Public Procurement Monitoring Office in case of procurement of more than Rs. 1 million on special circumstances. Hospital has procured 4 ventilators from various firm, 13 ICU bed, 1 PCR machine, 30 infrared thermometer, 1560 PPE set, 65,288 mask etc. totaling Rs. 26.551 million on special circumstances after publishing 5 day notice, however, it has not disclosed procurement details and information of this have not been sent to Public Procurement Monitoring Office. There is no basis that procurement work has been done economically. Provision of regulation should be complied with.
49. **Lumbini Provincial Hospital Laboratory** - On 2020/03/24, PCR tests have been started after receiving of PCR machine in laboratory. 393 PCR and 25 RDT tests have been done upto mid-July from the laboratory of the hospital. Out of 2400 PCR received from mid-April, 2020, to mid-July, 2020, 393 have been used and 2000 kits are in stock in laboratory. 400 PCR kits were used and 7 kit were wasted up to mid-July, 2020.

Karnali Province

- 50. Risk Assessment and Preparedness** - The meeting of Karnali Province Disaster Management Council and Executive Board, held on 2020/03/20, has in order to reducing the effect of COVID-19 pandemic, decided to carryout preparedness work like: keeping high vigilance on airport and entry point of land route and allowing entry into the Provincial after conducting tests; facilitating supply of necessary food medicine and various items for Province, keeping in view the possible risk; establishing temporary post of Nepal police at entry point; broadcasting information and materials regarding health awareness to public through all F.M. radio, TV channels and prints media of Province; establishing 600 bed quarantine in Mid-West University and 400 beds quarantine in Radio Nepal Station. Accordingly, as per the decision of Provincial Council of Minister, dated 2020/03/26, Rs. 50 million had been allocated to 5 hospitals. Although, there was preparedness for managing quarantine, food and pure drinking water for citizens coming from foreign countries including India as well as other different places who were stranded in Babai, Chinchu, Subba Kuna and other places, but expected service could not be provided due to lack of adequate budget allocation.
- 51. Operation of Fund and Budget** - For COVID-19 control and counter-action, Rs. 305.9 million has been budgeted which includes Rs. 100.4 million virement from Ministry of Social Development and 17 subordinate offices, Rs. 25 million from disaster management fund, Rs. 160.5 million from finance budget, Rs. 20 million from federal conditional grant. However, only Rs. 234.869 million (77%) has been spent.
- Provincial Government, after establishing disaster fund of Rs. 500 million, released a total of Rs. 254.9 million which include Rs. 132 million for 79 local levels, Rs. 50.8 million for province office, Rs. 72.114 million for 14 federal offices. As per the provision of Point 11 of Province Disaster Management Fund Guideline, 2076, surplus amount received from Provincial Government after expending in the provincial activities has to be deposited in Province Disaster Management Fund. Provincial Government this year has released Rs. 254.9 million to local level and provincial and federal office for prevention of pandemic, and counter-action and surplus amount which has not been expended should be confirmed and refunded to Province Disaster Management Fund.
- 52. Passenger Transportation** – Clause No. 4 of Province Quarantine Operation and Management Guideline, 2076, has provision of management of stranded citizen. Ministry of Internal Affairs and Law has rescued and managed 3,811 stranded passengers from Kanchanpur, Banke and Jhapa, Babai of Surkhet and Harre and Birendranagar of Surkhet to other places of the Province.
- As per the Provincial Ministerial Level decision, dated 2020/04/20, it was decided, citing special situation, to procure services through direct negotiation, on the basis of fare rate determined by the Department of Transportation, not exceeding two-way fare (transportation); and as per the decision, Rs. 7.573 million has been paid to 188 transportation service providers. While recording expense, payment has been made on the basis of name list certified by transportation service provider without vehicle registration number, passenger numbers, document for proof of identity, destination.
- 53. Establishment and Operation of Laboratory** – Provincial Hospital, Livestock Laboratory Surkhet, Karnali Health Science Council, Dailekh, Chaurjahari and Dullu Hospital have procured PCR machine and carried out COVID-19 tests including 47,588 RDT tests and more than 35 thousand through PCR method. Similarly, 2 ventilator

machines procured at cost of Rs. 1.8 million in Salyan District Hospital has not been in use for more than one year. It is not appropriate to keep the machine unused which was procured for treatment.

- 54. Procurement of PCR machine** - The goods procured according to the specification and cost estimation should be paid according to the bill. Province Hospital, Surkhet had paid Rs. 3.210 million for procurement of one PCR machine without bill from Tribhuvan University Teaching Hospital. Since the machine was damaged within some days of procurement, it was observed that the tests were being done by another machine. Teaching Hospital is not a seller of new PCR machine and old machines are transferred within government hospital through handover rather than sale; procurement without bills should be investigated.
- 55. COVID Hospital** - Provincial Hospital, Surkhet has provided in-door and out-door services for treatment COVID-19. 206 patients were admitted and provided health services till mid of July, 2020. In the hospital, out of the total 200 beds, 175 beds are for normal and 25 ICU beds are separated for COVID. There were 10 ventilators and 2 ambulances in hospital. Although, treatment was done by separating of COVID and non-COVID patients according to protocol, sufficient health equipment materials, necessary VTM and security material were not found for treatment of COVID in hospital. Out of total 214 posts of 78 doctors, 124 nurses and 12 paramedics in the hospital, 165 posts are vacant. 24 doctors, 67 nurses, 12 paramedics were deputed for treatment of COVID. Due to the lack of manpower and equipment, delivery of health services have been affected.
- 56. COVID Hospital Management** - Provincial Government has operated Provincial Hospital Surkhet, Karnali Health Science Council Jumla and Chaurjahari Hospital as special hospital and 10 other hospitals as satellite hospital. 400 bed quarantine have been in set up in the ground in the east of Ghantaghar, Birendranagar.
- Rs. 18.487 million has been incurred, as per direct procurement process, for food, lunch, hotel expenses by Nepal Army Northwest Brigade and by a Provincial Ministerial Level decision, the same has been paid. Out of those expenses, Rs. 7.529 million have been incurred for food and hotel expenses of people arriving from different places before the establishment of quarantine. Similarly, Ministry of Industry, Tourism, Forest and Environment and Directorate of Protection of Industry and Consumer Welfare, have provided Rs. 5.213 million for food and lunch for people living in same quarantine. In addition to this, Provincial Hospital, Surkhet has paid Rs. 4.985 million for infected people and health worker's food and lunch. As per the data, upto the mid of July, 49 thousand 929 patient were admitted in 724 quarantines and 1 thousand 714 patents were admitted in isolation. There is difficulty in effective control of expenses incurred from different entity on same purpose.
- 57. Procurement of Health equipment and construction of infrastructure** - Rs. 86.763 million on procurement of medicine and other items and Rs. 52.128 million on infrastructure construction have been expensed. Following observations were found in this respect:
- 57.1. As per Rule 47(1) of Provincial Financial Work Procedure Regulation, 2075, the Office Chief should record the goods received from procurement or transfer, disclosing the details and price in the Stock Register within seven days and should prepare ledgers and keep it updated. This year Provincial Hospital, Surkhet received 3900 PCR kits at the rate of Rs. 1062 and 768 PCR kits in aid from other entities totaling to 4668 PCR

kits, while 15745 PCR tests were performed. The sources of remaining 11 thousand 77 pieces PCR kit have not been mentioned. Expense should be done after recording the income of received goods in hospital.

- 57.2. As per Section 66 of Public Procurement Act, 2063, in case of special circumstances arises, if additional losses will be caused to the public entity if procurement is not done immediately, then procurement can be done; and for the same Rule 145(1) of the Regulation provincials that the public entity shall procure only the quantity and for the period required to face the emerging circumstances by having competition made as far as practicable for fair and proper price after receiving written quotation or proposal from a single supplier. Provincial Hospital, Surkhet after publishing 3 days notice have procured Rs 17.321 million PCR kit through sealed tender. Although sealed tender should have been submitted within 3 days, more time was taken for evaluation and agreement; goods must be received immediately on procurement during special circumstances.
58. **Investigation, contact tracing** - Provincial Government have appointed 58 health workers on contract for operation of help desk on Surkhet Airport, Hilsa, Kapurkot, Babai and Kunei. Similarly, hotline 1096 have been in operation for telephone contact and COVID-19 case investigation, contact tracing work have been done for infection control. Likewise, situation of thousands of people entering from neighboring country at a time and unavailability of sufficient PCR test have resulted in lack of contact tracing and investigation as per requirement. As a result, risk of infection have increased. Contact tracing investigation should be effective.
59. **Coordination and Supervision** – Under the coordination of Chief Secretary, a 4-member Crisis Management Executive Board has been established for coordinating and easing the work related to prevention, control and treatment of COVID-19. Although board has decided to prepare provincial level integrated information system for coordination, but the same has not been implemented. Works relating to control of pandemic was parallelly conducted by federal, provincial and local level; there was no clear jurisdiction; same nature of expenses were being done by various entity; and there was no arrangement for monitoring of the works carried out by another entity, therefore weakness was observed in coordination and monitoring. Coordination and monitoring should be made effective.
60. **Hazard Allowance** – Provincial Government has decided to provide incentive allowance to the doctors and other staff engaged in treatment of COVID-19, on the basis of documentation and as per Central Guidelines so that the double benefit is not provided. Provincial Government had spent Rs. 65.517 million for manpower management. Provincial Hospital, Surkhet has provided Rs. 12.889 million for hazard allowance but has not recorded the same. hazard allowance should be provided as per hazard allowance for Manpower Involved in Corona Virus Management Order, 2077.

Far- West Province

- 61. Risk assessment and Preparedness** – On 2020/04/27, Far-West Provincial Government has approved and implemented Far-West Province Corona Diseases Control and Management Work Plan, 2077, for corona risk assessment and preparedness. As per the work plan, Province Crisis Management Center and Provincial Emergency Operation Center shall be set up in province; District Emergency Operation Center and Rapid Response Team be set up in district; whereas Local COVID Prevention Team be set up in local level; and Inspection Committee be set up in ward. According to the decision of Province Crisis Management Center, 300-500 beds quarantine in district and 100-200 beds quarantine in local level should be constructed; person entering district should compulsory be kept separate; COVID test should be made compulsory and managed by mobilizing health workers on border; risk areas should be identified and gradually shielded, etc. Following observations have been noted during implementation of work plan:
- 61.1 According to the details received from The Ministry of Internal Affairs and Law, till mid-July, 2020, 0.243291 million person entered Nepal from India. Hospital and laboratory under province have conducted 0.118748 million RDT tests and 0.028232 million PCR tests, total 0.14698 million tests have been done. On the basis of number of people entering this province, 0.096313 million which is 40% were not tested for COVID -19. Corona infection was 8% of the tests from RDT method and 14% of the tests from PCR method. The coverage of tests could not be increased.
- 61.2 As per Far-West Province Corona Diseases Control and Management Work Plan, 2077, risky place, community and sector should be sealed and swab test should be done. It has been provinciald that for testing, the family should be tested first, household should be tested second, concerned streets (tole) in third level, region in fourth level, adjoining municipality in fifth level and overall district in sixth level; if positive case is identified, then they should be isolated. As per the details received, it has been observed that sealing, swab testing and risk assessment has not been done as per the work plan. Risky communities and individuals should have been identified, however, as individuals returning from India were not fully tested and mingled with the community, risk of infection has increased. Risk identification should be effective by conducting test as per work plan.
- 61.3. Out of the total 60 thousand 165 beds, only 6 thousand 183 patients have been admitted or 10 percentage beds have been used and out of the 2 thousand 59 isolation beds, only 710 patients have been admitted or 35 percentage have been used. From this, it is observed that expenses for quarantine construction were not effective. As per the details received, out of total infected 13 thousand 508 people, 6 thousand 615 infected people were kept in quarantine and isolation. Remaining 6 thousand 615 people were sent without keeping in quarantine and isolation. The above provinciald data indicate that, there were many people who have not been tested and suspicious infected people were not kept in quarantine and isolation which shows ineffectiveness in preparedness as per workplan.
- 61.4 Ministry of Social Development disbursed Rs. 12.023 million for establishment and management of hospital, Rs. 6.328 million for lab construction and upgradation, Rs. 5.65 million for construction of 9 quarantines, Rs. 6.470 million for food expenses of people staying in quarantine, Rs. 7.225 million for construction and preparation of isolation, Rs. 5.511 million for management of isolation Rs. 3.461 million for isolation

food, Rs. 4.24 million for medicines, Rs. 42.237 million for medical equipment, Rs. 98.586 million for medical apparatus, Rs. 25.942 million for ambulance and other headings; totaling Rs. 220.082 million. Although it is said that the above mentioned amount was spent on preparedness and management, the laboratory could not be operated elsewhere except in the Seti Hospital, COVID ICU with capacity of only 15 beds were in operation, as well as, people from several local levels had reached to Karnali Academy of Health and Science, Jumla for corona test till Mid-July, 2020, which shows that adequate preparedness and management to mitigate the impacts of risk have not been done. Expenses should be managed with productive manner.

62. Fund and budget allocation – Status of budget mobilized for Corona Fund and COVID-19 Prevention and Control are as given:

62.1 As per Clause No. 4 of Far Western Province Corona Virus Risk Control Treatment and Management Directives, 2076, the accounting of fund income and expenses shall be maintained as per prevailing law. According to the details received from the Ministry of Internal Affairs and Law, amount Rs. 400 million from provincial government and Rs.37.76 million from different office holder, staffs, production business person totaling amount of Rs. 437.76 million income has been received in fund this year; and out of those income, Rs.14 million has been spent through different federal departments, Rs. 200 million through province department and Rs. 213.044 million through local level totaling amount of Rs. 427.084 million i.e. 98.55% has been spent; and Rs. 10.675 million is remaining as balance. However, as per bank provincialment the balance is Rs. 10.932 million so, difference amount of Rs. 0.257 million must be reconciled. It should be ascertained whether the funds provided to provincial bodies and local levels have been utilized for the specified purposes.

62.2 As per Clause No. 4 of Far Western Province Corona Virus Lockdown Relief Guideline, 2076, the amount of relief disbursed from the provincial government should be utilized in management of relief materials for the persons eligible for to receive relief as per the guideline and if any amount remains as balance after providing such relief, the balance should be returned to Far Western Corona Virus Control Rehabilitation and Management Fund. As per the report provided by the Ministry of Internal Affairs and Law, Provincial government has incurred Rs. 213.040 million towards 88 local levels to provide isolation and relief; Rs. 14.4 million towards 44 entities including, 9 district police office, Armed Police Force, National Investigation Office and Nepal Army; however, details regarding the balance amount has not been obtained. It is observed as per the report provided by 31 local level, Rs. 98.51 million is remaining in the Local Level COVID Fund. The remaining balance should be returned to respective Fund and the actual expenditure should be ascertained.

63. Lab establishment and Operation – As per the Far Western Province Corona Control and Management Plan, 2077, R.D.T. test would be conducted at every community level and P.C.R. test would be managed and made further effective. The observation in this regard are as follows:

63.1 According to the details received from Ministry of Internal Affairs and Law, inside province, this year, 28 thousand 232 P.C.R has been done, in Seti Provincial Hospital only there is provision for P.C.R test from where 13 thousand 496 P.C.R. test has been done and 14 thousand 736 i.e. 52% test has been done from Bagmati and Karnali Province. In spite of the fact that more than half samples need to be sent outside of the Province, no other additional labs have been constructed till mid-July, 2020. P.C.R. machine of Seti Provincial Hospital had a capacity of 500 tests per day but due to the

lack of P.C.R kit and manpower the rate of test were minimal and it took more than 10 days to get P.C.R report. COVID control measures were ineffective.

63.2 According to the details submitted by the Ministry of Internal Affairs and Law, this year out of 0.1 million 18 thousand 748 R.D.T. tests only 22 thousand 450 has been carried out in health lab, Kailali and remaining 96 thousand 298 tests has been conducted in other hospitals. It is observed that public health lab is not been utilized in its full capacity.

63.3 Province Public Health Lab, Kailali procured 2 thousand pieces of R.D.T kit worth Rs.1.695 million to prevent and control COVID -19 but the quality differs from what has been prescribed by the Nepal Government. As the Government of Nepal has stopped RDT test, the expenditure has become useless. Concerned staff should be made liable for this.

64. COVID Hospital management: Following are observed while performing audit of work performed by Province Hospital and subordinate entity for management of COVID hospital:

64.1. Seti Provincial Hospital has provided indoor and outdoor service for treatment of COVID -19, however, due to lack of proper records, the details of service delivered to patient by mid-July, 2020 has not been received. Among 250 hospital beds, 50 beds have been allocated to general and 5 to I.C.U. The hospital has 2 ventilators and 2 ambulances. There is separate building for treatment of COVID and non-COVID patients as per the protocol however, there is lack of health equipment including V.T.M. and safety kits for treatment of COVID. Out of total 192 posts, 141 has been fulfilled however, the posts of 19 doctors with 3 head consultants (doctors), 6 nurses, 8 paramedics and 15 others, totaling to 51 found vacant. From given posts, 22 doctors, 26 nurses and 35 paramedics and 58 sweepers have been engaged in COVID treatment.

64.2. Even though services in hospital were started from 2020/04/02, due to lack of I.C.U. and ventilator equipment there was difficulty in treatment; on 2020/06/15 and 50 beds and 5 I.C.U. beds has been added. Hospital has not prepared separate records of expenditure incurred for COVID -19 patients. According to Health Sector Emergency (COVID-19 Pandemic) Counteraction Plan, 2020, every province has to establish holding center having 2 thousand bed and 50 bedded COVID hospital by the mid-July, 2020. Notice for the establishment of COVID hospital has been published and holding center was in process of being constructed. But due to the delay in construction, it was difficult to provide service to infected. Enhancement of capacity of COVID Hospital and construction of holding center should be done as soon as possible.

65. Procurement of materials and equipment - As per the Rule 145(2) of the Public Procurement Rules, 2064, in case of procurement in special circumstances, detail related to special circumstances and reason and basis for not choosing other procurement process, procurement can be done by entering into an agreement with only one vendor to tackle special circumstances by maintaining record, if possible, by competition. This year, under Ministry of Social Development, 22 entities have procured medical equipment and medicines related to COVID worth Rs. 146.618 million and the observation noted in this regard are as follows:

65.1. For establishment of bio safety level-2 laboratory, Provincial Supply Management Center, Dhangadi, has, entered into an agreement with three different suppliers on 2020/06/26, for procurement of P.C.R. machine, automated V.T.M., P.P.E., mask like lab apparatus and medical equipment and incurred Rs. 48.355 million. The equipment,

as per the agreement, has been sent to Seti Provincial Hospital, District Office Doti and Baitadi on 2020/07/13 for installation. Nepal Government had announced lockdown from 2020/03/24 and the Government Offices had been re-opened by mid-July, 2020 and the lockdown was lifted only after July 21st, therefore, as the equipment were received by July 13th shows that procurement during special circumstance could not be justified. The resources should be mobilized in appropriated time by following the provisions of the Regulation so as to maintain economy.

- 65.2. Provincial Supply Management Center, Dhangadi has invited for quotation and on the basis of minimum rate quoted, procured medicines, medical apparatus and equipment amounting to Rs. 118.539 million which is 200% higher than previously procured rate. Assurance cannot be provided about the procurement rate of goods so procured by the Center. Even though, the procurement has been made through tender during lockdown and at the time of scarcity of goods in the market, it is observed that procurement is done at relatively higher rate.
66. **Monitoring of Expenses** – As per the Clause 14 of Far-Western Province Corona Virus Risk Control Treatment and Management Fund Directives, 2076, provincial assembly members have to supervise the effectiveness of expenses incurred from COVID fund in their respective electoral constituency. From the provided report, it is observed that the expenses made for prevention and control of Corona in constituency under this province has not been supervised and report has not been prepared. Expenses should be effectively monitored and should be made result oriented.
67. **Coordination and Facilitation** - For the purpose of reducing and controlling the effect of COVID-19, Provincial Crisis Management Center and Provincial Emergency Operation Center shall be set up in province; District Emergency Operation Center and Rapid Response Team be set up in district; whereas Local COVID Prevention Team be set up in local level; and Inspection Committee be set up in ward. As per the report received, the role and work area of these groups were not clarified due to which established quarantine and isolation center were unable to be used and suspected infected person were in contact of community instead of staying in quarantine. Apart from these, expenditures of same nature were incurred from center, province and local level. Maximum utilization of available resources should be done by effective inter-entity coordination.
68. **Hazard Allowance** - According to Hazard Allowance Management Order, 2077, manpower involved in treatment of COVID infection patients would be given as motivation allowance after 2020/03/22, to all medical staffs involved in prevention and control of COVID-19. Ministry and respective department had spent Rs. 103.073 million in hazard allowance distribution.

As per Clause 4 of Order, hazard allowance is only provided to one who is involved in providing risky services in quarantine isolation and lab that should be supported by attendance records along with other documentary proof. However, while providing hazard allowance to 45 staffs involving in administrative work in 3 bodies of the Province, the required documents were not submitted. Account should be updated with proof of expenditure.

PART 3: LOCAL LEVEL

Risk assessment and preparedness

- 1. Risk assessment and work plan** - For prevention and control of pandemic, the risk of pandemic should be categorized and the method of prevention and control should be identified. For this, preparedness and work plan should be prepared. As per section 17(2) of Disaster Risk Reduction and Management Act, 2074, functions, duties and powers of the Local Disaster management Committee, local disaster management plan should be laid down and implemented. However, regarding COVID-19 pandemic, local level has not done risk assessment and has not prepared work plan for risk mitigation due to pandemic. Without any work plan and policy, in province 1, 132 local level have spent Rs. 1 billion 140 million, in Province 2, 136 local level have spent Rs. 2 billion 330 million, in Bagmati Province, 98 local level have spent Rs. 963.7 million, in Gandaki Province, 85 local level have spent Rs. 663.9 million, in Lumbini province, 93 local level have spent Rs. 1 billion 100 million in Karnali province, 47 local level have spent Rs. 624 million and in Far western province 79 local level have spent Rs. 901.7 million and in total Rs. 7 billion 710 million had been spent.

If expenses are incurred without work plan, risk area or sector and places cannot be identified, and risk reduction becomes difficult. As a result, there would be scarcity of budget allocation in essential places and more expenses would be incurred in areas requiring less expenditure, as a result, the resources would not be effectively utilized. It was observed that local level were more focused on constructing and managing isolation center without work plan, and distributing meals, tiffin expenses and relief to people staying in such centers. Local levels of cities including Kathmandu Valley were dependent on the projects and work carried out by the Federal Government; the initiative taken by local Government was minimal for the prevention and control of risk. Although, contact tracing and investigation was handed to local level, less attention was directed towards the same. Risk assessment of pandemic should be done and work plan should be formulated for its mitigation.

Fund management

- 2. Receipt and expenditure** - According to economic survey 2077/78, local government had received Rs. 7 billion 840 million for prevention control and treatment of COVID pandemic, whereas, Rs. 6 billion 190 million was spent and balance of Rs. 1 billion 650 million remains. However, as per the details of expenditure collected from 694 local level during the course of audit, Rs. 7 billion 740 million was spent. In absence of system for preparing reports after collection of details of the expenses, the actual expenses incurred cannot be ascertained. The expenditure details according to provinces are as under:
 - 2.1.** According to the report received from different 132 local levels in Province no. 1, total amount of Rs. 1.4506 billion have been received including Rs. 106.5 million from Provincial Government, Rs. 1.0619 billion as budget of local level and Rs. 282.2 million from other resources; whereas, Rs. 639.4 million was spent in relief fund, Rs. 164.9 million in quarantine management, Rs. 37.6 million in risk allowance and Rs. 305.8 million in other expenses, in total 1.1477 billion had been expensed; and Rs. 302.9 million is remaining as balance.

- 2.2. Out of 131 local level that were audited in Province no. 2, 130 local level have received Rs.170.7 million from Provincial Government, Rs. 164 million from Federal Government and other entities, Rs. 2.4112 billion from local level budget, totaling to Rs. 2.7451 billion; whereas, Rs. 1.023 billion for has been incurred for donation, Rs. 410 million for quarantine management, Rs. 695.9 million for mask, medicinal and surgical equipment and Rs. 218.8 million for medical staff, management employee and hazard allowance of local representatives, totaling to Rs. 2.3276 billion; and Rs. 418.3 million is remaining as balance.
- 2.3. 98 local level that were audited in Bagmati Province have received Rs. 104.9 million from Federal Reserve Fund, 4.3 million from Federal COVID Fund, Rs. 108 million from Provincial Consolidated Fund, Rs. 84.6 million from Province COVID Fund, Rs. 952 million from sources of local level, and Rs.115.2 million from other sources, totaling to Rs. 1.7947 billion for the prevention and control of Corona pandemic; whereas Rs. 963.7 million was spent and Rs. 831 million remains as balance. Out of the total expenditure, Rs. 420.4 million was spent for relief distribution, Rs. 170.8 million for medicine and equipment, Rs.139.7 million for quarantine and isolation management, Rs.31.2 million for health infrastructure construction, Rs. 92.6 for manpower mobilization and Rs. 109.1 million for other expenditure.
- 2.4. 85 local levels that were audited in Gandaki province have received Rs.17 million from Federal Reserve Fund, Rs. 26.4 million from COVID fund, Rs. 74.8 million from Provincial Reserve Fund, Rs.17.8 million from Province COVID fund, Rs. 453.6 million from local level sources, and Rs. 187.1 million from other sources, totaling to Rs. 776.7 million was received for the control and prevention of corona pandemic; whereas Rs. 664 million was spent and Rs. 112.7 million remains as balance. Out of the total expenditure, Rs. 240.5 million was spent in relief distribution, Rs. 75.4 million for medicine and equipment, Rs. 146.5 million for quarantine and isolation management, Rs. 104.2 million for health infrastructure construction, Rs. 76.2 million for manpower operation and Rs. 21.2 million for other expenditure.
- 2.5. 93 local levels that were audited in Lumbini province have received Rs.145.3 million crore from Federal Government, Rs.128.2 million from Lumbini Provincial Government, Rs. 1.2175 billion from local level sources, and Rs. 515.3 million from other sources, totaling to Rs. 2.63 billion for corona control and prevention; whereas, Rs. 274 million was spent for relief distribution, Rs. 158.5 million for medicine, Rs. 286.7 million for quarantine management and Rs. 91.3 million for isolation management, Rs. 81.3 million for risk allowance and Rs. 215.4 million on other sectors, totaling to Rs. 1.1073 billion; and Rs. 899 million is remaining as balance.
- 2.6. 47 local levels that were audited in Karnali province have received Rs. 741 million from Federal Government, Rs.82.5 million from Province Government, Rs. 1.2175 billion from local level sources and Rs. 98.8 million from other sources, totaling to Rs. 958.8 million; whereas Rs. 130.3 million was spent for relief distribution, Rs. 110 million for medicine and equipment, Rs. 149.9 million for quarantine management, Rs. 64.4 million crore for risk allowance and Rs. 164.4 million for other works, totaling to Rs.624 million; and Rs.334.8 million is remaining as balance.
- 2.7. 71 local levels that were audited in Far western province have received Rs. 103.5 million from Nepal Government, Rs. 146.1 million from Far western Province Government, Rs. 721.8 million from local level sources, Rs. 98.9 million from other sources, totaling to Rs. 1.0703 billion; whereas, Rs. 231.8 million was spent for relief distribution, Rs. 153.3 million for medicine and equipment, Rs. 221.2 million for

quarantine management, Rs. 67.5 million for risk allowance, Rs. 56.9 million for isolation management, Rs.14.8 million for health infrastructure construction and Rs. 156.2 million for other sectors, totaling to Rs. 901.8 million; and Rs.168.5 million is remaining as balance.

3. **Expenditure from other heads** – Point 6 of COVID-19 Case Investigation and Contact Tracing Team Operational and Management Directive, 2077, provincials that the entire expenses for team operation should be incurred from the fund separated for the prevention and control of COVID-19 by the local level; and if the amount is inadequate, the amount can be requested from Federal and Provincial Government. The observation in this regard are as follows:
 - 3.1. Mechinagar and Arjundhara Municipalities of Jhapa have spent Rs. 0.808 million for the repair and lease of vehicles from budget allocated for COVID management.
 - 3.2. Naraha Village Committee of Siraha has spent Rs. 3.298 million from Federal Conditional and Municipal Capital Budget for the hazard allowance, sanitation, relief and security materials.
 - 3.3. Nijgadh Municipality, Bara has spent Rs.1.064 million in procuring necessary materials for fire and flood prevention from Corona Fund.
 - 3.4. Bahudurmai Municipality, Parsa has spent Rs. 4.62 million in hazard allowance of health and administration staff who are at risk of COVID-19.
 - 3.5. Runtigadhi Municipality of Lumbini province has established Corona Pandemic Prevention and Treatment Trust for prevention and treatment of pandemic and has spent Rs. 1.858 million as COVID fund from capital expenditure head.
 - 3.6. 13 local level including Pokhara Metropolitan City under Gandaki Province have expensed Rs. 29.68 million from Fiscal Equalization Grant for relief distribution. Moreover, Laligurans Municipality of Tehrathum has expensed Rs. 2.815 million as hazard allowance under Family Planning and Reproduction Health head.
 - 3.7. 9 local levels of Badikedar Village Committee of Far Western Province, Doti have expensed Rs. 45.665 million on controlling corona virus from amount allocated to other heads, without mobilizing COVID Control Fund. As expenditure has been incurred from separate budget head, it is difficult to confirm the amount spent on controlling corona.
4. **Account Operation** - As per Section 69 (2) of the Local Government Operation Act, 2074, all the money received by village councils and the municipality shall be deposited in the Local Consolidated Fund and as per section 73 (1), the Mayor has to designate the chief administrative officer and give authority of expenditure. In Ramadhuni Municipality of Sunsari, separate bank account has been operated by the Mayor and Chief Administrative Officer for COVID control and Rs. 14.998 million has been spent. Similarly, 13 local level of Morang and 4 local level of Tehrathum have expended without depositing in Local Consolidated Fund. Expenditure done without compliance of the Act is not appropriate.
5. **Deposit of Sales amount** - In Puttha Uttarganga VDC of Lumbini province, in order to avoid crisis due to food scarcity, in coordination with Nepal Food Corporation, it was decided to sell 340 quintal of rice and 460 quintal of salt to the people of the municipality, and for meeting freight expenses and cost of rice and salt Rs. 2.163 million was expensed. The procured rice and salt were handed over the Ward Chairperson, Ward member and Ward Secretary for selling and from the collected

amount Rs. 349 thousand was to be deducted for freight expenses and balance Rs. 1.814 million was to be deposited in the Disaster Management Fund. However, the amount received from selling of rice has not been deposited in the Disaster Management Fund, therefore it should be collected and deposited in the Fund.

6. **Fund Balance** – In Kanchanpur Shuklafata, Baitadi Puchaudi, Kailali Bhajani municipality, expenditure is more than receipts by Rs.19.08 million. Similarly, Sigas Village Municipality, Baitadi has maintained negative balance of Rs.2.293 million. As the provincialments prepared by these local levels do not reflect the true position, it is not possible to ascertain the total receipt and expenditure. The account should be updated by proper accounting of receipt and expenditures.
7. **Audit** - Simraunagadh Municipality, Bara, has not presented the details of receipt and expenditure and ledgers regarding the amount received for prevention and control of COVID-19 this year. The income and expenditure provincialment should be presented for audit. In Boudhimaya Municipality, Rautahat, Rs.23.44 million expense been done from 47 vouchers for prevention and control of COVID-19, however only 14 vouchers of Rs.6.295 million was presented for audit, as a result audit of expenditure of Rs.17.145 million has not been done. Ledgers should be presented for audit.

Procurement management

8. **Direct Procurement** – As per Rule 84, of the Public Procurement Regulation, 2064, goods worth Rs. 0.5 million to Rs. 0.2 million are to be procured by means of sealed quotation and as per Rule 31, goods worth more than Rs. 2 million are to be procured through tender. The observation in this regard are as follows:
 - 8.1. In Province no. 2, out of 130 local level, 87 local level procured various relief materials, masks, P.P.E., sanitizer, dispenser machine and items for isolation management worth Rs. 414.364 million by direct procurement several times, without need assessment and without analysis of proposed rate and quality. It was observed that procurement has been made multiple times without competition.
 - 8.2. Aaurahi Village Committee, Siraha, has procured rice, legumes, sugar, and oil, salt for Rs. 8.15 million for distribution of relief to COVID-19 affected persons; and Durga Bhagwati and Yamuna Mai Village Committee of Rautahat has procured P.P.E set, hand sanitizer, medical equipment etc. amounting to Rs.10.791 million through direct procurement. Similarly, the needy citizens of all the six wards of Ekadara Village, Mahtani, have been provided 30 Kg rice, 3 kg legumes, 2 kg each salt, oil, sugar, 4 pack soap amounting to Rs. 5 thousand 533 per package by taking quotation from two firms and food items worth Rs. 15.194 million has been procured directly.
 - 8.3. Bhasaraha Municipality has procured rice, legumes, salt etc., amounting to Rs.30.92 million by direct procurement for relief distribution without ascertaining the required amount.
 - 8.4. In Bagmati Pradesh, 58 local level have procured rice, legumes, salt, oil worth Rs. 221.903 million through direct procurement and in multiple times without resorting to competitive methods. Moreover, they have not complied with the methods to be adopted for procurement in special condition. On examination of bills submitted by Mahalakshmi Municipality, Lalitpur, it was found that Ward No. 1 had procured food items and relief materials worth Rs. 1.154 million from one store in a single day from 60 pan bills. Similarly, Bhaktapur Metropolitan City and Kalika Municipality, have procured rice with price range of Rs.40 to Rs. 60 per kg, pulses with price range of Rs.

90 to Rs.115 per kg, and oil per with price range of Rs. 141 to Rs. 165 per liter. Rate variance has been observed during multiple procurement.

- 8.5. In Bhaktapur Municipality, from different firm, materials amounting of Rs.3.585 million including P.P.E. sets, KN95 masks, and PPE kits have been procured directly. As per the requisition form and handover form presented, it was noted that the procured goods were distributed to Chitwan Medical College, Bharatpur and others. Utilization report should be collected from the concerned entities and the utilization should be monitored.
- 8.6. In Gandaki Pradesh, 72 local level have spent Rs. 201.116 million for procurement of relief materials and have repeatedly procured from time to time, directly without resorting to competitive method. During procurement, the methods to be followed for procurement in special circumstances have not been complied with.
- 8.7. In Badiyatal Village Committee, Bardiya, goods amounting Rs. 5.161 million had been procured directly related to quarantine. During procurement, the methods to be followed for procurement in special circumstances have not been complied with.
- 8.8. Even procurement made during special circumstances by local level, should have been done by resorting to various forms of competition as far as possible. Provisions of Act and Regulation must be complied with.
- 9. Procurement in Special condition** - According to the Public Procurement Act, 2063, in case of procurement of more than Rs. 1 million is done, then the public entity has to publish public information and send it to the PPMO. The observation in this regard is as follows:
 - 9.1. This year, in Province no. 2, 81 Local level have procured Rs. 684.9 million worth rice, vegetables, pulses, oilseeds, salts, soaps and other relief materials without having regard to terms of procurement, quality standards and quality test. No details of the procurement have been published and no information was provided to PPMO. It was observed that transparency could not be ensured in such procurement.
 - 9.2. In Lumbini province, 43 local levels by citing special circumstances, spent Rs.72.9 million for the procurement of medicine which shows a huge difference between the minimum and the maximum price of same goods in the procurement of medicines.

Local Level Procurement Management

- 9.3. Birendranagar and Lekbesi of Surkhet and Chamunda Municipality of Dailekh under Karnali Province had procured medicines including other material through direct method in time to time by spending Rs. 14.583 million which is not economical.
- 10. Procurement method** - Rule 145 of the Public Procurement Regulations, 2064, contains provision regarding procurement to be done in special circumstances. Due to COVID-19, Biratnagar Municipality has procured food materials for providing relief and procured rice of Rs. 13.031 million by auctioning of rates of 3 quotation obtained. Protective equipment and other health supplies were procured at total cost of Rs. 3.883 million, out of which procurement worth Rs. 0.97 million was done on the basis of quotation while procurement worth Rs. 2.975 million has been done directly. Cost estimate of directly procured materials has not been approved. Procurement should be made by complying with the procurement process specified in the rules.
- 11. Cost Estimate and Competition** - Rule 11 of Public Procurement Regulation, 2064, contains the provision to prepare cost estimate within the specification of related goods

by including the cost of expenditure incurred in current and previous year, local market prices, freight expenses, and rate set by Chamber of Commerce and Industry. Birgunj Metropolitan City has procured PCR machine of Rs. 6.383 million through tender. While preparing cost estimate, The Metropolitan City has obtained quotation to procure PCR machine from one firm only with quoted value of Rs. 6.525 million, and the Metropolitan City prepared cost estimates on the same basis. Out of technical specification of 3 bidders received, the technical specification of the earlier bidder was accepted and procurement was done; therefore, the procurement was not done competitive and economical manner. Provincial Health Management Center, Dhanusha has procured real time PCR machine for Rs.2.575 million.

- 12. Advance** – According to Rule 74 of Financial Procedures Rules 2064, timely settlement of advance is the responsibility of both parties, one giving advance and the other taking advance. It is mentioned that departmental action will be taken against those who fail to settle in time. The observations in this regard are as follows:
- 12.1. 68 local levels under Province No. 2 have provided Rs. 179.363 million advance to 308 employees of various departments, Rs. 75.222 million to 173 different officials, Rs. 3.6 million to 5 different organizations, totaling Rs. 258.185 million so as to carrying out operation immediately for corona pandemic in Province 2 but advances found unsettled at the end of the fiscal year. Officials, taking advance for emergency works and not spending and settling in time should be made liable.
 - 12.2. Samsi Village Committee, Mahottari, has paid towards advances worth Rs. 30.983 million for Prevention, Control and Management of COVID 19, out of which, advance of Rs. 22.950 million provided for quarantine operation to various staffs for procurement of relief materials found unsettled.
 - 12.3. Karjanha Municipality, Siraha has expended Rs. 6.623 million by providing advance of Rs. 6.1 million to 10 ward secretaries for relief distribution. Procuring without competition through advance need to be discouraged.
 - 12.4. Under Matihani Municipality, Mahottari, one employee has settled advance of Rs. 2.4 million taken for patient management and various works in 4 quarantines. Out of such advance, Rs. 2.126 million was expended for quarantine management by procuring mask, sanitizer, food, bucket, pillow, out of which procurement order, requisition form and store entry form has not been prepared in case of procurement of Rs. 1.853 million.
- 13. Procurement form non-registered party** – Rule 19 of Public Procurement Regulation, 2064 specifies that procurement is to be made from those who have value added tax registration certificate. Observations in this regard are as follows:
- 13.1. Siraha Municipality, Siraha has taken service from 5 hotels by expending Rs. 6.278 million. Municipality has procured food for quarantined individuals without competition. Such hotels are not registered in VAT. Transaction with such non-registered hotel is not according to the law.
 - 13.2. Sabaula Municipality, Dhanusha has paid Rs. 1.733 million by approving a quotation of Rs. 249 from a sweet corner for providing food and water to doctors, security personnel and patients in quarantine. However, the sweet corner was not registered in VAT.
- 14. Excess payment** – Rule 36 of the Financial Procedures Rules, 2064 specifies that expense shall not be recorded without invoices. 9 Municipalities including Loharpatti Municipality, Mahottari, Dewahi Municipality, Rautahat, Mithila Bihari Municipality,

Dhanusha, Kalyanpur Municipality, Siraha while making payment of Rs. 41.523 million for procurement of Corona related relief materials, only invoices of Rs. 34.858 million was available; disbursement of Rs. 6.665 million without supporting invoices need to be recovered from person responsible for making such payments.

15. **Work Completion Report** – As per Rule 117 of Public Procurement Regulation, 2064, work report needs to be prepared. Barpak Sulikot Rural municipality, Gorkha has expended Rs. 2.766 million through ward to provide temporary employment for various works without preparing work completion report so actual work could not be verified.
16. **Quality Testing** – While procuring medicine and test kit, quality should be assured. 52 local levels under Sudurpashchim Province have procured test kit and other medical goods and equipment of Rs. 123.776 million for the purpose of controlling the effect of COVID-19. As quality testing of medical goods procured by local level in special circumstances was not done, assurance cannot be provided over the procured medicines and equipment.
17. **Procurement of Medicine and Health Equipment** – Various 69 local levels under Gandaki Province have spent Rs. 69.541 million for procurement of medicine and health equipment. Likewise, various 70 local level under Bagmati Province have expended Rs. 102.42 million for procurement of medicine and health equipment. Observations in this regard are as follows:
 - 17.1. Bhumlu Rural Municipality Kavrepalanchowk has procured medical goods including PPE set and various 19 types of medicines of Rs. 30.83 million. Such materials have been entered in goods register, however, neither entry of issuance have been made nor stock is present.
 - 17.2. As per the record of goods register, Lalitpur Municipality has distributed colored silk cloth of Rs. 1.330 million to women community in its 29 wards to prepare 5,000 mask per ward so as to reduce scarcity of mask in all its wards. However, Municipality could not provide the number of mask prepared from such cloth and proof of receipts of distributed mask.
 - 17.3. Hariharpurgadhi Rural Municipality, Sindhuli has procured 24 thousand soaps, out of which 5 thousand 260 has been distributed, 144 pieces are still in stock and receipt of remaining 18 thousand 593 pieces soap of Rs. 0.49 million is not present in the office.
 - 17.4. Kalika Rural Municipality of Chitwan has procured various medical goods like PPE, KN95 mask, surgical mask and sanitizer through direct procurement method on different dates from different vendors. In such procurement, PPE set cost Rs. 4,975 to Rs. 8,800, KN95 mask per unit cost Rs. 130, surgical mask per unit Rs. 10 to Rs. 15, 500 ML sanitizer per unit Rs. 575 to Rs. 750 totaling to an amount of Rs. 1.074 million. There is no uniformity in rate due to direct procurement.
 - 17.5. Sahid Laxan Rural Municipality, Gorkha has procured 30 PPE Set at the rate of Rs. 1,921, however, Devghat Rural Municipality has procured 6 PPE Set at the rate of Rs. 10,000 per unit. Likewise, Barpak Sulikot Rural Municipality, Gorkha has procured 240 unit of PPE set at the rate of Rs. 2,950 per unit, however, Byash Rural Municipality, Tanahu, has procured 213 units at the rate of Rs. 6,086. Vast difference in price of similar goods does not seems to be appropriate.
 - 17.6. Galyang Rural Municipality, Syangja, has procured 2,000 surgical masks at the rate of Rs. 35 and it seems that many other local levels including Waling Rural Municipality, Syangja, Gorkha Rural Municipality, Gorkha has procured at the rate of Rs. 10.

Likewise, Malika Rural Municipality, Myagdi, procured 172 units of mask at the rate of Rs. 35, however, Kaligandaki Rural Municipality, Syangja has procured 2,000 units at the rate of Rs. 8 per unit.

- 17.7. It is observed that Rishing Rural Municipality, Tanahu procured 700 units KN95 mask at the rate of Rs. 145 per unit and Mahasila Rural Municipality, Parbat, procured 41 units at the rate of Rs. 490, Kushma Rural Municipality, Parbat, procured 100 units at the rate of Rs. 450, Suklagandaki Rural Municipality, Tanahu, procured 580 units at the rate of Rs. 483; it is observed that every local level procured at different rates.
- 17.8. Gorkha Rural Municipality, Gorkha procured 10 infrared thermal guns at the rate of Rs. 1,000 per unit, whereas Devghat Rural Municipality, Tanahu, procured 8 infrared thermal guns at the rate of Rs. 10,000 per unit. Likewise, 2 units at the rate of Rs. 12,000 by Dhaulagiri Rural Municipality, Myagdi, 13 units at the rate of Rs. 10,000 by Galkot Rural Municipality, Baglung, 65 units at the rate of Rs. 11,000 by Barang Rural Municipality, Baglung, 15 units at the rate of Rs. 500 by Sundarbazar Rural Municipality has been procured. Vast difference in price of similar equipment does not seem to be appropriate.
- 17.9. It seems that various local levels have procured VTM where Sundarbasti Rural Municipality, Lamjung has procured 200 units at the rate of Rs. 150, Bareng Rural Municipality, Baglung has procured 230 units at the rate of Rs. 600. Even if goods are procured in emergency situation, procurement having vast difference in per unit rate should be controlled.

There is significant difference in per unit rate of medicine, equipment and medical goods procured by local level. From this it cannot be assured that these goods were procured economically. Therefore, a framework agreement should be done and all the government entities should procure goods having similar quality at a uniform standard rate.

Quarantine and Isolation Management

18. **Mobilization of Security Personnel and Volunteers-** As per section 69(4) of Local Government Operation Act, 2074, for expending amount deposited in local level Consolidated Fund, local law, prevailing Finance Act Rules and approved guidelines should be followed. There is a provision in COVID Prevention and Control related Work Procedure Directives that amount received for COVID transmission control shall not be expended for other works.
- 18.1. NRs. 2.9 million 48 thousand have been paid to 53 persons towards security related work, not provisioned in Directives, out of amount received for COVID transmission control in Morang Letang, Ratuwamai and Uralabari Municipality and by providing remuneration of rupees one thousand each day by recruiting staff in contract in Sankhuwasabha Madi Municipality. Likewise, Rs. 1.9 million 57 thousand wages have been incurred by recruiting 11 volunteers by Nawarajpur Municipality and 12 volunteers by Oriyarpatti Municipality of Siraha. It was observed that amount so paid is irregular without following Directives.
- 18.2. District Wage Rate Determination Committee of Kaski district has determined Rs. 525 per day for other worker, recorder, observer for fiscal year 2076/77. However, Rs. 0.7 million 49 thousand have been paid in excess by paying at the rate of Rs. 840 per day by Rupa Rural Municipality, Kaski, as per decision of executives to workers recruited for recording movement of person in different borders. Payment made in excess of rates

contravening the rates determined by District Rate Determination Committee seems ineligible.

- 18.3. Boudhhakali Rural Municipality, Nawalpur, has incurred expense of Rs. 2.7 million 45 thousand for 122 volunteers for 45 days by every 6 wards by forming ward level COVID 19 Counter Committee in coordination of every ward chairman comprising a group of 20 volunteers in border of each ward from a group of a persons who have lost their jobs, poor, deprived at such date. Likewise, 5 local level of Nawalpur has incurred Rs.11.2 million 36 thousand by recruiting volunteers. Instead of providing employment to volunteers in construction and productive sector, spending mobilizing them in border point management seems inappropriate.
- 18.4. Bagchaur of Salyan and Khadchakra of Kalikot, Paljharana and Kaike of Doplā Municipalities had paid Rs. 5.5 million 40 thousand towards remuneration by recruiting volunteers. Such expenses should be controlled.

19. Tiffin Lunch Expenses - As per Guidelines prepared for Corona Virus Quarantine Operation and Management, 2076, tiffin and lunch to be provided for persons in quarantine should be managed by security agencies; and tiffin and lunch per day per person shall be based on approved ration rate of Nepal Police working in same district where the quarantine is located. Observation in relation to this are as follows:

- 19.1. Following local level has spent Rs. 14.2 million 21 thousand, in excess of ration rate than of Nepal Police, for tiffin lunch expense for person staying in quarantine. Officials incurring excess expenditure shall be held responsible.

District	Local Level	Ration Rate of Nepal Police	Tiffin lunch rate of person staying in quarantine	Difference of rate	No. of person staying in Quarantine	Excess Expense (Rs. Thousand)
Morang	Sundarharaicha Municipality	157	350	Not Disclosed	Not Disclosed	
Morang	Ranuwamai Municipality	157	240	Not Disclosed	Not Disclosed	2340
Morang	Biratnagar Metropolitan City	157	450	293	7565	2216
Jhapa	Kachankawal Rural Municipality	157	450	293	8540	2502
Dhanusha	3 Municipality	161	469	308	10948	3372
Rautahat	Gaur Municipality	173	311.45	138.45	4252	586
Dang	Dangisharan Municipality	178	400	222	1847	410
Dang	Babai Rural Municipality	178	236	58	8550	498
Bardiya	Barbardiya Municipality	163	200-300	Not Disclosed	Not Disclosed	
Bardiya	Bansgadhi Municipality	163	200-320	Not Disclosed	Not Disclosed	2297
Total						14221

- 19.2. Khadak Municipality, Kalyanpur, Saptari has accounted expense of Rs. 3.4 million 15 thousand as lunch expense at the rate of Rs. 529 per person per day for person staying in quarantine. Such expense has been accounted without keeping bills, receipt and any record of lunch served to persons staying in quarantine. So, that excess amount paid should be investigated and recovered based on the ration rates of Nepal Police of concerned district.
- 19.3. Sahidagar Municipality of Dhanusha has made payment of Rs. 1.6 million 33 thousand for procuring lunch, tiffin, tea, water including food materials and utensils and beddings for patient from 2020/03/31 to 2020/05/17 for quarantine management without specifying number of persons staying in quarantine and Kamala Municipality, Dhanusha has made payment of Rs. 2.7 million 62 thousand as per rate of contract without submission of bills and receipt by vendor for provisioning lunch tiffin to the persons, staffs and security personnel staying in 7 different quarantines.

- 19.4. Garuda and Bijaypur Municipality of Rautahat has made payment of Rs 7.8 million 70 thousand for expense of tiffin, vegetable, wages, food without following competition process to various vendors for quarantine operation management. There is an additional expense burden in Consolidated Fund of municipality as it was not managed through security agencies as mentioned in guidelines.
- 19.5. As per the decision dated 2020/06/04 of Gujara Municipality, Rautahat, Rs. 400 per person per day shall be provided for hotel and quarantine services for providing food in quarantine. For 4 thousand 745 patient who stayed in such quarantine at Ward No. 6 and Laxmipur Primary School, instead of paying eligible amounts of Rs. 1.8 million 98 thousand at the rate of Rs. 400/- payment of Rs. 2.7 million 7 thousand was made resulting excess expenditure of Rs. 0.7 million 9 thousand.
- 19.6. Bariyapatti of Siraha, Koudena of Sarlahi, Yamunai of Rautahat and Pterwa Sugauli of Parsa Municipalities has incurred expenditure of Rs 8.2 million 86 thousand towards tiffin and lunch without disclosing number of people and duration of stay in quarantine. Similarly, Aurahi of Dhanusa, Sonami of Mahottari, Adarsakotwal and Feta of Bara has incurred expenditure of Rs. 9.1 million 2 thousand in respect of lunch and tiffin, however the document confirming expenditure on determined rate has not been attached with voucher.
- 19.7. Isnath Municipality of Province No.2 has incurred Rs. 4.2 million 25 thousand in respect to cook, vegetables, meat, water including other foods for quarantine, Rajapur Municipality has incurred Rs. 9.4 million 15 thousand for procuring biscuit, sugar, tea leaf, food, vegetable, spices to people staying in quarantine from various vendors and Bishnu Municipality, Sarhali has incurred quarantine operational expense of Rs. 7.3 million 65 thousand without mentioning number of people staying in quarantine and holding center. As proof of tiffin and lunch management through security agencies has not been furnished, there is a burden of expenditure to the municipality.
- 19.8. Devghat Municipality and other 8 local levels under Gandaki Province have incurred expenditure of Rs. 6.2 million 91 thousand in tiffin and lunch of people staying in quarantine. It was observed that this activity was not managed through security agencies as mentioned in guidelines.
- 19.9. Aadhikhola Municipality has shown miscellaneous expenses of Rs. 2.9 million 38 thousand in the income expense provincialment of COVID Fund. However, no expense head wise documents are attached confirming the expenses incurred for lunch, tiffin and transportation of people staying in quarantine and isolation.
- 19.10. The ration rate of Nepal Police of Rupandehi district was fixed at Rs. 157. However, Mayadevi Rural Municipality has incurred Rs. 0.5 million 33 thousand for people staying in quarantine in excess of Rs. 203 than that of rate determined, Lumbini Cultural Municipality has incurred Rs. 1.6 million 66 thousand of 1280 people for 14 days for people staying in quarantine in excess of Rs. 93 than determined rate, Rohini Village Municipality has incurred excess expense of Rs. 0.6 million 75 thousand at the rate of Rs 250 to Rs. 400 per person per day in tiffin and lunch than that of determined rate, Sammarimai Rural Municipality has incurred Rs 1.2 million 49 thousand of 756 people for 14 days for people staying in quarantine in excess of Rs. 118 than that of determine rate. All together Rs. 4.1 million 23 thousand excess expenses has been incurred by 4 Municipality resulting extra burden of expenditure.
- 19.11. Gadhwaha Municipality, Dang has incurred Rs. 3.3 million 62 thousand and payment was made through office staffs, ward secretary, hotel entrepreneurs and ward chairman

towards quarantine management and kitchen expenses under the disaster management. Ward Chairman has no financial right to incur expense and only has policy level and managerial role; incurring of expenses by Ward Chairman of 5 ward Rs. 0.6 million 27 thousand is not appropriate.

- 19.12. Rs. 180.9 million 64 thousand expenses have been incurred in respect of quarantine and isolation management from 35 Local Levels under Lumbini Province. Municipalities have managed/prepared quarantine and holding center in different places for management of people prone to risk of COVID. Though management of food for people staying in quarantine was made with nearby hotels without obtaining rates from them. So, in the absence of this it could not be confirmed whether the expenses incurred is done economically.
- 19.13. Krishnanagar Municipality, Kapilbastu has prepared quarantine and holding center in various 12 places to keep 925 people for management of people prone to risk of COVID. Though management for food for people staying in quarantine was made with nearby hotels without obtaining rate from them. , rate has not been asked from such nearby hotels. This year Municipality has incurred expense of Rs. 9 million 279 thousand for construction of such 12 centers and people staying in quarantine. In the absence of rates it could not be confirmed whether the expenses incurred is done economically.
- 19.14. As per details obtained from 74 Local Levels of Far West Province it was found Rs. 276 million 666 thousand has been incurred for quarantine and isolation management and its operation. Since record for people staying has not been presented it could not be verified that expense incurred in respect of lunch and tiffin per person is as quoted for Nepal Police. So, guidelines must be followed.
- 19.15. As per guidelines prepared for Operation and Management of Quarantine related to Corona Virus (COVID-19), 2076, days provinciald for keeping anyone in quarantine is 14 to 17 days. As per detail of expense obtained from Bungla Municipality, Bajhang it was observed that Rs. 7 million 774 thousand was incurred as expense by keeping single person in quarantine for 32 to 40 days. Control should be done in unnecessary expenses as it was seen that burden of expense was increased as people were kept in quarantine for more days than it was actually required.
- 19.16. Narharinath Rural Municipality, Kalikot, by establishing quarantine in two hotels, has incurred additional expense burden of Rs. 7 million 978 thousand with respect to food and Rs. 2 million 25 thousand as compensation in respect of loss and damages.
- Competition between vendors has not been done for management of tiffin and lunch of people staying in quarantine and isolation centers, procurement process in special circumstances has not been implemented, details of infected people staying in such place has not been disclosed, ration rate of Nepal Police quoted by guidelines has not been used. This type of expense should be incurred only after disclosing details of people eating lunch as per guidelines in an economic manner.
- 20. Receipt of Relief material by Ward Chairman – Madhav Narayan Municipality, Rautahat has procured 5 thousand 350 combo pack comprising 25 kg rice, 3 kg lentil, 3 kg potato, 1 kg salt and 1 liter packet of oil of Rs. 8 million 695 thousand. Out of which 9 Ward Chairman of have received 50 packets each. Receipt of 1 thousand 986 packets that was provided to related beneficiaries from 7 wards has not been submitted. Receipt of distribution at the rate of Rs. 1 thousand 625 per packet amounting to Rs. 3 million 228 thousand must be submitted.**

21. **Material Procured and Store entry** - As per Chapter - 6 of Financial Procedure Rules 2064, goods procured by public entities shall be accounted as income for goods in kind and expense shall be made on the basis of requisition form and record should be updated. Ratuwamai Municipality, Morang has shown all as expenses for medical goods and utensils, beddings and other goods worth Rs. 1.4 million 8 thousand procured for corona transmission control and prevention without updating inventory register. As per provision mentioned in Rules, goods received should be entered in inventory register and updated.
22. **Unrelated Expenses** - As per Corona Transmission, Prevention and Treatment Fund Expenditure Procedure and Guidelines, 2077 there is no provision for procurement of T.V., generator and printer. Karaiyamai Rural Municipality, Bara has incurred expense of capital nature amounting Rs. 1 million 42 thousand comprising 1 smart T.V. of Rs of Rs. 55 thousand, 1 set generator of Rs. 0.7 million 85 thousand, electrical goods and printer of Rs. 0.2 million 42 thousand. Similarly, Jitpur Simara Sub-metropolitan City has incurred Rs. 0.3 million 41 thousand in 4 sets T.V., photocopy machine and salary driver of fire fighter vehicle. Only expenditure related to corona transmission prevention, control and treatment should be incurred from the Fund.
23. **Reimbursement** - Rule 36 of Financial Procedure Rule, 2064, has provinciald procedure relating to expenditure of government fund. An agreement was entered between Birganj Metropolitan City and Gandak Hospital in 2020/04/18 for operation for COVID-19 hospital. It has been provinciald in an agreement that Gandak Hospital shall provide hospital building, beds and equipment installed in building free of cost to COVID Hospital; and Metropolitan shall bear expenses for management of Gandak Hospital, repair and maintenance expense, generator expense, electricity expense, lunch expenses and other operational expenses. There is a provision for Metropolitan for demanding money towards salary and allowances for manpower stationed at hospital, insurance and compensation from Ministry of Health and Population. As per decision of Metropolitan on 2020/05/26 Rs. 7.5 million 77 thousand was provided to Gandak Hospital as per the agreement, on the condition that it shall be reimbursed; reimbursement has not been received from the ministry. Therefore, such amount has to be reimbursed.
24. **Reimbursement of Hotel Expenses** – Rule 36 of Financial Procedures Rules, 2064 has specified government expenditure related procedure. As per the decision of Birgunj Metropolitan City on 2020/05/26, amount towards lunch expenses and room charge of doctor, nurses and employees staying in a hotel as quarantine who are involved in treatment of person having corona virus is to be provided. Such expenses should be claimed to the concerned entity by Narayani Hospital and to be reimbursed to Birgunj Metropolitan City; an amount of Rs. 5.584 million has been provided by Birgunj Metropolitan City to Narayani Hospital from Corona Prevention Control and Treatment Fund as per the decision. Metropolitan city has not obtained reimbursement from the hospital. Such amount need to be collected and deposited in Local Consolidated Fund.
25. **Rationale of Quarantine** – Khadak Municipality, Saptari has constructed 7 different quarantines and expended Rs. 436 thousand for the construction and Rs. 1.2 million for management of one quarantine. Out of 7 quarantines constructed, 6 quarantines were not operated which does not show rationale of quarantine construction expenditure.
26. **Delay in quarantine construction** – As per the Rule 97(10) of the Public Procurement Rule, 2064, there is no situation where time extension could be done in case if work to be performed by consumer committee. Ganeshman Charnath Municipality, Dhanusha,

has constructed quarantine building through Consumer Committee which was to be completed within July, 2020, however, due to delay the period has been extended to Mid-January, 2021. Due to delay in construction of quarantine building at time of emergency situation no benefit could be obtained and time extension of work to be performed through consumer committee does not seem to be consistent with the Rules.

27. **Procurement without Need Assessment** – Brindhaban Municipality, Rautahat, has procured 565 bed and mattress set from a vendor involved in transaction of electronics amounting to Rs. 16.829 million. For holding center to be operated in school, normal bed was to be purchased however beds similar to hospital beds were procured and in excess quantity. Out of those 565 beds, 250 beds were handed over to isolation center located in Jay Kishan Polytechnic Institute, Dharahari, operated by Gaur Hospital and out of 315 beds worth Rs. 9.382 million some are in store of the Municipality, whereas some beds are in quarantine area/ school. Goods inspection report need to be prepared by identifying the condition of beds in the quarantine area. Procurement should be done only after conducting need assessment.
28. **Under-utilization of quarantine** – As per the decision of dated 2020/05/17 of Brindhaban Municipality, Rautahat, 6 quarantine centers were to be constructed, and procure 63 types of goods including patient bed, mattress, sanitizer required for operation and management of such quarantine and were procured from 4 vendors by publishing 7-day notice. Goods worth Rs. 37.652 million were procured which includes, goods including sanitizer and PPE worth Rs. 9.298 million from one vendor, bed and mattress amounting to Rs. 16.829 million from a vendor that deals in electronics, goods including blanket, mask, gloves amounting to Rs. 3.973 million from a trading concern and goods including pillow, soap amounting to Rs. 7.556 million from one vendor. As per the office, such goods were distributed in quarantines and various Wards, however, complied detail of goods so distributed has not been prepared. As per the annex form related to expense of COVID-19 submitted by the Municipality, up to mid July, 2020, a total of 428 individuals have stayed in the quarantine. Procurement of Rs. 37.652 million without estimating the person that were expected to stay in quarantine seems inappropriate.
29. **Construction of Quarantine and Isolation Centre** - 69 Local Level of the Gandaki province have spent Rs. 82.432 million, and 50 Local Level have expensed Rs. 57.5 million on construction of quarantine holding center and isolation center by for the management of the COVID-19, to protect and to be protected from spreading of disease. The expense has been incurred on necessary items required for construction of quarantine such as quarantine construction materials, furniture, blankets, beds, other clothes, foods for those staying at quarantine etc. The data of those staying at quarantine and isolation center has not been received. The data and information of the quarantine and isolation center users have to be updated and procured goods have to be used sustainably.
30. **Quarantine expenses** - Local Levels have constructed quarantine holding center and isolation center for the management of the COVID-19 to protect and to be protected from spreading of disease. 62 Local Levels of Bagmati province have spent Rs. 126.723 million and 23 Local level have spent Rs. 31.7 million for the construction of isolation centers. The expense has been incurred on necessary items required for construction of quarantine such as quarantine construction materials, furniture, blankets, beds, other clothes, foods for those staying at quarantine etc. Related observations are as follows:

- 30.1 It is found that Rs. 0.597 million has been spent in the supervision of people staying at home quarantine of Gaurishankar Rural Municipality of Dolakha. The expenses for supervision have been incurred in this manner while the number of people staying at quarantine have not been updated.
- 30.2 9 Local Levels of Dolakha district have managed quarantine with 1,385 numbers of beds for the prevention, treatment and control of COVID-19. 1,166 people had stayed in the mentioned quarantine till the mid of July, 2020, and as Rs. 10.767 million has been expensed for the aforementioned purpose, it is observed that Rs. 2,700 to Rs. 98,000 had been expensed per person. The status is as below:

Local Level	Location	Bed number	Number of people staying at quarantine upto mid-July	Expenses (Rs. In thousands)	Per person expenses (Rs. In thousands)
Bhimeshwor	2	40	62	714	11.5
Kalinchowk	24	592	403	4212	10.4
Melung	1	5	42	142	3.4
Gaurishankhar	6	30	139	384	2.7
Jiri	7	33	45	1179	26.2
TamaKoshi	8	95	184	1018	5.5
Bigu	9	425	172	1466	8.5
Baiteshwor	13	145	109	672	6.1
Shailung	1	20	10	980	9.8
Total:	71	1385	1166	10767	

- 30.3 Khaniyabas Rural Municipality of Dhading has spent Rs. 1.968 million in quarantine management. For which, Rs. 1.5 million has been provided in advance to the ward chairman of 5 wards which has not been settled.
- 31. Construction of Isolation Building -** Tribeni Rural Municipality, West Rukum has paid Rs 4.422 million to consumers committee by deducting consumers portion for the construction of Isolation Building. As per the analysis of Unit Rate prepared, labor cost of skilled and semi-skilled labor was to be Rs 1.435 million for the construction of building of Local Level, however, Rs 1.007 million more than the actual cost has been paid by preparing attendance sheet of Rs 2.442 million; such amount has to be recovered for the consumer committee.
- 31.1 **Store Entry -** As per provision of Rule 47 of the Province Financial Procedural Rule, 2075, the updated record of the goods received either by procurement or otherwise should be maintained by including the price. Shinja Rural Municipality of Jumla and Tse-phoksundo Rural Municipality of Dolpa have disbursed Rs 1.861 million for procurement of blankets, mattress pillow, bed, table, ladder, sleeping bag and mask whose entry has not been made in store. Such goods have to be entered in store records.

Relief Distribution and Rescue

- 32. Record of Distribution -** As per Section 78 of the Local Government Operation Act, 2074, Local Levels have to operate function to be performed from its office in economic and efficient manner. Biratnagar Metropolitan City has received goods including 19,113 Kgs of Rice, 3,895 kgs lentils, 280 kgs salt and 15,200 pieces of soap and masks from 20 different organizations and has also procured relief materials by itself to be distributed to the people affected by COVID -19. The condition of relief material received from different people and organization and its distribution has not been transparent because the record has not been updated by mentioning date and quantity

of goods received. The details of all relief materials received free of charge has to be kept in record and updated in an organized way.

33. **Quality of relief materials** - 80,600 kgs of rice has been procured for Rs. 4.590 million to be distributed as assistance for the COVID Risk Management by Ramprasad Rai Rural Municipality of Bhojpur out of which 6,600 kg rice in ward number 8 has not been distributed. It was informed that the details were not available due to case filed relating to quality of rice by Commission for the Investigation of Abuse of Authority. The stock rice has to be utilized so that its quality is not deteriorated.
34. **Damaged relief material** - Janakpur Sub-Metropolitan Municipality, Dhanusa has entered into an agreement on 20th April, 2020 to procure 50,175 Kgs of rice from a rice mill and has paid Rs 2.107 million; 9,555 Kg rice brought in first phase has been sent back through a letter of 21st April, 2020 mentioning that the rice was damaged due to the rain water and was unsuitable for further consumption. However, while making payment of rice received on second phase amount of damaged rice has not been deducted so the concerned person has to be made responsible by recovering Rs. 0.395 million.
35. **Over Payment of Bill** - According to Rule 36(3) of Financial Procedural Regulation, 2064, bill and invoices should be kept as a proof of expenditure. The following are the observations in this regard:
 - 35.1. While settling the advance of Rs 2.2 million taken by an officer of Lahan Municipality, Siraha the bill receipt of only Rs 1.712 million of relief material including food, banner, water, laborer etc., has been attached and Rs. 0.488 million has been paid in excess of the attached bill which should be recovered.
 - 35.2. Madhav Narayan Municipality, Rautahat has sent 750 packets of relief materials to ward chairman of ward number 6 for distribution which includes 25 kg rice 3 kg lentils, 3 kg Potato, 1 kg salt, 1 liter oil in a packet, costing Rs 1,625.25 per packet. The total numbers of packets distributed in the wards was 1,075 packets, including 325 packets distributed by Mayor in the same ward, bill receipts of 707 people receiving the packets has only been presented. Remaining 368 packets have not been distributed. It was observed that the relief material was not distributed on time, rice has been damaged and oil has been leaked on floor due to lack of proper management and protection of material. The concerned person must be made responsible for the loss of goods amounting to Rs 0.6 million.
 - 35.3 Pokhariya Municipality, Parsa has procured rice at the rate of Rs 42 per kg amounting to a total of Rs 3.510 million from a food industry to be distributed as relief. The bill of Rs 3.027 million has been submitted for the procured rice, however, payment of Rs 3.510 million has been made as per the detail provided by the supplier. Rice of remaining amount Rs. 0.484 million has to be received and proof of distribution has to be presented otherwise it need to be recovered.
 - 35.4 Chinnamasta Rural Municipality of Saptari has kept stock of date expired, rotten and damaged rice and oil of Rs 0.882 million and Nawaraj Rural Municipality of Siraha, Bariyarpatti Rural Municipality of Siraha, Feta Rural Municipality of Bara have kept goods in stocks without distributing amounting to Rs 1.362 million.
36. **Relief in Electricity Tariff** - Karjanha Municipality of Siraha has paid the domestic electricity tariff of 6,276 people of municipality during the lockdown period due to corona pandemic from March 2020 to April 2020 amounting to Rs 1.430 million to the Nepal Electricity Authority Michaiya Centre. Only the domestic electricity bill of people who were incapable to pay should have been paid as per equity, however, as the relief has been provided uniformly, relief has not been distributed equitably.

- 37. Cash Relief** - As per the Relief Distribution Procedure, 2076, food material shall be distributed to the employee and laborer who lost their job due to corona virus and deprived citizens to sustain their daily livelihood. Observations in this regard are as follows:
- 37.1. It was observed that Balara Municipality of Sarlahi has distributed cash amounting to Rs. 3.3 million at the rate of Rs. 0.30 million per ward in 11 wards at the rate up to Rs. 500 per house. Mohattari Rural Municipality has distributed cash amounting to Rs 1.21 million; relief distribution as cash has to be controlled and only relief materials have to be distributed.
- 37.2. Malangwa Municipality, Sarlahi has distributed 10 kg rice, 2 kg lentils, and cash Rs. 300 to 6700 beneficiary family of all 12 wards, totaling to Rs. 6.231 million without verifying the total population, as a result Rs. 2.031 has been distributed as cash. Ghobini Rural Municipality of Parsa has distributed Rs. 0.941 million at the rate of Rs. 200 to 4,705 people. It is not appropriate to distribute cash, instead of distributing relief materials, that too without ascertaining the total family number.
- 37.3. Bahudarmai Municipality, Parsa has distributed Rs. 1.424 million at the rate of Rs. 500 per person to 4,662 people of all 9 wards by providing Rs. 2.331 million advances to an officer to distribute cash relief. Likewise, Badaiyataal Rural Municipality of Bardiya has distributed Rs. 1.82 million at the rate of Rs. 500 to 2,165 people, Babai Rural Municipality of Dang has distributed Rs. 3.445 million to 5,737 people in equal rate, which does not equitable, it so must be controlled.
- 38. Relief Distributions by NGOs** - Relief distribution should be made transparent and organized. Fatuwa Bijayapur Municipality, Rautahat, after distributing relief material worth Rs. 12.952 million, had again procured relief material of Rs 5.739 million from one consumer committee, 2 NGOs and 3 vendors; moreover, the consumers committee has procured relief materials amounting to Rs. 2.450 million and 2 NGOs have procured relief materials amounting to Rs. 2 million through direct procurement, which shows that appropriate control did not exist in procurement and distribution of relief materials. Procuring without determining the quality, price and criteria for distribution of goods through NGOs and consumers committee and distribute on the basis of receipt having thumb impression is not appropriate.
- 39. Distribution of relief materials** - The followings observations were noted regarding the relief distribution by the Local Level to laborers, poor, and under-privileged affected by COVID-19:
- 39.1. As per Section 6 of the Relief Distribution to COVID-19 Affected Laborers, Workers, Poor, and Financially Under-Privileged Farmers Directive , 2076, while distributing assistance, number of family members shall be divided into two group: family having up to 4 members, family having more than 4 members; and relief shall be distributed proportionately and equitably. Tilathi Koiladi Rural Municipality, Saptari and Prashaun and Baragadi Rural Municipality of Bara have distributed relief material amounting to Rs. 20 million 753 thousand at equal rate.
- 39.2. Balan Vihu Rural Municipality of Saptari has provided relief material worth Rs. 1.990 million for *Mahayagya and Rahu Puja*. Basbariya Rural Municipality of Sarlahi has procured rice of Rs. 3 million and has provided Rs. 3.2 million to the representative of ward to distribute relief; so it should be ensured that there is no duplication in the distribution of relief.

- 39.3. Feta Rural Municipality of Bara has distributed relief material to more than the survey conducted to 1 thousand 420 family amounting to Rs. 2 million 94 thousand. Likewise, Karaimai Rural Municipality of Bara has distributed relief material to 3 thousand 117 (94 percent) family out of 3 thousand 340 families. Relief material has not been distributed identifying the need as per the Directives. Relief distribution must be effective and economical.
- 39.4. Mohattari Rural Municipality of Mohattari has spent Rs. 13 million 291 thousand to distribute 8 type of materials including rice to 26 thousand 385 people (5 thousand 278 family) of 6 Wards. Advance of upto Rs. 1 million 200 thousand was provided to Ward Secretary and relief material including rice, lentils, oil, potato, salt, soap, mask was distributing after procuring them at different rates by different Wards. Each ward has incurred different per family expenses while distributing relief.
- 39.5. Aurahi Rural Municipality of Siraha has decided to distribute relief material making a package of 15 kg rice, 2 kg lentils, 1 kg sugar, 1 liter oil, 1 kg salt, 1 bathing soap, 1 washing soap to each family. While distributing relief material to 1 thousand 271 family of Ward No. 5 of the rural municipality, the decision was not complied with and relief materials like oil including 7 other goods were distributed in excess quantity which has caused extra economic burden of Rs 0.664 million. The person distributing goods more than the mentioned must be made liable and such amount need to be recovered.
- 39.6. 72 Local Levels under Gandaki Province have distributed food material including lentils, rice, salt, oil, pulses of Rs. 201 million 116 thousand. 28 Local Levels of Lumbini Province expensed Rs. 108 million 755 thousand on procuring relief material. Local Levels have not provided details including price so comparison between price and quantity cannot be done. Even though all the material procured may have been distributed, as the necessary bill/receipts have not been kept, no assurance can be provided in this regard.
- 39.7. 13 Local Levels of Rupandehi, Dang, Pyuthan and Rolpa have submitted the detail of procurement and distribution of relief material of Rs. 360 million 574 thousand. Local levels have distributed goods including rice, lentils, salt, oil, soap etc., to the family of different Wards. While distributing relief materials each Ward has procured at different rates; and while distributing relief daily wage laborer, under-privileged, economically backward people and family who are on the verge of starving due to COVID-19 had to be identified and relief distributed to them; however, as relief has been distributed proportionally even to persons having stable economic condition; it was observed that the relief distribution is not effective and economical. Respective authority must pay attention about it.
- 39.8. Krishna Nagar Municipality of Kapilvastu has submitted details of procured relief materials of Rs 14 million 177 thousand. Though all the details of procurement of goods have been submitted, the details regarding the bill receipt of distribution has not been provided.
- 39.9. 9 Local Levels of Sudur Paschim Province have not prepared local standard and procedure and have distributed relief material of Rs. 31 million 514 thousand without preparing record of people who were eligible for relief as per the Standard of the Provincial. It could not be confirmed whether the selected individuals and laborer by the wards were eligible for relief.
- 40. Reimbursement of cash relief - 5 Wards of Parwanipur Rural Municipality have made reimbursement on the basis of bill of relief material of Rs 5 million 551 thousand at the**

rate of Rs 2 thousand 276 per household to the 2 thousand 448 families. There is no legal provision which requires procurement to be done by the beneficiaries themselves, therefore procurement and distribution without competition and without ascertaining the quality is not justifiable.

41. Receipt of Relief distribution -The account is to be maintained with expense bills receipt as per Rule 36(3) of the Financial Procedural Regulation, 2064. The following are observations in this regard:

- 41.1. Gauriganj of Jhapa, Aishelukharka and Kopilasgadi of Khotang, have procured foods as relief materials of Rs. 4 million 398 thousand but has not submitted the proof of distribution.
- 41.2. Mapya Dudhkoshi Rural Municipality of Solukhumbhu, Panchkhapan of Sankhuwashaba and Duhabi Municipality of Sunsari have procured various relief materials of Rs. 5 million 755 thousand but has not submitted the receipt of distribution of relief materials.
- 41.3. Only expenditure related to pandemic related activities is to be borne from the amount appropriated in Disaster Management Fund, however, Aurahi Rural Municipality of Siraha has procured 13 thousand super net and casual net of Rs. 5 million 369 thousand at the rate of Rs. 6 thousand 500. Detail of receipt of 8 thousand 892 pieces of net amounting to Rs. 3 million 672 thousand has not been presented by the Municipality.
- 41.4. Chandrapur Municipality, Rautahat, has incurred expense in relief distribution by settlement of advances of Rs. 6.422 million which includes Rs.5.2 million advance taken by the ward chairperson and secretary of ward no. 6 and ward no. 9. It was found that the details of expenditure has not been prepared by disclosing types of goods, quantity, number of persons receiving relief, relief package, number of beneficiary family, number of family member etc.
- 41.5. Bishnupur Rural Municipality of Saptari, Dhobini Rural Municipality of Parsa, including 4 Rural Municipality have not attached the bill of receipt Rs. 2.829 million for procurement of relief material, harpik, mask, sanitizer etc Likewise, Chakraghatta Rural Municipality of Sarlahi and Subarna Rural Municipality of Bara has not attached the receipt of Rs. 11.844 million for relief distribution materials including lentils, rice, salt, oil.
- 41.6. Garuda Municipality of Rautahat has not submitted the details of balance relief materials amounting to Rs. 3 million 756 thousand which includes 59 thousand 950 kg of rice, 2 thousand 26 kg of lentils, 2 thousand 426 kg of sugar, 3 thousand 52 liter of oil and 2 thousand 576 kg of salt.
- 41.7. Kailash Rural Municipality of Makwanpur has not presented the receipt of distributed materials of Rs. 2.821 million which includes PPE sets, V.T.M, soap, bed etc., which has been directly procured repeatedly.
- 41.8. Belko Gadi Municipality of Nuwakot has procured relief materials amounting to Rs. 4.562 million, however, the receipt of relief materials distributed amounting to Rs. 3.559 million, procured from one food supplier has not been presented.
- 41.9. Kakani Rural Municipality of Nuwakot has distributed relief materials of Rs 5.797 million. It was mentioned that, while distributing relief materials, it was distributed to individual and family through wards office. The Chairperson of 8 wards had taken these materials by preparing receipt. The Chairperson of ward has not prepared record of

receipt, name list of individual and quantity distributed. Therefore, it should be confirmed whether such materials have been distributed.

- 41.10. Devghat Rural Municipality of Tanahun procured relief materials amounting to Rs. 3.231 million which was provided to Chairpersons of ward, however, receipt has been made in total without disclosing the details of receipt by beneficiaries. As the receipt has been prepared in total, distribution work is not transparent.
- 41.11. 18 Local Levels of 7 Districts of Gandaki Province have not submitted the receipt of relief materials distributed including lentils, rice of Rs. 5.486 million. Relief materials should have been procured only after estimating the number of beneficiaries, however, as the same has not been done, relief materials including rice, oil, salt etc., of Rs. 1.23 million remain in stock in 5 Local Level of 4 District of Gandaki Province till the date of audit. The relief materials have to be appropriately managed as the quality of materials may deteriorate if stored for longer period.
- 41.12. As per the decision to distribute the relief materials including 1 sack of rice, 2 pieces of oil, 1 packet of salt to 666 family of Kaike Rural Municipality of Dolpa, 666 sack of 25 kg rice, 1332 pieces of oil and 666 packets of salt amounting to Rs. 1.5 million has been procured. The receipt of distributed relief materials has not been presented.
- 41.13. Khaptad Cheddaha Rural Municipality **has not submitted** the receipt of distributed relief materials amounting to Rs. 305 thousand which includes 70 cartoons of oil, 425 kg of lentils, 20 quintals of rice distributed to daily-wage-laborer and family of Ward No. 3 and Triveni Municipality of Bajura **has also not submitted** the receipt of distributed relief materials amounting to Rs. 1.413 million; as receipts of food distributed have not been attached, the same should be presented.

As receipt of relief material distributed by local level has not been kept and as it has been provided to Chairperson in lump sum, it cannot be ascertained whether the relief was received by the targeted groups. Therefore, the mechanism should be arranged to ascertain that the relief materials are received by the targeted people; and relief distribution must be done in transparent manner.

42. **Procurement in Special Situation** - Garuda Municipality, Rautahat has procured the relief materials including rice, lentils, to distribute to the family from 5 suppliers of Rs 16 million 328 thousand by publishing the notice as per the Rule 145 of Public procurement Regulation, 2064 for procurement in special situation but the details of procured goods has not been submitted to Public Procurement Monitoring Office.
43. **Day meal Program** – During lockdown due to COVID-19 when all the school were closed, 28 municipality including Sabaila Municipality, Dhanusa has disbursed Rs. 11.3 million, Siraha Municipality, Siraha has disbursed Rs. 13.8 million, Fatuwa Municipality, Rautahat has disbursed Rs. 9.7 million, Garuda Municipality, Rautahat has disbursed Rs.7.7 million, Ganeshnath Charnath Municipality, Dhanusha has disbursed Rs. 8.1 million, amounting to Rs 142.168 million in total for day meal in mid of May, June and July, 2020 without ascertaining the tiffin of second and third trimester to 582 school.

It was observed that, 13 Rural Municipality including Durgabhawani Rural Municipality has disbursed Rs. 12.171 million, Yamunamai Rural Municipality, Rautahat has disbursed Rs. 7.499 million, Chhinna Masta Rural Municipality, Saptari has disbursed Rs. 5 million 986 thousand, Janaknandini Rural Municipality, Dhanusha has disbursed Rs. 5.596 million, Kaudena Rural Municipality Sarhali has disbursed Rs. 5.472 million, amounting to Rs. 60.356 million in total to 166 schools for day meal in

mid of May, June and July, 2020 without ascertaining the tiffin of second and third trimester to 166 school. Amount of tiffin during the period of shut down of the schools should be ascertained and should be recovered.

44. Implementation of Guideline – As per point No. 3 of Guideline for Providing Relief Materials to Laborer Working in Unorganized Sectors, Workers and Helpless People, 2076, concerned ward should prepare detailed records of laborers and helpless people within 3 to 7 days and publish the same; and as per point No. 4 and 5, the details have to be filled as per Annex-2 while distributing the relief. As point 5(3) of Guideline, if the laborers and helpless people along with their family had earned alternative income, then, relief shall not be distributed to them. The observation regarding this are as follows:

44.1. Because of lockdown due to COVID-19, 32 Wards under the Kathmandu Metropolitan Municipality have distributed the relief materials procured for Rs. 61.9 million which includes rice, vegetables, salt, oil, lentils etc. to the daily-wage-laborers. It cannot be ascertained that the distribution has been done as per the standards as the quantity and price of distributed materials has not been disclosed in the receipt details, and the relief provided by the individual and organization has not been recorded.

44.2. Kageshwori Manhora Municipality of Kathmandu has distributed relief amounting to Rs. 6.953 million to 7 thousand 275 families in 9 Wards through the ward office. As per point 5(3) of the Guideline, if the laborers and helpless people along with their family had earned alternative income, then, relief shall not be distributed to them. There is absence of reliable basis that the members of the family receiving relief were not earning alternate income was not included.

44.3. Tarkeshwor Municipality of Kathmandu has distributed relief amounting to Rs. 13.967 million to 5 thousand 976 people.

The Office has to keep clear and transparent record of procurement, relief distributed, amount to be received by each family; however, in the distribution slip, the quantity has not been disclosed and the relief was given in 'full' and 'half' has been mentioned, and in some cases nothing has been mentioned, therefore, such record has to be updated.

44.4. Panauti Municipality, Kavrepalanchowk has distributed relief materials amounting to Rs. 1.42 million which includes rice, lentils, oil, soap, to the COVID effected people. However, the genuineness of distribution cannot be assured as the record of distribution has not been available.

44.5 Lalitpur Metropolitan Municipality has decided to provide relief to helpless workers, laborers and under-privileged people totaling to 69 thousand 878 people from 3 thousand 279 family having 2 members, 16 thousand 519 family having 3 or more members, and has procured relief materials of Rs. 23.383 million from M/s Salt Trading Corporation, Teku. The procured materials were distributed by the Chairperson of Wards as per the details prepared by the wards.

In point number 7 of Guideline to distribute Relief of Lalitpur Municipality, the concerned ward should keep record of details of relief distribution and make it public weekly, and one copy should be sent to Local Level. However, the records of details and distribution of relief has not been made public. Due to lack of records comparison between distributed and procured goods cannot be done. Municipality has to make relief distribution transparent by keeping record as per the Guidelines.

45. **Collective meals** - Madhyapur Thimi Municipality of Bhaktapur and Kageshwori Manhara Municipality of Kathmandu have spent Rs. 12.3 million and Rs. 1.943 million, respectively, on for management of collective meals. Kageshwori Manhara Municipality of Kathmandu has distributed relief materials worth Rs. 5 million to 7275 families and has spent Rs. 1.477 million on relief for employment programme to 1970 persons. Relief distribution should be done in a way that person do not get double benefit.
46. **Selection of Targeted Group** – As per the periodic development plan prepared by Myagde Rural Municipality of Tanahun, number of unemployed populations is 106. But relief amounting to Rs. 3.303 million has been distributed to 2 thousand 342 household. In the condition of unemployed population being 106, it is inappropriate to distribute relief to 2 thousand 342 families. The relief is distributed without identifying the families actually facing difficulties. The targeted group must be identified before distributing the relief.
47. **In kind assistance** - Local Levels have received grants from various organizations. Observation in this regard are as follows:
- 47.1. Kageshwori Manhara Municipality of Kathmandu has received relief materials amounting to Rs 9.233 million in cash and rice, lentils, meat etc., of which price has not been disclosed by various organizations. Municipality should have treated it as receipt and then should have made expense of the same by including it in the financial provincialments; however the ward offices have spent in their own way.
- 47.2. Vigu Rural Municipality of Dolakha has received relief materials including rice, flour, oil, sugar, milk, tea, salt amounting to 3 thousand 31 sack cartoons weighing 60 thousand 985 kg whose price is not identified, from Dingere County Sigarse, China (Tibet) on 2020/05/15 It is observed that, such relief materials are distributed through organization and ward wise; some are distributed to Consumers Committee, to monastery and from ward to Landslide Calamity management through wards; other distribution have been made by ward to other persons and organizations. The value of such relief material has neither been identified, nor disclosed in the financial provincialment, and has been received without any agreement and received through coordination; it has been shown as receipt in consumables register and has been distributed through receipts. 199 sacs of material is lying in store till the date of audit on 2021/03/01. There is possibility of the goods lying in stock to be deteriorated and expired. Attention should be paid by the Municipality in this regard.
- 47.3. Lo-Ghekar Rural Municipality and Lomangthang Rural Municipality of Mustang has received relief materials including 9 hundred sack each of rice, flour, barley, 9 hundred cartoons oil, 280 blanket, and 20 cartoons medical equipment from Government of China. The financial provincialment should be prepared by including the value of grants as goods in kind after valuation; however, financial provincialment has not been prepared accordingly. Moreover, the municipality has not updated the record of receipt and distribution of the relief materials received in the store register. Due to the lack of management of record of receipt and distribution of relief materials, it could not be ascertained whether the goods are actually utilized or not.
48. **Relief from Municipality** – As per the guideline approved by Kathmandu Metropolitan City for distribution of relief to destitute, poor and helpless families of Sisdol landfill site, aid amounting to Rs. 3.3 million was provided to Dhunibesi, Kakani and Kakani Municipality; however, such local level has not submitted the details of relief

distribution to Kathmandu Metropolitan City. As the reports are not presented, it should be assured that relief distribution was as per the guideline.

49. Food Bank - Annapurna Rural Municipality of Kaski introduced the concept of food bank to distribute relief in the situation of emergency. 3370 *pathi* millet at the rate of Rs. 200 per *pathi* amounting to Rs. 674 thousand was procured from the farmers within the Municipality. The procured foods have been stored in the house of farmers because of absence adequate storage and security in Municipal Office.

50. Details and Record of Expense –There is a provision to send details to related Local Levels by making it public in Ward office as well as media as per Annex 1 after identification of targeted group to whom relief should be provided within the Ward under the recommendation of Committee formed as per point 3 of Relief Distribution (Guidelines and Monitoring) for Worker, Labour, Poor and Financially Deprived Farmers Affected by Corona-19 Directives, 2076. The observations in relation to details of relief material to be made public in relation to control and treatment of COVID-19 are as follows:

50.1. Pokhara Metropolitan City has incurred Rs. 31.569 million for relief distribution. It is observed that direct procurement has been done repeatedly. It is observed that, analysis has not been done in the Municipality regarding the total population under poverty line and needy population for relief. While distributing relief, distribution receipt of most of Wards has not been managed properly.

50.2. Sitganga Municipality of Argakhachi has distributed relief materials amounting to Rs. 1.918 million to 1477 people, Badaiyatal Rural Municipality of Bardiya has distributed relief amounting to Rs. 3.152 million to 2212 family, Guleria Municipality of Bardiya has distributed relief amounting to Rs. 2.33 million to 2165 people, Babai Rural Municipality Dang has distributed relief amounting to Rs. 7.401 million to 5854 people. The details has not been prepared and made public in Ward offices and media. As a result of which it could not be ascertained that targeted group has received relief materials and whether there has been duplication in distribution.

Income and expenses detail regarding COVID 19 has not been prepared and made public. As per the decision of Accounts Committee, the amount received in Municipal Disaster Fund, relief distribution, expenses of quarantine and isolation should be made public to persons residing in the Municipality, however, the same has not been implemented.

51. Relief distribution through cooperatives - According to decision dated 2076/12/18 of Rajpur Rural Municipality of Dang, as the geography of the municipality is in remote location, it was decided to provide grant for delivery of essential food items to local people. As per the decision it was decided to provide delivery charge to one cooperative at the rate of Rs. 4.50 per kg for ward number 1, Rs 5.50 per kg for ward number 6, and Rs. 6.50 per kg for ward number 7 on the basis of bill of goods to be distributed. On that basis relief material has been procured and transported through the cooperative. The quantity of relief material has not been ascertained and procurement of Rs 5 million 741 thousand has been done directly without entering into any agreement. It was provinciald that the relief was distributed in three phases and in the first phase it was distributed to 1037 families, in second to 1099 families and in third phase to 1923 families as per recommendation of the ward, it could be ascertained that the relief has been provided only to under-privileged and needy people.

As per the decision of 2020/05/06 of the Rural Municipality, the unnecessary relief has been received, actual under-privileged family has not received relief and the relief has been distributed proportionately. Other entity have distributed rice by procuring at the rate determined by Nepal Food Corporation and Federation of Nepalese Chambers of Commerce and Industry, however, as the municipality procured the goods without obtaining the rate of rice; and decided to procure as per the bills submitted by the Cooperative without entering into an agreement and paid freight charges, the procurement is not competitive and economical.

52. Excess Expenditure - Advance of Rs. 6 million 444 thousand has been given to the Chairperson of Sammarimai Rural Municipality of Rupandehi District to distribute relief materials on various dates. As per the documentary proof submitted by him for advance settlement, relief has been distributed to all the 7498 families in the municipality. 7 relief materials including potato, onion, rice of Rs. 470 thousand were procured which was more than the distributed amount, however no stock has been found. The office has to investigate relating to the procurement of material in excess of relief distribution and settlement of advance by submitting bills; and ascertain the balance amount.

53. Distribution of paddy seed - As per the decision dated 2076/12/23, of Rajpur Rural Municipality, Dang, lockdown was imposed due to Corona and Guideline to Distribute Relief Material to the People Effected by Lockdown to Daily-Wage-Workers, and Financially-Weak Person was approved and relief was distributed to 4059 families; on 2077/02/23, lockdown was re-imposed for prevention and control of Corona and to mitigate the loss in agricultural sector and to increase agricultural production, it was decided to provide 50 percent grant from Natural Disaster Relief Fund; accordingly, regarding paddy seed, Rs. 500 to Rs. 15 thousand relief has been provided and Rs. 4.170 million expenses has been incurred from the Fund. Relief distribution was not done as per point 5 of the Guideline for Providing Relief Materials to Laborer Working in Unorganized Sectors, Workers and Helpless People, 2076, and in the name of relief distribution, relief has also been provided to people having capacity to procure the seeds, and without considering the condition of the people actually affected due to COVID seems un-appropriate.

As per the decision of Corona Control Rapid Taskforce of Changunarayan Municipality, Bhaktapur, it was decided that 50 percentage grant would be provided to farmers during procurement of seeds, and accordingly payment of Rs. 1 million 374 thousand was paid to an agro and seed trader from COVID-19 Pandemic Prevention Fund. 50 percentage of the amount equivalent to Rs 687 thousand, which has been recovered from the farmers has not been deposited in the Fund.

54. Assistance to Students and Children - Jagadulla Kaike and Mudakechulla Rural Municipality and Tripurasundari Municipality of Dolpa have distributed to the students of municipality studying at Kathmandu, Surkhet, Nepalgunj at the rate of Rs. 5 thousand to Rs. 6 thousand cash totaling to Rs. 5 million 810 thousand without including the evidence of students. In addition, expense of Rs. 1 million 412 thousand has been incurred regarding students returning to the Municipality. Similarly, Naraharinath Rural Municipality of Kalikot has given assistance along with cash relief to destitute families and to children amounting to Rs. 925 thousands.

55. Procurement of Goods - The Local Levels of Sudurpaschim Province have not ascertained the quality of goods after receiving the price list while procuring the relief goods of Rs. 231 million 844 thousands. As the goods have been distributed after

directly procuring from the vendors, efforts for maintaining economy and quality of the procurement were not observed.

- 56. Search of people arriving from abroad** - Tokha Municipality of Kathmandu has expensed Rs 1 million 799 thousand in manpower mobilization to search the people who arrived from abroad. The manpower mobilized during search has not been mentioned. The task done by manpower and basis for appointing such manpower has not been mentioned. As the mechanism for tracing from the entry point itself was in place as per the decision of the Government of Nepal for mandatory quarantine for 14 days, this expense was not justifiable.

Distribution of Hazard Allowance

- 57. Risk Allowance** – As per point 7 of Order related to Risk Allowances Management of The Health Worker Involved in Treatment Of Corona Virus Infection, 2077 hazard allowances of 100 percent is to be provided to manpower directly involved in treatment of confirmed COVID-19 infected person; 75 percentage allowance is to be provided to manpower indirectly involved in treatment and involved in providing Imaging service; 50 percentage allowance is to be provided to the health workers involved on contact tracing, manpower involved in quarantine management, observation, supervision, managements etc. The observation in this regard is as follows:
- 57.1. 13 Municipality of Province 2 including Shambhunath Municipality, Saptari, Garuda Municipality Rautahat have distributed hazard allowances of Rs. 42 million 647 thousand to 36 security person, 173 administrative officers, 79 officials, 60 other people and 462 medical persons. 100 percent of the allowance has been distributed without mentioning job allocation of the health workers, details of shift, direct and indirect involvement.
- 57.2. Sundarharaicha Municipality of Morang has expensed Rs. 1 million 780 thousand out of which Rs. 942 thousand has been incurred on fuel used by police unit without mentioning mobilization area, time duration and details; and Rs. 838 thousand has been incurred on incentive allowances to security personnel which was not mentioned in Directives.
- 57.3. Kalaiya Sub-Metropolitan Municipality of Bara has made payment of Rs. 587 thousand to 11 administrative officials without mentioning details. 53 officials working in the Municipality received COVID-19 risk allowances and incentive allowances, as result double expenditure has been made, the concerned officials should be made liable and Rs. 634 thousand must be recovered.
- 57.4. Bateswor Rural Municipality, Dhanusha has expensed Rs. 1 million 49 thousand as 100 percent risk allowances to 10 officials of 10 health organization engaged on management of quarantine during the period of lockdown. The amount of hazard allowances that should have been paid is Rs 787 thousand at the 75% rate of initial scale of salary, however, Rs. 262 thousand has been paid in excess at the rate of 100%, which must be recovered. Similarly, Dhanauji Rural Municipality Dhanusha has given 100 % hazard allowance i.e. Rs. 2 million 967 thousand to 5 officials engaged in quarantine management however, the allowances can be given upto 75 percentage only. Rs 742 thousand must be recovered which is ineligible for distribution as allowance.
- 57.5. Sonam Rural Municipality, Mohattari has provided 100 percentage incentive allowances upto 90 days salary scale to 46 official as additional work at help desk, quarantine and health organization amounting to Rs 2 million 194 thousand without

- approved attendance sheets. Parsha Rural Municipality of Sarlahi has paid hazard allowance of upto 91 days to 35 officials with attendance of 34 days therefore allowance in excess of 34 days amounting to Rs. 871 thousand must be recovered.
- 57.6. Jahada Rural Municipality of Morang has paid Rs. 396 thousand hazard allowance to 34 authority including chairperson, vice chairperson of municipality, ward chairperson, members etc. by mentioning their involved in prevention of COVID-19 pandemic.
 - 57.7. Garuda Municipality Rautahat has paid Rs. 4 million 337 thousand for tiffin allowance to 8 helpers and 23 administrative officials for the period from Mid-March, 2020, to Mid-July, 2020. There is no provision to provide tiffin allowances according to Order relating to Allowance to Person Engaged in Treatment of Corona Patients, 2077, so it must be recovered.
 - 57.8. Kabilas Municipality of Sarlahi has expensed Rs. 1 million to 94 thousand as hazard allowance of 4 months at the rate of 75 percentage to 2 technical staffs and 11 administrative staffs. The allowance must have been provided at the rate of upto 50 percentage but has been paid at the rate of 75% so Rs. 365 thousand has to be recovered from 13 staffs. Haripur Municipality, Sarlahi has provided Rs. 468 thousand to 54 officials and Rs. 120 thousand to 20 political officials as per the decision dated 2020/07/08. The amount of Rs. 588 thousand as hazard allowance to staffs other than health workers and 3 officials which create burden of expenditure has to be recovered.
 - 57.9. Ishworpur Municipality, Sarlahi has provided 100 percentage hazard allowance of 52 days amounting to Rs. 2 million 425 thousand to 50 health officials out of which Rs. 1 million 99 thousand paid in excess must be refunded. As per the decision of the meeting of municipality, Bahudarmai Municipality, Parsha has to pay Rs. 283 thousand as allowance at the rate of 75 percentage to 3 individuals however Rs. 654 thousand has been paid, excess amount Rs. 371 thousand has to be recovered.
 - 57.10. Kirtipur Municipality of Kathmandu has paid corona hazard allowance for the period from March 24, 2020 to June 13, 2020, to all the staffs including agriculture and animal department, engineers and sub-engineers of technical department, education department, social mobilizers etc., who were not engaged in identification prevention, control and treatment of COVID and were engaged only on their own regular official work. The hazard allowance of Rs. 2 million 35 thousand paid to various 98 official without having evidence of attendance and proof of work according to the provision of Order relating to Allowance to Person Engaged in Treatment of Corona Patients, 2077, has to be recovered.
 - 57.11. It has been mentioned that 50% allowance of initial salary scale determined by Government of Nepal is to be provided to the other manpower assisting on the treatment and prevention of corona from March 22, 2020. Abukhairani Rural Municipality of Tanahun has paid Rs. 360 thousand to 13 administrative staffs and Rs. 280 thousand to 8 people's representatives. Badigad Rural Municipality of Baglung has also paid Rs. 661 thousand allowance to people's representative and staffs. Such allowance is not allowed to be paid to administrative staffs and people's representative.
 - 57.12. Bandipur Rural Municipality of Tanahun has provided allowance equal to salary of 1 month to health workers, however allowance equal to salary of 4 months has been provided to administrative staffs and officials by expending Rs. 1 million 211 thousand. As per Order relating to Allowance to Person Engaged in Treatment of Corona Patients, 2077, hazard allowance is to be provided from March 22, 2020, however, allowance has been paid from March 14, 2020, the excess allowance Rs. 81 thousand paid till

March 21, 2020, has to be recovered. 50 percent of the amount must have been paid to administrative workers not directly involved in Corona control, however, full amount has been paid for four months, therefore, Rs. 565 thousand has to be recovered. Likewise, there is no provision as per the Order to provide allowance to the officials and as they have no salary scale with allowances, so payment of allowances is not appropriate. Moreover, Rs. 296 thousand has been paid for 4 months to Chairperson and Vice Chairperson on salary scale of Rs. 38000 and Rs. 36000 respectively. The allowance provided against the Order is found to be inappropriate.

- 57.13. Rs. 101 million 782 thousands has been accounted by 48 Local Levels of Lumbini Province, Rs. 53 million 962 thousand by 50 Local Levels of Bagmati Province, Rs. 59 million 970 thousand by 54 Local Levels of Gandaki Province, Rs. 79 million by 74 Local Levels of Sudurpaschim / Far Western Province as hazard allowance, communication facility, daily allowance to health workers, security agencies, officials and staffs of local level etc. This type of incentive has to be provided only to workforce directly involved in Corona control.
- 57.14. Badaiyatal Rural Municipality, Bardiya has accounted as expenses Rs. 1 million 943 thousand as allowances which includes Rs. 1 million 548 thousand paid to 79 health workers at the rate of Rs. 15 thousand to 25 thousand per month for 4 months, Rs. 225 thousand to 9 administrative staffs at the rate of Rs 25 thousand per month for 4 months, and Rs. 170 thousand to 11 police personnel at the rate of Rs. 1 thousand to Rs 2 thousand per month for 4 months. Similarly, it has accounted as allowance expenses Rs. 900 thousand paid to 150 police personnel working at boarder-out-post of Armed-Police Force and Area Police Office Mainapokhrara at the rate of Rs 6. thousand per month for 4 months. Likewise, Rs. 1 million 20 thousand has been accounted as allowance expense paid to 68 volunteers at the rate of R.s 6 thousand per month for 4 months. It is not appropriate to make payment of allowance against the Hazard Allowance Management Order, 2077. Such expenses has to be controlled.
- 57.15. Officials of Rajpur Rural Municipality, Dang and Lungri Rural Municipality, Dolpa have received Rs. 1 million 160 thousand as hazard allowance; ineligible allowances has to be recovered.
- 57.16. Barahtal Rural Municipality and Simta Rural Municipality of Surkhet has expensed Rs. 1 million 603 thousand on tiffin allowance at the rate of Rs. 350 and Rs. 250 in addition to hazard allowances to the health workers engaged on prevention and treatment of corona which is against the Order.
- 58. Supervision and motivation allowance** - There is no provision to provide quarantine supervision and motivation allowance as per the Hazard Allowance Management Order, 2077. Godeta Municipality, Sarlahi has expensed Rs. 154 thousand on allowance of 154 days at the rate of Rs. 1000 per day which includes 94 days to Mayor, 30 days to Chief District Officer and 30 days to District Development Office. It is inappropriate to account for allowance expenses for inspection and supervision of corona virus infection. Same municipality has accounted towards allowance expenses of Rs. 3 million 318 thousand which has been paid to 35 health workers, 20 security person, 15 administrative staffs, and 10 political officials at the rate of Rs. 1000 per day. Pahora Municipality, Rautahat has paid Rs. 0.148 million on house supervision. There is no basis to book such expenses so it has to be refunded.

- 59. Rescue of Citizens** – As per point 4 of the Provincial Quarantine Operation and Management Guidelines, 2077, stranded citizen shall be rescued. The observation regarding expenditure incurred for rescue of citizen staying in the municipality are as follows:
- 59.1. Rs. 1 million 606 thousand has been paid as vehicle fare of passengers rescued from Jhapa, Kathmandu, Nepalgunj, and Mahendranagar by Lekbesi, Chingad and Barahatal of Surkhet, Thatikhad of Dailekh, Darma and Triveni of Salyan, Pachaljarna and Raskot of Kalikot, Kushe and Barhakote of Jajarkot, DolpoBuddha Rural Municipality of Dolpa. As expenses has been incurred without including the detail of rescued passengers, and vehicle pass issued by the District Administration Office and documents verified by the check post, the related proof has to be submitted.
 - 59.2. Mapya Dushkoshi Rural Municipality of Solukhumbu has entered into an agreement with a transportation service provider amounting to Rs. 1 million 51 thousand without competition to transport citizens of rural municipality staying at Kathmandu to the municipality. The services provider has been paid the amount as per the agreement mentioning that it had brought citizens of rural municipality in various dates by 9 bus trips, and 18 trips by sumo jeep, and had brought 4 trips of relief materials. Similarly, Khaniyabas Rural Municipality of Dhading incurred Rs. 594 thousand on rescuing the citizens of municipality who were in risk. The ward wise details of rescued person have not been submitted by the ward office.
 - 59.3. Jaganath Rural Municipality of Bajura has paid Rs. 1 million 825 thousand at the rate of Rs. 1500 to Rs. 3000 per person as vehicle fare to transport citizens of the municipality from various district in May 19 and May 22 of 2020 AD. Documentary evidence including the details of person rescued from various place, attendance of them at quarantine, PCR test, agreement with vehicle owners etc. has not been submitted so documentary evidence to prove the genuineness of passengers has to be submitted.
- 60. Payment without recording approved task** - As per point 4(1) of Hazard Allowance Management of Manpower involved in Corona Virus (COVID-19) Treatment Order, 2077, for claiming hazard allowance, evidence of deployment as per point 3 or evidence of work performed at designated place and verified attendance should be submitted. Observation in this regard are as follows:
- 60.1. 19 Rural Municipality including Chinnamasta Rural Municipality Saptari, Basbariya Rural Municipality Sarlahi, Pipara Rural Municipality Mahottari have made a payment of Rs. 2.687 million to administration staffs, technical staff, health workers other regular staff, security personnel and officials for COVID Prevention and Control work without keeping record of their involvement.
 - 60.2. 13 Local Levels of 4 districts of Lumbini Province has accounted Rs. 209.584 million for Police personnel in addition to administration, technical staffs. However, motivation allowance has been paid without verifying work order and work performed in designated place for risk management.
 - 60.3. Baijnath Rural Municipality, Banke has accounted expense of Rs. 7.812 million to total 65 people who were health workers, security personnel, technical staffs deployed in front line. Payment has been made without evidence disclosing details and work time of 40 health workers deployed for contact tracing.
 - 60.4. 10 entities of various districts of Far-West Province have accounted expense of Rs. 8.981 million in respect of hazard allowance. However, it was found that evidence verifying work performance as provinciald in above Order has not been submitted. The related entity shall

verify riskiness of work performed while making payment in respect of hazard allowance to administration, accounts and political officials, however as the necessary evidence were not submitted while making payment, it cannot be ascertained that the hazard allowance has been paid for in respect of nature of work as provinciald in the Order.

61. **Hazard Allowance in different rate - As** per Point no 7 (e) of Hazard Allowance Management of Manpower involved in Corona Virus (COVID-19) Treatment Order, 2077, issued by Government of Nepal, there is a provision of providing hazard allowance of 50% of basic salary scale as provinciald by Government of Nepal to administrative staff involved in inspection, evaluation and management and 75% to health workers deployed in contact tracing and quarantine. As per decision of Executive of Chhireswarnath Municipality, Dhanusa, it has been decided to provide hazard allowance in a per day basis to health workers and staffs working at the time of lockdown as: Rs. 1000 to officer level, Rs. 800 to assistant level, Rs. 500 to vehicle driver, municipal police and office helper and Rs. 500 to all level staffs deployed in the office.; and has accounted expense of Rs. 1.762 million to 29 staffs present in office at the time of lockdown and staffs deployed in quarantine. Out of 29 staffs who were distributed allowance, 26 were administrative staffs, municipal police and office helpers. Payment should have been made on the percentage of salary; however the payment has been done on daily basis as per the rated decided by the Municipality which has resulted in an excess burden of Rs. 1.039 million.
62. **Insurance - As** per Rule 360 of Financial Procedure Regulation, 2064, it is provinciald that account shall be maintained with bills receipts. Brindaban Municipality, Rautahat has made payment of Rs. 0.675 million to Nepal Life Insurance in respect of insurance of 52 health workers and staffs by attaching only premium receipts. In addition to this invoice and insurance policy should be submitted.
63. **PCR test - Though** there were zero COVID infected while doing P.C.R. of 696 people till Mid July, 2020, in Tokha Municipality, there has been an expense of Rs. 27 million. There has been expense of Rs. 39 thousand per person while comparing expensed amount and number of tested people. Out of expensed amount 21.11% i.e. Rs. 5.706 million has been incurred for hazard allowance and benefits of health workers and staffs. Out of distributed allowance amount, it was found that Rs. 1.802 million was distributed to 74 administrative staffs. Only 3.36 percentage has been expensed on quarantine construction and management.

The role of Local level is significant in prevention and treatment of COVID-19 pandemic due to which Local Levels have to make action plan for risk mitigation by assessing the possible risk. Weakness was observed in Local Level's fund management, management of procurement of medicine, equipment, relief material, quarantine and isolation management, rescue and relief distribution and manpower mobilization. Irregularities observed relating to financial and compliance were: non-promotion of transparency by following work procedure in procurement of relief material in special circumstances, non-ascertainment of flow of relief material to targeted group by not keeping receipt in organized manner, providing of lunch tiffin expense contrary to standards to people staying in quarantine, low consumption due to procurement of goods without predicting number of person staying in quarantine, non-effectiveness of distribution of relief distribution work, non-publishing of expense of quarantine/isolation in public. There has been an expense in an unreasonable way in COVID-19 management and control for various activities without complying with approved plans, standard, directives.

Chapter four: Improvements to be done in future

Risk assessment and preparedness; COVID hospital and laboratory management; procurement and use of medicines, pharmaceutical materials and machinery equipment can help control COVID and facilitate overall infection control. This is possible only through the joint efforts and coordination of the federal, provincial and local Governments in the areas of budget and resource management, border surveillance, COVID -19 testing, quarantine, isolation center management, relief and vaccination services. In this regard, on the evaluation of the activities related to the control, prevention and treatment of COVID -19 conducted by the three tiers of government, following needs to be improved in future.

Legal and institutional arrangements

1. Disaster Management Code should be formulated by integrating the provisions of various laws related to disaster management such as Infectious Diseases Act, Public Health Services Act, Disaster Risk Reduction and Management Act, Local Government Operation Act etc. It should demarcate the jurisdiction of the federal, provincial and local levels.
2. An integrated policy should be formulated covering all the policies related to disaster management.
3. All entities related to disaster management should be integrated and a single entity should be set up and devolved to the federal Provincial and local levels. Such institutions need to be institutionally strengthened with the necessary tools. A mechanism to regulate and direct overall disaster management should also be set up.
4. All existing funds should be transferred to a single fund for disaster management. A separate disaster management guideline should be issued to guide the financial transactions to be conducted during the disaster. In order to prevent shortage of funds, a certain amount should be allocated to the fund from the budget every year.

Risk assessment and preparedness

5. Compared to natural disasters or non-natural disasters, the impact of pandemic on human and social aspects is much larger and more deadly. Precautionary measures should be taken in a timely manner by assessing the risk of the pandemic in a realistic manner. Established mechanisms for pandemic risk assessment and preparedness should be used.
6. Proper attention should be directed towards research and analysis activities. Infrastructure needs to be developed to carry out gene sequencing testing in Nepal.
7. In order to make the prevention and control of COVID 19 effective, arrangements should be made to mobilize the mechanism formed as per the guidelines and protocols.
8. It is necessary to assess the risk and impose lockdown only the places prone to the pandemic. At the same time, it is appropriate to impose lockdown only after providing few days for evacuation and emergency work to the general public. Regarding the general public who are distressed due to the lockdown, in case of non-availability of private sector vehicles, it is necessary to make arrangements to reach the destination even through Government vehicles.
9. Arrangements should be made to make the expenditure details public by developing a system that consolidates the expenditure of all levels of Government regarding the

management of COVID -19. Cooperation and coordination should be enhanced by maintaining records of work done by the federal, the provincials and the local level.

10. A permanent information repository should be established so as to enhance content related to prevention of pandemic in the means of communication that inform the public and increase public awareness about pandemic.

Prevention and control

11. The dissemination of information should be made effective for the precautionary measures to be taken for the prevention and control of COVID -19.
12. Management of COVID test, holding center, quarantine and isolation should be made effective and the border points should be monitored.
13. According to the Contact Tracing Guidelines, compulsory testing should be arranged to the public having high risk; moreover, for contact tracing and follow up, a mobile application should be designed using information technology. Arrangements should be made to use local level structures for contact tracing.
14. Effective arrangements should be made to monitor the operation of the quarantine and isolation center effectively in accordance with the prescribed standards and also to monitor the infected people living in home isolation.
15. Webinar as well as meetings and seminars using information technology should be emphasized to maintain social distancing and discourage crowding and public gatherings. Prohibitive orders should also be issued as per requirement.
16. In order to make vaccine procurement effective, the procurement process should be made effective by coordinating with the Heads of Government and manufacturers of other countries. Free vaccinations should be provided as soon as possible on a priority basis to cover people of all ages.
17. Internal control, supervision and monitoring should be made effective to prevent possible misuse and abuse in vaccine distribution.

COVID Hospital and Laboratory Management

18. In order to increase the capacity and quality of laboratory testing, the National Disease Control Center should be established and the infrastructure of federal, provincial and local level hospitals should be expanded and coordination should be maintained among them.
19. Various government and private hospitals should monitor compliance with health standards issued by the World Health Organization. While matching the service delivery standard and fees, private hospitals should consider the dire condition in the pandemic and should encourage providing accessible and convenient services.
20. Arrangements should be made to facilitate the supply of medicines and medical equipment. Arrangements should be in place to make available digital X-ray, hand carry auto sound machine, electric cardiograph, ventilator, oxygen concentrator and other equipment for treatment at COVID Hospital in a timely manner.
21. The capacity of the National Laboratory should be enhanced and well-equipped laboratory should be established at the provincial level.

Procurement and management of pharmaceutical equipment

22. In order to conduct procurement in special situations including pandemics, crisis, emergencies, natural calamities and disasters, and in order to construct necessary infrastructure, procure materials and consultancy services for conducting rescue and relief operations on the basis of emergency decision, separate procurement procedures should be inacted.
23. After procurement need identification, and after preparation of procurement plan for procurement of urgently needed and non-urgently needed materials, arrangements should be made to procure them as competitively as possible.
24. Since there is a huge difference in the price of the same health materials and equipment procured by the federal and local bodies, all the Governments should enter into a framework agreement and arrange for the supply of the goods having specified specification and quality at the same rate.
25. Necessary budget and medical equipment should be provided as per the demand, and arrangement should be made so that its scarcity is not created. For this, information technology system should be used.

Relief and Rehabilitation

26. Arrangements should be made to provide relief rehabilitation packages, concessional incentives and other facilities to rehabilitate the areas most affected after studying the sectoral impact of COVID 19 and minimizing the impact on the economy.
27. The supply of essential food and medicinal items should be facilitated during the shutdown.
28. In order to continue treatment of other patients, arrangements should be made to effectively manage transportation, procurement of medicines and delivery of essential services.
29. Service delivery through single point should be enhanced and aid received from donors and other organizations should be used through single door system.
30. Food relief should be provided to daily subsistence workers. Instead of distributing relief in a proportional manner, a policy should be adopted to provide relief only to the classes and communities actually affected by the pandemic.
31. As it has been found that the Governments of all the three levels have adopted different policies regarding the testing, treatment, relief, rescue and rehabilitation of COVID-19, a policy should be formulated after adequate study and analysis and should be implemented.

Manpower management

32. Physicians, nurses and other health workers studying on scholarship of Government of Nepal should be mobilized as required. In case manpower is inadequate to expand health care facilities due to flow of patients, then, additional manpower should be hired through expeditious process and should be deployed on contract basis. Adequate training should be provided to the manpower involved in COVID control.
33. Health workers serving in the front line should be kept safe and personal safety items should be made easily available to those working in the front line and an environment should be created to work with motivation.

34. The participation of local people's representatives and political parties should be enhanced and adequate training on pandemic control should be provided to security personnel working to control pandemic.
35. The distribution of hazard allowance should be uniform as per the approved guidelines.

Annexure- 1

(Related to Section 1 point No. 31)

Details of major health equipment and materials procured by Government - government method and handed over to hospitals

S.N	Items	Purchase rate \$	Sushil koirala Cancer Hospital, Banke	Koshi Hospital	Narayani Hospital, Birgunj	Sukraraj Tropical And Communicable Diseases Hospital	Patan Institute of Health Sciences	Bharatpur Hospital	Pokhara Institute of Health and Sciences	Karnali Institute of Health and Sciences	B.P. Koirala Institute of Health Sciences	Tribhuwan Teaching Hospital, Maharajgunj
1	Compact patient monitor	2400	2	8	8	8	8	8	8	8	9	9
2	Five function electronic bed	2000	0	6	6	6	6	6	6	6	6	6
3	Syringe pump	1050	25	25	25	25	25	25	25	25	25	25
4	Infusion pump	1020	0	10	10	10	10	10	10	10	10	10
5	Digital x-ray imaging system	140000	1	1	1	1	1	1	1	1	1	1
6	Electro cardiograph	9000	1	1	1	1	1	1	1	1	1	1
7	Depriletars	9500	1	1	1	1	1	1	1	1	1	1
8	Hand carrying ultra sound system	22000	1	1	1	1	1	1	1	1	1	1
9	Machine for acute dialysis and extra cathoral lyad	28000	0	1	1	1	1	1	1	1	5	3
10	Automated external defriletars	3800	1	1	1	1	1	1	1	1	1	1

[Related to section 1 point number 32]

Details of assistance materials and equipment received by the Government of Nepal from various donor agencies and institutions

S.N	Donor Agencies	Particulars
1	China Government	Gown 29,530, Surgical mask 12,51,730, Gloves 5,200, N95 Mask 56,880, Surgical safety glass, 19500, IR thermometer 1100, Ear thermometer & Check through Ear 100, Portable ventilator 1, Portable PCR machine 2, VTM packing 60000 and Chloroquine phosphate 400
2	World Health Organization	Gown 2100, surgical mask 39750, gloves 14600, N95 mask 925, surgical safety glass 650, face mask 15000, IR thermometer 50
3	Qatar Embassy	Gown 10280, surgical mask 267000, safety glass 19600, face shield 15000
4	UAE Embassy	Gloves 25000, Shoe cover 15000, Sanitizer 500ml 5998, wire pipe 3480, sanitizer 500ml 5998
5	Swish Embassy	RNA attraction kit 30000, SARS COVID RDRP test 15000, COVID Ijen IVA test 30000, SARS COVID Sentizen test 15000
6	Indian Embassy	RNA attraction kit 30000
7	USAID	Gown 1000, surgical cap 2100, face mask 600, face shield 2000, shoe cover 1000, raping diagnostic kit for COVID 1500
8	Alibaba Foundation	N95 mask 1005, rapid diagnostic kit for COVID 209
9	Zee Aad Zed	Gown 1400, vitamin packing 600, Rapid diagnostic kit for COVID 6, swab stick 10, RNA attraction kit 5030, lifelike one step RTPCR Polymerize mix 23000, SARS COVID RDRP test 1,920, COVID Ezen EVA test 19,200
10	Timasek Foundation Singapore	Rapid diagnostic kit for COVID 60
11	UNFPA	PPE Set 1200, gloves 50000, N95 Mask 2000, Surgical Mask 1100, Safety glass 2400, Face shield 1100, Shoe cover 2400, Gumboot 300, Sanitizer 300ml 3600, Surgical Hood 2000, Body Bag 2400
12	UNICEF	Gown 2000, Surgical Mask 20000, N95 Mask 2000, Safety glass 2000, IR Thermometer 500
13	USODC	Rapid diagnostic kit for COVID 720, RNA attraction kit 480
14	Bangladesh, Embassy	PPE Set 1000
15	Nepal Korea Maitrinagar Hospital	RNA attraction kit 100

S.N	Donor Agencies	Particulars
16	Water Aid Nepal	PPE set 100, Surgical mask 170000, Safety glass 100, sanitizer 500ml 100, Sodium Hypo chloride solution 250
17	One heart worldwide	Gown 3400, Surgical Mask 2950, Pair gloves 13100, Surgical cap 2600, Shoe cover 2000, sanitizer 500ml 100, Sodium Hypo chloride solution 50
18	Save the children office, Nepal	Gown 3300, Surgical mask 2000, Gloves 57000, N95 Mask 8000, Surgical Cap 2000, Safety Glass 1200, Face shield 1200, shoe cover 1200, sanitizer 500ml 2500, IR Thermometer 100
19	World Vision International Nepal	PPE 100, IR thermometer 10
20	NMI	Gown 421, Safety glass 785, Shoe cover 800
21	Fair Made Nepal	PPE 20, Surgical Mask 200, Gloves 50, N95 Mask 40, safety Glass 15, IR Thermometer 5
22	Basanta Chaudhari Foundation Norvic Hospital	Gown 800, Gloves 1500, Surgical cap 920, Safety glass 920, Face shield 1000
23	Chaudhari Foundation	PPE 150
24	Non-Resident Nepal Association Kathmandu	PPE 475, Gown 2000, Surgical Mask 40000, Gloves 19900, N95 Mask 16240, Safety glass 1853, face shield 2000, shoe cover 1000, IR thermometer 543, 2 thousand 19 COVID SA 4000, RNA attraction kit 4000
25	Sumi Pharmaceuticals PVT.LTD	Sanitizer 3000 liter
26	Lions Club International	PPE 2000, Pair of Gloves 15000, N95 Mask 5000
27	Luthran World Federation Nepal	PPE 50, N95 Mask 50, IR Thermometer 3
28	Heclaf	PPE 285, Gown 1710, Surgical mask 20000, Gloves 10000, Surgical cap 2000, Safety glass 576, Shoe cover 1000
29	Chemicals and Medical Supplies Association of Nepal	Gown 180, Gloves 3000, Surgical cap 2000, N95 mask 410, Cap surgical 500, Shoe cover 250, Sanitizer 100ml 140
30	Surya Trade Concern	Sprayer pump 2, Tisinfavotant tab 490
31	International Nepal Artists Society	PPE 50, Surgical Mask 2000, N95 mask 100, IR Thermometer 10
32	Confederation of Nepalese Industries	PPE 98, mask 74000

S.N	Donor Agencies	Particulars
33	Shikhar Insurance Company	Mask 9000
34	Lumbini Health Care PVT.LTD	PPE 100, surgical mask 10000, Gloves 1000
35	Uniliver Nepal LTD.	VTS packing 24
36	Association Of Engineering College Nepal	PPE 300
37	Integrated Trading Company Pvt. Ltd.	PPE 40
38	Good Neighbor International Yekantakuna	Surgical Mask 50000
39	United Distributes Pvt. Ltd.	Gown 500, Gloves 5000, N95 Mask 8950, IR Thermometer 200

[Related to Section 1 point number 32]

Details of distribution of health materials procured from the Department of Health Services and materials received from other agencies

S.N	Items	Unit	Purchased quantity	Received from other bodies	Total received	Dispatched to Provincial	Dispatched to other bodies	Total Dispatched	Balance
1	PPE set	Set	625	6768	7393	1425	4968	6393	1000
2	Gown	Bundle	190900	58621	249521	50530	80656	131186	118335
3	Gown k	Bundle	10000	0	10000	7740	2260	10000	0
4	Surgical mask		1858745	1805630	3664375	1320585	1479220	2799805	864570
5	Surgical gloves	Bundle	100000	15000	115000	91370	23630	115000	0
6	Gloves	Pair	119160	434350	553510	138485	325575	464060	89450
7	N95 mask	Bundle	47500	203795	251295	20475	127019	147494	103801
8	Cap surgical cap	Bundle	39400	11220	50620	13290	37285	50575	45
9	Glasses	Bundle	21550	49599	71149	9159	24983	34142	37007
10	Face mask	Bundle	0	3600	3600	580	3020	3600	0
11	Face shield	Piece	8540	22650	31190	3045	21931	24976	6214
12	Shoe cover	Pair	55600	24650	80250	6290	37613	43903	36347
13	Gumboot	Pair	18540	300	18840	4200	4658	8858	9982
14	Heavy duty gloves	Pair	5200	0	5200	2280	1722	4002	1198
15	Sanitizer 100ml	Bottle	0	140	140	0	43	43	97
16	Sanitizer 300ml	Bottle	0	3600	3600	1	3599	3600	0
17	Sanitizer 500ml	Bottle	5500	8698	14198	8063	4711	12774	1424
18	Sanitizer liter	Liter	440	3000	3440	520	2920	3440	0
19	Surgical hood	Piece	0	2000	2000	0	1000	1000	1000
20	IR Thermometer	Bundle	10	2573	2583	885	1241	2126	457
21	Ear Thermometer	Bundle	0	100	100	0	11	11	89
22	Body bag	Piece	0	2400	2400	590	1295	1885	515
23	White pipe	Packet	0	3480	3480	480	873	1353	2127
24	Spryer pump	Bundle	84	2	86	57	29	86	0
25	Chloro queen phosphate	Bags	0	400	400	0	400	400	0
26	Chlorine & ADCC	kg.	4000	0	4000	2500	1350	3850	150
27	Sodium hypo chloride solution	Liter	0	300	300	15	285	300	0
28	Dish infection tab	Piece	0	490	490	140	350	490	0

S.N	Items	Unit	Purchased quantity	Received from other bodies	Total received	Dispatched to Provincial	Dispatched to other bodies	Total Dispatched	Balance
29	Portable ventilator	Bundle	0	1	1	1	0	1	0
30	Portable PCR machine	Bundle	5	2	7	0	7	7	0
31	VTM packing material	Set	5000	60624	65624	7024	57555	64579	1045
32	Portable PCR re-agent kit	Piece	20000	0	20000	0	20000	20000	0
33	Rapid diagnostic kit for COVID	Bundle	76000	2555	78555	2100	76455	78555	0
34	Extension kit	Test	0	69860	69860	0	69860	69860	0
35	2019 N COVID SA	Bundle	0	4000	4000	0	4000	4000	0
36	Bio hazard bag	Bundle	100	800	900	0	690	690	210
37	Swab stick	Bags	0	10	10	0	10	10	0
38	Real time PCR	Test	0	30000	30000	0	30000	30000	0
39	Lifilise 1 step RT PCR	Test	0	23000	23000	0	23000	23000	0
40	COVID Ezen EVA test	Test	0	49200	49200	0	49200	49200	0
41	SARS COVID engine test	Test	0	15000	15000	0	15000	15000	0
42	SARS COVID RDRP test	Test	0	16920	16920	0	16920	16920	0
43	Real time PCR re-agent	Test	30000	30000	60000	0	30000	30000	30000