MODULE 6:
Using Primary Information to Monitor Budget Implementation

PROSLIMY & PROVIDA
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:

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

1. **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.
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...: