



OFFICE OF THE INSPECTOR GENERAL

The Global Fund to Fight AIDS, Tuberculosis and Malaria

EXECUTIVE SUMMARY

Country Audit of Global Fund Grants to the Dominican Republic

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

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.