

Peer Review of FRR 2001

Storyline...

The client was the Department of Public Accounts (DPA), Ministry of Finance, Royal Government of Bhutan. The client had recently undertaken a revision of its Financial Rules and Regulations.

The client engaged MaGC® (formerly NCRCL®) to undertake an expert review of the revisions carried out to the Financial Rules and Regulations.

Once upon a time...

As part of the migration to a democracy, the Government of Bhutan had taken a number of initiatives to put in place a robust Public Financial Management (PFM) framework. The PFM reforms included adoption of the Constitution as well as introduction of various landmark legislations pertaining to finance and procurement.

There was a need to revise the Financial Rules and Regulations (FRR) originally issued in 2001 in the light of all the subsequent developments. The revisions were carried out by the DPA. There was a need for an external expert to review the revisions carried out by the DPA in the FRR.

Moving on...

The first task for the MaGC team was to undertake a thorough review of all the relevant literature in terms of the applicable Acts, Rules, circulars, notifications and study reports. The FRR consisted of five manuals out of which MaGC reviewed four manuals namely, the Budget Manual, Financial Management Manual, Finance and Accounting Manual and the Property Management Manual. All the manuals were reviewed in detail.

The observations and recommendations for each manual were presented in two parts – one section covering the changes arising out of the amendments to statutes and another section covering suggestions for improving the overall content and quality of the manual.

Recommendations were also given on the document templates prescribed by the manuals. The report also contained certain observations/recommendations on process improvements required within the DPA.

The team also looked at the points raised by the Bhutan Public Financial Management and Accountability Assessment, 2010 of World Bank and the requirements of the IPSAS on Financial Reporting under Cash Basis of Accounting and gave recommendations for addressing the requirements.

Finally...

The peer review report helped the DPA finalize the revised manuals in time. The peer review brought out certain best practices which would help the Ministry of Finance usher in good practices in PFM. The focus on the PFMA Assessment requirements and on the IPSAS requirements were useful value-adds by the MaGC team over and above the basic peer review. The peer review was well appreciated by the client.

