Board Chair Cover Note

Audit & Investigation Reports issued by the Global Fund's Office of the Inspector General on 1 November 2011

Dear Reader,

Today, the Global Fund has released eight audit reports, three investigation reports and one review of Global Fund systems by its Office of the Inspector General. The Inspector General regularly conducts audits and investigations. The audits are part of the Global Fund's regular and routine efforts to ensure that grant money is used as efficiently as possible. The investigations have arisen out of suspected wrong-doing found during audits.

It is unusual to release so many reports at one time. Ordinarily, reports of the Office of the Inspector General are released to the Board as and when they are finalized. On this occasion we agreed that these reports would be finalized after completion of the '*The Final Report of the High Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms of the Global Fund*. This ensured that the Global Fund Board, Secretariat and Inspector General could focus fully on the report of the High Level Panel and its recommendations.

The reports are:

- Audit Reports: Dominican Republic, Sri Lanka, Nigeria, Swaziland; four reports relating to the work of Population Services International (South Sudan, Madagascar, Togo, and Headquarters)
- A Review of the Global Fund Travel and Travel-related Health and Security policies
- Investigation Reports: Mauritania, India, and Nigeria

The country-specific reports cover grants from different Global Fund financing 'Rounds', and have implementation start dates commencing at various times since early 2004. Together, the reports review around US$ 1 billion of grant financing. These reports take into account as far as possible, a number of the High Level Panel's recommendations. The Reports include comments from the Principal Recipients and contain a thorough management response and action plan from the Secretariat. Increased attention has been paid by the Office of the Inspector General to the tone of the Reports, without diluting the important message that each carries.

Specifically, the Reports tell us that the Global Fund must seek to recover up to US$ 19.2 million from grants in eight countries. Around US$ 17 million of this amount is for activities that are poorly accounted for, were not budgeted in the work plan, or fall within the Global Fund's current definition of an ineligible expense, which is an area that the High Level Panel report suggested be clarified for Principal Recipients. Some of the grant implementer responses contest relevant findings. From the perspective of the Office of the Inspector General, the reports present the evidence that has been found and recovery should be sought in full.

The Nigeria investigation report, which led from the audit, brings to the surface once again issues with the Local Fund Agent engagement model – raised very proactively also in the Inspector General's reports for Mali in December of last year.

Whilst in no way seeking to reduce the importance of the concerns that come from the three investigation reports, they do come at a time when the Global Fund knows that it has to transform how it manages its grants – and how – most importantly – it proactively addresses risk in its portfolio. This cannot entirely prevent mismanagement in all grants, but it will certainly provide a better framework on which resources are channeled to partner countries.

At its November 2011 meeting, the Global Fund Board will consider a Consolidated Transformation Plan to bring into effect the High Level Panel's recommendations on risk, grant management and improved fiduciary oversight.

More reports will come from the Inspector General and irregularities will continue to be found given the increasingly complex environments in which the Global Fund works. The Global Fund continues to strive to prevent loss, and we must ensure that the organization has the systems that enable us to take purposeful and immediate action when irregularities are discovered. Where there is dishonesty, we must pursue those involved.

The Global Fund is committed to the mission of saving lives and assisting countries in building strong and sustainable health systems. Emerging as an issue over the last years, but now very firmly confirmed from the Report of the High Level Panel, the Global Fund must be transformed at all levels.

The Consolidated Transformation Plan will provide the Secretariat, the Office of the Inspector General, and the Board with the means to make this transformation, and ensure ongoing service and accountability to the people whose lives we must save, and to those that fund that cause.

Best regards,

Simon Bland
Board Chair

OFFICE OF THE INSPECTOR GENERAL

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Country Audit of Global Fund Grants to the Dominican Republic

Audit Report GF-OIG-10-005
31 October 2011

Table of Contents

Abbreviations

3TC	Lamivudine (Antiviral drug)
ACSM	Advocacy, Communication and Social Mobilization (for TB Control) (ACMS in Spanish)
AED	Academy for Educational Development (PEPFAR Partner)
AIDS	Acquired Immunodeficiency Syndrome
ART	Anti-Retroviral Therapy
ARV	Anti-Retroviral medication
AZT	Zidovudine (Antiviral drug)
BCC	Behavior Change Communication
BP	Beneficiario Principal (see PR)
BK+	Bacterium Koch Positive (smear positive pulmonary tuberculosis)
BSS	Behavioral Surveillance Survey
CCM	Country Coordinating Mechanism (MCP in Spanish)
CDC	US Centers for Disease Control and Prevention
CD4 Count	(Immunological test to establish level of immune depression due to HIV)
CENCET	Centro Nacional de Control de Enfermedades Tropicales
CESDEM	Centro de Estudios Sociales y Demográficos
CHW	Community Health Worker
COIN	Centro de Orientación e Investigación Integral (local NGO)
COPRESIDA	Consejo Presidencial del SIDA (National AIDS Council)
CTX	(Prophylactic treatment with Cotrimoxazole)
DDF-SRS	Departamento de Desarrollo y Fortalecimiento de los Servicios Regionales de Salud (Department of the Ministry of Health in charge of decentralization)
DHS	Demographic and Health Survey (see EDS)
DIGECITSS	Dirección General de Control de Infecciones de Transmisión Sexual y SIDA (National AIDS Programme of the Ministry of Health)
DOTS	Directly Observed Treatment Short Course (for tuberculosis)
DOP	Dominican Republic Peso
DPS	Dirección Provincial de Salud
EDS	Encuesta Demográfica y de Salud (see DHS)
ELISA	Enzyme Linked Immunosorbent Assay
FLACSO	Facultad Latinoamericana de Ciencias Sociales
GLC	Green Light Committee (of the Stop TB Partnership)
GODR	Government of the Dominican Republic
HBM	Home-based management (of malaria)
HIV	Human Immunodeficiency Virus
HMIS	Health Management Information System
ICB	International Competitive Bidding
IDCP	Instituto Dermatológico y Cirugía de Piel
IDDI	Instituto Dominicano de Desarrollo Integral (local NGO)
IEC	Information, education, communication
IPT	Intermittent Preventive Treatment
KNCV	Koninklijke Nederlandse Vereniging tot bestrijding der tuberculose, Royal Dutch Tuberculosis Foundation
LFA	Local Fund Agent
LLINs	Long-Lasting Insecticide-treated Nets
LOP	Lopinavir (Antiviral drug)

LQA	Lot Quality Assessment Sampling (a technique to monitor service coverage using small sample sizes)
MCP	Mecanismo Coordinador de País (see CCM)
M&E	Monitoring and Evaluation
MDR TB	Multi-Drug Resistant Tuberculosis
MOU	Memorandum of Understanding
MOSCTHA	Movimiento Socio-Cultural para los Trabajadores Haitianos
MSP	Ministerio de Salud Pública (see SESPAS)
NCB	National Competitive Bidding
NGO	Non-Governmental Organization
NRL	National Reference Laboratory
NSA	National Strategy Application (for a Global Fund grant)
OIs	Opportunistic Infections
OIG	Office of the Inspector General
OPS	Organización Panamericana de la Salud (see PAHO)
OVC	Orphan and Vulnerable Child
PAHO	Pan American Health Organization
PCR	Polymerase Chain Reaction (a molecular laboratory test used to diagnose HIV infection in infants or to quantify the viral load)
PEPFAR	US President's Emergency Program for AIDS Relief
PIT	Provider Initiated (HIV) Testing
PLWHA	Person Living with HIV and AIDS
PMTCT	Prevention of Mother to Child Transmission (See PNRTV)
PNCT	Programa Nacional de Control de Tuberculosis
PNRTV	Programa Nacional de Reducción de la Transmisión Vertical (see PMTCT)
PR	Principal Recipient (See BP)
PSI	Population Services International
PSM	Procurement and Supply Management
PUDR	Progress Update and Disbursement Request (for Global Fund grant)
PWC	PricewaterhouseCoopers
RCC	Rolling Continuation Channel (for Global Fund grants)
REDOVIH+	Red Dominicana de Personas que Viven con el VIH/SIDA (national network of people living with HIV)
RTV	Ritonavir (Antiviral drug)
SAI	Servicio de Atención Integral (HIV care unit – formerly UAI)
SCMS	Supply Chain Management Systems
SENASA	Seguro Nacional de Salud (National Health Insurance)
SESPAS	Secretaría de Estado de Salud Pública y Asistencia Social (Ministry of Health -Name has changed to MSP)
SIOE	Sistema de información operacional y epidemiológica (National information system for tuberculosis)
S-P	Sulfadoxin-Pyrimethamine (an anti-malarial drug)
SR	Sub-recipient
SRS	Servicio Regional de Salud
STIs	Sexually Transmitted Infections
TB	Tuberculosis
TDF	Tenofovir (Antiviral drug)
UN	United Nations

UNAP	Unidad de Atención Primaria (Primary Health Care Unit – A team of health professionals responsible for 5,000 families based at a Primary Health Centre)
UNGASS	United Nations General Assembly Special Session (on AIDS 2001)
US	United States
USAID	United States Agency for International Development
USD	United States Dollars
VAT	Value-added Tax
VCT	Voluntary Counseling and Testing for HIV
VCTC	Voluntary Counseling and Testing Centre
VMSC	Vice Ministerio de Salud Colectiva
VPP	Voluntary Pooled Procurement
WB	World Bank
WHO	World Health Organization

Executive Summary

Introduction

1. This report sets out findings and recommendations of the Office of the Inspector General's (OIG) audit of the Global Fund grants to the Dominican Republic. The field work for the audit was carried out from 21 June to 6 August 2010.

Background

2. The audit of the Global Fund grants to the Dominican Republic was conducted as part of the OIG work plan for 2010.

Audit Objectives and Scope

3. The overall objective of the audit was to provide reasonable assurance that Global Fund resources were used wisely to save lives in the Dominican Republic. The specific objectives of the audit were to (a) assess the efficiency and effectiveness in the management and operations of the grants; (b) measure the soundness of systems, policies and procedures in safeguarding Global Fund resources; (c) assess the risks that the grants are exposed to and the adequacy of measures taken to mitigate them. In doing so, the following four areas were covered: (i) programmatic management; (ii) procurement and supply chain management; (iii) fiduciary management; (iv) program oversight within the Dominican Republic; (v) program oversight by the Global Fund Secretariat. The OIG deployed a multi-skill team comprising a public health specialist, a procurement and supply management specialist, and audit specialists.

4. The audit covered seven Global Fund grant programs being implemented by five Principal Recipients. The three public sector PRs are the National AIDS Council (COPRESIDA) for HIV/AIDS Round 2 and its continued funding through the Global Fund's Rolling Continuation Channel (RCC) mechanism, the Ministry of Health (MOH) for TB Round 3, and the National Center for Control of Tropical Diseases of the MOH (CENCET) for malaria. The two civil society PRs are the Association for Family Health (PROFAMILA), a local affiliate of the International Planned Parenthood Federation, for TB grants (Rounds 3 and 7) and the Dermatological Institute (IDCP) for two grants in two diseases areas, namely, HIV/AIDS Round 2 RCC and Malaria Round 8 (with a focus on malaria prevention, using social communication and community participation strategies as well as bed-net distribution). In addition, the audit covered fifteen sub-recipients or implementing partners of the afore-mentioned entities. Audit tests and program visits (in hospitals, health centers, Provincial Health Departments, Regional Health Services and Malaria Control Offices) were carried out in five provinces of Health Regions

II and VII (Norcentral and Cibao Occidental) and in three Health Areas of Region 0 (Distrito Nacional).

Summary Findings

5. This section highlights the findings and conclusions detailed in the rest of the report.

6. The recommendations have been prioritized. However, the implementation of all recommendations is essential in mitigating identified risks and strengthening the control environment in which the programs operate. The prioritization has been done to assist those audited in deciding on the order in which recommendations should be implemented. The categorization of recommendations is as follows:

(a) *High priority*: Material concern, fundamental control weakness or non-compliance, which if not effectively managed, presents material risk and will be highly detrimental to the organization's interests, significantly erodes internal control, or jeopardizes achievement of aims and objectives. It requires immediate attention by senior management;

(b) *Significant priority*: There is a control weakness or noncompliance within the system, which presents a significant risk and management attention is required to remedy the situation within a reasonable period. If this is not managed, it could adversely affect the organization's interests, weaken internal control, or undermine achievement of aims and objectives; and

(c) *Requires attention*: There is a minor control weakness or noncompliance within systems and proportional remedial action is required within an appropriate timescale. Here the adoption of best practice would improve or enhance systems, procedures and risk management for the organization's benefit

A. Service delivery and Performance monitoring

HIV/AIDS

7. HIV treatment and care is provided through a network of HIV clinics covering the country. The coverage of anti-retroviral treatment is high, although the threshold for initiation of treatment is also very high. Some 16,000 people are on treatment nationally. People living with HIV participate actively in the national response. Reported data on anti-retroviral therapy are reliable. Weaknesses observed by the OIG are primarily in the prevention of perinatal HIV transmission and in primary HIV prevention programs for people at high risk of infection.

Tuberculosis

8. Progress in tuberculosis control in the Dominican Republic has stagnated over the past three years and major gaps continue to be identified in the areas of case detection and contact tracing. The National Tuberculosis Program is institutionally weak and is currently under additional pressure because of the decentralization of health services and the restructuring of Global Fund grants. There are barriers against the effective diagnosis and treatment of HIV and tuberculosis co-infection that are related to the organization of clinical services. The services for the treatment and control of MDR tuberculosis are well organized and effective.

9. The major concern regarding the TB grants in the Dominican Republic is the weak technical, financial management and administrative capacity of the PNCT, the primary SR that implements and provides oversight of the TB programs. The Country Programs Cluster should therefore ensure that a capacity building plan is prepared and implemented for the PNCT. In addition the Country Programs Cluster should monitor the progress of implementation of the capacity-building plan.

Malaria

10. The Tropical Disease Unit of the Ministry of Health is implementing an effective malaria containment strategy in the Dominican Republic. Malaria is, however, an island-wide issue i.e. Haiti also needs to be taken into account. Progress towards reduction of prevalence and elimination can only be achieved through the implementation of an island-wide strategy. There is no evidence for the effectiveness of insecticide-treated bed-nets in the Dominican Republic given that most patients are adult men and that the vector bites primarily in the early evening outside of habitations. There are concerns that the current method of performance monitoring of the Global Fund may constrain the ability of the PR to effectively contain outbreaks of malaria because the performance indicators are linked to a work plan of active case detection and indoor insecticide spraying in specific communities, while the foci of outbreaks may be shifting rapidly.

B. Program strengths

11. The main strengths of the Global Fund supported programs in the Dominican Republic in the areas of service delivery and monitoring observed by the OIG are:

For HIV:

(a) The epidemiology of HIV is well known;
(b) HIV clinics are providing a good standard of care and reliable statistics on anti-retroviral therapy;
(c) The participation of people living with HIV in the counseling and treatment services for HIV is assured and firmly institutionalized;

(d) Experienced civil society organizations are working in a participatory manner with people at high risk for HIV infection;
(e) There is good coverage of HIV treatment through a network of HIV clinics;
(f) Self-help groups of people living with HIV and individual peer counselors are closely involved in all aspects of HIV diagnosis, care and social support.

For tuberculosis
(a) The treatment and follow-up of MDR tuberculosis is well organized;
(b) Despite systemic problems in data collection and analysis (primarily a problem of efficiency), the treatment data reported by the PNCT are accurate;
(c) DOTS coverage is practically universal; and
(d) DOTS services in many clinics are supported by motivated volunteers.

For malaria:
(a) The CENCET strategy for surveillance and outbreak control is the most appropriate response to malaria in the Dominican Republic given that there is no island-wide elimination program; and
(b) The application of this strategy is tightly supervised and generates reliable data on the incidence of malaria.

C. Scope for improvement

The scope for improving the Global Fund supported programs in the Dominican Republic in the areas of service delivery and monitoring observed by the OIG are:

For HIV:
(a) The PMTCT program has very poor results due to a number of weaknesses in the organization of maternal health services;
(b) The coverage of HIV prevention programs for people at high risk of infection is inadequate;
(c) The physical separation of HIV counseling from laboratory testing in health facilities results in a large number of clients not receiving their test results;
(d) There are weaknesses in the supervision of clinical ART services resulting in inappropriate changes of therapeutic regimes;
(e) The availability of anti-retroviral drugs and of drugs for the treatment of opportunistic infections at the clinic level is precarious, resulting in stock outs (details in paragraph 16);
(f) Cotrimoxazole is not used sufficiently and optimally for prophylaxis among people living with HIV;
(g) There is no uniform system to report data on the treatment of opportunistic diseases;

For tuberculosis:

(a) The capacity of the PNCT to supervise services and assure accurate reporting is weak;
(b) The program for tuberculosis control is underperforming, especially in case detection and contact tracing;
(c) The volunteer home visit program which is a key intervention to improve case detection and contact tracing has been curtailed;
(d) A large proportion of diagnoses of HIV/TB co-infection is being missed and most co-infected patients are not receiving appropriate treatment for HIV infection;
(e) The Global Fund approach to monitoring the performance of tuberculosis control is inefficient and wasteful of resources for both the PR and the Global Fund. (see paragraph 76 and 77)

For malaria

(a) The malaria control strategy of CENCET is an interim strategy designed to maintain the status quo and prevent a major epidemic; a sustainable approach would require an island-wide strategy;
(b) The Global Fund performance monitoring framework is designed in a way that may limit the flexibility of CENCET to respond appropriately to outbreaks of malaria. (see paragraph 83-86)

D. Procurement and Supply Chain Management

Procurement

12. There is pressure to complete the health sector reform, but there is no coordinating mechanism or designated entity responsible for managing the overall development and decentralization of the PSM system for HIV/AIDS and TB drugs.

13. Until early 2010 forecasting drug requirements was quite inaccurate. The key contributing factors were: (i) the number of new patients was more than twice the number originally anticipated; and (2) the influx of Haitian immigrants to the Dominican Republic after the earthquake.

Supply Chain Management

14. Under the decentralization of health services to the regions, there are plans to shift storage and distribution of medicines and health supplies for HIV/AIDS and TB to the regional health services. But the OIG noted that drug management and storage capacities at the regional health service level were inadequate. Hence, the PRs should ensure that the regional health services have adequate capacities before storage and distribution are shifted to the regions.

15. The key challenge of the HIV/AIDS program has been an unstable supply of ARVs that led to stock-outs in the summer and autumn of 2009. The reasons for these stock-outs include (i) poor forecasting; (ii) an unanticipated increase in new patients due to the successful response to HIV testing; (iii) late deliveries of ARVs by suppliers; and (iv) lack of appropriate inventory management software to monitor stock levels.

E. Financial Management and Control

16. The OIG noted some internal control weaknesses at PRs and SRs audited. Internal control weaknesses found at some of the key implementing organizations audited included lack of periodic reconciliation of grant funds advanced to the procurement agent for purchase of medicines and health supplies, delays in appointment of external auditors to audit the grants and late preparation and approval of bank reconciliations. In OIG's view if these internal control weaknesses are not addressed, they could compromise the overall control environment within which the grants operate. The PRs should therefore ensure that they take corrective actions to remedy the internal control weaknesses.

17. At the time of the audit, COPRESIDA had not reimbursed USD 174,760 in unauthorized salaries that were paid in excess of the approved budget. This finding was made by the LFA and included in a management letter to the PR.

F. Governance and Program Oversight

18. The OIG noted that CCM officers have not been rotated since the CCM was established in 2002. The CCM therefore needs to hold elections to renew its officers. Further, the CCM oversight function could be enhanced through the acquisition of a strategic monitoring tool. The CCM should therefore seek technical assistance, e.g., by contacting the Global Fund Country Programs Cluster.

19. The LFA team in the DR had been reorganized according to the three diseases to make it more effective. It has in-country based staff with knowledge of the local environment. Further, PR assessments are comprehensive and detailed, and TB and HIV OSDVs completed in 2009 and 2010 were well done with detailed observations on data and service quality. However, professional skepticism of the LFA has at times led to outward displays of suspicion and inappropriate use of language by the LFA in interacting with PRs and SRs. Conflicts between LFA team members and PR officials had not been appropriately addressed by LFA senior management.

20. The LFA should therefore ensure that it establishes a code of conduct for its staff who interact with the PRs and SRs. In addition it should resolve conflicts between its staff and PR staff in an expeditious manner.

Overall Conclusion

21. In spite of the stock-outs of ARVs and some internal control weaknesses in the financial management area, the OIG concludes that, in general, the grants in the Dominican Republic are well managed. The programs have strengths, particularly in the service delivery areas, which need to be built on by addressing the scope for improvement noted in the service delivery and results monitoring areas.

Events Subsequent to the Audit

22. The OIG is pleased to note that the CCM and the Principal Recipients have shown strong commitment to implementing the agreed audit recommendations. As stated in the overall response of the Global Fund Secretariat (Annex 2), 50 percent of the audit recommendations have been implemented already; the rest are on track. This rapid and high rate of implementation of audit recommendations furthers program implementation and is commendable. The OIG looks forward to validating the Secretariat's assessment of the progress of implementation of the recommendations and reporting on this to the Board of the Global Fund.

Background

23. Between June 2004 and June 2010 total funds committed by the Global Fund to support the Dominican Republic's (DR's) national responses to HIV/AIDS, Tuberculosis (TB) and Malaria amounted to USD 104.6 million, of which USD 71 million had been disbursed as of June 2010. The HIV/AIDS program is the largest component of the Global Fund grant portfolio with 83 percent of committed funds. It is followed, respectively, by TB with 13 percent and malaria with 4 percent.

24. The Global Fund has a portfolio of seven grants (two grants for HIV/AIDS, three grants for TB and two grants for malaria). The Global Fund grants are managed and implemented by five Principal Recipients (PRs), comprising three PRs from the public sector and two PRs from the civil society sector.

25. The three public sector PRs implementing the Global Fund grants are the National AIDS Council (COPRESIDA) for HIV/AIDS Round 2 and its continued funding through the Global Fund Rolling Continuation Channel (RCC) mechanism, the Ministry of Health (MOH) for TB Round 3, and the National Center for Control of Tropical Diseases of the MOH (CENCET) for malaria Round 8 (focusing on malaria surveillance and treatment). The two civil society PRs, are the Association for Family Health (PROFAMILA) implementing two TB grants (Rounds 3 and 7), and the Dermatological Institute (IDCP) implementing two grants in two diseases areas, namely, HIV/AIDS Round 2 RCC and Malaria Round 8 (focusing on malaria prevention and community mobilization.

Institutional Arrangements

<u>The Ministry of Health and the public health system</u>

26. There are 32 provinces in the DR. Each province has a Provincial Health Service (DPS) responsible for public health management, monitoring and oversight of public health. The DPS are headed by a provincial health director supported by a team that includes technical specialists for HIV and TB.

27. To improve the effectiveness and efficiency in the delivery of health services, the GODR enacted legislation in 2001 to reform the public health sector with the goal of gradually decentralizing the management and oversight of public health services to Regional Health Services (SRS). To this end, the 32 provinces of the country were grouped into nine health administrative regions.

28. During field visits to three regions to inspect programs, the OIG found that the Regional Health Services are in various stages of transition in assuming control of the management and supervision of health programs in their respective regions. The OIG was informed that although the

management and supervision of health services is fully decentralized in two regions, in the seven other health regions the decentralization process is still in a transition phase.

29. The OIG learned that after almost ten years since the public sector health reform was initiated, most of the Regional Health Services have not assumed the key roles envisaged for them in a decentralized public health system. The OIG learned that this is due to the slow pace of implementation of the reform, resistance to change from some interest groups and financing issues.

30. In order to provide impetus to the implementation of the health sector reform, the World Bank approved a USD 30.5 million loan for the GODR's Health Sector Reform Project in September 2009. One of the key objectives of the project is to improve the capacity of the Regional Health Services "to deliver, in a timely fashion, quality services known to improve the health of mothers, children and people with chronic conditions by public providers at the first level of care".[1] An ancillary objective of the health sector reform is to place more emphasis on primary health care services for more than half a million poor people at peripheral health facilities.

31. Certain key departments/units of the MOH, such as the National AIDS Control Program (DIGECITSS) the National Tuberculosis Control Program (PNCT) that are sub-recipients of the grant programs play important roles in grant implementation and oversight.

32. The National Reference Laboratory (NRL) located in the capital, Santo Domingo, is responsible for carrying out all publicly funded CD4 testing of HIV patients. There is a limited capacity for CD4 testing on a commercial basis at some private facilities. Blood specimens, collected from patients are shipped first to the DRS who then send them to the NRL. In addition, the NRL carries out all virology exams required for HIV diagnosis and follow-up, and is responsible for the quality control of anti-retroviral medicines purchased by COPRESIDA.

33. Health services for the three diseases are delivered at three levels of care in the country's health care system which include, specialist and regional (third level of care), provincial and municipal hospitals (second level of care), and peripheral primary health care centers (first level of care).

HIV/AIDS: COPRESIDA and IDCP

34. The Government of the Dominican Republic (GODR) established COPRESIDA in 2001 to lead and coordinate a multi-sectoral response to the HIV/AIDS epidemic. In 2002, the GODR obtained a World Bank loan of USD 25

[1] World Bank's Dominican Republic Health Sector Reform Project Description; September 2009

million with USD 5 million counterpart funding to implement the national response to HIV/AIDS. The national program support by the World Bank ended in August 2008.

35. COPRESIDA was the sole PR for the first Global Fund Round 2 HIV/AIDS grant that was implemented from June 2004 through May 2009. After the initial five years, the Global Fund has continued its grant support of the HIV/AIDS program through its RCC funding mechanism. HIV/AIDS RCC implementation activities started in June 2009 and are scheduled to continue for six years through May 2015. The GODR continues to support the national HIV/AIDS response with USD 1 million a year budgetary support to COPRESIDA for personnel costs and the procurement of laboratory reagents.

36. With the start of the RCC grant in June 2009, IDCP was selected as a second PR. IDCP is a civil society organization focusing on HIV prevention and community mobilization delivered by about 30 local NGOs.

Tuberculosis program: PROFAMILIA and the MOH

37. In early 2010, PROFAMILIA informed the CCM and the Global Fund of its decision to discontinue as PR for the TB program. Subsequently, the CCM accepted the application of the MOH's department of Salud Colectiva to be PR for the two TB grants. The transfer of the Round 3 and Round 7 TB grants to the MOH has been planned to be completed in September 2010. PROFAMILIA has sent a budget for closure of its TB grants to the Global Fund.

Malaria: CENCET and IDCP

38. The national response to malaria is jointly implemented through two Global Fund Round 8 malaria grants to CENCET and IDCP. Program implementation activities started in October 2009. The programs aims to reduce malaria-related morbidity and mortality in 14 municipalities located in 8 provinces. CENCET is responsible for four of the six objectives of the grant agreement focusing on epidemiological and entomological surveillance and treatment.

39. IDCP focuses on community participation in malaria prevention, primarily targeting migrant workers and their families in the agricultural and construction industries and communities in rural zones with high malaria incidence. IDCP is also responsible for the procurement and distribution of bed-nets.

PSM arrangements

40. Because of inadequate procurement and storage capacity of the government agency responsible for PSM of essential medicines, PROMESE-

CAL (Program for the Supply of Essential Medications and Office for Logistical Support), its role in the grant programs is limited only to distribution of ARVs and health supplies. ARVs and drugs for the treatment of opportunistic infections (OIs) purchased through PAHO are stored at the premises of Yobel, a multinational PSM company with adequate storage infrastructure. Since May 2009, the procurement of ARVs and OI drugs under the HIV/AIDS grant has been assigned to PAHO in a tripartite agreement with the MOH, and COPRESIDA. Before May 2009, the Clinton Foundation served as the procurement agent for ARVs and OI drugs.

41. Since mid-June 2009, first-line anti-TB drugs have been purchased by the GODR through the Global Drug Facility (GDF), while second line anti-TB drugs for MDR-TB are financed by UNITAID.

42. The main commodity under the Global Fund malaria program are bed-nets, procured by IDCP using the Global Fund Voluntary Pooled Procurement (VPP) mechanism. Malaria in the DR is treated with Chloroquine and Primaquine which is procured by CENCET through a local agent of an international supplier.

The CCM

43. According to Global Fund CCM guidelines, "throughout the lifetime of the grant the Country Coordinating Mechanism (CCM) is responsible for the oversight of implementation by the Principal Recipient"[2] of grant programs.

The Local Fund Agent

44. PWC has been the LFA since the inception of the Global Fund grants in 2004. As LFA, it provides certain oversight services for the Global Fund. These include initial and repeat PR capacity assessments before grant signature; verification of implementation which in the case of the Dominican Republic is semi-annual for PRs with experience such as COPRESIDA and quarterly for the relatively new PRs such as CENCET and IDCP; assessment of PR after the initial two years of grant implementation; and on site data verification.

[2] Specific role of the Country Coordinating Mechanism in performance-based funding, GF CCM website

Objectives, Scope and Methodology

45. The overall objective of the audit was to provide reasonable assurance that Global Fund resources were used wisely to save lives in the Dominican Republic. It sought to establish whether service delivery, results monitoring, procurement, supply management, and financial management of Global Fund grant programs in the Dominican Republic were undertaken efficiently and effectively and that well-functioning quality assurance arrangements were in place. Furthermore, the OIG's audit aimed to provide reasonable assurance: (1) that there are adequate controls to account for grant resources; and (2) that there is effective program oversight of Global Fund grants both within the Dominican Republic and by the Global Fund Secretariat.

46. The scope of the audit covered the following Global Fund grant programs.

Disease & Round	Principal Recipient	Grant Number	Grant Amount (USD)	Amount Disbursed (USD)
HIV/AIDS Round 2	Consejo Presidencial del SIDA (COPRESIDA)	DMR-202-G01-H-0	79,789,496	59,222,961
HIV/AIDS Round 2	Instituto Dermatológico y Cirugía de Piel (IDCP)	DMR-202-G04-H-0	7,709,194	2,813,656
		Sub-total	***87,498,690***	**62,036,617**
TB Round 3	Asociación Dominicana Pro-Bienestar de la Familia (PROFAMILIA)	DMR-304-G02-T	4,611,860	4,611,860
TB Round 7	Asociación Dominicana Pro-Bienestar de la Familia (PROFAMILIA)	DMR-708-G03-T	5,650,022	2,196,170
TB Round 3	Ministerio de Salud Pública (MSP)	DMR-309-G07-T	2,940,427	679,515
		Sub-total	***13,202,309***	**7,487,545**
Malaria Round 8	Centro Nacional de Control de Enfermedades Tropicales/ Servicio Nacional de Eradicación de la Malaria (CENCET)	DMR-809-G06-M	2,461,316	1,095,844
Malaria Round 8	Instituto Dermatológico y Cirugía de Piel	DMR-809-G05-M	1,494,190	525,304
		Sub-total	***3,955,506***	**1,621,148**
		Grand Total	**104,656,505**	**71,145,310**

Table 1: Global Fund grants to the Dominican Republic audited by OIG (Source: Global Fund website, June 2010)

47. The audit covered GF grant programs being implemented by the five PRs: COPRESIDA and IDCP for HIV/AIDS; PROFAMILIA and the Ministry of Health for tuberculosis; CENCET and the IDCP for malaria. In addition, the audit covered selected implementing partners of the afore-mentioned entities. The audit sampled transactions from the initiation of the grant programs (i.e. 2004 to May 2010).

48. The OIG deployed a multi-skilled team which included a public health specialist, a PSM specialist and audit specialists. The OIG used the following approaches to conduct its work: discussions with program and financial personnel of relevant grant recipients; review of grant program documents, monitoring/supervision reports, implementation and procurement plans, examination of supporting documents for grant expenditures as well as program and financial progress reports.

49. In addition to audit tests carried out at the national/central level, the OIG team visited program and project sites in five provinces of Health Region II and VII, and three Health Areas in Region 0 (Santo Domingo). During the field visits the OIG team made observations and carried out tests at specialized national hospitals, provincial and municipal hospitals, and at peripheral health facilities. In addition, the OIG team visited drug stores, as well as treatment and prevention services managed by NGOs and community-based organizations.

Service Delivery and Performance Monitoring

50. The public health audit focused on quality of service delivery and on monitoring and evaluation of the response to HIV and of the programs for tuberculosis and malaria control in the Dominican Republic.

51. For the public health audit, the OIG team interviewed staff of the Principal Recipients, Sub-Recipients and Technical Partners, and visited hospitals, health centers, Provincial Health Departments, Regional Health Services and Malaria Control Offices in five Provinces of the Health Regions II and VII (Norcentral and Cibao Occidental) and in three Health Areas of Region 0 (Distrito Nacional). Region II and VII have the highest prevalence of HIV and of malaria in the country while the highest prevalence of tuberculosis is in Regions 0 and II. Two of the HIV clinics visited were operated by NGOs, the remainder were state-owned. In addition, the OIG team visited a Provincial Health Department in Region V (San Pedro de Macorís) and a unit for MDR-TB in Region I (San Cristóbal). The mission also included meetings with groups of people living with HIV, with groups of volunteer health promoters working for tuberculosis control, and with Dominican and Haitian community groups that were mobilized for malaria control. It also included the observation of a house-to-house indoor insecticide spraying campaign by the Malaria Control Office in Dajabón.

HIV

The Dominican Republic has made significant progress towards achieving universal access to anti-retroviral treatment. The involvement of people living with HIV in the counseling and treatment services is exemplary. There are, however, weaknesses in the supervision of clinical services. Of concern is the very poor performance in the area of PMTCT, the lack of quality control and supervision of laboratory services for HIV testing, and the inadequate investment in primary HIV prevention among highly vulnerable groups.

52. The HIV epidemic in the Dominican Republic has a mixed profile. There is a generalized epidemic primarily among poor rural migrant communities, affecting men and women about equally. There is an average national HIV prevalence of 0.8 percent and a concentrated epidemic among populations at high risk such as female sex workers, transsexuals, men who have sex with men and drug users. The HIV prevalence among these groups ranges from 5 percent to 17 percent.

53. The national response to HIV in the Dominican Republic is led by the National AIDS Council (COPRESIDA) and guided by a National Strategic Plan 2007-2015. The health sector response is led by the Dirección General de Control de Infecciones de Transmisión Sexual y SIDA (DIGECITSS), a department of the Ministry of Health. With the current restructuring of health care under the health sector reform, some of the responsibilities of DIGECITSS are being transferred to the nine Regional

Health Services. Civil society participation in the response to HIV in the Dominican Republic is assured by the work of the Coalition of NGOs working in HIV.

HIV Treatment Care and Support Services

54. At the time of the audit, approximately 16,000 people with advanced HIV infection were receiving anti-retroviral therapy. This statistic is reliable and provides treatment to more than 80 percent of people in need. However, the threshold for initiating anti-retroviral therapy in the Dominican Republic remains high (a CD4 count of less than 250). There were reports of bottlenecks in the availability of anti-retroviral drugs immediately preceding the audit mission. Most of these were resolved at the time of the mission. The auditors however observed insufficient stocks of AZT/3TC in one of the two maternity hospitals in Santo Domingo and of LOP/RTV in the other, as well as insufficient stocks of TDF in both NGO clinics visited.

55. The HIV clinics visited by the OIG team provide patient services according to international standards. There are, however, weaknesses in record keeping, reporting, and management of drugs. Follow-up and reporting of people living with HIV who are not yet on ART is not always assured. Guidelines on indications for changing ARV regimens are not always followed. Cotrimoxazole prophylaxis is used rarely and only in conjunction with ARVs. The range of available drugs for opportunistic diseases is limited and each clinic visited used different criteria for reporting opportunistic diseases.

56. After many years of difficulties with assuring laboratory support for HIV treatment, the system was working smoothly in the facilities visited by the OIG team. Clinicians stated that the improvement took place around February 2010. Since then, all publicly funded immunology and virology tests are performed by the National Laboratory in Santo Domingo. Additional laboratory investigations for people living with HIV are contracted to five laboratories in the country. However, there is concern about the quality of samples for CD4 testing after the long journey from peripheral health facilities to Santo Domingo. There are several regional hospitals with a sufficiently large clientele to enable them to perform their own CD4 analysis.

57. All of the HIV clinics visited by the OIG team collaborate closely with self-help groups of people living with HIV who provide moral and psychological support to patients. In several clinics volunteers of these groups were fully integrated into the services of the clinic and some were employed as staff counselors. Groups of people living with HIV in Santo Domingo and in Montecristi interviewed by the OIG team implemented a comprehensive program, including home visits, orphan support, nutritional support and training for income generation. These services were well organized and delivered by motivated volunteers. Assessing the quality of the services would require representative client surveys which was beyond the scope of the audit. It was also beyond the scope of the audit to assess service coverage and the extent to which the services are meeting the needs of the

population of people living with HIV. The monitoring indicator of "number of people visited" collected for the Global Fund grant performance framework does not provide this information as there is no denominator against which to assess coverage.

Recommendation 1 (Requires attention)

The Ministry of Health should consider lowering the barrier for initiation of ART to the recommended level of 350 CD4 in a phased approach based on available resources to meet the increased financial and technical resources that this change would require.

Recommendation 2 (Significant priority)

The Ministry of Health should develop guidelines on treatment and reporting of opportunistic diseases and ensure that the guidelines are followed and the drugs for treatment are available.

Recommendation 3 (High priority)

The Ministry of Health should review the guidelines and current practice for the use of Cotrimoxazole prophylaxis in patients not yet eligible for ART.

Recommendation 4 (Requires attention)

The Ministry of Health should consider decentralizing CD4 laboratory tests to several large laboratories at strategic points throughout the country

HIV Prevention Services

58. The primary HIV prevention programs reviewed by the OIG target school children, residents of *bateyes* and people involved in commercial sex. They were well conceived initiatives by competent institutions with robust systems for monitoring and supervision. They are, however, limited in scale and reach, following a major downsizing of prevention programming at the time of the transition to the Rolling Continuation grant. They also left the impression of being circumscribed projects with a limited horizon rather than building blocks in a national AIDS strategy. The OIG team learned, for instance, that when the second phase of the Round 2 Global Fund HIV grant ended, the HIV prevention programs for sex workers in Santiago, the second largest city in the country, were discontinued. As of the time of the audit, there was no evidence of any HIV prevention program for vulnerable groups in Santiago.

59. Counseling services observed by the OIG were of good quality involving both professional psychologists and trained peer counselors. Counseling facilities assured confidentiality and the records were kept safely. In all hospitals and clinics visited by the OIG team, however, counseling was physically separated from laboratory testing. Testing results were not available on the same day except in the NGO clinics and in one maternity hospital where HIV negative results were communicated the same day. Laboratory registers included the names of clients and were not kept in a secure location. Laboratories used a variety of rapid HIV diagnostic tests without validated algorithms that ensured the highest possible predictive value of the test combination.

60. The Dominican Republic has high ante-natal and obstetric coverage rates. A program for the prevention of peri-natal HIV transmission exists since 2000. Yet service coverage is low and transmission rates are high. The two maternity services visited by the OIG team provide good quality service to those women who continue to attend the clinic. A large proportion, however, is lost after pre-test HIV counseling, or their HIV status is not acknowledged when they present for delivery. As a consequence, the 2010 UNGASS report by the GODR documents very disappointing results for PMTCT with only 27% of pregnant women tested and only 47% of those who were HIV positive receiving ARV coverage during delivery. Only 11% of infants born to these mothers were followed by a PCR test for early infant diagnosis. A review by the OIG of PCR tests done in 2010 indicated that the perinatal transmission rate of HIV in the Dominican Republic is at least 8% using the most conservative estimate.

Recommendation 5 (High priority)

COPRESIDA should review the national programmatic and financing gap for targeted HIV prevention programs and assure that these programs receive sufficient attention.

Recommendation 6 (Requires attention)

The CCM should assure that prevention initiatives included in the grant agreements signed with the Global Fund contribute to a long-term strategy for a national response to HIV.

Recommendation 7 (High priority)

The Ministry of Health should establish a system of prequalification of HIV rapid tests, develop a national algorithm on how these tests are to be used and significantly increase laboratory supervision to assure the application of the algorithm.

Recommendation 8 (High priority)

The Ministry of Health should review the organization of testing and counseling services in antenatal clinics and voluntary counseling and testing center. Counseling and testing should be provided in a single location and the results should be communicated within the same day.

Recommendation 9 (Requires attention)

The Ministry of Health should redesign the laboratory registers for HIV testing in order to make them anonymous.

Recommendation 10 (Significant priority)

The Ministry of Health should improve the integration of PMTCT services into routine ante-natal and obstetric care and increase the supervision of HIV treatment and PMTCT units to ensure that national protocols for treatment, record keeping, reporting and stock management of drugs are followed.

Performance monitoring and data quality: HIV

61. For the two grants combined, the performance frameworks for HIV have 12 impact/outcome and 26 output/process indicators. The indicators include variables that are followed for the purpose of financial accountability and indicators of programmatic achievement. Although the Global Fund grant performance framework includes many national monitoring indicators, targets and denominators differ from the national monitoring data reported to UNGASS. For instance the 2010 UNGASS report states that in 2009 a total of 13,785 people were receiving ART, representing 76.6% of the national target, while the PUDR of November 2009 reports 13,312 people representing 102% of the target. The targets for programmatic achievements in the area of PMTCT are set very low. Many indicators require reporting on "number and %" without identifying the denominator. Two indicators require reporting on extensively disaggregated data. For instance the indicator on home visits requires reports of number and percentage of people visited grouped by age and by sex. There are potentially a dozen separate indicators to be reported in a single line. The performance framework of the IDCP includes six knowledge indicators. However instead of monitoring progress in knowledge, the PR monitors the number of people reached in public awareness and education sessions. For instance for the indicator "number and % of people who know how to prevent HIV infection" the PR reports the number of people reached by information messages. This is clearly a misinterpretation of the definition of this indicator.

62. The Global Fund LFA has performed two On-Site Data Verification missions. The report of the first mission is of unacceptably low quality. The report of the second mission, on the other hand, is a record of a very thorough exercise that addressed issues such as supervision and quality of services in addition to data quality. The data accuracy score given by this report was "B1".

63. DIGECITSS has a robust system of collecting monthly information from the 73 accredited HIV treatment units (SAI) either through paper-based or electronic monthly reports. The information includes the number of people on ART, the number of deaths and the number of defaulters. This information is generally accurate. Statistics on the number of people with HIV who are not on ART are much less reliable. Some clinics visited by the OIG team (for instance the Hospital Padre Fantino in Montecristi) were very meticulous in following up on all registered patients who missed appointments, while others (for instance Lotes y Servicios in Santo Domingo) stated that they merely added the number of new registrations to those registered in the previous month and did not in fact know how many of these patients were still active.

64. Data collection for the treatment of opportunistic diseases is not systematized. For instance, the SAI in Lotes y Servicios reports only tuberculosis as an opportunistic infection while the Hospital Luis Bogaert in Mao reports all medical conditions of its HIV patients as opportunistic, including minor skin ailments.

65. PMTCT data and data on counseling and testing are reported monthly to the Regional Health Services. Because of the on-going effort of decentralization, the OIG team observed several parallel reporting systems with some units reporting to the Provincial Health Department and then to DIGECITSS, while others report to the Regional Health Service who send the reports to DDF-SRS and finally to DIGECITSS. At the service level, several clinics were not even sure who was collecting the monthly reports (for instance in Profamilia in Santiago). This results in reporting gaps and double reporting. Furthermore, some laboratories keep separate registers for tests done on blood donors and do not include these in the monthly report. Other laboratories have only a single register and report all tests done. Because of this variability in reporting practice, the system of reporting HIV testing does not generate reliable data.

Recommendation 11 (Requires attention)
The Global Fund Secretariat and the Principal Recipients should ensure that the indicator definitions, targets and denominators of reported indicators in the grant performance frameworks are aligned with national monitoring indicators.

Recommendation 12 (Significant priority)
The Global Fund and COPRESIDA should set more ambitious targets for the indicators tracking the performance of the PMTCT program.

Recommendation 13 (Requires attention)
The Global Fund Secretariat and the Principal Recipients should review the performance frameworks and make a clear separation between numbers that need to be tracked for the purpose of fiscal control and indicators of programmatic achievement.

Recommendation 14 (Significant priority)
The Global Fund Secretariat and the Principal Recipients should review the performance frameworks in order to define all indicators as a single parameter (i.e. "proportion" rather than "number and proportion") and to either aggregate or split indicators that request for disaggregated data by gender and age.

Recommendation 15 (Significant priority)
The IDCP in consultation with the Global Fund Secretariat should redefine the 6 knowledge indicators in the performance framework. Increase in knowledge cannot be monitored by "number of people who know" but only by "proportion of people who know". The IDCP should develop an appropriate methodology to collect data for tracking this indicator.

Technical capacity and support from technical partners

66. Capacity weaknesses observed by the OIG team were primarily related to the changing remits due to the health sector reform and the decentralization of management. An example is the Maternity Hospital at San Lorenzo de Los Minas where the management of anti-retroviral drugs for PMTCT had been transferred from DIGECITSS to the hospital pharmacy. The pharmacy keeps detailed stock

cards for all medications on the premises except for ARVs. At the time of the audit, only three bottles of 60 tablets AZT/3TC each were in stock. Another example is the shift of responsibilities in the area of HIV testing. The decision of what HIV test to use under what conditions is left to the laboratory staff. The audit noted that in most hospitals the staff did not know the sensitivity and specificity of the tests they were using. The process of division of the normative and the service function between the Ministry of Health and the Regional Health Services results in capacity gaps that need attention.

67. International technical partners, primarily USAID/PEPFAR, PAHO, and UNAIDS support the response to HIV in the Dominican Republic. One example of such support is the Monitoring and Evaluation Committee which is the main technical forum where all partners meet. The second example is the collaboration among all partners to resolve the bottleneck in the supply of anti-retroviral drugs that occurred in the second quarter of 2010. But there are other program areas where the technical agencies expressed frustration because of their inability to engage with government. These include the area of PMTCT, the area of laboratory services for HIV testing, CD4 counts and viral loads, and the area of targeted HIV prevention among vulnerable groups.

Recommendation 16 (Significant priority)
COPRESIDA should convene working groups of Government and international partners to coordinate the response to specific program challenges such as the weaknesses of the PMTCT program and the program gap in HIV prevention among groups most at risk for HIV infection.

Tuberculosis

Progress in tuberculosis control in the Dominican Republic has stagnated over the past three years and major gaps continue to be identified in the areas of case detection and contact tracing.

68. The estimated prevalence of tuberculosis in the Dominican Republic is 95/100,000; the incidence of sputum positive pulmonary tuberculosis is estimated at 4,100 new patients per year.[3] The Dominican Republic has one of the highest rates of Multidrug Resistant Tuberculosis in the world. A study in 2005 found that 8.6 percent of tuberculosis patients were HIV positive but the 2009 records of the National Tuberculosis Program suggest that this may be an underestimate.

69. More than 85 percent of the population in the Dominican Republic is covered by the DOTS strategy through a network of more than 1,000 health facilities. Case detection is a weak point of tuberculosis control. Only about a quarter of the estimated number of people with respiratory symptoms is examined for tuberculosis and only about half of all cases of tuberculosis are notified and treated. Contact tracing is a further area of weak performance. Tuberculosis cure

[3] WHO Global TB Database. Accessed July 2010

rates and treatment default rates improved rapidly until about 2005 and have since been static with even a slight deterioration of these statistics over the last three years.

70. The National Tuberculosis Program (PNCT) is a program of the Vice Ministerio de Salud Colectiva (MOH). It has long been considered as institutionally weak. A plan to strengthen the PNCT was proposed in 2008 but it was not implemented. With the restructuring and consolidation of the Global Fund tuberculosis grants to the Dominican Republic in 2010 this plan has gained new momentum. There is now an urgent need to act because the PNCT faces the challenges of decentralization of service delivery, while the current PR, Profamilia, will phase out its involvement in tuberculosis control.

71. Tuberculosis control in the Dominican Republic is supported with a Round 3 grant that started in October 2004 and a Round 7 grant that started in 2008. The initial PR for both grants was Profamilia, a national NGO affiliated with the International Planned Parenthood Federation. The grants are currently being shifted to the Ministry of Health as the future sole PR. The Round 3 grant focused on tuberculosis control in 22 provinces that were not covered by a USAID-funded program. This program has since re-focused to the capital region, and the Global Fund grant is now covering the entire country. When the grant moved into the Rolling Continuation phase, a large component of the advocacy, communication and social mobilization component was cut. The round 7 grant focuses on the treatment of multi-drug resistant tuberculosis.

Recommendation 17 (High priority)
There is an urgent need to strengthen the capacity of the PNCT, especially for the supervision of peripheral services. In this sense, the Vice Ministerio de Salud Colectiva (MOH) should review and revise its Human Resources Plan for the consolidation of the Global Fund tuberculosis programs.

The quality of tuberculosis control services

72. The review of the MDR-TB program by the OIG team identified no issues to be reported. The visit of tuberculosis clinics and provincial tuberculosis control offices, however, found great variations in the quality of services and organization ranging from excellent in San Pedro de Macorís to very poor in Mao Valverde. The National Program has developed a comprehensive supervision tool to identify and strengthen weak services, but the OIG did not see evidence of this tool being used.

73. The decentralization of health care delivery under the health sector reform agenda has important consequences for the PNCT. While there are still many weaknesses in program implementation that require close supervision and oversight, responsibility for service delivery is being shifted from the central program to the Regional Health Services. A series of analyses of this process have

been performed but they have not yet been translated into actions, and they have not been communicated to clinical and provincial staff.

74. HIV testing rates for tuberculosis patients are low and there is no system to ensure that all co-infected patients are treated. HIV treatment for co-infected patients is only dispensed by the HIV clinics. If patients are not willing to join two separate waiting lines for TB treatment and for HIV treatment, they do not receive HIV treatment. There is also a concern that patients with infectious tuberculosis are sharing a waiting room in the HIV clinics with people who have a compromised immune system.

75. Most of the tuberculosis clinics visited by the OIG team work with volunteers who provide valuable services in support of DOTS. In a meeting with volunteers and coordinators in Puerto Plata, however, the OIG was told that reimbursements for travel expenses for volunteer home visits were cut at the start of the RCC grant. Volunteers have stopped conducting routine home visits. This was confirmed by the ACSM Coordinator of Profamilia. Given that the case finding and contact tracing are two major weak points in tuberculosis control in the Dominican Republic, this decision lacks justification. Volunteer home visits can significantly contribute to the improvement of contact tracing and case detection rates.

Recommendation 18 (High priority)
The MOH should ensure that the PNCT increases the supervision of provincial tuberculosis offices and of tuberculosis clinics, targeting those clinics and services that are underperforming, and making extensive use of the recently developed supervision guide.

Recommendation 19 (Significant priority)
The Ministry of Health should review its strategy for HIV testing of tuberculosis suspects. Provider-initiated testing of all tuberculosis suspects works well in a number of countries and could be considered for the Dominican Republic.

Recommendation 20 (Requires attention)
The Ministry of Health should consider the option of dispensing Cotrimoxazole and ARVs for co-infected patients in the tuberculosis clinics.

Recommendation 21 (Requires attention)
The MOH should consult with the Country Programs Cluster to review and revise the budget for Advocacy, Communication and Social Mobilization placing more emphasis on supporting the activities of community-based volunteers.

Performance monitoring and data quality: TB

76. Clinical tuberculosis data are consolidated quarterly in workshops at the provincial level. The provincial reports, however, contain so many errors that they are not used for data entry into the national tuberculosis data base. The data manager at Profamilia instead reconstitutes national statistics from the source reports of the more than 1,000 health facilities that participate in the DOTS

strategy. The design of the reporting form makes it difficult to spot errors. It was not possible to review the quarterly reports on site in the clinics and Provincial Health Departments visited during the audit because most had submitted the forms without keeping copies. The OIG found complete copies of reports only in two locations visited. The two on-site data verification missions conducted by the LFA in 2009/10 rated data quality for the most important indicators "A" and "B1".

77. The Performance Frameworks for the two tuberculosis grants include a number of process indicators that are counting inputs rather than tracking programmatic performance. The information is controlled very meticulously in each progress update report by LFA staff, spending much effort on counting and re-counting indictor data, some of which have no informative value (e.g. number of people reached with messages). The LFA also recalculates performance data using different sources (e.g. treatment success rate and case detection rate). This usually results in minor adjustments of reported data that are, however, questionable since the LFA does not verify the quality of its sources. The Global Fund does not provide clear guidance on appropriate levels and methods for controlling program data presented in progress update reports.

Recommendation 22 (Requires attention)

The Global Fund Secretariat and the MOH should review the Performance Framework to be adopted for the program to be funded under the future consolidated tuberculosis grants. The emphasis should be on monitoring indicators that are related to programmatic achievements rather than to the rate of work plan execution.

Recommendation 23 (Significant priority)

The Global Fund Secretariat and the LFA should agree on appropriate levels and methods of verifying the data presented in the Progress Update reports. This should also include an agreement on the data sources to be used for each indicator.

Recommendation 24 (Significant priority)

The MOH should ensure that PNCT reviews the quarterly reporting form for tuberculosis used at the health facility and the first aggregation level, adopting a design based on the report template promoted globally by Stop TB. It should also ensure that copies of these reports are always filed and available at the service level and at the level of first data aggregation.

Recommendation 25 (High priority)

The MOH should ensure that PNCT increases its supervision and data quality assurance during the quarterly data verification meetings at the first aggregation level. The objective should be to provide assurance that the reports produced at this level are sufficiently accurate to be used for generating national tuberculosis reports.

Malaria

The malaria control strategy of CENCET is an interim strategy designed to maintain the status quo and prevent a major epidemic; a sustainable approach would require an island-wide strategy.

78. Malaria in the Dominican Republic is caused by Plasmodium falciparum transmitted by Anopheles albimanus, a relatively inefficient vector that bites in the early evening usually outside human habitations. The epidemic profile of malaria in the Dominican Republic is closely linked to the epidemic in Haiti. A large proportion of malaria cases are imported, but the conditions for emerging foci of local transmission exist throughout the country. Since 2005, the number of reported malaria cases in the Dominican Republic has been declining steadily. There are, however, signs that there will be a resurgence of cases in 2010 because of the increase in cross-border migration following the earthquake in Haiti. An island-wide ten year malaria elimination strategy for the island of Hispaniola has been developed with support of the Carter Foundation but it is currently not funded.

79. Malaria control and treatment is the remit of CENCET, the tropical disease unit of the Ministry of Health. CENCET microscopists are located in the municipal and provincial hospitals. They are supervised by a provincial malaria office which houses the teams for indoor spraying and larviciding. The main strategy for malaria control focuses on active and passive case finding and directly observed treatment. Houses of identified malaria patients are sprayed with insecticide. The control strategy includes the distribution of bed-nets, indoor residual spraying, outdoor spraying as well as chemical and biological larviciding. The effectiveness of bed-nets in the context of the Dominican Republic is not certain given the biting behavior of the vector and the high proportion of imported malaria.

80. Global Fund support for malaria control in the Dominican Republic started with a Round 8 grant. Implementation started in October 2009. The grant is divided among two Principal Recipients. The Centro Nacional de Control de Enfermedades Tropicales (CENCET) and the Instituto Dermatológico y Cirugía de Piel (IDCP). The grant supports malaria control programs in 14 municipalities in 8 provinces of the country.

The quality of malaria control services

81. The program started very recently and the issues identified by the audit are related more to program design than to performance. The approach of case finding and treatment followed by CENCET is appropriate to the epidemiological context until an island-wide malaria elimination strategy is implemented. Until that time, there should be no expectation of progress towards decreasing prevalence or even elimination of malaria in the Dominican Republic. All that can be achieved is the rapid extinction of epidemic foci as they arise. This requires a high level of vigilance and flexibility in the deployment of resources by CENCET. The observations of the OIG team indicate that this is within the capacity of CENCET.

82. The community meetings attended by the OIG in two of the targeted communities raised doubts about the level of preparedness of the population for the participation in a campaign of bed-net distribution. The expectations of the benefits of bed-nets are very high, which is not based on any evidence about the effectiveness of bed-nets in the epidemiological context of the Dominican Republic.

Performance monitoring and data quality

83. The data collection system of CENCET is well developed from the microscopy site or spraying team to the central level via the provincial malaria offices. Malaria control is tightly supervised and there are multiple levels of data quality assurance, including quality control on reported thick-smear slides.

84. Data collection by IDCP has barely started since no bed-nets had been distributed at the time of the audit. Given the limited knowledge about the usefulness of insecticide-treated bed-nets in the context of malaria in the Dominican Republic, data collection on bed-nets should not merely track distribution and utilization data, but also make an attempt to assess the marginal benefit of this intervention. It would require a much more extensive epidemiological study effort than is currently planned under the program.

85. The LFA had not yet conducted an On-Site Data Verification for malaria. It verified the data reported in the first Progress Update and Disbursement Request (PUDR) reverting to source documents and recounting individual microscopy forms. The resulting adjustments were minor and from a programmatic perspective insignificant. The OIG noted that the Global Fund provides no guidance to the LFA on the level of data control expected during the PUDR review.

86. The Global Fund Performance Frameworks have the same weaknesses identified in the frameworks of the other grants, primarily the ambivalence between monitoring programmatic results and monitoring inputs and work planning targets. The most important concern, however, is that the framework should not become an obstacle to the flexibility that CENCET needs to respond to the highly dynamic epidemic situation. Performance should not be measured on completing a planned spraying program in a given village, but rather on the proportion of houses sprayed where there is a demonstrated risk of an emerging focus of local malaria transmission.

Recommendation 26 (Significant priority)
All national and international partners involved in malaria control in the Dominican Republic should consider the implementation of an island-wide malaria elimination strategy as their highest priority. These include the governments of Haiti and the Dominican Republic and their institutions as well as international donor agencies, PAHO, and the Global Fund.

Recommendation 27 (Requires attention)
The PRs in collaboration with technical partners should develop a research protocol to accompany the distribution of bed-nets funded by the Global Fund. This should include a study of the effectiveness of bed-nets in the environment of the Dominican Republic as well as acceptance and use of the nets. The operative aspects of the study should include real-time feedback to IDCP to allow for changes in the program based on local evidence.

Recommendation 28 (Requires attention)
The IDCP and its sub-contractors should work with their community-level partners to develop bed-net distribution strategies that are widely accepted and endorsed. Major concerns are targeting for social equity and for epidemiological considerations as well as acceptable methods of rationing the distribution.

Recommendation 29 (Significant priority)
CENCET should negotiate a revision of the Performance Framework to make the indicators and targets more appropriate to their strategy, which requires flexible and rapid mobilization of program resources to stop malaria transmission wherever new foci are detected.

Procurement and Supply Chain Management

87. The health sector reform process in the Dominican Republic is proceeding; and after ten years, there is pressure to complete the process. There is, however, no coordinating mechanism or designated entity responsible for managing the overall development of the PSM system. This is critical given the on-going restructuring/decentralization of health services.

Forecasting Demand for Medicines and Health Products

88. Until early 2010 forecasting drug requirements was quite inaccurate. There were many contributing factors:

(a) There was no accurate method of reporting patient numbers and drugs required when the Procurement Plan was developed.[4]
(b) The length of delivery time for ARVs varied considerably, and was much longer than initially planned;
(c) The number of new patients was more than twice the number originally anticipated;
(d) Patients returned from the US on regimens not normally prescribed in the Dominican Republic; and
(e) The resulting stock-outs required doctors to treat patients with the drugs available rather than with those recommended.

89. In response to the crisis caused by the stock-outs of ARV medicines COPRESIDA has taken the following measures to improve forecasting and monitoring of ARV medicines and health supplies.

(a) The procurement plans for ARV medicines and drugs for OIs have been updated by a team made up of COPRESIDA and development partners from the Clinton Foundation, MSH, PAHO and others.
(b) A study of ARV drug utilization in 20 hospitals accounting for about 80 percent of HIV patients was completed in the summer of 2009. In addition, in November and December 2009, the team made field visits to the 20 hospitals to confirm the data. This resulted in a revision of the procurement plan in early 2010.[5]
(c) A reporting tool for health facilities has been introduced which provides the inventory level of each drug and the number of patients on each regimen.

90. The reporting tool tracks current stock levels of ARVs at the central warehouse, estimated consumption per month of each drug with stock levels translated into days and with deficits flagged. This system is currently in a testing phase and is managed by one person working on a part-time basis at DIGECITSS.

[4] See plan adquisitions 2010-2012.xls. (COPRESIDA). This is the original plan. Various pressures dictate variations on this plan within the budget totals.
[5] See Estudio de linea basal sobre la situación de la gestión de suministros de ITS, VIH y SIDA en la Republica Dominicana, Informe Borrador, Feb. 2010

91. A good example of its utilization has been the tracking of recent procurements due to arrive in June and July 2010. COPRESIDA was informed by PAHO that ARVs would not be delivered until September 2010. This has allowed COPRESIDA to take stop-gap actions to avoid stock-outs.

92. The programming of TB drugs is based on quarterly treatment reports. As the consolidation of these reports at the provincial level is not reliable, the national database currently managed by Profamilia is used. Buffer stocks have ensured a continuous supply of drugs.

Procurement

93. To assess procurement performance, the OIG tracked a sample of medicines and a few other significant health products throughout the procurement and distribution process. Given the importance of HIV/AIDS in terms of Global Fund resources, most attention was placed on COPRESIDA whose drug budget represents nearly 95 percent of the combined value of the PSM budgets of the grants; and represents 40 percent of the USD 33 million budget for RCC 1 during the first 3 years.

94. The sample of medicines and health supplies selected were procured from June 2009 to May 2010, and represented items critical to the performance of the programs as well as having significant value. The sample of the 12 items selected totaled more than 50 percent of the value of all COPRESIDA drug and related procurements. Items from the other PRs included condoms, malaria medicines and bed nets. No TB procurements were tracked because since May 2009, no TB drugs were procured with Global Fund resources.

95. Most items were tracked from the original purchase order to their delivery at the warehouse. The exceptions noted by the OIG were two recent procurements which had not arrived.

96. In general, prices paid compared favorably with international prices as published by Management Sciences for Health (MSH) and the Clinton Foundation for HIV/AIDS drugs and other health supplies. The one exception was Efavirenz 600 mg which was prohibited by Dominican Republic law to be purchased as a generic. The difference in cost was more than USD 400,000 during 2009.

97. PAHO is the procurement agent for all HIV/AIDS drugs and other related items, taking over from the Clinton Foundation in May 2009. Its performance on prices was adequate, and established procedures were followed, but the delivery times stated on the purchase orders of 80 to 98 days were not adhered to. These delays contributed to stock-outs in the summer and autumn of 2009.

98. IDCP floated an international tender for condoms, and procured bed nets via the Global Fund VPP program. In addition, anti-malaria medicines were procured

locally by CENCET. There were no adverse findings with regard to these procurements.

99. Procurement of TB drugs is done through GDF, with first-line drugs provided by the government and second-line drugs provided by UNITAID through 2011. The only issue was the delay in payment for first-line drugs which took 9 months for the first procurement.

Recommendation 30 (High priority)
COPRESIDA should consider planning for the worst-case scenario for PAHO deliveries; and plan for 150 days (5 months) delivery time. This can be reduced if the delivery performance of PAHO improves.

Supply Chain Management

Storage

100. All HIV drugs, as well as rapid tests kits and bed nets for malaria are received and stored at the private central level warehouse of Yobel. This is a modern, well-managed facility. It is also a short to medium term solution until the regional health services assume responsibility for storage. One potential problem is that in terms of the HIV/AIDS program, it is already operating near full capacity. In the long-term, responsibility for storage for HIV/AIDS medicines will be assumed by the public sector institution called PROMESE-CAL.

101. PROMESE-CAL is the institution which procures and stores most essential drugs for the Government of the Dominican Republic. Currently, it has a central warehouse in a crowded area of Santo Domingo where the regional and provincial health services collect their drugs. With a single loading bay, its capacity is limited. To overcome this limitation, PROMESE-CAL is constructing a large new warehouse/office in Santo Domingo, and another warehouse in Santiago to serve the north of the country. These new warehouses should be operational in about a year, at which time responsibility for reception and storage of HIV/AIDS drugs and health supplies will be transferred from Yobel.

102. The OIG noted that drug management and storage capacities at the regional health service level were inadequate. The OIG found small storage rooms/warehouses that were being improved. This is a new function that is being developed at the regional health service level in pursuit of the decentralization of supply chain management under the health sector reform. Further, as a means of acquiring competence, some essential drugs provided by SENASA, the social security agency, as well as HIV rapid tests kits provided by the Global Fund, are presently being managed at the regional level. This level can manage only a limited number of items with plans to add more HIV and TB drugs. The challenge is to ensure that the regional health services are capable of meeting this responsibility.

103. The storage of TB drugs was previously a serious problem cited by the LFA and others, but they are now stored at a refurbished facility at the Ministry of Health.

Recommendation 31 (Significant priority)
COPRESIDA should ensure that storage of antiretroviral medicines remain at Yobel until PROMESE-CAL acquires adequate facilities.

Stock outs

104. The key challenge of the HIV/AIDS program has been an unstable supply of ARVs resulting in frequent stock-outs. Only a handful of drugs included in the COPRESIDA PSM Plan for 2009/2010 have remained consistently in stock in the central warehouse of Yobel during 2009. This has meant treatment interruptions and/or treatment changes, resulting in the use of substitute regimens, including second-line drugs. Despite considerable investment by PEPFAR and the Global Fund to create reserve stocks, buffer stocks had to be utilized.

105. The reasons for these stock-outs include poor forecasting; an unanticipated increase in new patients due to the successful response to HIV testing; delivery delays lack of appropriate inventory management software; and inadequate financing. COPRESIDA estimates a deficit in financing in 2010 of about 24 percent.

106. The situation has not been made easier by the need to assist patients from Haiti after the earthquake. To compensate for the financing gap, priority has been given to ARV procurement over the procurement of drugs for Opportunistic Infections (OIs) which have been reduced significantly in the procurement plan to increase resources for ARVs.

107. The solution to stock-outs is to establish an even larger buffer stock, improve forecasting and to provide adequate funding for procurement of ARVs and medicines for OIs.

Recommendation 32 (Requires attention)
COPRESIDA should consider putting in place at facility levels minimum stock levels that will require these facilities to request drugs from DIGECITSS or COPRESIDA before the stocks are depleted.

Recommendation 33 (Significant priority)
COPRESIDA in coordination with its technical and development partners should quantify and budget for adequate buffer stocks of ARVs at the central and facility levels, considering real lead times, patients on treatment and scaling-up projections.

Quality Control of Pharmaceuticals

108. With the exception of TB drugs, which are pre-tested by GDF, all imported drugs are required to be tested by the National Drug Laboratory. The OIG found the laboratory to be well-equipped with good internal quality control, and a

computerized information system which collects and consolidates tests results, and tracks the testing process.

Expired drugs

109. The internal audit department of COPRESIDA participates in the quarterly physical inventory and issues a report which includes information on expired drugs. The total value of expired drugs inventoried at the end of August 2009 was approximately USD 86,000, of which about USD 49,000 were purchased with Global Fund resources. The removal of Indinavir from the drug protocol accounted for three quarters of the expired drugs. The rest were donations principally from the Clinton Foundation.

Recommendation 34 (Significant priority)
COPRESIDA should regularly monitor its inventory of medicines and health supplies to flag medicines that are likely to expire and take appropriate steps to ensure their distribution to health facilities on a timely basis.

Distribution

110. Each program currently has its own mechanism and procedures for distribution of drugs and health supplies. For HIV/AIDS drugs and laboratory supplies, DIGECITSS receives bimonthly reports from the service delivery facilities, and determines the quantity based on patient numbers and supply. DIGECITSS authorizes Yobel which prepares each order for shipment. PROMESE-CAL picks up the drugs weekly and delivers them to each of the service facilities scheduled for that date.

111. Distribution of TB drugs and laboratory supplies is currently the responsibility of the Provincial Health Services which collect the drugs from the Ministry of Health's warehouse. However, there are plans to transfer this responsibility to the regional health services. Again, this should not be done until storage and distribution capacities are adequate.

Recommendation 35 (Significant priority)
The MOH and COPRESIDA should ensure that the regional health services acquire adequate capacity to store, distribute, and manage HIV/AIDS and TB drugs before they assume responsibility for them.

Inventory management of medicines and health supplies

112. The OIG noted that three entities COPRESIDA, DIGECITSS and Yobel who shared joint responsibility for inventory management of medicines and health supplies had incompatible computerized inventory management systems. DIGECITSS has a software called Solomon while COPRESIDA uses Microsoft Excel spreadsheet. On the other hand, Yobel uses corporate software. In addition, drug descriptions are not uniform or standardized in the three databases which leads to errors and duplication.

113. The OIG found that DIGECITSS' inventory software was not able to:
(a) Generate past reports;
(b) Record costs of medicines;
(c) Track expiry dates of medicines; and
(d) Provide information on minimum and maximum inventory levels.

114. The OIG noted that Yobel provided information on deliveries of medicines and supplies to health facilities to DIGECITSS on a monthly basis instead of on a daily/weekly basis. Consequently, DIGECITSS did not have up-to-date or current information on stock balances of medicines and health supplies available to the program to facilitate decision-making by program managers. To remedy the lack of up-to-date information on stock balances, COPRESIDA conducts a physical inventory count at Yobel every three months.

Recommendation 36 (Significant priority)
COPRESIDA should consider providing DIGECITSS with technical and financial assistance to upgrade its inventory management software in order to improve the management and control of inventories, medicines and health supplies.

Recommendation 37 (Requires attention)
COPRESIDA should request that Yobel provides information on deliveries of medicines and health supplies to DIGECITSS at least weekly.

Financial Management and Control

The OIG noted some internal control weaknesses at PRs and SRs audited. The PRs should therefore ensure that they take corrective actions to remedy these weaknesses.

Financial Management: COPRESIDA

115. Country Programs Cluster's management letter with regard to the PUDR for the reporting period March to May 2008 stated that in previous quarters a total of USD 174,760 in salaries were paid in excess of the approved budget. As of August 2010, these funds have not been reimbursed to the Global Fund.

116. The OIG noted that COPRESIDA did not routinely reconcile grant funds advanced to PAHO with medicines and health supplies received from suppliers. Further, since COPRESIDA advances funds to PAHO based on proforma invoices, it is important that it regularly reconciles these advances with the medicines and health supplies received from PAHO suppliers. The OIG did not find evidence that COPRESIDA's Finance and Procurement departments routinely verify that medicines and health supplies ordered and delivered at Yobel's warehouse conformed to items detailed in its purchase orders.

117. The OIG noted that in August 2010, i.e. more than one year after inception of the RCC grant, that COPRESIDA had not appointed an external auditor to perform annual audits as required in the agreement, which had been due three months after the start of program implementation.[6] In addition, the OIG noted that the Terms of Reference for the independent annual audits of COPRESIDA did not include verification of the existence and value of the inventory of medicines and health supplies kept at Yobel's warehouse. Further, the OIG noted that audits of SRs were not carried out from June 2004 to November 2007. SR audits took place from December 2007 to May 2009.

118. The OIG noted that there was no of evidence of competitive bidding or price comparisons to obtain value for money for purchases of condoms for approximately USD 200,000 in November 2007.

119. COPRESIDA has professional services contracts with its staff, but the OIG noted both social security and income taxes were not withheld from staff salaries. According to the Dominican Republic tax law, 10 percent of income should be withheld by the employer. This finding also applies to COPRESIDA SRs such as CASCO.

Recommendation 38 (Significant)
COPRESIDA should reimburse the grant for the payment of unauthorized salaries.

[6] Article 13c of the grant agreement

Recommendation 39 (Significant)
COPRESIDA should regularly reconcile advances to PAHO with goods received and invoiced from PAHO suppliers to ensure that all grant funds advanced have been accounted for.

Recommendation 40 (Significant)
COPRESIDA should appoint external auditors for its grant programs and communicate this information to the LFA and the Global Fund.

Recommendation 41 (Significant)
COPRESIDA should modify the TOR of its external auditors to include verification of the stock-on-hand of medicines and health supplies.

Recommendation 42 (Requires attention)
COPRESIDA should seek legal advice regarding payment of social security and income tax of its staff and these of SRs.

120. The OIG noted the following internal control weaknesses at COPRESIDA:
(a) COPRESIDA could not confirm to the OIG that the stock of ARVs and health supplies in storage at central warehouse of Yobel has appropriate insurance taken by the PR or Yobel;
(b) Use of Microsoft Excel spreadsheets for budgetary control instead of accounting software with appropriate controls;
(c) COPRESIDA did not routinely provide feedback to its SRs after receipt of their quarterly financial reports; and
(d) Inadequate control of program vehicles and gasoline allocations.

Recommendation 43 (Requires attention)
COPRESIDA should address internal control weaknesses by:
(a) Assessing the adequacy of the terms and conditions of the insurance coverage for the stock of medicines and health supplies at Yobel.
(b) Seeking the necessary technical assistance to use the accounting software to produce budgetary control reports.
(c) Providing feedback to its SRs on their financial and progress reports on a timely basis.
(d) Establishing appropriate controls over program vehicles and gasoline allocations to staff.

Financial Management: Sub-recipients of COPRESIDA

DIGECITSS and CASCO

121. Sub-recipients of COPRESIDA such as DIGECITSS and CASCO use MS Excel spreadsheet to manage grant receipts and expenditures instead of an accounting software with appropriate controls. Further, the use of a spreadsheet for financial management makes it difficult to obtain grant financial information on a timely basis. COPRESIDA should therefore consider acquiring an accounting package which has on-line access capabilities for all its SRs. COPRESIDA should consider consulting with Salud Colectiva which has acquired such accounting software which it shares with its SRs.

122. Contrary to the provisions of the grant agreement, the OIG noted several instances where CASCO purchased goods including value-added tax (VAT).The SR explained that it was difficult to obtain tax exemption for goods and services. Grant funds that have been tied up in payment of VAT affect the cash flow of the programs and impact negatively on the timeliness of implementation of program activities.

NSALUD

123. The OIG noted that NSALUD applied an overhead rate of 32 percent of grant expenditures, which the OIG found to be excessive. High administrative costs of SRs deprive grantees of funds needed to implement programs that contribute to saving lives.

Recommendation 44 (Requires attention)
COPRESIDA should consider acquiring an accounting package for use by all its sub-recipients.

Recommendation 45 (Requires attention)
COPRESIDA should assist its SRs to obtain tax-exemption for goods and services purchased with grant funds.

Recommendation 46 (Requires attention)
COPRESIDA should ensure that administrative costs of its sub-recipients are reasonable.

Financial Management: IDCP

124. The OIG noted the following financial management and internal control weaknesses at IDCP:

(a) IDCP could not confirm to the OIG the specific terms of the insurance policy on program commodities stored at Yobel's warehouse (coverage amount, validity, exceptions, deductible, etc.);
(b) Lack of evidence that IDCP had verified that the bank where grant funds are kept has adequate capital; and
(c) Ten percent income tax was not deducted from professional fees as required by the income tax laws;

Recommendation 47

IDCP should address internal control weaknesses by:

(a) *Assessing the terms and conditions of the insurance coverage subscribed by Yobel for its program commodities. (**Significant priority**)*
(b) *Verifying and documenting that its bank has adequate capital per Global Fund policy (**Significant priority**)*
(c) *Seeking legal advice regarding the deduction of income tax from professional fees.(**Requires attention**)*

Financial Management: CENCET

125. The OIG noted the following financial management and internal control weaknesses at IDCP:

(a) Delay in appointing an external auditor until eight months after the start of program implementation.
(b) The Internal auditor reports to the Finance Manager. Further, the OIG noted that she was responsible for preparing bank reconciliations which should be a management function.
(c) Lack of competitive bidding for the PR's accounting package developed by a supplier at a cost of USD 20,000.
(d) The PRs operational and financial manual was in draft and needs to be updated and adopted.
(e) Lack of a clear policy on use/application of exchange rates.

Recommendation 48 (Significant priority)

CENCET should address internal control weaknesses by:

(a) *Appointing an external auditor and communicating this information to the LFA and the Global Fund.*
(b) *Ensuring that the internal auditor reports to the director of CENCET.*
(c) *Documenting the reasons for the purchase of the accounting software without competitive tender and obtains approval from the Global Fund.*

(d) *Updating and implementing its operational.*
(e) *Adopting a policy for exchange rates and applying it consistently.*

Financial Management: MOH/Salud Colectiva

126. The OIG noted the following financial management and internal control weaknesses at the MOH's department of Salud Colectiva, the PR for TB grants:

(a) Inadequate financial management capacity (lack of qualified staff) of the PNCT, the key sub-recipient of the TB program;
(b) An internal audit mechanism has not been established at MOH for the TB program;
(c) VAT was paid for some goods purchased with grant funds, contrary to the grant agreement;
(d) There was no evidence (signatures) that financial reports had been reviewed and approved by designated senior managers;
(e) Late preparation and approval of bank reconciliations at the PR and some SRs (PNCT, DDF-SRS);
(f) Inability of the accounting software to produce year-to-date grant expenditures compared to the program budget; and
(g) Lack of external storage of data backed from the accounting system.

Recommendation 49

The MOH should address internal control weaknesses by:

(a) *Developing the financial management and administrative capacity of the PNCT.* ***(High priority)***
(b) *Establishing an internal audit mechanism for the TB grant program.* ***(High priority)***
(c) *Ensuring that goods and services purchased with grant funds are exempted from VAT.* ***(Significant priority)***
(d) *Financial reports should be signed when they are reviewed or approved by program managers.* ***(Significant priority)***
(e) *Making sure that bank reconciliations are prepared and approved every month on a timely basis.* ***(Significant priority)***
(f) *Reprogramming the accounting software to produce year-to-date expenditures versus the program budget.* ***(Requires attention)***
(g) *Storing outside the office a copy of the data backed-up from the accounting software.* ***(Requires attention)***

Financial Management: PROFAMILIA

127. The OIG noted the following internal control weaknesses at PROFAMILIA:
(a) External auditors were not appointed for the Round 3 TB grant. Further, external auditors had not been hired for the second year of the Round 7 TB grant; and
(b) During project visits in July 2010, OIG found that TB laboratory equipment bought in June 2009 for a hospital at La Vega Province had not been installed.

Recommendation 50 (Significant priority)
The MOH should address the audit findings by:
(a) Ensuring that an external auditor is appointed for the Round 7 TB grant.
(b) Installing the TB laboratory equipment at the hospital in La Vega province.

Governance and Program Oversight

CCM Governance and Oversight of Grant Programs

128. The OIG established that all key constituencies are represented in the CCM as per Global Fund CCM guidelines. However, the OIG noted that CCM officers have not been rotated since the CCM was established in 2002.

129. The Minister of Health is the Chairman of the CCM, but since October 2009, the MOH has become PR for the TB grants. There is therefore a need to update the CCM's conflict of interest policy to take into account this potential conflict of interest situation.

130. The OIG confirmed that the CCM did not have an oversight plan and had not made any visits as a group to health facilities implementing grant programs. Further, the OIG noted that the CCM did not receive PR external audit reports and quarterly progress updates and disbursement reports (PUDRs) which could help it become cognizant of the challenges and constraints facing the programs in order to recommend corrective actions. Some CCM members said that they get to know about issues affecting the grants when it is too late. Further, the CCM did not have a strategic monitoring tool to facilitate its oversight function. Also, technical working groups have not been established to assist the CCM in its oversight function.

131. CCM officials said that in the past the Global Fund Country Program Cluster communication was with the PRs, but recently communication between the Global Fund Country Program Cluster and the CCM has improved. Currently, the CCM receives copies of communications on disbursement of funds and PR management letters.

132. In June 2010, representatives of the Dominican Republic's CCM attended a Regional CCM workshop for the Caribbean which allowed the Dominican Republic CCM participants to share experiences and learn from their counterparts. In the OIG's view, the participants could act as change agents to improve the effectiveness of the CCM oversight function in the Dominican Republic.

133. The OIG noted that the President of Coalición de ONG SIDA, an umbrella organization for NGOs working in HIV/AIDS, is the Secretary of the CCM. The office of the NGO serves as the secretariat of the CCM. The OIG learned that the office of the NGO coalition does not have the staff to support the Secretarial and administrative needs of the CCM. The CCM has therefore obtained a one-year grant from the Global Fund to support the CCM Secretariat. However, the challenge is finding a continuing and sustainable source of financing for the CCM secretariat.

Recommendation 51 (Significant priority)
The CCM should consider implementing the following recommendations to enhance the effectiveness of its oversight of the grant programs.

(a) *Hold elections to renew its officers.*
(b) Update the CCM's conflict of interest policy to deal with the potential conflict of interest created by the MOH becoming a PR.
(c) *Seek technical assistance to acquire a strategic monitoring tool.*
(d) Form technical working groups to assist its oversight function.

Oversight of the Grant Programs by the Principal Recipients

134. The OIG established that key departments of the MOH such as DIGECITSS supervise and oversee program activities. For example, DIGECITSS reviews and approves requests from health facilities for the supply of ARVs and HIV test kits. Further, it monitors stock levels of medicines and health supplies at the central warehouse at Yobel.

135. A new management team took over COPRESIDA at the inception of the HIV/AIDS RCC grant program in June 2009. The OIG learnt that management had embarked on institutional strengthening through a new organizational structure based on health services. Management also developed new operational guidelines for key functional areas, which the OIG found to be appropriate to the function. These operational manuals/guidelines were scheduled to be reviewed and adopted by October 2010.

136. In COPRESIDA, programmatic supervision and financial oversight of SRs is the responsibility of the M&E officer. There were five program auditors and five financial auditors who work under the supervision of the M&E officer. The OIG learned that the program and financial monitors were integrated into one unit to improve their efficiency. The OIG did not find evidence that during supervisory visits to health facilities COPRESIDA verified that drugs delivered to health facilities by PROMESE-CAL had been received and were stored according to good storage practices.

137. The IDCP has 30 SRs under its HIV/AIDS RCC grant program. These local NGOs are also involved in IDCP's malaria program. It has assigned a program monitor and a financial auditor to each group of ten organizations for program and financial oversight. The OIG confirmed that quarterly supervisory visits were carried out. The OIG found the oversight arrangements to be effective. CENCET did not have any SRs. The OIG noted that capacity assessments of nine potential SRs showed several weaknesses that needed to be addressed before they could be allowed to manage funds.

138. PROFAMILA audits and retains all original payment vouchers and supporting documents of its SRs. The OIG confirmed that the internal auditor of PROFAMILIA conducts audits of the SRs.

139. The grant agreements state that the PR shall have annual financial audits conducted by an independent auditor acceptable to the Global Fund. The OIG did not find that annual audits of the TB Round 3 program as stated in the grant

agreement had been undertaken. Program officials explained that they were not aware of this audit requirement. The OIG found that the first year of Round 7 Tuberculosis grant was audited by an external auditor and the report had not been finalized by the end of the OIG's field work.

Recommendation 52 (Requires attention)
COPRESIDA should ensure that supervisory visits made to health facilities include verification that medicines and health supplies delivered by PROMESE-CAL are accurate and are being stored in good conditions.

Oversight of the Grant Programs by the Global Fund Secretariat and the LFA

Oversight of the Grant Programs by the LFA

140. Since July 2009, the LFA team in the DR had been reorganized according to the three diseases to make it more effective, partly in response to the increasing complexity of the Global Fund portfolio. PwC has core in-country staff with knowledge of the Dominican Republic's operating environment. It is supplemented by contracted PSM and M&E experts.

141. The OIG noted that, following good practice, the LFA work in the Dominican Republic was informed by a documented risk assessment of the grants and implementing organizations. However, the cross-cutting risks related to the decentralization of health services had not been sufficiently included in the risk analysis to provide the appropriate context and factors that were likely to affect efficient grant implementation.

142. The OIG found that the PR capacity assessments are comprehensive and detailed, including the procurement reviews. Further, TB and HIV OSDVs completed in 2009 and 2010 were well done with detailed observations on data and service quality.

143. Some program officials complained that the LFA usually spends one month in the PR office to review/verify PUDRs. The OIG notes that the LFA needs to take adequate time to ensure efficient verification, but must also take account of the demands this may place on the PRs. In general, Principal Recipients' perception was that the LFA is most skilled and most interested in financial documentation, but less so in programmatic issues. For example, one PR wanted to merge two studies that were previously budgeted separately. According to the PR, the LFA found it difficult to grasp the issue and finally informed the PR that Global Fund approval had to be obtained.

144. Some PR officials complained that there was tension with a LFA team member who was over-zealous. The in-country evaluation carried out by the Secretariat confirmed this view, and at their request the team member was removed once the on-going assignments were complete.

Recommendation 53 (Significant priority)

The Country Programs Cluster should ensure that professional skepticism of the LFA staff does not lead to tensions with PRs. Further, the Country Programs Cluster should ensure that the LFA follows a code of conduct for its staff in dealing with clients. In addition, the Country Programs Cluster should ensure that the LFA resolves conflicts between its staff and PR staff in an expeditious manner.

Global Fund Secretariat Oversight of Grant Programs

145. In general, PR officials were pleased with the support from and their interaction with the Global Fund Country Programs Cluster. However, some PR officials complained that the Global Fund Country Programs Cluster did not routinely seek clarification of issues raised by the LFA during PUDR reviews before sending management letters to the PR. PR officials said that the Global Fund feedback/management letter usually contains only the viewpoints and recommendations of the LFA.

146. CCM officials said that, in the past, the Global Fund Country Programs Cluster communication was solely with the PRs, but of late communication between the Global Fund Country Programs Cluster and the CCM has improved. Now the CCM receives copies of communication on disbursement of funds and management letters to the PR.

147. A major concern regarding the TB grants in the Dominican Republic is the weak technical, financial management and administrative capacity of the PNCT, the primary SR for implementing and providing oversight of the TB programs. The OIG noted that it was challenging for PROFAMILIA to monitor and coach its public sector grant sub-recipients, including the PNCT. With the transfer of the TB grants to the MOH, there is the risk of the TB program facing serious challenges if the Country Programs Cluster does not ensure that the MOH builds the PNCT's capacity.

Recommendation 54 (High priority)
The Country Programs Cluster should ensure that the MOH has a capacity building plan for its key implementing partner, the PNCT. In addition, the Country Programs Cluster should monitor the progress of implementation of the capacity-building plan for the PNCT.

Annex 1: Overall Comments: Dominican Republic Country Coordination Mechanism (CCM)

Observations on the auditing process of the Office of the Inspector General from the Country Coordination Mechanism

Introduction

The Office of the Inspector General (OIG) informed the Dominican Republic of its decision to conduct an audit of the projects funded by the Global Fund to Fight AIDS, Tuberculosis and Malaria in the country, which would be conducted by a team of financial and programmatic auditors selected by the organization.

The fieldwork was carried out from June 21st to August 6th, 2010, with all the institutions involved in the management and implementation of programs in the country.

The country received a preliminary or draft audit report, no. TGF-OIG-10-005 dated March 22nd, 2011. Each Principal Recipient (PR) made comments on the document and drafted an action plan to integrate the recommendations made by the draft audit report. The action plans were submitted individually by each PR to the Global Fund after their publication.

Likewise, the CCM submitted an action plan to the Global Fund which integrated the recommendations directly linked to its mandate.

On the 8th of July 2011, the OIG asked the CCM to provide general comments on the OIG's auditing process in order to improve it.

This brief document presents the opinion of the CCM-Dominican Republic with regard to the auditing process conducted by the Inspector General.

Considerations from the CCM regarding:

1. **The purpose or objectives of the audit**

   The CCM of the Dominican Republic considers that the audit of the Global Fund grant in the country conducted by the OIG in 2010 was relevant and timely. Its findings will allow the country to make adjustments on time to guarantee the success of ongoing projects.

2. **The professional team of auditors:**

   The audit was conducted according to the Global Fund guidelines. The entire process was conducted with great professionalism, in adherence to the Global Fund procedures, and with respect towards the local technical teams.

3. **The scope of the audit in the programmatic and financial areas:**

   As the auditing team had staff with extensive experience in both areas, the process reviewed the grant progress in the programmatic, disease and financial fields.

   However, it was noted that the audit was predominantly focused on financial aspects, which may have limited its scope and the identification of areas for improvement in the projects, which mainly fall into the programmatic category.

4. The recommendations and follow-up:

The findings and the recommendations of the audit will help achieve the goals and objectives of the projects as well as their impact.

To this effect, the PRs and the CCM have prepared action plans in response to these recommendations which are being implemented.

As regards the CCM, the recommendations received following the audit will help speed up the process of strengthening our Mechanism while improving transparency and participation.

The recommendations made to PRs will enable them to address administrative, management and programmatic weaknesses in a planned and timely manner.

Annex 2: Overall Comments of the Global Fund Secretariat

Info@theglobalfund.org
www.theglobalfund.org

The Global Fund
To Fight AIDS, Tuberculosis and Malaria

T +41 58 791 1700
F +41 58 791 1701
Chemin de Blandonnet 8
1214 Vernier, Geneva
Switzerland

MEMORANDUM

Date	13 September 2011
To	John Parsons, Inspector General
From	Mark Eldon-Edington, Director, Country Programs
Subject	Office of the Inspector general (OIG) report: "Audit Report on Global Fund Grants to the Dominican Republic " – Country Programs response

1) Background

The Office of the Inspector General provided to Country Programs a draft of the Audit Report on the Global Fund Grants to the Dominican Republic.
The Country Programs Cluster provided comments to the draft before the report was submitted to the country. With the revised report, the OIG requested specific response to each individual audited entity in the country.
During the GF mission to the country in March 2011, the different country stakeholders were invited to complete as soon as possible the answers and corresponding actions regarding the recommendations and findings of the OIG audit process.
In the months following the submission, the different entities provided responses to the recommendations. Many of them requested the participation of the Secretariat to formalize and implement specific actions.
The last response on recommendations was provided by the Country Coordinating Mechanism (CCM) in August 2011, including a general statement by the CCM regarding the global OIG in-country exercise executed in 2010.

2) Overview of the responses

The OIG audit report submitted to the country in August 2011 stipulates a total of 52 recommendations, which were assigned different levels of importance and ownership. In effect, the PRs in the country, the CCM and the Secretariat have all been designated specific response and implementation responsibility for the three components.
Summary (see annex below, tables A, B and C for details)

- A total of 26, or 50%, of the 52 recommendations have the status implemented;
- A remaining total of 26, or 50%, of the 52 recommendations have the status on track;

- No recommendations are under the status "not-implemented";
- A total of 9, or 17% of the total, of the "significant priority" classified recommendations are at an advanced stage of implementation.

Some of the recommendations have a direct impact in the improvement of the managerial controls the different PRs and CCM are responsible for, as part of the activities linked to grant implementation.

3) Way Forward / next steps

- The Country Programs Cluster will follow-up on the OIG recommendations as per the schedule provided by the different audited entities in the country: during the next periods of grant implementation, the LAC Regional Team will request updates on the different recommendations (particularly on those that are currently listed as on track and are including the participation of the Secretariat).

- The tracking tables reflecting the 52 recommendations will be updated as needed.

ANNEXES

A) Implementation status of the 52 recommendations (as 31 August 2011)

Status	Number	Percent
Implemented	26	50%
On track	26	50%
Total:	52	100%

B) Implementation by classification status

Classification	Implemented		On track		Total	
	Number	%	Number	%	Number	%
Significant priority	16	62%	9	35%	25	48%
High priority	2	8%	7	27%	9	17%
Requires attention	8	30%	10	38%	18	35%
Total:	26		26		52	

C) Implementation by audited entity

Classification	Implemented		On track		Total	
	Number	%	Number	%	Number	%
Copresida	11	42%	19	73%	30	57%
MoH	7	27%	5	19%	12	23%
IDCP	5	19%	0	0	5	10%
CENCET	3	12%	0	0	3	6%
CCM	0	0%	2	8%	2	4%
Total	26		26		52	100%

There are eight recommendations that include the explicit participation of the Secretariat for addressing the elements proposed by the auditors. The resolution of these specific issues is being formalized through the following actions:

1. Revision, update and alignment of Performance Frameworks for the HIV grants through Implementation Letters n. 8 (PR COPRESIDA, DMR-202-G01-H-00) and n.2 (PR IDCP, DMR-202-G04-H-00) dated 14 June 2011.
   Associated recommendations:
   n. 11, implemented,
   n. 12, implemented (to be confirmed during Phase 2 of the RCC program)
   n. 13, implemented,
   n. 14, implemented,
   n. 15, implemented.

2. Review of the budget for with Advocacy, Communication and Social Mobilization activities (ACSM) dealing with the TB component; the resources have been revised and increased during the negotiation of the phase 2 budget (approximately USD 1,170,000) included in the approved Summary Budget attached to the grant agreement signed with the PR Ministry of Health on 28 March 2011 (DMR-708-G08-T);
   Associated recommendations:
   n. 21, implemented.

3. Revision and alignment of the impact and outcome of TB grants to the national reporting cycle, through the approval of the Implementation Letters n. 2 (Ministry of Health, DMR-309-G07-T) dated 27 June 2011 that formally endorsed the alignment with the PF for DMR-708-Go8-T.
   Associated recommendations:
   n. 22, implemented.

4. Review and negotiation of an action plan including specific measures aimed at verifying the data included in the PUDR; this document is still under negotiation between the PR and the Secretariat (advised by the LFA) and it is expected to be soon approved Associated recommendations:
   n. 23, On track.

Annex 3: Principal Recipients' Response to the Recommendations and Management Action Plan

Prioritization of recommendations

a. High priority: Material concern, fundamental control weakness or non-compliance, which if not effectively managed, presents material risk and will be highly detrimental to the organization's interests, significantly erodes internal control, or jeopardizes achievement of aims and objectives. It requires immediate attention by senior management.

b. Significant priority: There is a control weakness or noncompliance within the system, which presents a significant risk and management attention is required to remedy the situation within a reasonable period. If this is not managed, it could adversely affect the organization's interests, weaken internal control, or undermine achievement of aims and objectives.

c. Requires attention: There is a minor control weakness or noncompliance within systems and proportional remedial action is required within an appropriate timescale. Here the adoption of best practice would improve or enhance systems, procedures and risk management for the organization's benefit.

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
HIV	Recommendation 1 (Requires attention) The Ministry of Health should consider lowering the barrier for initiation of ART to the recommended level of 350 CD4 in a phased approach based on available resources to meet the increased financial and technical resources that this change would require	The Ministry of Public Health has proposed a rough draft of a new comprehensive health care guide, which includes the initiation of anti-retroviral treatment at 350 CD4. There is a schedule for the final version of the protocol to be shared with the general public.	DIGECITSS (Sexually Transmitted Infection and AIDS Control Board)	15/6/2011
	Recommendation 2 (Significant priority) The Ministry of Health should develop guidelines on treatment and reporting of opportunistic diseases and ensure that the guidelines are followed and the drugs for	Partial Compliance. Currently, there is a plan that seeks to establish a management process for clinical documentation. This process applies to 21 priority service units and hopefully it can be expanded to the 72 SAIS.	The Department for Strengthening Regional	30/11//2011

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
	treatment are available.		Health Networks	
	Recommendation 3 (High priority) The Ministry of Health should review the guidelines and current practice for the use of Cotrimoxazole prophylaxis in patients not yet eligible for ART	Partial Compliance. The Ministry of Public Health has proposed a rough draft of a new comprehensive healthcare guide, which includes the use of Cotrimoxazole as a prophylactic treatment in patients who still are not eligible for initiating ART.	DIGECITSS	15/6/2011
	Recommendation 4 (Requires attention) The Ministry of Health should consider decentralizing CD4 laboratory tests to several large laboratories at strategic points throughout the country.	The strategy of the Ministry of Health is to make the transport system for samples more efficient to optimize the resources and lower costs, although we have to consider the installation of teams in various high-density regions of PLWHA populations (Regions O, II and V). It is possible that we need to consider sending teams to places where the workload is lighter and access to send samples to the reference laboratories is more difficult such as (Pedernales, Samana, Elías Piña, Dajabón, Monte Cristi, Jimani.)	Department for the Development and Strengthening of Regional Healthcare Networks	With the support of PEPFAR, we are in the process of validating the PIMA teams for CD4. Once the pilot program has been concluded and we meet with the bio-analysts in the participating laboratories, an exhaustive performance analysis will

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
				be carried out on these tests and this technology, and the need of installing this PIMA team in specific locations.
	Recommendation 5 (High priority) COPRESIDA should review the national programmatic and financing gap for targeted HIV prevention programs and assure that these programs receive sufficient attention.	Partial Compliance. COPRESIDA has the double responsibility of being the Principal Recipient of the Global Fund and Coordinator of the National Response, and are aware of the program and financial gaps in the HIV Prevention Programs and in order to try to overcome them, actively participated in formulating a Round 9 proposal to reinforce PMTCT and Round 10 to reinforce vulnerable groups. However, even though these proposals were not approved, COPRESIDA continues its efforts in order to try to overcome limitations within our current responsibilities: In regards to the program and financial monitoring, the Technical Monitoring and Evaluation Unit constantly monitors all the SRs regardless of whether or not their interventions concern Prevention, Attention and Care in terms of the program and financing, providing active	COPRESIDA-Monitoring and Evaluation Units and Social Mobilization and Education.	31/5/2011

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		feedback on the COPRESIDA areas requiring strengthening; as well as to the SRs directly so that they can make the appropriate corrections for the weaknesses that were encountered. With regards to the program gaps, we are working to strengthen the prevention strategies directed towards people in the field of education, including higher education. At the same time, we are coordinating strategies to reduce the impact using the Service Networks and the NGO AIDS Coalition, which helps generate more sustainable actions by promoting the mobilization of key actors at the different levels within the system. Specific inclusion strategies were fostered by population base with the intention of including both known vulnerable groups as well as other groups that might not have been identified due to lack of information or because they did not form part of the agenda of the interest groups. A committee was set up for the prevention of STIs, HIV and AIDS as part of an inter-institutional Strategy that promotes a review of the resources for this NEP strategic line that is in its preliminary phase. The programs related to STI, HIV and AIDS		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		education based on Life Skills were reviewed by the Ministries for the purpose of looking for greater effectiveness and compliance within the framework of its institutional policies and the complexities of the Dominican education system. The General Training Plan (Pending approval by the GF) which includes establishing prevention and promotion programs for health, education and social security services related to HIV and AIDS for each Sub-Recipient.		
	Recommendation 6 (Requires attention) The CCM should assure that prevention initiatives included in the grant agreements signed with the Global Fund contribute to a long-term strategy for a national response to HIV.	Technical Management shall discuss with the CCM the need for a re-evaluation of the initiatives, included in the grant agreements with a view to strengthening the national strategy and making it more coherent. The CCM was made aware in advance of the importance of this point and formulated a response to this in Round 9 (before the auditing) and in Round 10 (after the auditing) which was not approved.	COPRESIDA-Technical Management	June 2011
	Recommendation 7 (High priority) The Ministry of Health should establish a system of prequalification of HIV rapid tests, develop a national algorithm on how these tests are to be used and significantly	The Vice Ministry of Quality Control with the support of PEPFAR/CDC is in the process of establishing a Registry and Validation Program for rapid test kits for the diagnosis of HIV infection. In regards to the algorithm for the	Recording and validating the reagent kits (Vice Ministry of	In process

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
	increase laboratory supervision to assure the application of the algorithm.	confirmation of the tests, the algorithm already follows the UNAIDS/WHO guidelines. In regards to the supervision of Provincial Health Management, there are Laboratory Supervisors.	Quality Control). Supervision is carried out by Provincial Management and the algorithm is from the DIGECITSS as a regulatory organization.	
	Recommendation 8 (High priority) The Ministry of Health should review the organization of testing and counseling services in antenatal clinics and voluntary counseling and testing center. Counseling and testing should be provided in a single location and the results should be communicated within the same day.	There is an operating plan from the Ministry advocating an improvement in the quality of the clinical laboratory and carrying out HIV tests with Counseling. Implementation is being developed for the PMTCT to be able to deliver the results the same day in MI hospitals at a national level.	DIGECITSS	30/11/2011
	Recommendation 9 (Requires attention) The Ministry of Health should redesign the laboratory registers for HIV testing in order to make them anonymous	This point has been discussed between the organizations in charge, even though we have had limitations in anonymous registry such as people without personal identification and laboratories that lack an electronic platform in order to establish a code. Consultants need to be hired in order to go into more depth about this subject to with a systematic approach to	National Directorate of the Ministry of Health Laboratories	30/11/2011

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		cultural issues.		
	Recommendation 10 (Significant priority) The Ministry of Health should improve the integration of PMTCT services into routine ante-natal and obstetric care and increase the supervision of HIV treatment and PMTCT units to ensure that national protocols for treatment, record keeping, reporting and stock management of drugs are followed	A plan has been set in motion with Regional Health System Management and the Vice Ministry of Networks to improve management, including HIV supplies, giving priority to ARVs, reviewing national treatment protocols, preservation of records, reports and drug management and strengthening the coordination of the PMTCT prenatal care services. Furthermore, there is an Agreement with the Vice Minister of Collective Health to strengthen the capacity for supervision through the DIGECITSS and the SDA..	DIGECITSS	20/8/2011
	Recommendation 11 (Requires attention) The Global Fund Secretariat and the Principal Recipients should ensure that the indicator definitions, targets and denominators of reported indicators in the grant performance frameworks are aligned with national monitoring indicators.	IDCP: During the Global Fund's last mission in the Dominican Republic – on 7 to 10 March of this year – a technical meeting was held under the title "Workshop for the improvement of the indicator table and the possibility of Technical Assistance". The meeting was scheduled for the first day of the visit (7 March 2011) from 10:30 a.m. to 12:30 p.m. The review exercise consisted of an in-depth verification of both Performance Frameworks of the PRs involved in the GF RCC Project (COPRESIDA and IDCP). For this financial year, both PRs share the common denominator of impact and results indicators. In terms of the denominators used for some	Dr Tessie Caballero Vaillant (Coordinator of M&E at COPRESIDA) in conjunction with the Inter-institutional M&E Technical Group. Dr Aurora Rodríguez is the	6 April 2011

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		indicators, it was proposed that we should employ the National HIV Prevalence Estimates and Disease Loads as denominators for certain indicators in order to ensure consistency with the National M&E Plan being developed (due for completion in August 2011), with the aim of being able to discuss national coverage. In this respect, we can highlight the fact that the product of the financial year in question was reviewed and validated once again by the M&E Technical Group over the course of a full day on 6 April this year. The result of this exercise was the modification of both Performance Frameworks of the RCC Project, in accordance with the recommendations of the audit.	main responsible official within the IDCP.	
		COPRESIDA: Complied. It must be highlighted that in the previous mission of the Global Fund in the Dominican Republic from 7 to 10 March of this year, a technical meeting was established entitled: Workshop to improve the indicator table and options for Technical Assistance, through a guideline agenda for the first day of the visit (7 March 2011) from 10:30 a.m. to 12:30 p.m. with the participation of Victor Sanchez (Technical Project Manager – COPRESIDA) Joshua Metcalf-Wallach (Technical Officer Monitoring & Evaluation Unit), José Castillo (Portfolio Manager for Latin America	COPRESIDA – Monitoring & Evaluation Unit jointly with the inter-institutional M&E Technical Group	Executed (6 April 2011)

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		and the Caribbean), Miriam Lopez Sanmartín (Official for programs for Latin America and the Caribbean), Ana María Navarro (Country Officer for UNAIDS); as well as the inter-institutional M&E Technical Group, which was represented by: Tessie Caballero Vaillant Coordinator of M&E – COPRESIDA) Lourdes Abreu (Official for Monitoring Project Indicators), Luís Rodríguez (Investigation Analyst), Miguel Angel Rosa (Evaluation Analyst), Teresita González (Coordinator of Strategic Planning), Kenia Mejía (Program Monitor), Yordana Dolores (M&E Adviser - UNAIDS), Elizabeth Conklin (Consultant for M&E - CDC/DR), Aurora Rodríguez (Official of M&E - IDCP), Gisela Quiterio (Measure Evaluation). We must note that the review exercise consisted of extensive verification of both the Performance Framework of the PRs of the Global Fund RCC Project, with the Impact and Results Indicators as a common denominator in this exercise for both PRs. It should be pointed out that a discussion took place during the same exercise on the relevance of making adjustments to some of the indicators, such as changing some of the definitions of some of these; an example to highlight would be: "Targeted vulnerable populations that received		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		VCT in the past 12 months and know their results (#, %)", that when analyzed, it was suggested be changed to "Number of voluntary counseling and testing sessions provided to most-at-risk populations including the provision of test results". In regards to the denominators of some indicators, it was suggested that in order to be coherent with the National M&E Plan that is being developed (scheduled completion date August 2011) we should use certain indicators as a denominator such as the National Estimates for HIV Prevalence and Disease Load, with the intention to be able to talk about national coverage as in the case of: "HIV+ pregnant women that receive ART for PMTCT.", which suggests that for the next phase of the project we must change to a new indicator that is linked to the national program and has a denominator that is all the HIV+ pregnant women in the country. In this case we can point out that the product derived from the exercise in question was once again reviewed and validated by the M&E Technical Group for an entire day last 6 April of this year and the fruit of their labor in these exercises was a change in both Performance Frameworks of the RCC		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		Project.		
	Recommendation 12 (Significant priority) The Global Fund and COPRESIDA should set more ambitious targets for the indicators tracking the performance of the PMTCT program.	This point was reviewed and emphasized in a prior meeting and in view of this issue, it was suggested that for the second phase, the indicator: "HIV+ pregnant women that receive ART for PMTCT." and Newborns of HIV+ mothers that are tested for HIV following national guidelines", should be calculated taking the National Estimates for HIV Prevalence and Disease Load as a denominator in order to be able to talk about national coverage. The Monitoring and Evaluation Plan was reviewed recently for the new portfolio structure for the Dom. Rep.	COPRESIDA-Monitoring & Evaluation Unit and the M&E inter-institutional Technical Group	Executed (6 April 2011)
	Recommendation 13 (Requires attention) The Global Fund Secretariat and the Principal Recipients should review the performance frameworks and make a clear separation between numbers that need to be tracked for the purpose of fiscal control and indicators of programmatic achievement	IDCP Response to Recommendation 13: With regards to this recommendation, during the last Global Fund Mission to the Dominican Republic – specifically, on the 7 and 10 of March of this year – a plan for working and exchanging information with the Global Fund Secretariat was devised with the aim of being able to review the performance framework and update the Monitoring & Evaluation Plan of the Donation Program. Participating in this process were José Castillo (Manager of the Latin American and Caribbean Portfolio), Joshua Metcalf-Wallach (Technical Officer for the Monitoring & Evaluation Unit), Miriam Lopez Sanmartín (Officer in charge of Latin American	Dr Aurora Rodríguez (Official in charge of M&E for the IDCP) in conjunction with the Inter-institutional M&E Technical Group.	15 May 2011

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		and Caribbean Programs) and the entire IDCP Technical Team. The IDCP has initiated a validation process to deal with proposed changes working through the Inter-institutional M&E Technical Group of the National HIV/AIDS Response.		
		COPRESIDA Response to Recommendation 13: We will establish communication with the Secretariat to address these recommendations.	COPRESIDA. Technical Management	April 2011
	Recommendation 14 (Significant priority) The Global Fund Secretariat and the Principal Recipients should review the performance frameworks in order to define all indicators as a single parameter (i.e. "proportion" rather than "number and proportion") and to either aggregate or split indicators that request for disaggregated data by gender and age.	IDCP Response to Recommendation 14: The IDCP has initiated a validation process to deal with proposed changes working through the Inter-institutional M&E Technical Group of the National HIV/AIDS Response.	Dr. Aurora Rodríguez (Official in charge of M&E for the IDCP) in conjunction with the Inter-institutional M&E Technical Group.	6 April 2011
		COPRESIDA response to recommendation 14: Complied. In this sense we must inform you that in the meeting that was held on 7 March, it was concluded that there are certain indicators which should be presented as an absolute number and not in a percentage by the very nature of the health services in the Dominican Republic, more specifically we can cite the example of the indicator:	COPRESIDA-Monitoring & Evaluation Unit jointly with the Inter-institutional M&E Technical Group	Executed (6 April 2011)

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		"Targeted vulnerable populations that received VCT in the past 12 months and know their results (#, %)", which would be reported starting at P14 as: "Number of voluntary counseling and testing sessions provided to most-at-risk populations including the provision of test results"; each time the indicator is present, until before this review was envisaged for people in the vulnerable population; however, it is not certain that what we are presenting in the performance indicator in question would be people and not HIV tests; in this sense we concluded that in this meeting and in the final review of the Performance Framework that was carried out by the M&E Technical Group last 6 April, in which the data from Post-Test Counseling is more reliable, it was actually talking about people; Therefore this indicator would go from a percentage to being presented as an absolute number. In regards to the indicators which make reference to being presented by gender and age, it was concluded that in the specific case of the indicator: "Number and percentage of adults and children with advanced HIV infection who currently receive ART", this would need to be presented by gender and by age group (adults and children) in order to apply it to the second		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		phase and not routinely for each quarterly close.		
	Recommendation 15 (Significant priority) The IDCP in consultation with the Global Fund Secretariat should redefine the 6 knowledge indicators in the performance framework. Increase in knowledge cannot be monitored by "number of people who know" but only by "proportion of people who know". The IDCP should develop an appropriate methodology to collect data for tracking this indicator.	Complied. In this point, we must state that in the review of this indicator with the GF and the GTM&E, we were able to conclude that this indicator does not, in fact, deal with absolute numbers. They are percentages taken from the Knowledge and Behavior Survey which is why they are percentages.	COPRESIDA-Monitoring & Evaluation Unit jointly with the Inter-institutional M&E Technical Group	Executed (6 April 2011)
	Recommendation 16 (Significant priority) COPRESIDA should convene working groups of Government and international partners to coordinate the response to specific program challenges such as the weaknesses of the PMTCT program and the program gap in HIV prevention among groups most at risk for HIV infection.	Partial compliance. A joint meeting was held between COPRESIDA, the Ministry of Public Health, Dominican Medical Association and the Obstetrics, Gynecology and Pediatric Societies, in which the weakness of the PMTCT were discussed and a coordinated effort was agreed upon to strengthen the Region Health Services and the Collective Health Services	COPRESIDA Directorate of Development for Strengthening the Regional Health Networks	30/11/2011
Tuberculosis	Recommendation 17 (High priority) There is an urgent need to strengthen the capacity of the PNCT, especially for the supervision of peripheral services. In this sense, the Vice Ministerio de Salud Colectiva (MOH) should review and revise its Human Resources Plan for the consolidation of the Global Fund tuberculosis programs	Response: The Principal Recipient agrees on the weaknesses identified in the National Program's human resources. Action: The Principal Recipient agreed with the Global Fund to reassess the PNCT as an institution to identify areas to be strengthened in the area of human resources, using this as the basis for the creation of a consolidated Human Resources Plan to cover the needs generated by	Principal Recipient: project manager. PNCT: Director General	30-Sep-11

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		the two projects with funding from the Global Fund in the country. Finally, the Principal Recipient would initiate a training and induction process for new staff incorporated into the PNCT during the second phase of the DMR-708-G03-T project in the new PR in order to cover areas requiring reinforcement during the first year of the latest project, which will complement the aforementioned human resources plan.		
	Recommendation 18 (High priority) The MOH should ensure that PNCT increases the supervision of provincial tuberculosis offices and of tuberculosis clinics, targeting those clinics and services that are underperforming, and making extensive use of the recently developed supervision guide.	Response: Both the PNCT and the Principal Recipient define this recommendation as being high priority in guaranteeing the sustainability of achievements and the implementation of projects. Action: the strategy is to involve the intermediate level in health sector reform. This reform encompasses two spheres at this level: the office relying on the provincial health directorates and the management of health services or public clinics, and the Regional Health Services, as sub-recipients carrying out systematic management and supervision, with the support of the central level which begins with the design of a new supervision strategy and training guide, and systematic supervision at the intermediate level to ensure that supervision is carried out. The current project only covers 22 provinces and does not include	PNCT: staff in charge of supervision and training	30-Jun-11

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		the resources required to sustain supervision from the central level. The DMR-708-G03-T project does include a supervision element covering central to intermediate levels, which establishes the country strategy in the system while simultaneously managing the introduction of this supervision in annual operational plans at this level in order to ensure sustainability.		
	Recommendation 19 (Significant priority) The Ministry of Health should review its strategy for HIV testing of tuberculosis suspects. Provider-initiated testing of all tuberculosis suspects works well in a number of countries and could be considered for the Dominican Republic.	Response: The Principal Recipient and the PNCT are in agreement with this recommendation. Action: It has been agreed with the country program team and the Principal Recipient that a review should be carried out of the performance framework of the project being negotiated, which would immediately follow the presentation of the first preliminary report on the conclusion of the OIG audit mission. Likewise, the proposal to consolidate projects initially proposed by the Global Fund would require a review of the performance framework of the project in progress under the management of the PR (DMR-309-G07-T). A proposal was designed on the basis of national estimates submitted to the Global Fund for both projects. Nevertheless, the implementation of this recommendation would end with the conclusion of the negotiation process and reprogramming of both projects.	Principal Recipient: monitoring and evaluation unit.	30-Jun-11
	Recommendation 20 (Requires attention)	Response: although the Ministry of Health	PNCT	30-Sep-12

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
	The Ministry of Health should consider the option of dispensing Cotrimoxazole and ARVs for co-infected patients in the tuberculosis clinics.	agrees with this recommendation, there are still important changes to be made which would be necessary for this practice to be introduced on a national level. Action: the guide to the treatment of HIV/TB co-infection establishes this practice. However, training for health workers responsible for the administration of TB treatment would be required, while the information system would need to be transferred from the comprehensive care units dealing with HIV to those units dealing with TB. The latter do not have at their disposal the same instruments and their staff are mainly nurses, in contrast to HIV units which are mainly staffed by doctors. The training of TB health workers will be carried out with Global Fund funding and complemented with funding from the KNCV project run by USAID.		
	Recommendation 21 (Requires attention) The MOH should consult with the Country Programs Cluster to review and revise the budget for Advocacy, Communication and Social Mobilization placing more emphasis on supporting the activities of community-based volunteers.	Response: The Principal Recipient and the PNCT agree that it is necessary to increase support for the ACMS component, although it must be taken into account that currently there are significant limits on the funding available for actions aimed at encouraging and organizing society to join the fight against tuberculosis. This means that external funding is of great importance in supporting this component in the country. Action: As soon as the OIG's audit report was delivered at the end of the mission in the	PNCT: ACMS component; PR: Management of NGOs and social participation; GF: country program	31-Dec-10

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		country, the country programs team and Principal Recipient that were engaged in negotiating the budget for the second phase of the DMR-708-G03-T project incorporated an activity related to home visits; these had initially been included in the DMR-309-G07-T but were later cancelled when the approval by the Technical Review Panel was being carried out for a total of US$ 4 million. However, the inclusion of the home visits activity in the second phase of DMR-708-G03-T increased the global budget for the ACMS component of the project financed by the Global Fund by approximately US$322,000 to a total of US$1.4 million.		
	Recommendation 22 (Requires attention) The Global Fund Secretariat and the MOH should review the Performance Framework to be adopted for the program to be funded under the future consolidated tuberculosis grants. The emphasis should be on monitoring indicators that are related to programmatic achievements rather than to the rate of work plan execution.	Response: The Principal Recipient and the PNCT are in agreement with this recommendation. Action: It has been agreed with the country program team and the Principal Recipient that a review should be carried out of the performance framework of the project being negotiated, which would immediately follow the presentation of the first preliminary report on the conclusion of the OIG audit mission. Likewise, the proposal to consolidate projects initially proposed by the Global Fund would require a review of the performance framework of the project in progress under the management of the PR (DMR-309-G07-T). A	Principal Recipient: monitoring and evaluation unit.	30-Jun-11

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		proposal was designed on the basis of national estimates submitted to the Global Fund for both projects. Nevertheless, the implementation of this recommendation would end with the conclusion of the negotiation process and reprogramming of both projects.		
	Recommendation 23 (Significant priority) The Global Fund Secretariat and the LFA should agree on appropriate levels and methods of verifying the data presented in the Progress Update reports. This should also include an agreement on the data sources to be used for each indicator.	Response: The Principal Recipient agrees with this recommendation. Action: The Principal Recipient presented the Global Fund with a proposal regarding the appropriate instruments, levels and methods to be used to verify the data contained in the reports on program progress produced regularly during the review of the Monitoring and Evaluation Plan for both the projects it manages (April 2011). The proposal is currently being reviewed by the LFA and the GF.	PR: M&E unit, LFA and GF	30-Jun-11
	Recommendation 24 (Significant priority) The MOH should ensure that PNCT reviews the quarterly reporting form for tuberculosis used at the health facility and the first aggregation level, adopting a design based on the report template promoted globally by Stop TB. It should also ensure that copies of these reports are always filed and available at the service level and at the level of first data aggregation.	Response: The PR agrees with this recommendation; however, it considers that the problem or weakness represented by the lack of precision in the quarterly report generated by the PNCT's Operational Information System has been underestimated. Due to the complexity of the current information system, which was designed with support from technicians from WHO and USAID for the manual consolidation of data on a local level, a considerable number of indicators and excessive quantities of data required by international organizations are	Principal Recipient: monitoring and evaluation unit. PNCT.	30-Sep-14

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		needed, and there is a lack of an automated and nominal filing system to record cases detected by the program. With the coming into force of health sector reform, the responsibilities of the actors involved in the generation of these reports have changed, causing conflicts and negligence in the generation and timely delivery of reports to the PNCT. This leads to informality in the management of these reports on a local and intermediate level. Action: The Principal Recipient and the PNCT prioritize the strengthening of the Information System, and are creating an action plan to this end with the participation of their Partners (WHO, USAID, CDC) in the country based on the computerization of records and reports which will improve availability on a national level. This is taking place alongside national processes to strengthen information systems within healthcare networks. This action also applies to recommendation no. 25, since the current model (the holding of quarterly meetings for the generation of consolidated reports) is unsustainable and does not guarantee the quality of data, lending itself to human error both in the creation and auditing of reports. On the other hand, the only reliable way of validating data is by means of the review of		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		primary sources: this is very costly and takes up time that could be better spent on prevention and control actions which have to be implemented by the only staff which have the competencies required to carry out audits in all health centers. The plan to strengthen the system would be implemented over the next three years with funding from the two projects managed by the PR, mainly for the reprogramming of project DMR-708-G03-T, and covers the necessity of reviewing everything from design of the information system, with its information flows and instruments based on the recently designed monitoring and evaluation strategy of the PNCT, to the incorporation of a computer platform with access to the different actors in the healthcare system.		
	Recommendation 25 (High priority) The MOH should ensure that PNCT increases its supervision and data quality assurance during the quarterly data verification meetings at the first aggregation level. The objective should be to provide assurance that the reports produced at this level are sufficiently accurate to be used for generating national tuberculosis reports.	Same as above	Same as above	Same as above
Malaria	Recommendation 26 (Significant priority) All national and international partners	Joint programming and bi-national action between Haiti and the Dominican Republic to	CENCET	

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
	involved in malaria control in the Dominican Republic should consider the implementation of an island-wide malaria elimination strategy as their highest priority. These include the governments of Haiti and the Dominican Republic and their institutions as well as international donor agencies, PAHO, and the Global Fund.	prevent and control malaria were resumed in 2005. Since then, bi-national meetings have been organized, joint entomological activities have been carried out, and a demonstration project was implemented in the municipalities of Dajabón, in the Dominican Republic, and Ouanaminthe, in the Republic of Haiti. This resulted in the development and launch of a 10-year bi-national plan for the elimination of the disease on the island through joint actions. The bi-national plan was launched simultaneously in Haiti and the Dominican Republic in October 2009, and since then we have been raising funds for these programs. While trying to find support for this plan, we have been carrying out bi-national actions in line with objective 6 of the project entitled "*Strengthen the fight against malaria in vulnerable populations of municipalities with high incidence in the Dominican Republic*". In the first phase, these actions included international meetings to enhance bi-national coordination, local cross-border meetings to design and evaluate joint plans, and activities to control malaria outbreaks, working sessions focused on research and treatment of cases, indoors residual spraying, and control of larvae breeding sites. The activities also included a		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		seminar to coordinate programs on prevention and control, awareness raising techniques as well as common media and language to be implemented in both countries. Bi-national activities will continue during the second phase of the project (years 3-5).		
	Recommendation 27 (Requires attention) The PRs in collaboration with technical partners should develop a research protocol to accompany the distribution of bed-nets funded by the Global Fund. This should include a study of the effectiveness of bed-nets in the environment of the Dominican Republic as well as acceptance and use of the nets. The operative aspects of the study should include real-time feedback to IDCP to allow for changes in the program based on local evidence.	As part of the feedback provided to the IDCP, a protocol is being developed for the monitoring of the ITNs distributed. This protocol comprises a formula including variables which allow the efficiency, acceptance and use of the mosquito nets provided to people to be measured. At the IDCP, we have resources available to us which can be used for inspection purposes, including forms, databases and other information related to the distribution of ITNs. The data gathered is systematically stored in the database using a computer application in order to facilitate the monitoring and distribution of ITNs. This database also allows photos of the residences of ITN recipients to be included in the information stored. For the second KAP study we plan to include a report on the impact of the combination of strategies (ITN/Residual spraying) with a sample from the 14 priority municipalities included in the project. There will be an emphasis on the	Lina José Ángela Díaz	6 April 2011

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		efficiency of mosquito nets in the area of the Dominican Republic. With the aim of developing a research protocol, we have taken some of CENCET's experiences in relation to the evaluation of the impact of the mosquito nets provided and the resources of other donor centers (the Carter Center) into account		
	Recommendation 28 (Requires attention) The IDCP and its sub-contractors should work with their community-level partners to develop bed-net distribution strategies that are widely accepted and endorsed. Major concerns are targeting for social equity and for epidemiological considerations as well as acceptable methods of rationing the distribution.	The distribution process is carried out based on requests from sub-recipients and on a list of places located in priority municipalities, selected on the basis of prevalence and mortality of Malaria cases, as per the instructions received from the Ministry of Health via CENCET Centers are identified in the local area which can deal with data gathering, and these are inspected by our Monitoring & Evaluation Officer on the delivery of the mosquito nets, leaflets on the use of mosquito nets and delivery notes (available to the IDCP for inspection purposes). Each SR identifies both the main promoter in charge of coordinating the local distribution team, as well as the promoters in charge of door-to-door delivery. Community organizations – such as mothers' clubs, neighborhood associations and so on – are leading the whole distribution and delivery process of these supplies.		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		The local teams are trained in the completion of the relevant paperwork (such as ITN delivery notes), and also receive instructions as to how to open and extract ITNs from their packaging in order to minimize any possible diversion and/or sale of these supplies. During the delivery process, the program auditors and Monitoring and Evaluation Officer carry out random inspections of supplies. Once the process of delivering the forms is complete, these are sent to the PR in order to be stored in a database including addresses and – in some cases – photos (taken at random) of the recipient households. Forms and information are stored at the PCU, by the center and by the Monitoring & Evaluation official.		
	Recommendation 29 (Significant priority) CENCET should negotiate a revision of the Performance Framework to make the indicators and targets more appropriate to their strategy, which requires flexible and rapid mobilization of program resources to stop malaria transmission wherever new foci are detected.	Undoubtedly, the global strategy to fight malaria in the Dominican Republic requires flexibility and rapid mobilization of resources towards areas where new foci are detected to stop transmission. However, the fact that the project financed by the Global Fund is sub-national and restricted to only 14 municipalities in 8 provinces makes it difficult to finance other		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		activities in towns in other municipalities. The Performance Framework indicators are included in the current updated Monitoring and Evaluation Plan. This document contains the definition of each indicator, its purpose, how the indicator was calculated including the numerator and the denominator, measurement systems, sources of verification, and the frequency of the measurements. This Monitoring and Evaluation Plan is a common document for both grants in the project financed by the Global Fund; so it includes the base indicators under the responsibility of CENCET and of IDCP. Most indicators, particularly those relating to impact and outcome, correspond with data requested by partners such as PAHO/WHO. The National Malaria Control Program 2008-2012 was developed with regards to the Decennial Health Plan 2007-2015 which proposes to reduce malaria mortality rate and eliminate malaria transmission in targeted towns and areas, thus improving the living conditions of the population. Indicators will be revised and adapted to the current epidemiological situation during the development of the National Strategic Plan for 2013-2017.		
Procurement and	Recommendation 30 (High priority)	Complied. Orders were already in place for RCC	COPRESIDA –	Complied

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
Supply Chain Management	COPRESIDA should consider planning for the worst-case scenario for PAHO deliveries; and plan for 150 days (5 months) delivery time. This can be reduced if the delivery performance of PAHO improves	Year 3, five months in advance. They are processing the placement of the remaining ones.	Tenders and Procurement Unit	
	Recommendation 31 (Significant priority) COPRESIDA should ensure that storage of antiretroviral medicines remain at Yobel until PROMESE-CAL acquires adequate facilities.	Complied. A new storage agreement was signed with Yobel that runs from the 1st of December 2010 to 31st May 2011. If necessary, we could renew the agreement once again until both PROMESE/CAL have suitable installations.		In execution
	Recommendation 32 (Requires attention) COPRESIDA should consider putting in place at facility levels minimum stock levels that will require these facilities to request drugs from DEGITCISS or COPRESIDA before the stocks are depleted.	Currently, an appraisal process is being set up to study the conditions in the services and hospital pharmacies to understand the actual storage capacities.	COPRESIDA, DIGECITSS, CHAI and the DDF-SRs	Pending
	Recommendation 33 (Significant priority) COPRESIDA in coordination with its technical and development partners should quantify and budget for adequate buffer stocks of ARVs at the central and facility levels, considering real lead times, patients on treatment and scaling-up projections.	The update on the Procurement Plan submitted to the Global Fund last year included the use of additional stock as a safety measure. The additional stock as a safety measure to be placed in regional centers is described in the Distribution Procedure Manual within the SUGEMI framework.	COPRESIDA, UGM and DDF-SRs.	30/11/2011 07/12/2011
	Recommendation 34 (Significant priority) COPRESIDA should regularly monitor its inventory of medicines and health supplies to flag medicines that are likely to expire	Complied. An inventory report is received daily or every other day on Yobel warehouse drugs so that the DIGECITTS (distributing agent) is informed. This information is used as a baseline	COPRESIDA	In Execution

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
	and take appropriate steps to ensure their distribution to health facilities on a timely basis.	for adopting the relevant actions.		
	Recommendation 35 (Significant priority) The MOH and COPRESIDA should ensure that the regional health services acquire adequate capacity to store, distribute, and manage HIV/AIDS and TB drugs before they assume responsibility for them.	COPRESIDA Response to Recommendation 35: Training is now being set up for personnel of the SRs in these aspects. The capacities of the infrastructure are being evaluated by the staff in the Drug Management Unit.	Directorate of Development for Strengthening the Regional Health Networks	17/05/2011 to 27/05/2011
		MOH Response to Recommendation 35:: Response: The Principal Recipient and the PNCT are in agreement with this recommendation. Action: Neither the Principal Recipient nor the PNCT wish to put the achievements made in the management of supplies and medication for the program at risk, and this has been proved over recent years when there have been no shortages at the local level recorded by any external evaluation of the program. The Consolidated RCC project incorporates important resources and strategies for the cross-cutting strengthening of the system used to manage medication and supplies, meaning that the Principal Recipient has joined the process of implementation of the Sistema Unico de Gestion de Insumos y Suministros (SUGEMI), a supplies management system set up due to ministerial request which represents a national priority	Management of Development and Strengthening of Regional Health Services of the MSP; Principal Recipient; PNCT	30-Sep-13

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		within the context of health sector reform. The implementation of this system is being carried out with the support of USAID and MSH-USAID, and represents a critical path which encompasses the transfer of powers to the regional health services in relation to the management of supplies and medications for special programs. This entails the design of procedure manuals, the creation of regional units to manage medication, computer tools to control supplies and the training of regional warehouse staff. This transition will take place in stages and by regional service. At the same time, training will be carried out for SDAs/DMS, the current supply managers, on the supervision of the working of the system in healthcare networks. Nevertheless, the PNCT and the Ministry of Health have agreed not to transfer the responsibility for supply management of special programs until the SRs demonstrate that they have the capacity to fulfill this role.		
	Recommendation 36 (Significant priority) COPRESIDA should consider providing DIGECITSS with technical and financial assistance to upgrade its inventory management software in order to improve the management and control of inventories medicines and health supplies.	An Inventory Model was designed using the SIAI Plus IT system platform. This module is in the pilot phase and will be implemented starting in June.	DIGECITSS	15/6/2011
	Recommendation 37 (Requires attention)	Complied. This process was already established	DIGECITSS	In execution

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
	COPRESIDA should request that Yobel provides information on deliveries of medicines and health supplies to DIGECITSS on at least on a weekly instead of monthly basis.	and is being carried out routinely when the DIGECITSS sends shipment orders. The Yobel warehouse sends, via e-mail, the activities concerning the articles that were delivered as well as the weekly balance of the stock of drugs and supplies.		
Financial Management and Control	Recommendation 38 (Significant) COPRESIDA should reimburse the grant for the payment of unauthorized salaries.	The COPRESIDA has taken the necessary steps and processed the request submitted to the Treasury and the Ministry of Planning for these resources for the purpose of reimbursing the grant, for which it is waiting for a satisfactory response.	COPRESIDA-Dept. of Financial Coordination	July - September 2011
	Recommendation 39 (Significant) COPRESIDA should regularly reconcile advances to PAHO with goods received and invoiced from PAHO suppliers to ensure that all grant funds advanced have been accounted for.	Complied. Staff have been appointed to be in charge of monitoring and compliance for this recommendation, under the responsibility of the Financial Coordinator.	PACHO-Dept. of Financial Coordination	April 2011
	Recommendation 40 (Significant) COPRESIDA should appoint external auditors for its grant programs and communicate this information to the LFA and the Global Fund.	Complied. A) On 02 July 2010, the External Auditor's Report was sent to the GM, corresponding to the term which expired on 31 May 2009. B) On 29 October 2010, the External Auditor's Report was sent to the GF, corresponding to the term that expired on 31 May 2010. C) For the term expiring on 31 May 2011, the request for the no objection was already		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		submitted to the GF for the Recruitment of the External Auditing Firm.		
	Recommendation 41 (Significant) COPRESIDA should modify the TOR of its external auditors to include verification of the stock-on-hand of medicines and health supplies.	Complied. On 26 August 2010, the no objection request was submitted to the GF, which they received on 08 September 2010 and we proceeded to change chapter VII paragraph 2C of the reference terms for the purpose of examining this recommendation.	COPRESIDA-Department of Internal and Financial Controls	
	Recommendation 42 (Requires attention) COPRESIDA should seek legal advice regarding payment of social security and income tax of its staff and these of SRs.	a) Since COPRESIDA was founded in 2001, according to the provisions set forth in Decree No. 32-01, there has been confusion with regards to the possible tax obligations for this institution and the persons who render their services to attain its objectives. To a large extent, this is due to the uncertain legal status of this institution and its capacity as a coordinating body of projects financed by international entities, which are directly governed by Financial Agreements. b) The decree in its creation suffers from legal and technical shortcomings since it does not allow the legal nature of COPRESIDA to be established. Even though it qualifies as an entity attached to the Presidency, it does not appear as such in the Dominican Republic Organizational Chart nor does it meet the characteristics of these institutions. The decree	(COPRESIDA) Executive Management Coordination Finances Consultancy Legal Human Resource Unit Coordination of Internal Controls	

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		in question does not indicate if it is a centralized, decentralized or autonomous entity. This uncertainty has led to the budgetary processing that COPRESIDA must have and to the legal status of its personnel. c) There is no Law, Regulation, Decree or other provision that clarifies the Labor Status of the personnel who have been delivering uninterrupted continuous service to COPRESIDA. d) COPRESIDA is not an autonomous or decentralized organization, but rather a multisectorial entity endowed with operational jurisdiction, which encompasses Executive Management and the team of technicians and support staff who are hired; e) At the time of taking over this management in 2008, once the prevailing situation was identified as a system failure, we initiated the process to remedy this situation by defining the legal nature of COPRESIDA, in order to be able to then regulate the legal status of the personnel who render their services to it, and starting from this definition, establish its tax management and a regulated Dominican Social Security System which should be affiliated.		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		f) Inquiries were made to the competent authorities on the subject (Legal Advice of the Executive Branch and the Ministry of Public Administration) to determine, with the exception of the Executive Director and the Assistant Director of COPRESIDA, both appointed by the Decree of the Executive Branch, meaning that they are freely appointed and removed officers, the staff that provide services to COPRESIDA belong to the new category recognized in the Administrative Law called "*personnel hired by the State*", that is governed and regulated under their contract in accordance with the provisions established by the Agreement of Loans, which have the Force of Law in addition to their contract and the financing contracts, if they could be governed by the provisions set forth in Civil Law or Public Law, which therefore means that it refers to INDEPENDENT CONTRACTORS and thus, they must sign Service Contracts, based on: i) Not being subject to the Labor Code, as it does not regulate labor relations for persons working for the State unless dealing with official organizations of an industrial, commercial, financial or transport nature, which is not the case with COPRESIDA;		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		ii) The contractors are not employees who accumulate credit for services; iii) They do not enter into a Civil Service career or an administrative career; and iv) They do not receive worker's compensation when they terminate their contract or when there is early termination of the same. g) As Independent Contractors, these staff should contribute to the Dominican Social Security System under the Subsidized Contribution based system, which is not yet in force; and Article 144 of Social Security Law, No. 87-01, which establishes that independent workers must directly pay their contributions. The drawback is that the same law is applied concerning the contributions of each person in terms of Income Tax, which in the case in question would be 10%, if dealing with independent contractors and must be directly given to the Directorate General of the Internal Revenue Service for each contributor. h) However, in terms of the above mentioned explanation, the personnel and their dependents have always received health		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		insurance coverage, which includes a dental plan within the framework of a Voluntary Plan that is fully covered by the institution. i) It should be pointed out that the Donation Agreement is not allowed to affect the funds with any type of tax burden whatsoever, or amounts under the category of Social Security. j) Finally, the situation, which has historically affected COPRESIDA, will be definitively remedied with the approval of the new Dominican Republic HIV and AIDS Law, Which will transform COPRESIDA into The National Advisory Council on HIV and AIDS (CONAHIVSIDA), expressly regulating its legal nature, by attributing it as an *"autonomous organization, certified and multisectorial of a strategic nature under the auspices of the Ministry of Public Health and Social Welfare, responsible for the coordination and leadership of the National Response to HIV/AIDS, in accordance with the provisions set forth in this law, its application of the regulations and in its internal regulations."* Once this piece of legislation enters in force, after being approved by the Senate of the Republic and currently in the Chamber of		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		Deputies, awaiting for the labor legal status to be approved within the next few days, personnel who work at COPRESIDA will be able to have recourse to the civil service regulations established in Law No.41-08 of the Civil Service, dated 16 January 2008, for which the institution shall establish a Critical Path that targets the measures that must be implemented thereafter, including the approval of an internal regulation in accordance with the provisions set forth in the HIV/AIDS Law Project.		
	Recommendation 43 (Requires attention) COPRESIDA should address the above-listed internal control weaknesses by ensuring that: (a) It is assesses the adequacy of the terms and conditions of the insurance coverage for the stock of medicines and health supplies at Yobel. (b) It gets the necessary technical assistance to use the accounting software to produce budgetary control reports. (c) It provides feedback to its SRs on their financial and progress reports on a timely basis. (d) It establishes appropriate controls over program vehicles and gasoline allocations to staff.	A) It is already in progress. The public tender process is very advanced and open for contracting an insurance company for the drugs and health supplies and this process should be completed by mid-May of this year; B) An application for real time budgetary control has been developed, and is actually in the process of being tested in order to make necessary adjustments; C) Technical strengthening of Sub Recipients has been routine practice, providing feedback on the Principal Recipient's opinion to the reports sent; both financial and concerning the Sub Recipients programs.	COPRESIDA Departments: Internal Controls, Finance and Administrative	A), B), and C) in process. D) Complied

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		D) The Manual of Policies and Procedures targets all controls assumed by the institution's fleet of vehicles. Furthermore, we have adopted a card system for fuel with established limits for each vehicle.		
	Recommendation 44 (Requires attention) COPRESIDA should consider acquiring an accounting package for use by all its sub-recipients.	COPRESIDA will review this recommendation and will carry out the corresponding evaluations in order to be able to respond to this situation.	COPRESIDA Departments: Internal Controls, Finance and Administrative	In force and in progress
	Recommendation 45 (Requires attention) COPRESIDA should assist its SRs to obtain tax-emption for goods and services purchased with grant funds.	Complied. COPRESIDA has always given any assistance needed to acquire these exemptions. In the future, we will provide better monitoring in this area.	COPRESIDA-Monitoring and Evaluation Unit and Tender and Procurement	In force
	Recommendation 46 (Requires attention) COPRESIDA should ensure that administrative costs of its sub-recipients are reasonable	COPRESIDA will strengthen the review and evaluation processes of the proposals submitted by the Sub Recipients in order to ensure that these costs are reasonable.	COPRESIDA-Technical Management and the Monitoring and Evaluation Unit	Once the new proposals are received for the year that begins in July 2011.
	Recommendation 47 IDCP should address the above-listed internal control weaknesses by ensuring that: It assesses the terms and conditions of the insurance coverage subscribed by Yobel for	<u>Insurance coverage</u> a) The IDCP requested a copy of the insurance policy (available at the PCU for inspection purposes) from the storage agent (YOBEL). It was shown that there are some limitations in	Rogelio Ledesma Osiris Hernández Ivette Bogaert	

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
	its program commodities. (Significant priority) It verifies and documents that its bank has adequate capital per Global Fund policy (Significant priority) It seeks legal advice regarding the deduction of income tax from professional fees. (Requires attention)	the coverage offered for distribution. Based on the recommendation made, an insurance policy has now been taken out for health products with national coverage. This provides coverage for any risk of damage which might occur during the distribution process. The policy is available for inspection purposes at the IDCP Projects Unit. <u>Sufficient capital, financial intermediator.</u> b) The financial intermediation system in the Dominican Republic is regulated by the Superintendence of Banks and the Monetary Board. The solvency of the banking institution holding accounts linked to programs financed by the Global Fund can be verified by the IDCP based on their regular publications. It is worth highlighting the fact that the IDCP has maintained trade links with the Banco Popular Dominicano for more than forty years. <u>Legal advice on tax withholding</u> c) The IDCP has requested legal advice based on the following legal provisions of the Dominican Republic: According to Regulation 02-05 (General Regulations on the withholding agent of the ITBIS) regarding the IDCP as a withholding		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		agent: Article 1. - The ITBIS establishes that all societies are required to act as its withholding agents when these pay other societies (whether for-profit or non-profit) for professional services. Article 2. - In order to ensure the application of Article 1 of the present Regulation, the term professional services are defined as but not limited to the following services: all branches of engineering, architecture, accounting, auditing, law, computing, administration, design, and consultancy in general. In light of the aforementioned national regulation, the IDCP is awaiting the results of legal advice, using the provisions of the subsidy agreement related to tax exemption as a reference.		
	Recommendation 48 (Significant priority) CENCET should address the above-listed internal control weaknesses by ensuring that: An external auditor should be appointed and the information communicated to the LFA and the Global Fund.	(a.) As regards hiring an external auditor, the Terms of Reference were sent to 8 auditing firms on 12 April 2011 asking them to send in proposals in order to select a firm in accordance with the State procurement law. The Global Fund and the LFA were informed of this process	CENCET	16 May 2011

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
	The internal auditor reports to the director of CENCET. It documents the reasons for the purchase of the accounting software without competitive tender and obtains approval from the Global Fund. Its operational manual is updated and implemented. It adopts a policy for exchange rates and applies it consistently.	(b.) Rather than being an internal auditor, the person in this position is expected to monitor the compliance with current regulation regarding the eligibility of incurred expenses. This means the person must verify that invoices submitted as expenses comply with the procedures and tax rules in force in our country. This entails verifying that incurred expenses match the activities for which the funds were requested and that submitted receipts fulfill the requirements to cover the expense. (c.) When CENCET was assessed as possible Principal Recipient when it submitted its Malaria Proposal to the Global Fund, one of the comments made by the LFA was that CENCET did not have a management information system that would enable the organization to submit reports in accordance with the Global Fund requirements. At that time our organization had just installed an inventory management system sponsored by the PAHO through the company Ares Datos, CXA. CENCET did not have then the resources to initiate a bidding process and award the contract for the installation of the system. We had to reach an agreement with the company to have a management information system installed which complied with the Global Fund reporting requirements and would be up and running from the first day of the project.		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		We committed to pay the company once we had received the first transfer from the Global Fund. This agreement was only possible through negotiation with the company. These are the reasons why it was not possible to award the contract through competitive tendering and according to the State procurement law. (d.) Our operational manual is being reviewed and updated to include the requirements identified as internal monitoring measures. Thus, we will ensure the compliance of administrative processes with the financial and administrative monitoring rules applied to this kind of project. (e.) Based on the recommendations made by the Global Fund auditors, the organization has put in place a system using the exchange rate published daily by the Central Bank of the Dominican Republic. This policy was first implemented on 1 April 2011.		
	Recommendation 49 (Requires attention) The MOH should address the above-listed internal control weaknesses by ensuring that: It develops the financial management and administrative capacity of the PNCT (High priority) It establishes an internal audit mechanism for the TB grant program. (High priority)	a. Response: The PNCT and Ministry of Health are in agreement with this recommendation. Action: The Principal Recipient has carried out immediate actions related to the communication of the first preliminary OIG report. These actions include the following: - A performance evaluation to identify weaknesses in staff and deficiencies in the	The PR internal control and financial management team. PNCT Team: Director General and financial	

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
	Goods and services purchased with grant funds are exempted from VAT. (Significant priority) Financial reports should be signed when they are reviewed or approved by program managers. (Significant priority) Bank reconciliations should be prepared and approved every month on a timely basis. (Significant priority) The accounting software is reprogrammed to produce year-to-date expenditures versus the program budget. (Requires attention) A copy of data backed-up from the accounting software should be stored outside the office.	PNCT's human resources in order to design a plan to strengthen the sub-recipients in the financial management of the sub-recipient; - The hiring and restructuring of the financial team was managed in order to ensure that financial processes were more efficient, as part of the Human Resources Plan approved by the Global Fund for both projects; - The creation of mechanisms which produce synergies between financial and management areas with the aim of increasing accuracy in the presentation of both program and financial reports, as well as in the presentation and distribution of the resources delivered. The Principal Recipient withdrew the delivery of financial resources to the PNCT, and is currently carrying out a joint execution with the PNCT: the PR is directly responsible for execution, while the PNCT executes the program and the drafting of financial files under the supervision of the Principal Recipient. These processes will be maintained in order to ensure the transfer of capacities to the PNCT team during the first year of execution of the latest project to be initiated (R7). b. Response: The Principal Recipient agrees with this recommendation. Action: Following the improvement of the	management team The PR: Project management and in-charge of internal control	

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		procedures manual for the financial management of the Principal Recipient, it was possible to complete the negotiation of the complementary human resources plan for both projects. Subsequently, the hiring and reactivation of the audit unit took place, and sufficient staff were hired to manage internal control tasks. Financial reports and regular reviews of the sub-recipients have been set up, covering both equipment delivered and the grants allocated by the Program Implementation Unit (PIU). A system of continual financial revision of the execution of the project has been set up, which will be carried out by means of accompaniment and the drafting of reports on the cheques and expenditure of the PIU and sub-recipients. c. Response: The Principal Recipient agrees on this measure; however, on occasions the management of VAT exemption exceeds the Principal Recipient's capacity. Action: the Principal Recipient will only purchase and hire from suppliers who apply the VAT exemption, and is awaiting the results of the corresponding process in order to ensure that the exemption will be applied by the General Directorate of Inland Revenue. However, some exceptions may still exist. Processes to request tax exemption for all	The PR: purchasing, hiring and financial management unit The PR:	

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		purchases made by the PIU and acquisitions from suppliers are being carried out in order to ensure that these processes are suited to ensuring the tax exemption is applied. Supplier selection and tax requirement policies have been established in order to gain the exemption that the PIU is entitled to. d. Response: The Principal Recipient agrees with this recommendation. Action: Exhaustive review policies have been established which cover both administrative and financial documentation, the authenticity of signatures and their attachment to any accompanying documents with the aim of verifying and proving the authenticity of documents issued by the PIU and sub-PRs. The PIU has established a review and standardization process covering the quality standards of financial reports with the aim of ensuring that they are completed with the necessary signatures and the correct management of the people who create them. e. Response: The Principal Recipient agrees with this recommendation, and it will be applied to sub-recipients. Action: As part of the internal control of the Recipient to ensure that financial management of both recipient and sub-recipients is being completed correctly, a schedule of supervisory	internal control and financial management team The PR: internal control and financial management team The PR: financial	

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		visits has been created with the aim of obtaining financial results and bank statements and their accompanying accounts records. Visits have been made which have demonstrated the authenticity of signatures on bank reconciliation statement reports attached and the preparation of bank reconciliation statements which have not yet been issued. f. Response: The Principal Recipient agrees with this recommendation. This situation has arisen due to the nature of the software which has been developed to manage Global Fund grants, which is being adapted to the needs of the GF. Action: The Principal Recipient has contracted technical assistance to aid in the design, correction, installation and provision of maintenance services required by the software, as well as the generation of reports requested by the LFAs. As part of the project negotiation process, and in line with the introduction of the Global Fund's new format for periodic progress reports, the GF and the LFAs required more information, meaning that the Principal Recipient had to present a proposal and report formats which serve to verify and complement periodic progress reports. The report is being reviewed by the Global Fund. g. Response: The Principal Recipient agrees	management team The PR: project management	

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		with this recommendation. Action: A financial information storage and management policy has been established on the PIU server with the aim of ensuring the efficiency and protection of documents and creating a backup in virtual format in order to ensure the security and protection of software. This policy was submitted to the GF on 31 March 2011.		
	Recommendation 50 (Significant priority) The MOH should address the above audit findings by ensuring that: An external auditor is appointed for the Round 7 TB grant; and The TB laboratory equipment is installed at the hospital in La Vega province.	a. Response: The Principal Recipient agrees with this recommendation. Action: Although this recommendation has been made in the context of the grant being managed by Profamilia, with the entry into the second phase of the project being managed by the new PR this necessity is covered in the human resources plan approved by the Global Fund for both grants. The audit team of the Principal Recipient will be completed with the entry of project DMR-708-G03-T. b. Response: This recommendation is made in the context of the project being managed by Profamilia. However, due to the necessity of increasing coverage in the country in order to carry out sensitivity tests on samples from the whole national territory and the decentralization of care for MDR-TB cases in the country (not only in La Vega) it is considered to	The PR; Project management unit The PR; PNCT, LARNER	

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		be more important to install the only MGIT equipment in the national laboratory, which is being strengthened so that it can work with that equipment with the support of the CDCs, PAHO/WHO and the Global Fund. Action: The Principal Recipient has introduced other strengthening actions in order to ensure that the La Vega unit has the resources it needs to send samples to LARNER (the national laboratory) for processing. The Principal Recipient is working to ensure that LARNER has the MGIT equipment up and running by the end of April 2011 with the approval of the complementary financing for GF work being carried out in the LARNER in conjunction with CDC and OPS		
Governance and Program Oversight	Recommendation 51 (Significant priority) The CCM should consider implementing the following recommendations to enhance the effectiveness of its oversight of the grant programs. Hold elections to renew its officers. Update the CCM's conflict of interest policy to deal with the potential conflict of interest created by the MOH becoming a PR. Seek technical assistance from the Global Fund to acquire a strategic monitoring tool such as a dashboard.	(a) The full MCP, met on the 12th July 2011, and resolved to organize elections for a change of officers of the CCM, according to the Rules of Procedure in terms of time and form of development process. For the implementation of this resolution the CCM instructed its Secretariat to initiate the process, developing a critical path with the support of the CCM Strengthening Commission (see point d). (b) Regarding the review of the policy on conflicts of interest of the CCM, it will be revised and updated, if necessary, after the		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
	Form technical working groups to assist its oversight function.	conclusion of the election process of the CCM. However, it should be noted that the CCM discussed the current situation of the presidency of the CCM by the Ministry of Public Health, finding that the current CCM policy for managing conflicts of interest would apply if necessary. (c) At present, as part of the Strengthening CCM initiative, funded by the Global Fund, we are developing a consultancy to establish a system-monitoring plan for the HIV, Malaria and Tuberculosis grants on the basis of the Dashboard Tool for CCM's strategic monitoring.. This process includes a pilot for three of the six grants, and training of members of the CCM. This is expected to end in late October. For this process, additional funds from UNAIDS and PAHO have been mobilized. (d) At present, the CCM liaises with the Strengthening Commission, which is made up of UNAIDS, WHO, PEPFAR, USAID, Institute of Dermatology and Skin Surgery, COPRESIDA DIGECITSS, NGO AIDS Coalition. The commission has been playing a prominent role in the CCM, guiding, developing and / or supporting a systematic way of the main processes to strengthen the ability of the CCM to ensure the proper implementation of Global		

Audit Area	Recommendation	Response and action	Responsible official	Completion Date
		Fund grants: - Selection of executive director of the CCM; - Select and support the development process, consulting and system monitoring plan; - Definition and implementation of critical pathways to guide the development of Global Fund proposals; - As part of technical teams in the development of country proposals; - CCM Development of Action Plan 2011/2013. The Action Plan envisages the creation of other working committees as processes are developed that require such committees. It also is developing regulations for operation of the working committees.		
	Recommendation 52 (Requires attention) COPRESIDA should ensure that supervisory visits made to health facilities include verification that medicines and health supplies delivered by PROMESE-CAL are accurate and are being stored in good conditions.	With the support of COPRESIDA, the Ministry of Public Health and Welfare has designed a system (SUGEMI) to verify the deliveries from PROMESE.	Ministry of Public Health and Welfare	In progress

Annex 4: Global Fund Secretariat's Response to the Secretariat and LFA Oversight Recommendations and Management Action Plan

Prioritization of recommendations

a. High priority: Material concern, fundamental control weakness or non-compliance, which if not effectively managed, presents material risk and will be highly detrimental to the organization's interests, significantly erodes internal control, or jeopardizes achievement of aims and objectives. It requires immediate attention by senior management.

b. Significant priority: There is a control weakness or noncompliance within the system, which presents a significant risk and management attention is required to remedy the situation within a reasonable period. If this is not managed, it could adversely affect the organization's interests, weaken internal control, or undermine achievement of aims and objectives.

c. Requires attention: There is a minor control weakness or noncompliance within systems and proportional remedial action is required within an appropriate timescale. Here the adoption of best practice would improve or enhance systems, procedures and risk management for the organization's benefit.

	Recommendation	Response and action	Responsible official	Completion Date
Global Fund Secretariat and LFA oversight	**Recommendation 53 (Significant priority)** The Country Programs Cluster should ensure that professional skepticism of the LFA staff does not lead to tensions with PRs. Further, the Country Programs Cluster should ensure that the LFA follows a code of conduct for its staff in dealing with clients. In addition, the Country Programs	Since the last quarter 2010, an improvement plan was requested to the LFA. Three separate groups are now in charge of each disease component, under a specific LFA Team Leader. The purpose of this is facilitating interactions under an especially complex country portfolio and multiple implementers. In addition, there was a removal of specific LFA officials from the GF portfolio, and new staff has been engaged, including an experienced LFA M&E specialist.	**Fund Portfolio Manager**	**Q1 2012**

	Recommendation	Response and action	Responsible official	Completion Date
	Cluster should ensure that the LFA resolves conflicts between its staff and PR staff in an expeditious manner.	From the side of the quality of services, during 2011 there have been several GF missions to the country (March, August 2011), meetings with the Central PwC responsible officials in Geneva, and multiple communications with the LFA leaders in country. The purpose has been to revise the entire working practice of the LFA with the PRs. The LFA had requested additional funding to cover the apparently longer-review sessions with PRs. The Secretariat, after verifying LFA practice and PR practice, found the following: 1. The PRs were not submitting on time sufficient supporting information to the reports provided for LFA review. 2. The LFA "revised" the content of the reports and requested additional justification for "rebuilding reports" using many hours after the due date. This was a time-consuming activity that partially explained huge delays. 3. Based on the above, prior reporting by the LFA never mentioned this intermediate step and Regional Team feedback to the PRs was not including any reference to initial lack of information not provided on time by PRs. 4. Some LFA officials were not coordinated in their reviews with PR officials and redundancies or other misunderstandings were causing frictions between parties. Based on the above, several communications with PRs and LFA concluded and agreed the following:		

	Recommendation	Response and action	Responsible official	Completion Date
		a. The PR will provide all necessary information, including documented evidence for any LFA review, based on a prior list of deliverables to be provided by the LFA BEFORE the due date. As an example, the new PU/DR form contains the checklist of the documents the PR should submit at the end of 45 days after the period closure date. b. The LFA will include a clarification session with the PR within days of receiving the information, in order to solve eventual formatting problems as: arithmetical mistakes, signatures, key missing information, etc. c. The PR will clarify the issues in a matter of hours and based on this level of information, the LFA will be issuing its report. No additional clarifications of "intermediate reconstruction process" will be included. All this with the purpose to obtain LFA reporting on time and showing clear opportunities for improvement in PR reporting. d. Some PRs are not agreeing with this practice as they were comfortable with the prior scheme that "solved" the reporting deficiencies during the LFA review time. The Regional Team is maintaining continuous communications with the LFA teams and the different PR regarding the need to revise their working methods in order to guarantee the delivery on time of complete documentation permitting an effective LFA review. The corresponding Regional Team feedback will arrive at the different		

	Recommendation	Response and action	Responsible official	Completion Date
		implementers on time permitting immediate correction in PR and LFA practice. From the LFA side, the Performance Evaluation Tool (PET) tool is being applied thoroughly on key products in order to inform the LFA staff on their performance. Periodic phone conference calls are held between the LFA and the Regional Team.		
	Recommendation 54 (High priority) The Country Programs Cluster should ensure that the MOH has a capacity building plan for its key implementing partner, the PNCT. In addition, the Country Programs Cluster should monitor the progress of implementation of the capacity-building plan for the PNCT.	The Secretariat has included the following measures for the PNCT: In Q4 2010, the RT indicated that no funding should be handled by the PNCT. All funding execution should be under the PR. In the Implementation letter of the agreement DMR-309-G07-T, under the MoH Special Terms and Conditions: C8. The disbursement of funds by the Principal Recipient to the National Tuberculosis Control Program – PNCT in its acronym in Spanish – will be subjected to the presentation of a report reflecting the rationale for each position in the PNCT structure that should be in line with the organizational analysis completed by the Principal Recipient. The MoH has assessed the PNCT and the MoH is working on solving the organizational weaknesses linked to its capacity to execute funding and deliver results. In the periodic PU/DRs, the LFA is reviewing the progress in the completion of special conditions and conditions precedent that are requiring additional work. The RT reports in its management letter to the PR the pending issues related to the capacity-building plan for the PNCT.	**Fund Portfolio Manager / DR Country Team**	**Q2 2012**

	Recommendation	Response and action	Responsible official	Completion Date
		Other initiatives under development include a co-financing between the CDC (Atlanta) and the Global fund to enhance the PNCT Information System, the alignment of TB grants in the country and an acceleration plan to revise priorities and value-for-money activities in the RCC grant. By September 30, 2011, the country will be invited to submit a request for continuation of financing of the R3 TB grant under the Phase 2 of the Rolling Continuation Channel (RCC). The LFA and the Country team assessment in Q1 2012 will determine the degree of the progress of the capacity-building Plan for the PNCT.		