MPs report on Department for International Development Financial Management

Description

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The Commons Public Accounts Committee publishes its 52nd report of Session 2010-12, on the basis of evidence from the Department for International Development (DfID).

- Report: DfID Financial Management

â??The Rt Hon Margaret Hodge MP, Chair of the Committee of Public Accounts, said:

> â??The amount DfID spends on aid will rise by 35% by 2013, but at the same time the Department has to cut its overall running costs by a third.
> **Achieving this level of savings at a time of rapid expansion in frontline services involve a substantial challenge if taxpayersâ?? money is to be properly protected and value for money secured.** [emphasis added]
>
> The Department is going to be spending more in fragile and conflict-affected countries and the danger to the taxpayer is that there could be an increase in fraud and corruption. However, the Department could not even give us information as to the expected levels of fraud and corruption and the action they were taking to mitigate it.
>
> Unfortunately, the Department has not always kept its eye on the financial ball, and in 2010 stopped monitoring its finance plan. That must not happen again and DFID should report publicly on its financial management.
>
> The Departmentâ??s ability to make informed spending decisions is undermined by its poor understanding of levels of fraud and corruption. Its current approach is too reactive and it needs to develop a sound framework for making sure funds are spent properly on the ground. This will be even more important as the Department channels more of its funding into fragile and conflict-affected states.
>
> The Departmentâ??s current plan is to spend more via multilateral organizations and less through bilateral programmes. This poses a risk to value for money because the Department will have less oversight than it does over country-to-country programmes. Indeed, **we are concerned that the strategy has more to do with the fact that it is easier to spend through multilaterals than go through the process of assessing value for money of bilateral programmes.** [emphasis added]
>
> To maximise the amount of aid that gets through to the frontline, DfID should have clear plans for how it is going to reduce or control running costs â?? **particularly when channelling funding through partner and multilateral organizations with a management overhead at every stage**.â?•[emphasis added]

Margaret Hodge was speaking as the committee published its 52nd Report of this Session which, on the basis of evidence from the Department for International Development, examined its financial management capability, its increasing focus on value for money, and the challenges it faces in managing its increasing programme budget while reducing its overall running costs.â?•

RD Comment: See *Rick on the Road* blog posting Thursday, July 24, 2008: An aid bubble? â?? Interpreting aid trends which raises the same issues as highlighted in bold above.

See also HoC International Development Committee, Committee Room 15 **Working effectively in fragile and conflict-affected states: DRC, Rwanda and Burundi**

Tags

1. corruption
2. DFID
3. finance
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