

MODULE 6: **Using Primary Information to Monitor Budget Implementation**

PROSLIMY & PROVIDA



INTERNATIONAL BUDGET PARTNERSHIP
Open Budgets. Transform Lives.

The PROSLIMY Case

- The City of Mortalia suffers from a very high rate of maternal mortality → unfavorable publicity in state and national media
- The city launches a high profile maternal health program under the banner “**Proud Women of Mortalia**”
- D1 million is allocated in the state’s 2004 budget for this program in the city



The PROSLIMY Case (continued)

- The state legislature made exception to normal government contracting procedures → directly awarded no-bid contract to **PROSLIMY**
- PROSLIMY submitted budget for D312,500 and was awarded a D250,000 contract
- In 2005 health activists led by HMHC began investigating progress achieved by the program: *Has it helped to improve maternal health in Mortalia?*

What was in the PROSLIMY contract?

HMHC was able to obtain PROSLIMY's original estimates:

Sr. No.	Particulars	Amount (D)
1.	Transport	12,415
2.	Medical equipment	105,560
3.	Publicity campaign	32,663
4.	Assistance to women	16,948
5.	Teaching and learning material	9,500
6.	Office operating expenses	19,585
7.	Meeting expenses	37,247
8.	Medicines	27,500
9.	Office rent and utilities	42,082
10.	Miscellaneous expenses	9,000
	Total Expenses	312,500



The Challenge for HMHC

- Gain access to records of expenditures claimed by PROSLIMY → Use Polarus Freedom of Information Act
- Scrutinize PROSLIMY's actual expenditures against the estimates in their contract
- Analyze whether PROSLIMY delivered on its contract and if not, why have they been paid?
- HMHC can learn from Fundar, a CSO in Mexico that faced a similar challenge: **the Provida case**



The PROVIDA Case

- In 2002 Mexico's Chamber of Deputies approved an increase of about US\$60 million for national health programs.
- The president of the chamber's Budget Committee arbitrarily made changes and shifted about US\$3 million to fund ten Centers to Assist Women.



The PROVIDA Case: CSOs Respond

- Civil society organizations, including Fundar, formed a coalition to investigate.
- Through Mexico's freedom of information law, the coalition was able to obtain approximately 6,800 pages of bills and invoices that Provida (a pro-life organization) had submitted to the Health Ministry.



The PROVIDA Case: CSOs Respond

- Fundar requested copies of all the documents that Provida submitted to the Health Ministry.
- Fundar's audit revealed startling findings: approximately **90 percent** of the US\$3 million allocated to Provida were blatantly misused.



The PROVIDA Case: Some of FUNDAR's Findings

- Payments to fictitious organizations (one with the same address as Provida).
- Expenditures seemingly unrelated to a health program (such as expensive Mont Blanc pens and lingerie).
- Excessive expenditures on certain items (such as a publicity campaign).



How did Fundar conduct the audit?

FIVE STEPS

- **STEP 1:** Fundar entered all of the invoices into a computer spreadsheet, using categories to divide the data, such as:
 - Invoice number
 - Date
 - Description of expenditure
 - Expenditure amount
 - Comments



How did Fundar conduct the audit?

FIVE STEPS (continued)

- **STEP 2:** Fundar created a table summarizing all the expenditures categories. They wanted to examine expenditure priorities using those categories and the purpose of the program.
- **STEP 3:** Fundar created a table categorizing expenditures into the four quarters of the year. They wanted to track spending patterns within the year.



How did Fundar conduct the audit?

FIVE STEPS (continued)

- **STEP 4:** Fundar scrutinized the invoices for three “value-for-money” factors and recorded any anomalies:
 - **Economy:** Could the expenditure have been undertaken at less expense?
 - **Efficiency:** Were maximum outputs achieved from minimum inputs?
 - **Effectiveness:** Did the expenditure deliver its intended results?



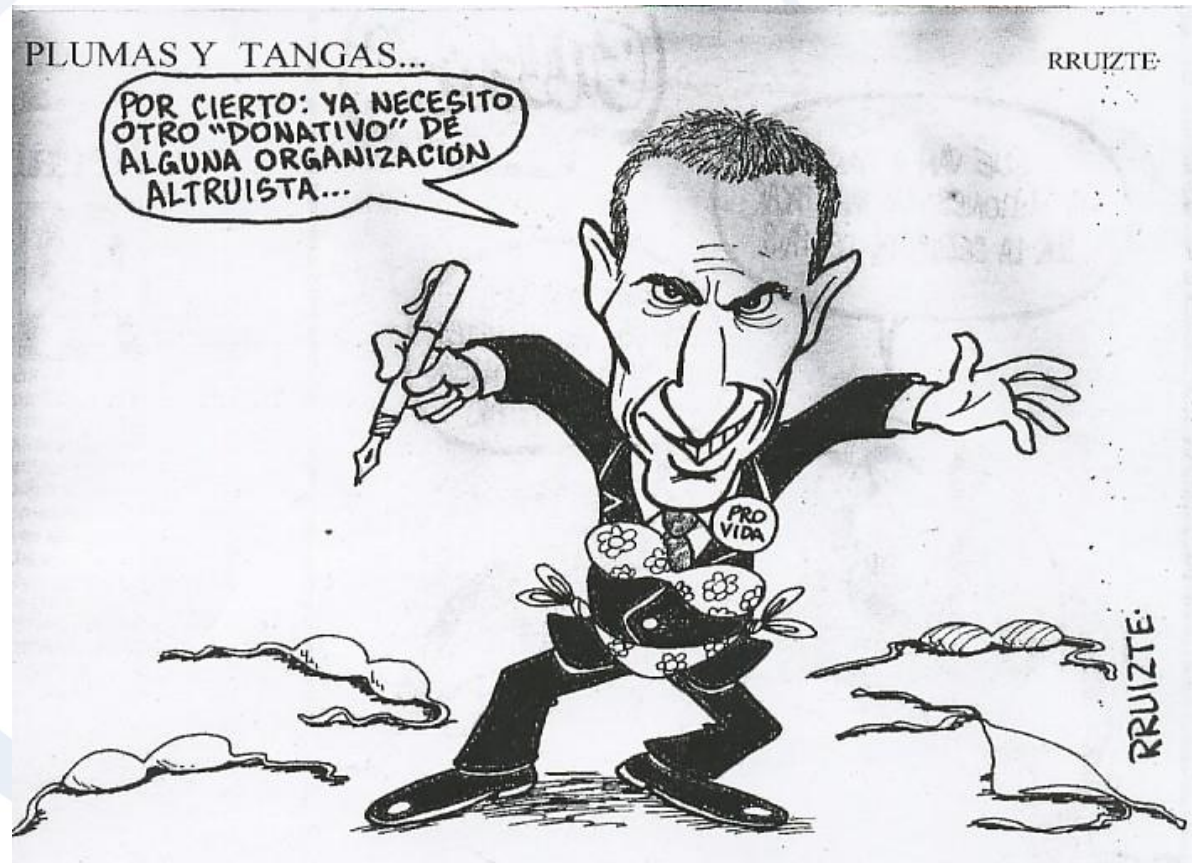
How did Fundar conduct the audit?

FIVE STEPS (continued)

- **STEP 5:** Finally, Fundar wrote a brief report about the findings that was distributed to the media and other organizations.



A Cartoon about the Provida Case



PENS AND THONGS...

“By the way: I already need another ‘donation’ from a philanthropic organization...:



INTERNATIONAL BUDGET PARTNERSHIP
Open Budgets. Transform Lives.