



PROJECT ROUND-UP



STRENGTHENING LOCAL FINANCIAL ADMINISTRATION

The provincial Administrative and Financial Affairs Departments (AFAD) are comparatively new institutions which, despite having significant and important responsibilities in local financial management, have suffered from inadequate internal systems, ineffective reporting and working procedures, and weak coordination and cooperation with devolved sectoral departments.

LOGDEVI has supported the Administrative and Financial Affairs Departments (AFADs) in Muthanna and Diwaniyah governorates to contribute to their effective functioning and improved status with federal government by:

- Improving internal structures, systems, and processes: In cooperation with the National Centre for Administrative Development and Information Technology at the Ministry of Planning an inclusive development process was organized to define and formally adopt internal systems of AFAD.
- Developing the capacity of AFAD staff and sectoral departments – through training and on-the-job coaching – in a number of areas to support and ensure good quality financial reporting in Muthanna and Diwaniyah governorates.
- Improving the office environments of AFAD to be more conducive for qualitative and effective performance.
- Developing a system of digitalized financial reporting of sectoral departments and AFAD in Muthanna and Diwaniyah: A cooperation agreement was formed between Governorates, IRFAD, SALAR International, and the implementing company and work included the automation of the preparation and submission of the financial statements of all local departments reporting to AFAD. Steps included:
 - Designing and evaluation software responding to the requirements of the Ministry of Finance and the Federal Board of Supreme Audit.
 - Installation and operation of the electronic financial system in central sectoral departments (14 in Diwaniyah and 14 in Muthanna) and affiliated district entities. Training of sector teams of accountants and AFAD staff.

- Preparing and installing devices, equipment and towers in governorate centres to enable electronic transmission of financial reports to AFAD and the Governor's Office. This also include installing a main server as a hub for the network.

The project also worked actively to involve the relevant federal authorities i.e. the Ministry of Finance (MoF), the Federal Board of Supreme Audit, the Ministry of Planning (MoP), the State Advisory Council, and HCCP in consultations and formal approvals. The results have been shared with all other governorates outside the Kurdistan Region, who provided inputs to the internal systems designed and engaged in dialogue sessions on local financial reporting in a series of national workshops, and ratified the AFAD internal systems officially.

The potential outcomes of introducing the digital financial reporting system are considerable, as the manual, paper-based reporting used before was ineffective and non-transparent. Financial reporting is now much faster, and there are fewer intended and unintended mistakes Also, the governor's administration now has a better overview of financial management in governorates. As one official put it: "There is a mind-set change in the local authority, from accounting to financial management."

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