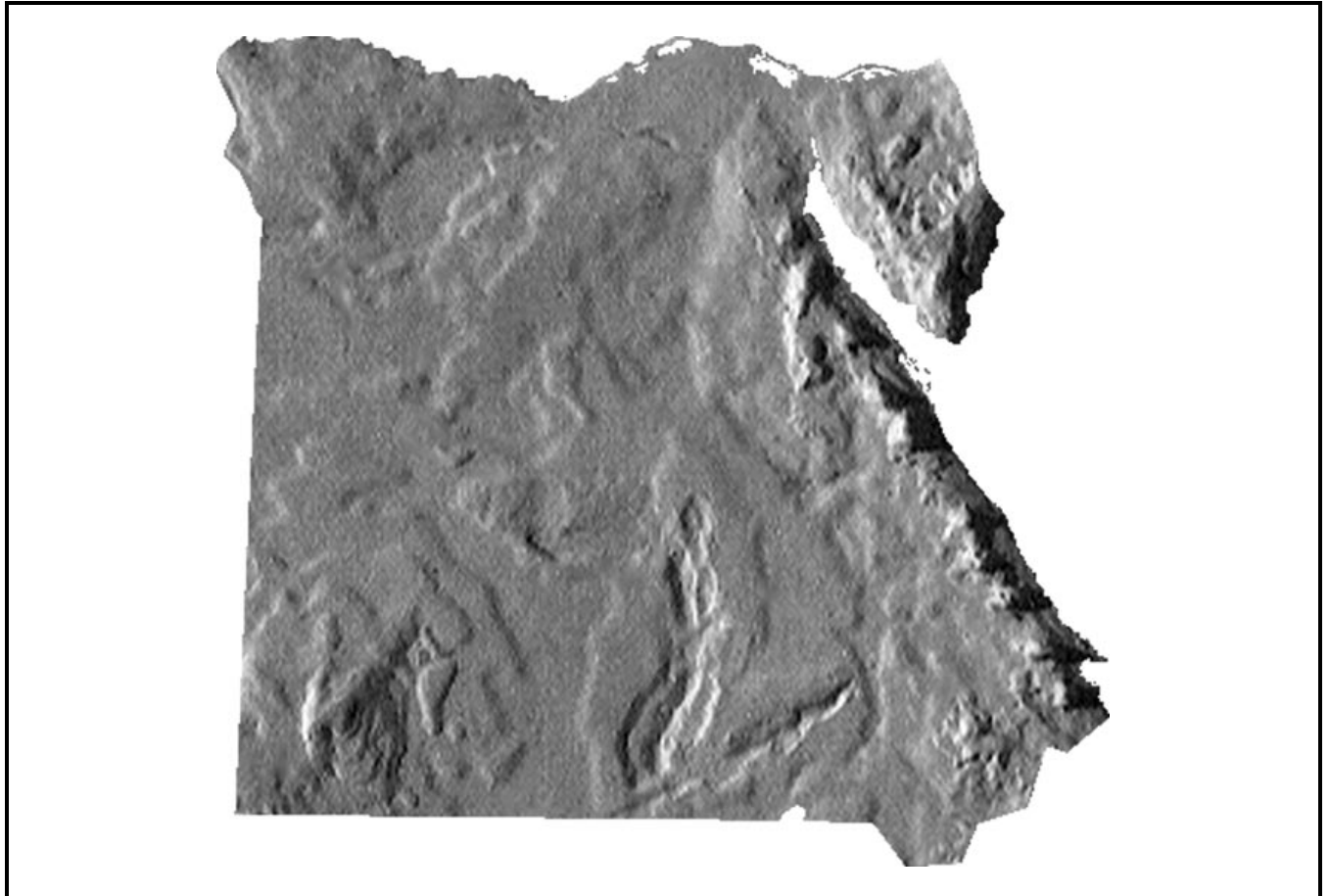


## Classification of Health Expenditures by Function



RTI 5875-001-003

Prepared for  
Data for Decision Making Project  
United States Agency for International Development  
DPI-5991-A-00-1052-00

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18 October 1995

## Table of Contents

1 Introduction .....	1
2 Official Budget Categories .....	1
Dividing Bab II into Drugs and Other Materials and Supplies .....	2
3 Function Categories .....	3
Medical versus Non-Medical Activities .....	3
Definition of Function Categories .....	4
4 Types of Units .....	5
Single-function Units .....	5
Multifunction Units .....	9
5 Classification of Bab I - Salaries .....	9
Medical versus Non-Medical Personnel .....	10
Classification of Salaries in Multifunction Units .....	11
6 Classification of Bab II - Drugs .....	12
7 Classification of Bab II - Other Materials and Supplies .....	13
Building Utility and Maintenance Expenditures .....	13
Office Supplies .....	14
Food for Patients .....	14
Fuel and Maintenance for Vehicles .....	14
8 Classification of Bab III .....	15
9 Classification of Bab IV .....	16
10 Summary of the Classification System .....	17
Annex A: Classification and Description of Health Service Units .....	19

## List of Tables

Table 1.	Descriptions of the official budget categories. . . . .	1
Table 2.	The separation of the Bab II budget category. . . . .	2
Table 4.	The definition of Medical versus Non-Medical Activities. . . . .	3
Table 3.	The definitions of the function categories. . . . .	4
Table 5.	The definition of Medical versus Non-Medical personnel. . . . .	10
Table 6.	Materials included in the category Bab II - Drugs. . . . .	12
Table 7.	The classification of Bab II - Drugs by function. . . . .	13
Table 8.	Average expenditures for Rural Health Units in Beni Suef for Fiscal Year 1992/1993 classified by function. . . . .	15
Table 9.	Average expenditures for Urban Health Centers in Beni Suef for Fiscal Year 1992/1993 classified by function. . . . .	16
Table 10.	Classification of Bab III investment projects by function for Beni Suef in Fiscal Year 1992/1993. . . . .	16
Table 11.	A summary of the classification of activities and single-function units by function. . . . . .	17
Table 12.	A summary of the expenditure classification system. . . . .	18

# 1 Introduction

Construction of a health Budget Tracking System (BTS) is one of several tasks under the USAID-funded Data for Decision Making Project. The primary goal of this task is to monitor the expenditure of funds in the governmental health sector according to several categorization systems. There are many useful ways to classify expenditures. They can be classified by official budget categories, by type of health care unit, by location (urban-rural, district, governorate, etc.), and by medical function.

Classification of expenditures by official budget categories is fairly simple, since they are recorded officially using these categories. This document describes the official budget categories and the separation of one particular category into two more useful subcategories.

One of the most useful ways to classify expenditures is by function. This document defines the function categories used in the BTS and describes the guidelines used to assign expenditures to these categories. These definitions and guidelines have been developed based on lessons learned during data collection in the three selected pilot governorates: Beni Suef, Suez, and Alexandria.

## 2 Official Budget Categories

All government budgets and accounts in Egypt are divided into four categories as shown in Table 1 below.

**Table 1.** *Descriptions of the official budget categories.*

Budget Category	Description
Bab I	Personnel salaries and benefits
Bab II	Drugs, medical supplies, other materials and non-medical supplies, utilities
Bab III	Capital investments
Bab IV	Grants, loan payments, fund transfers

Budgets and expenditures are readily available classified according to the categories shown above.

## 2.1 Dividing Bab II into Drugs and Other Materials and Supplies

Bab II is a very broad category, and does not separate drugs, and medical supplies from materials, supplies, and utilities that may not have any direct medical function. To make this separation clear, we have divided Bab II into two sections as shown in Table 2 below.

**Table 2.** *The separation of the Bab II budget category.*

<b>Budget Category</b>	<b>Description</b>
Bab II - Drugs	Drugs and medical supplies
Bab II - Other Materials	Utilities, other materials, and non-medical supplies

The word “Drugs” is used here to include the following:

- pharmaceuticals (pills, injections, syrups, antidotes, etc.),
- syringes,
- vaccines,
- family planning materials (pills, loops, condoms, etc.),
- chemicals for diagnostic laboratories,
- materials for blood banks (blood plasma, blood bags, etc.), and
- chemicals for vector control (malaria, bilharzias, etc.).

The term “*Other Materials*” is used here to include the following:

- utilities (electricity, water, benzene or gas),
- office supplies (paper, pencils, etc.),
- food for patients, and
- routine maintenance materials (paint, wood, etc.).

“Other Materials” includes any consumable supplies other than those included in the “Drugs” category.

Expenditures are not normally separated into these two subcategories in any official records. Expenditure data for Bab II must be separated into these two subcategories as part of the Budget Tracking System.

### 3 Function Categories

Defining function categories is the first and most important step in constructing a Budget Tracking System. Function categories are derived by grouping activities together that have similar goals. Since the same function categories will be used each year in all governorates, they must be simple and not misinterpreted easily. It must be possible to develop a reasonably simple, clear, and accurate system for classifying expenditures into these categories. The classification system must be capable of producing consistently accurate results that are useful for planning and monitoring over time. The function classification system must be well documented and completely integrated into routine operations. This will help to institutionalize the system and make it sustainable.

The DDM Project team conducted a series of discussions with the Ministry of Health to identify activities performed by various units in the governorate health care system. These activities were then grouped into function categories useful to Ministry planning and monitoring efforts. The activities in each function category have a similar goal or objective. In the following sections, activities are classified first as “Medical” or “Non-Medical,” then are grouped into clearly defined function categories.

#### 3.1 Medical versus Non-Medical Activities

Activities performed by various units in each governorate medical directorate can be classified into two broad categories: “*Medical*” and “*Non-Medical*.” Activities are classified as Medical and Non-Medical according to the definitions shown in Table 4 below.

**Table 4.** *The definition of Medical versus Non-Medical Activities.*

Type of Activity	Description
Non-Medical	Activities that do not treat patients and do not directly serve any medical function are considered “Non-Medical” activities.
Medical	Activities that directly serve a medical function are “Medical” activities.

If an activity does not provide any medical services to patients, does not consume drugs or other medical supplies, does not perform any medical or preventive service, but serves only to manage, administer, or supervise medical services, then it is “*Non-Medical*.” These activities normally involve providing management and support services to medical service units.

If an activity provides medical services to patients, consumes drugs or other medical supplies, or performs some medical or preventive service, then it is “*Medical*.” Medical activities involve the prevention, diagnosis, treatment, or follow-up of injury, sickness, or disease, or the prenatal, natal, or postnatal monitoring and care of women, or the promotion of family planning.

### 3.2 Definition of Function Categories

All activities, medical and non-medical, performed by various units within the health care system have been grouped by similar goals or objectives into the following five function categories:

- Curative Health Care
- Preventive Health Care
- Primary Health Care
- Family Planning
- Administrative

The first four categories: *Curative*, *Preventive*, *Primary* or *MCH*, and *Family Planning*, contain only *Medical* activities. The fifth category, *Administrative*, contains only *Non-Medical* activities. The function definitions shown in Table 3 are used consistently by the Budget Tracking System.

**Table 3.** *The definitions of the function categories.*

Function	Description
Curative	Funds expended in an effort to diagnose, treat, and follow-up with patients afflicted with some injury, sickness, or disease are classified as "Curative." Curative care deals with people who are not well
Preventive	Funds expended in an effort to prevent injury, sickness, or disease are classified as "Preventive." Preventive care means trying to prevent people from having a condition which they do not already have.
Primary or MCH	Funds spent in monitoring pregnant women before and shortly after childbirth (prenatal, delivery, postnatal) and funds spend in the treatment of children less than five years of age are classified as "Primary or Maternal and Child Health (MCH)."
Family Planning	Funds spent in an effort to encourage planned births are classified as "Family Planning." Family planning includes education efforts, distribution of contraceptives, monitoring of users, and other related activities.
Administrative	Funds spent on staff or materials that have no direct contact with patients and are not directly involved in health care in any of the other four categories are classified as "Administrative." Administrative expenditures have no direct influence on the health of patients. They are not directly involved in treating patients or directly aimed at preventing sickness, injury, or disease. Administrative expenditures are intended to manage and support activities in the other four functional categories.

We have tried to apply the definitions given above as consistently as possible in classifying all expenditures collected in the three pilot governorates. The following sections describe the terms, organization, and methods that we have used to classify these expenditures.

## 4 Types of Units

The term "*Unit*" is used in this document to refer to any subdivision of a governorate's Health Directorate that provides some service. This includes hospitals, clinics, laboratories, ambulance services, blood banks, vector or disease control, food inspection services, and any other office or service in the governorate's health organization. A specific installation or type of installation, such as a hospital or a Rural Health Unit, is referred to in this paper as a "*Health Service Unit*" or simply a "*Unit*."

Each governorate health directorate has its own way of assigning the various health service units to administrative departments. There are considerable differences between the organizational structures of the health directorates among the governorates. There is normally a "Curative Department" and a "Preventive Department." There is also normally a "Rural Department" or a "Basic Care Department." The official name of a department does not necessarily indicate the function of all health services in that department. For example, a Fever Hospital has a curative function, but may be found in the "Preventive Department." A "Food Inspection" office in the "Preventive Department" may only administer and support the work of inspection officers working in other health service units. It is important to classify a unit according to the activities it performs, not the name of the administrative department to which it belongs.

Units are classified as either *Single-function* or *Multifunction* according to their activities. Following sections describe the differences between these two broad types of units, define the five kinds of single-function units, describe the special category of hospitals, and give examples of each type of unit.

### 4.1 Single-function Units

Many units only engage in activities that fall within a single function category. These units are considered to be "*Single-function*" units. There are five kinds of single-function units: *Administrative* units, *Curative* units, *Preventive* units, *Primary or MCH* units, and *Family Planning* units. These are described in the following sections.

Note that any unit, even if it is considered a "Single-function" unit, includes some administrative expenditures. All expenditures for Administrative units are classified as "Administrative." Hospitals are treated as a special kind of Curative unit, since they have relatively large Administrative expenditures. Administrative expenditures are not separated for other types of Single-function units, since they are a very small proportion total expenditures. A computerized personnel/payroll system would make it possible to separate administrative salary expenditures for any unit with very little effort.

#### 4.1.1 Administrative Units

Some units do not engage in any Medical activities. These units serve to manage and support other units that may be involved in Medical activities directly. If all of the activities of a unit are



considered to be Non-Medical, then all of its expenditures are classified as “Administrative” in function. Units whose activities can be classified as entirely Non-Medical include:

- Governorate and district administrative offices
- Medical Supplies Office
- Personnel Affairs Department
- Accounting Department
- Human Resources Development
- Statistical Unit
- Public Relations Department
- Planning Department
- Financial Control
- Legal Affairs Department
- Training Department
- Social Affairs Department
- Medical or Health Council
- Nursing Affairs Department
- Private Treatment Department

In addition to the units shown above, it is common to find the administrative offices of the various medical departments such as the “Curative Department,” the “Preventive Department,” and the “Basic Health Care Department.” These offices provide general administrative services for the various medical health services under their control. These activities are considered to be Non-Medical. Therefore expenditures for these offices are classified as “Administrative.”

It is also common to find an “Environmental Sanitation Office,” a “Food Inspection Office,” and similar offices in the governorate Health Directorate administration. These offices may serve only to manage the activities of persons who perform the indicated medical functions in other health service units. In this case they perform Non-Medical activities and their expenditures should be classified as “Administrative.” However, it is also possible that they perform some medical activity directly. In this case, their expenditures should be classified according to medical function. As in all other classification decisions, the actual work done by these offices determines how their expenditures are classified, not the function that is implied by their official titles. It is necessary to determine what an office or unit actually does before it can be classified correctly.

The units described above are normally found in the administrative building of each governorate Health Directorate. Often there are similar subordinate units in the administration of each district within a governorate. Care must be taken to identify and correctly classify all of these units at the governorate level and the district level.

#### **4.1.2 Curative Units**

If all activities of a health service unit involve treating sick, diseased, or injured patients, then its function is *Curative*. Examples of units whose expenditures can be classified normally as entirely curative include:

- Ambulance and Emergency Services
- Blood banks
- General Out-Clinic
- Leprosy Center
- Dispensaries

#### 4.1.3 Hospitals

Hospitals are considered to be a special type of Curative Unit. Hospitals normally have a large, specialized staff. They expend funds in only two function areas: *Curative* care and *Administration*. Most drugs and other materials and supplies used by hospitals are considered curative expenditures. Hospital personnel are classified as medical or non-medical. Salaries of all medical personnel (doctors, nurses, laboratory technicians, etc.) are classified as “*Curative*” in function. Salaries of non-medical personnel (administrators, clerks, drivers, etc.) are classified as “*Administrative*” in function.

The following health services are defined as hospitals:

- General Hospitals
- Central Hospitals
- Specialized Hospitals
  - Fever Hospitals
  - Ophthalmic Hospitals
  - Psychiatric Hospitals
  - Chest Hospitals
  - Pediatric Hospitals
  - Endemic Hospitals
  - Obstetric and Gynecological Hospitals
  - Cancer Hospitals

Hospitals are categorized as *General*, *Central*, or *Specialized*. Each governorate normally has one General Hospital located in the capital of the governorate. A Central Hospital is similar to a General Hospital, but has fewer specialties and fewer beds. Central Hospitals are located in urbanized areas of districts. The number of Central Hospitals varies among the governorates. Any hospital that is not a General Hospital or a Central Hospital is referred to as a Specialized Hospital. The number and types of Specialized Hospitals vary among the governorates.

Note that General and Central hospitals normally contain family planning centers. These centers occupy a special room and have personnel who work only in the family planning center. The Budget Tracking System treats these centers as “*Separate Family Planning Units*,” as described in Section 4.1.6. Expenditures for these family planning centers are classified as “Family Planning.”

#### 4.1.4 Preventive Units

If all activities of a health service unit involve preventing sickness, disease, or injury, then its function is *Preventive*. Examples of services whose expenditures can be classified normally as entirely preventive include:

- Health Office
- Quarantine
- Vector or Disease Control
- Food Inspection Office

#### 4.1.5 Primary or Maternal and Child Health Care Units

Primary and Maternal and Child Health (MCH) care consists of the following activities:

- supervising and providing medication to pregnant women
- supervising and providing care to women up to two months after childbirth
- providing care for lactating women
- providing instructions to women regarding nutrition during pregnancy and after birth
- providing care to young children up to the age of five

If all activities of a health service unit are included in the list above then its function is *Primary or Maternal and Child Health Care (MCH)*.

Primary or MCH care activities can be found in many units in the governorates. No medical service provides only Primary or MCH health care. Maternal and Child Health Units are almost entirely dedicated to Primary or MCH health care, but they also administer vaccines. Salaries (Bab I) and expenses for other materials and supplies (part of Bab II) in MCH units are normally classified as "*Primary or MCH*." MCH unit expenditures on vaccines should be classified as "*Preventive*." MCH unit expenditures for other drugs should be classified as "*Primary or MCH*."

#### 4.1.6 Family Planning Units

If all activities of a unit are concerned with providing education in family planning or birth control services, then its function is *Family Planning*.

Family planning services are distributed throughout each governorate's health service units, including Rural Health Units, Health Groups, and Urban Health Centers. These family planning expenditures are separated as described in Section 4.2. Only expenditures for *Separate Family Planning Centers* can be classified as entirely "*Family Planning*." Separate Family Planning Centers are found in General Hospitals, Central Hospitals, and MCH Units.

Salaries for staff in these separate centers may be paid through another source, such as the hospital, the MCH unit, or directly through the governorate's health directorate. Portions of Bab II (drugs, materials and other Supplies) and Bab III (investment projects) are often paid through foreign assistance projects. Thus, it is necessary to collect this information through various health services in the governorates and through the foreign assistance projects.

## 4.2 Multifunction Units

Any health service unit that expends significant resources performing activities in each of the four medical function categories (Curative, Preventive, Primary or MCH, and Family Planning) is a "Multifunction Unit." Multifunction units are small and have few staff members. Medical personnel in these units normally divide their time among the four medical function categories each week. As described in Section 5.2, salary expenditures in these units must be classified according to the time spent in each activity area by medical personnel. This is the major difference between Multifunction units and Single-function units.

There are four kinds of multifunction units in the governorates. They are as follows:

- Rural Health Unit (RHU)
- Health Group (HG)
- District or Rural Hospital (RH)
- Urban Health Center (UHC)

Except for Urban Health Centers, these are normally found in rural areas. Urban Health Centers are normally found in urban areas.

## 5 Classification of Bab I - Salaries

Salaries are available in three forms: base salaries, and gross salaries after adjustment, and net salary after deducting taxes, social insurance, and other items. Gross or adjusted salaries are the net result of applying the appropriate allowances, bonuses, and incentives to each employee's base salary. Gross salaries should always be used for budget tracking, since they represent actual expenditures.

Only the salaries of personnel who are actually working in a given health service unit should be classified as part of the expenditures of that health unit. Persons who are listed on a unit's personnel roll, but who have been seconded to another unit, should not be counted. They should be classified as part of the expenditures of the unit in which they are currently working.

Salaries for single function health services are classified according the function of the health service. In this case, total annual salaries for the health service are assigned to the appropriate functional category. For hospitals, salaries for medical and non-medical staff are separated and classified as "Curative" or "Administrative." For multifunction health service units, salaries are allocated to functional categories based on how personnel spend their time. The following sections describe the latter two cases in more detail.

## 5.1 Medical versus Non-Medical Personnel

In the Pilot Study, administrative salaries were not separated in health service units that were considered to serve a single function. Hospitals are classified as “Curative” and are therefore considered single function units. However, the size of hospital budgets and the large administrative overhead required to run them makes it worth the extra effort necessary to separate their administrative costs for analysis. Personnel in hospitals and in multifunction units were classified as Medical or Non-Medical. Table 5 lists the definitions of these two categories.

**Table 5.** *The definition of Medical versus Non-Medical personnel.*

Type of Personnel	Description
Medical	Doctors Dentists Pharmacists Laboratory Chemists Nurses Laboratory and X-Ray Technicians Dental Technicians Health Supervisors and Observers Ambulance Technical Staff (paramedics, first-aid workers) Operating Room Assistants
Non-Medical	Administrators Clerks Maintenance Technicians Guards Drivers Laundry Workers Barbers Electricians Cooks Maintenance workers Ordinary (unskilled) Workers Others

Persons classified as “Medical” have some specialized medical skill and are serving a medical function. Persons classified as Medical are involved in the prevention, diagnosis, treatment, or follow-up of injury sickness, or disease. Most persons classified as Medical have direct contact with patients or are involved in patient cases.

Persons classified as “Non-Medical” are not directly involved in the prevention, diagnosis, treatment, or follow-up of injury, sickness, or disease. Persons classified as Non-Medical usually do not have medical training. If they do have medical training, they are not actively performing any

medical function. Non-Medical persons often have no direct contact with patients or patient cases, at least not in a medical capacity.

For example, the gross salary for a diagnostic laboratory technician should be classified as "Curative," since he is involved in diagnosis of sickness and disease. The gross salary of a maintenance technician who may repair equipment in the same laboratory should be classified as "Administrative," since he has no medical skills and is not directly performing any medical function.

The total annual salaries for all hospital Medical staff are classified as "Curative." The total annual salaries for all hospital Non-medical staff are classified as "Administrative."

In the future, it should be possible to use this system to classify salaries for all single-function units so that administrative salaries are separated for these units also. A properly-designed computerized personnel/payroll system would make this an easy task.

## 5.2 Classification of Salaries in Multifunction Units

Small health service units normally have a few personnel who serve many functions. Many of these smaller units administer vaccinations and may provide primary care and family planning services. Medical staff in these units may work in every functional area during the course of a week. These units are referred to as "*Combined*" or "*Multifunction*" health service units.

To classify expenditures in multifunction units, it is necessary to determine how personnel spend their time and to classify drugs and other materials based on their intended use. This requires interviewing all staff and making a detailed examination of the consumption of and prices paid for drugs and other materials. The method used to classify expenditures for drugs is described in Section 6. The method used to classify expenditures for other materials and supplies is described in Section 7. A routine drug and materials inventory control system should provide the necessary information to classify most expenditures in these areas automatically. The problem is then reduced to accurately classifying salary expenditures in combined units according to how personnel spend their time.

Staff must be interviewed to determine the average number of hours they spend each week performing vaccinations, working in the family planning clinic, performing prenatal checkups, and other activities. These activities are classified by function and the resulting time proportions are multiplied by the person's gross annual salary to divide it among the five functional categories. The resulting salary expenditure distributions for all staff in the unit are then summed by function category. The results reflect the composition of the staff and how personnel spend their time. To monitor changes over time, it is necessary to repeat this process periodically. Once per year would be often enough to detect significant changes. Since there are many combined units all over Egypt and they provide significant services, this effort is worthwhile.

Even a computerized personnel/payroll system will not be able to classify the time of personnel in multifunction health services without resorting to a timesheet reporting system. Because of the number of multifunction units, it is not practical to have specialized personnel survey every

multifunction unit in each governorate annually. One solution is to select a sample of multifunction units of each type in each governorate. The distribution of expenditures derived from this sample can be used to classify the expenditures of all multifunction health services of each type that are not sampled. A second solution is to train staff in each governorate health directorate to survey all combined units by using standardized forms. The data collected could be entered in the DOP for quality control. The results would be returned to the governorates for their use.

## 6 Classification of Bab II - Drugs

As mentioned in Section 2, Bab II has been divided into two sections: "Bab II - Drugs," and "Bab II - Other Materials and Supplies" for the purposes of the Budget Tracking System. In the BTS, the word "Drugs" includes more than just pills and injections. The budget category "*Bab II - Drugs*" includes *pharmaceuticals, medical supplies, vaccines, family planning materials, chemicals, and blood bank supplies*. Examples of the kind of materials included in this budget category are listed in Table 6.

**Table 6.** *Materials included in the category Bab II - Drugs.*

Type of Material	Description
Pharmaceuticals	Pills, injections, syrups, etc.
Medical Supplies	Surgical supplies, syringes, etc.
Vaccines	Preventive vaccines and curative antidotes
Family Planning Materials	Contraceptive pills, loops (IUDs), condoms, etc.
Chemicals	Chemical supplies for diagnostic laboratories Chemical supplies for vector control units (malaria, bilharzias, etc.)
Blood Bank Supplies	Blood bags, blood plasma, etc.

Bab II - Drug expenditures are separated and classified into the four function categories in each health service unit. A complete listing of the total quantity of these materials consumed during the year is obtained from at least one of several sources: the unit itself, the district pharmaceutical store, or the central pharmaceutical store of the governorate. One or more of these sources should have a record of the price paid for each kind of drug. Prices can also be obtained from the Ministry of Health, which negotiates prices with suppliers for some drugs and medical materials. If there is no other source of information, the common market price can be used. The quantity consumed is multiplied by the price paid to determine the total expenditures for each kind of drug consumed during the year. The resulting expenditures are then classified according to the

function of the drug. Drug expenditures are classified according to the guidelines shown in Table 7.

**Table 7.** *The classification of Bab II - Drugs by function.*

<b>Function</b>	<b>Type of Drug or Material</b>
Curative	Pharmaceuticals, syrups, injections, syringes, surgical supplies, chemicals for diagnostic laboratories, blood bank supplies
Preventive	Vaccines, chemicals for vector control (Malaria, Bilharzias, etc.)
Primary or MCH	Pharmaceuticals, injections, syrups, syringes, and other medical supplies used in MCH activities
Family Planning	Contraceptive pills, loops (IUDs), condoms, and other materials used in family planning
Administrative	Not Applicable

## 7 Classification of Bab II - Other Materials and Supplies

As described in Section 2.1, “*Bab II - Other Materials and Supplies*” includes utilities (electricity, water, benzene or gas), office supplies (paper, pencils, etc.), food for patients, and routine maintenance materials (paint, wood, etc.) and other consumable supplies not included in “*Bab II - Drugs*.” Expenditures for these materials should be separated into the budget subcategory called “*Bab II - Other Materials and Supplies*.” This subcategory includes four distinct types of expenditures: utility and maintenance expenditures that form part of building operating costs, consumable supplies for management and administration, food for patients, and benzene (gas or petroleum fuel) for vehicles.

If a health service performs only one function, expenditures for Bab II - Other Materials and Supplies can be classified under that function. If a health service performs more than one function, there are several possible ways to classify these expenditures.

### 7.1 Building Utility and Maintenance Expenditures

Utility expenditures (electricity, water, benzene) and maintenance for buildings can be separated by function by estimating the proportion used by each different functional area of the facility (family planning clinic, MCH clinic, outpatient clinic, etc.). This could be done based on the number of staff serving each function or by the number of beds or patient visits that can be attributed to each function. Both of these methods present problems, particularly in small multifunction units. Personnel in these units normally spend some time in each functional area during each week. There are few if any inpatient beds, and the number of patient visits is not directly related to utility expenditures. Perhaps the simplest rational way of classifying these expenditures is according



to the floor space occupied by each functional area in the facility. This can be done simply by estimating the proportion of the total floor space used by each function and applying these proportions to total utility and maintenance expenditures for the building.

For example, a rural health unit has three rooms. One of these is used as an outpatient clinic, another as a family planning clinic, and another as a MCH clinic. The room for family planning clinic is about the same size as the room for the MCH clinic. The room for the outpatient clinic is about twice the size of the MCH clinic. Therefore, 50 percent of utility and maintenance expenditures should be classified as "Curative," 25 percent as "Primary or MCH," and 25 percent as "Family Planning." Although some vaccinations may be administered in the MCH clinic, this is difficult to separate and represents a very small fraction of utility and maintenance expenditures.

Administrative personnel in health service units normally consume a very small proportion of total building utility and maintenance expenditures in comparison to medical functions. This is particularly true of water. In units where space used for administration is negligible, it is not necessary to try to separate the proportion of building utility and maintenance expenditures consumed by administration.

## **7.2 Office Supplies**

Office supplies include paper, pencils, folders, staples, supplies for photocopiers, and any other consumable supplies. Office supplies are used in management and administration and should always be classified as "Administrative."

## **7.3 Food for Patients**

Expenditures for food for patients should normally be classified as "Curative," since these are typically found only in curative facilities with inpatient services. Expenditures for food in hospitals are normally a significant proportion of operating costs and should not be overlooked.

## **7.4 Fuel and Maintenance for Vehicles**

Benzene (fuel) and maintenance expenditures are available for each vehicle. Normally vehicles are assigned a single function. For example, if a vehicle is used as a mobile MCH clinic, then fuel and maintenance expenditures for the vehicle should be classified as "Primary or MCH." Fuel and maintenance expenditures for vehicles used for vaccination campaigns should be classified as "Preventive." Of course, expenditures for fuel and maintenance for ambulance vehicles should be classified as "Curative," since this is a curative service only. In cases where a vehicle is used for more than one purpose, fuel and maintenance should be classified according to the best possible estimate of the amount of use (measured in kilometers) for each function.

## 8 Classification of Bab III

Bab III expenditures are capital investments for building new facilities, making major improvements to existing facilities, and purchasing major pieces of equipment or vehicles. It is important to classify actual reported Bab III expenditures, not Bab III allocations or supplemental allocations. Bab III expenditures are classified only at the governorate level. The BTS does not currently allocate Bab III expenditures to the various districts and health service units within each governorate. It is useful to analyze the allocation of Bab III investments among units and districts. However, adding these capital investments to operating costs (Bab I and Bab II) at district and unit levels presents a distorted picture by combining two very different types of expenditures.

Bab III expenditures are accounted for by project. Each project is aimed at constructing or making major renovations to a particular type of health service unit or purchasing a certain kind of equipment. Bab III expenditures are classified according to the type of facility constructed or renovated, or the function of the equipment purchased. Expenditures for single function health services should be classified according to the function of the health service. Expenditures for multifunction health services should be classified according to the average functional distribution of all other expenditures for that type of unit for that year.

For example, Table 8 shows the average results of classifying all expenditures for Rural Health Units in Beni Suef by function for the 1992/1993 fiscal year. Table 9 shows the results of the same analysis for all Urban Health Centers in Beni Suef for the same fiscal year. Table 10 shows how Bab III expenditures for each project were classified according to the function of the facility or equipment that was the subject of the expenditure. The function percentages shown in Table 8 were used to classify expenditures for a project to construct or renovate Rural Health Units. The function percentages shown in Table 9 were used to classify expenditures for a project to construct or renovate Urban Health Centers. The expenditures for the remaining projects could be assigned to a single function category, since the targeted health services and equipment serve a single purpose.

**Table 8.** *Average expenditures for Rural Health Units in Beni Suef for Fiscal Year 1992/1993 classified by function.*

Function	Expenditure	
	(LE)	Percentage
Curative	8,172.89	25.26%
Preventive	10,074.85	31.14%
Primary	4,950.36	15.30%
Family Planning	1,535.28	4.75%
Administration	7,618.66	23.55%
<b>Total</b>	<b>32,352.03</b>	<b>100.00%</b>

**Table 9.** Average expenditures for Urban Health Centers in Beni Suef for Fiscal Year 1992/1993 classified by function.

Function	Expenditure (LE)	Proportion
Curative	69,726.17	38.51%
Preventive	43,374.42	23.96%
Primary	27,115.07	14.98%
Family Planning	6,059.01	3.35%
Administration	34,786.47	19.21%
<b>Total</b>	<b>181,061.15</b>	<b>100.00%</b>

**Table 10.** Classification of Bab III investment projects by function for Beni Suef in Fiscal Year 1992/1993.

PROJECT	FUNCTION CATEGORY					Subtotal
	Curative	Preventive	Primary - MCH	Family Planning	Administrative	
Chest Hospital	50,000.00					50,000.00
Psychiatric Hospital	40,000.00					40,000.00
Ophthalmic Hospital	47,300.00					47,300.00
Specialized Out-clinic	200,000.00					200,000.00
Central Hospital (Beba)	150,000.00					150,000.00
Fever Hospital	84,400.00					84,400.00
Dental Care	28,900.00					28,900.00
Item 8 (surgical tools)	92,600.00					92,600.00
Rural Health Units	118,733.08	146,364.16	71,917.22	22,304.00	110,681.54	470,000.00
Urban Health Centers	385,097.38	239,556.77	149,756.43	33,463.87	192,125.54	1,000,000.00
<b>TOTAL</b>	<b>1,197,030.47</b>	<b>385,920.93</b>	<b>221,673.65</b>	<b>55,767.88</b>	<b>302,807.08</b>	<b>2,163,200.00</b>

## 9 Classification of Bab IV

As described in Section 2, Bab IV includes fund transfers or remaining funds from Bab III, funds from foreign grants, and payments for loans. None of these items represent current expenditures and none are obligated to specific projects or facilities. Bab IV funds are part of the official governorate budget, but are not expenditures and cannot be classified according to function. The total official budget figure for Bab IV is important to complete the picture of the official budget categories, but it is not classified by function and it cannot be allocated by district or health service unit.

## 10 Summary of the Classification System

Table 11 summarizes the conceptual framework for the classification system used by the Budget Tracking System. Activities are considered to be Medical or Non-Medical. Activities are grouped according to the objectives or goals into function categories. Single-function units are classified based on which function category contains their activities.

**Table 11.** A summary of the classification of activities and single-function units by function.

	Objective or Goal	Example Activities	Function	Examples of Large Units in Function Category	Examples of Small Units in Function Category
<b>Medical</b>	Curing injury, sickness, and disease	Diagnosis Investigation Treatment Follow-up	Curative	General Hospital Central Hospital Specialized Hospital Ambulance	Out-Clinic Inpatient Diagnostic Laboratory X-ray
	Preventing injury, sickness, and disease	Vaccination Health education Environmental sanitation Food inspection Vector control	Preventive	Health Office Quarantine	Embedded Health Office Health Education Food Inspection Disease Control Vector Control
	Improving the health of pregnant women and children under five	Prenatal care Delivery Postnatal care Sick child care Nutrition education	Primary or MCH	Maternal and Child Health (MCH) Unit	Primary and MCH care in Multifunction Units
	Controlling births	Family planning education Distributing contraceptives Monitoring contraceptive users	Family Planning	Family Planning Center	Family Planning in Multifunction Units
<b>Non-Medical</b>	Management, Direction, Coordination	Planning Personnel Budgeting Accounting Legal Affairs Statistics, etc.	Administration	Governorate and District Headquarters	Administration in health service units

Table 12 summarizes the approach used by the Budget Tracking System to classify expenditures by official budget categories and by function categories. Expenditures for Babs I, II, and III are classified by function. Bab I and Bab II expenditures are classified for each health service unit. Bab II has been divided into two subcategories: Bab II - Drugs and Bab II - Other Materials and Supplies. Bab III is classified only at the governorate level. Bab IV is not classified by function.

For all types of units, expenditures for Bab II - Drugs are classified according to the function and use of the drug or material. Also for all types of units, expenditures for Bab II - Other Materials and Supplies are classified according to the function or use of the material.

As indicated by the table, the method used to classify Bab I (Salaries) expenditures by function depends on the type of health service unit. For single function units, salary expenditures are classified according to the function of the unit. Hospital personnel are separated into Medical and Non-Medical categories. Salaries for Medical personnel are classified as Curative. Salaries for Non-Medical personnel are classified as Administrative. For multifunction units, personnel are identified as Medical or Non-Medical, and salary expenditures for medical personnel are classified based on how they divide their time on average among the five function categories. Information about how medical personnel spend their time is gathered by surveying a sample of multifunction units of each type in each governorate. This survey must be expanded and institutionalized to support the Budget Tracking System.

**Table 12.** *A summary of the expenditure classification system.*

CHAPTER OF BUDGET	TYPE OF UNIT		
	Single Function	Hospital	Combined or Multifunction
<b>Bab I - Salaries</b>	by function of unit	by job of person	by job of person and use of time
<b>Bab II - Drugs</b>	by function and use of drug or material	by function and use of drug or material	by function and use of drug or material
<b>Bab II - Other Materials and Supplies</b>	by function and use of material	by function and use of material	by function and use of material
<b>Bab III - Investments</b>	by purpose of project or function distribution of units receiving the investment		
<b>Bab IV - Grants, loan payments, transfers</b>	not classified by function		

## Annex A: Classification and Description of Health Service Units

The following table is a list of all administrative offices and health service units encountered during the BTS pilot study in Beni Suef, Suez, and Alexandria governorates. The table groups units by type and indicates the normal function of each unit. A brief description of each unit is also included. Note that all of these offices and health service units will not be found in each governorate. Differences in needs and administrative structures mean that health services present in one governorate may not be found or needed in another governorate.

Class of Unit	Type of Unit	Description of Unit	Function of Unit
Service and Support	Governorate and district administration	<p>Governorate and district administrations include a wide variety of offices to manage and support the medical service units of the governorate. These may include some or all of the following offices:</p> <ul style="list-style-type: none"> <li>Medical Supplies Office</li> <li>Personnel Affairs</li> <li>Accounting</li> <li>Human Resources Development</li> <li>Statistical Unit</li> <li>Public Relations</li> <li>Planning</li> <li>Financial Control</li> <li>Legal Affairs</li> <li>Training</li> <li>Social Affairs</li> <li>Medical or Health Council</li> <li>Nursing Affairs</li> <li>Private Treatment</li> </ul> <p>Governorate and district headquarters also normally include administrative offices for each of the major health service departments: Curative Department, Preventive Department, Basic Health Care Department, and so on.</p>	Administrative
Single Function	Ambulance/ Emergency Service	A service that provides first-aid and transportation to a medical facility.	Curative

<b>Class of Unit</b>	<b>Type of Unit</b>	<b>Description of Unit</b>	<b>Function of Unit</b>
	Central Blood Bank	A facility that collects and stores blood for use in hospitals. It is normally linked to a General Hospital.	Curative
	Diagnostic Laboratory	A facility that performs tests on samples from patients to help diagnose sickness and disease.	Curative
	General Out-Clinic	A facility without inpatient services that treats patients and may refer patients to inpatient facilities.	Curative
	Leprosy Center	A facility with inpatient and outpatient clinics for treatment of uncommunicable leprosy.	Curative
	Dispensaries	A facility that provides outpatient services for chest or skin diseases.	Curative
	Isolation Centers	A facility with primarily outpatient services for Fever Hospitals.	Curative
	Health Offices	A facility whose main activity is to administer vaccinations, but which also registers births and deaths.	Preventive
	Disease Control	A facility that investigates doubtful cases and monitors cases of particular diseases (e.g. Bilharzias Control, T.B. Control, Yellow Fever Control).	Preventive
	Vaccination Certification Center	A facility that issues international certificates of vaccination.	Preventive
	Quarantine	A facility that investigates and isolates imported goods and persons entering the country to prevent the entry of diseases and pests.	Preventive
	Food and Water Testing Laboratory	A facility that tests food and water samples from Health Offices and Quarantine units for contamination.	Preventive
	Vector Control	A facility whose purpose is to control or eliminate nonhuman disease carriers (e.g. mosquitos, snails).	Preventive

<b>Class of Unit</b>	<b>Type of Unit</b>	<b>Description of Unit</b>	<b>Function of Unit</b>
	Environmental Sanitation	A facility whose purpose is to improve environmental health by eliminating garbage, unclean water, smoke, and other contaminants.	Preventive
	Food Inspection	A facility whose purpose is to improve food sanitation through testing and certification.	Preventive
	Separate MCH Units	A facility that provides care to pregnant women and to children under five years old.	Primary or MCH (some Preventive)
	Separate Family Planning Centers	A facility that promotes family planning through education and contraception. Separate Family Planning Centers are currently linked to hospitals and MCH units.	Family Planning
	Embedded Family Planning Clinics	One of the clinics in a multifunction unit. Embedded Family Planning Clinics provide the same services as Separate Family Planning Centers.	Family Planning
Hospitals	General Hospital	A large facility with a variety of inpatient and outpatient services including laboratory and X-ray facilities and a blood bank. Each governorate normally has one General Hospital.	Curative
	Central Hospital	Centralized hospitals are similar to General Hospitals, but have fewer specialties and fewer beds. They do not have a blood bank and may not have an X-ray facility. Central Hospitals are normally located in urbanized areas in districts.	Curative
	Specialized Hospital	Specialized hospitals include Fever Hospitals, Ophthalmic Hospitals, Psychiatric Hospitals, Chest Hospitals, Skin Hospitals, Pediatric Hospitals, Endemic Hospitals, Obstetric and Gynecological Hospitals, and Cancer Hospitals.	Curative



<b>Class of Unit</b>	<b>Type of Unit</b>	<b>Description of Unit</b>	<b>Function of Unit</b>
Combined or Multifunction	Rural Hospital	A small hospital in a rural area with outpatient and inpatient facilities, a laboratory and X-ray facility. It does not have a blood bank. A Rural Hospital normally has between 10 and 24 beds. Rural Hospitals normally include a MCH clinic, a Family Planning Clinic, and a small Health Office.	Multifunction
	Health Group	A Health Group is similar to a Rural Hospital, but has only 6 to 12 beds and no X-ray facility. Health Groups are sometimes called "Rural Health Centers."	Multifunction
	Rural Health Unit	A facility that provides a general out-clinic and contains a laboratory, a MCH clinic, a Family Planning clinic, and a small Health Office.	Multifunction
	Urban Health Center	A facility similar to a Rural Health Unit, but may have additional specialized out-clinics and is located in an urban area.	Multifunction