



THE OFFICE OF THE INSPECTOR GENERAL



The Global Fund to Fight AIDS, Tuberculosis and Malaria

Audit of Global Fund Grants to the Republic of Chad

Annexes

GF-OIG-10-017

11 December 2012

ANNEXES

Annex 1: Abbreviations

ACT	Artemisinin-based Combination Therapy
AIDS	Acquired Immune Deficiency Syndrome
AFD	Agence Française de Développement
AMC	Anti Malaria Campaign
APCD	Activated Passive Case Detection
ART	Antiretroviral therapy
ARV	Antiretroviral
BL	Bilateral
CSO	Civil Society Organization
CSW	Commercial Sex Workers
CBO	Community-Based Organization
CCM	Country Coordinating Mechanism
DOTS	The basic package that underpins the Stop TB strategy
EU	European Union
FBO	Faith-Based Organization
GDF	Global Drug Facility
ITN	Insecticide Treated Net
LFA	Local Fund Agent
MOH	Ministry of Health
NGO	Non-Governmental Organization
OI	Opportunistic infection
OIG	Office of the Inspector General
OVC	Orphans and Vulnerable Children
PLSS	Programme de Lutte contre les IST VIH/SIDA (Ministère de la santé)
PLT	Programme national de Lutte contre la Tuberculose
PR	Principal Recipient
PNLP	Programme national de Lutte contre le Paludisme
PQR	Price Quality Reporting
SR	Sub-Recipient
Swiss TPH	Swiss Tropical and Public Health Institute
TB	Tuberculosis
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
VPP	Voluntary Pooled Procurement
WB	World Bank
WFP	World Food Program
WHO	World Health Organization
XAF	Central African CFA Franc

Annex 2: Average Monthly ARV Distributed (based on consumption data)

**Nombre de traitements ARV Moyen/Mois distribués
par la CPA aux PRA et Hopitaux entre Janv et Oct 2010**

(Compte tenu des informations de distribution fournies par la CPA pour la période concernée)

N° Protocole

Protocoles TARV

Nb Moyen Mensuel de boîtes distribuées par le CPA

17 359

PROTOCOLES ADULTES (> 15 ans)		Nb Maxi Mensuel de Protocoles TARV AD distribué	16 807
Protocoles 1ère ligne AD			15 831
A1.01	3TC 150 + D4T 30 + NVP 200	12 649	
A1.02	3TC 150 + AZT 300 + NVP 200	1 688	
A1.03	3TC 150 + AZT 300 + EFV 600		
	3TC 150 + AZT 300	977	
	EFV 600		
A1.05	3TC 150 + D4T 30 + EFV 600		
	3TC 150 + D4T 30	517	
	EFV 600		
Protocoles 2ème ligne AD			977
	3TC 150 + D4T 30 (ou + AZT 300)		
A2.01	LVP 200/r 50	360	
A2.02	ABC 300	177	
A2.03	TDF 300	87	
A2.04	DDI 400	97	
A2.05	DDI 250	109	
A2.06	TDF 300 + FTC 200	147	
A2.07			
Protocoles 3ème ligne AD			
A3.01			
A3.02			

PROTOCOLES ENFANTS (<= 15 ans)		Nb Maxi Mensuel de Protocoles TARV ENF distribué	552
Protocoles 1ère ligne ENF			552
E1.01		552	
E1.02			
E1.03			
E1.04			
Protocoles 2ème ligne ENF			
E2.01			
E2.02			
PROTOCOLES PTME			?
Protocoles PTME			

Draft de calcul en cours, 20 Novembre 2010

Audit of Global Fund Grants to Chad

Annex 3: Recommendations and Management Action Plan

Recommendation	Global Fund Secretariat Response and Action Plan	Country Response and Action Plan	Responsible party	Due date
<p>Recommendation 1 (Important) <i>The CCM should:</i></p> <p>a) <i>Strengthen program oversight with respect to procurement and supply management, specifically procurement, stock and distribution of drugs, regular field visits, data collection and monitoring, PR management of grants and the development of an action plan to strengthen PR capacity;</i></p> <p>b) <i>Reduce the risk of conflicts of interest by ensuring that the PRs and SRs do not have a role in CCM decision making with respect to their own activities and by ensuring that the decisions of the CCM Chair are not influenced by his role as Minister of Health and supervisor of the three national disease programs;</i></p> <p>c) <i>Consider involving the PRs in the selection process of the SRs, as they will be accountable for the actions of the SRs;</i></p> <p>d) <i>Secure the strong commitment and support of development partners and strengthen collaboration with health partners that are not involved in the Global Fund programs; and</i></p>	<p>a) The CCM has adopted reforms on its governance and structure. While membership renewal is expected to be finalized by June 2012, the CCM has already put in place a dashboard. This should allow for improved oversight of program implementation and continuous strengthening of PR capacities. Furthermore, the CCM has taken a more active oversight role regarding drug procurement and distribution. In particular, it has created a Committee for oversight of procurement for HIV and TB, which includes key stakeholders (representatives from the PRs, National Disease Programs, and Technical Partners). During the last in-country mission (May 2012), the Country Team recommended to include the malaria component on this Committee. Finally, the CCM has submitted a request for basic funding, which is currently under review by the LFA. It is expected that the CCM will also submit a request for expanded funding at a later stage.</p> <p>b) The CCM has adopted a framework document for mitigating conflict of interest in May 2008. Following an evaluation of the procedure for managing conflict of interest in December 2011, the policy on conflict of interest has been revised and adopted by the CCM in March 2012.</p> <p>c) As part of the Phase 2 reviews for the three Round 8 HIV grants and the Round 8 TB grant, the PRs and the CCM have been</p>	<p>a) Following the Debrief meeting of the OIG Mission, during CCM's special session on November 30th 2010, a roadmap for the management strengthening of programs fighting against the 3 illnesses, adopted by the CCM, was put into practice. Consequently, in order to strengthen the CCM Secretariat, an expert on follow-up evaluation was recruited (position started on June 1st 2012). Furthermore, strategic follow-up theme committees were formed with dashboards per subvention. Among these committees, one is responsible for the follow-up of the PSM plan. In addition, a monitoring plan taking into account site visits was drawn up and updated.</p> <p>b) In accordance with the FRRG3M, the CCM has revised its governance document. In this manner, Article 28 of rules and regulations (adopted on 23rd March 2012) stipulates the diminished role of any member of the CCM when he/she becomes the principal recipients. Furthermore, Article 27 obliges each member to respect management rules of conflicts of interest. The reference document for conflict of interest management was revised and adopted by the CCM during its session on 23rd March 2012. For that purpose, an ethics committee is responsible for monitoring</p>	<p>CCM</p>	

Audit of Global Fund Grants to Chad

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<p>e) <i>Update the CCM procedural manual on a regular basis and develop a PR monitoring tool and communications strategy.</i></p>	<p>reminded that SRs should be initially assessed and proposed by the PRs. Given that the Country Team will invoke the Additional Safeguards Policy (ASP) for the entire Chad portfolio, all SRs for Phase 2 will need to be assessed by the LFA and approved by the Global Fund prior to signing of the contract by the PRs. d) Noted e) Please see comments a) and b) above</p>	<p>the respect of rules and regulations and the management of conflicts of interest.</p> <p>C) When drawing up proposals for submission to the Global Fund, the principal recipients identify potential sub-recipients depending on implementation capacity and present them to the CCM for approval.</p> <p>d). There is a systematic support from the development partners in proposal developments, implementation, and coordination through sub thematic commission. They equally participate in the decision making of the CCM.</p> <p>E) Within the framework of the update of the CCM Chad governance documents, the old procedures manual was divided into two documents - rules and regulations (adopted during the special session on March 23rd 2012), and the Programmatic procedures manual (Program Follow-up and Administrative and Financial Management of the CCM Secretariat) that will be presented at a workshop due at the end of August 2012. Additionally, a Communication policy was adopted by the CCM during its session on March 23rd 2012.</p>		
<p>Recommendation 2 (Important) <i>The CCM should mitigate the risk that the role of expert subcommittees will be undermined by the strong</i></p>	<p>Noted. The role of sub-committees is defined in the CCM's Procedures Manual. Please see comment on recommendation 1b) above.</p>	<p>An ethics Committee within the CCM was created to ensure the full respect of rules and regulations, in order to reduce</p>	<p>CCM</p>	

Audit of Global Fund Grants to Chad

Recommendation	Global Fund Secretariat Response and Action Plan	Country Response and Action Plan	Responsible party	Due date
<p><i>influence of particular groups with representation on the CCM. This could be achieved by, for example, delegation of decision-making authority to the expert groups based on their expertise.</i></p>		<p>the risks of weakness of the CCM and its bodies.</p>		
<p>Recommendation 3 (Critical) <i>Given the complexity of the LFA's role in Chad, the Global Fund Secretariat should:</i></p> <p>a) <i>Ensure that the current LFA has adequate capacity to oversee grant implementation, in particular in the areas of financial management and PSM; and</i></p> <p>b) <i>Request that the LFA reassess the minimum internal control requirements for the existing PRs and SRs.</i></p> <p>c) <i>Ensure that the LFA prioritizes the review of the capacity-building process.</i></p>	<p>a) The Local Fund Agent Team has been strengthened, in particular through the recruitment of Finance and Monitoring & Evaluation Experts based in country, and experts in Procurement and Supply Management and Monitoring & Evaluation, who are based in Switzerland.</p> <p>b) The Country Team will invoke ASP for the entire portfolio. Therefore, all SRs will be assessed by the LFA and will need to be approved by the Global Fund prior to the PR signing the contracts with the proposed SRs. In addition, in the context of the Phase 2 reviews for HIV and TB, the LFA has assessed the PRs and identified similar deficiencies in their internal controls. The latter have been addressed by the Secretariat through Conditions Precedent/Special Terms and Conditions in the Phase 2 Grant Agreements, in particular through the recruitment of a Fiduciary Agent.</p> <p>c) Noted.</p>	<p>c): After auditing the SRs and evaluating the financial and program-based management capacities in 2012, UNDP drew up a plan for strengthening the SRs' capacities (PNLP [National Malaria Control Program, NMCP], CPA, DGASR [Deputy Directorate General for Resource Services]). This plan will be submitted to the Global Fund for comments and financing.</p>	<p>LFA</p>	
<p>Recommendation 4 (Important) <i>To improve internal controls at the PRs, the Global Fund Secretariat should assess:</i></p> <p>a) <i>Whether the PRs should</i></p>	<p>Noted</p>	<p>The 3 PRs have chosen the setting-up of a separate internal audit function.</p> <p>Since the nomination of the Internal Auditor as the AMASOT's Director General in 2009, the IA position remained vacant until April</p>	<p>PRs</p>	

Audit of Global Fund Grants to Chad

Recommendation	Global Fund Secretariat Response and Action Plan	Country Response and Action Plan	Responsible party	Due date
<p><i>implement separate internal audit functions or outsource these to an independent audit entity; and</i> <i>b) The possibility of collaboration with the government's internal audit department.</i></p>		<p>2011. Nevertheless, AMASOT and UNAD both recruited in May and July 2012 respectively, an internal auditor under supervision of the Board of Directors. For FOSAP, the competence of the IA has been reviewed and the skills improved.</p> <p>AMASOT</p> <ul style="list-style-type: none"> On May 6th 2011, AMASOT put into practice internal supervision under monitoring by the Board of Directors. Terms of reference and the recruitment process was submitted for approval by the Global Fund via prior agreement of the LFA. <p>UNAD</p> <ul style="list-style-type: none"> The internal audit Unit was set up and has been operating since July 2011 through the recruitment of an internal auditor. <p>An audit plan following the external audit recommendations has been functioning since October 2011 within both the UNAD and the SRs.</p>		
<p>Recommendation 5 (Critical) <i>FOSAP, UNAD, AMASOT and CPA should comply with all terms and conditions of the grant agreements, and in particular should ensure that all selected external auditors are communicated to and approved by the Global Fund Secretariat, external auditors' reports are submitted to the Global Fund not later than 6 months from the close of the financial year</i></p>	<p>Noted</p>	<p><u>AMASOT:</u></p> <ul style="list-style-type: none"> The documentation of the audit firms' selection of years 1 and 2 were submitted to Global Fund for approval through the LFA on March 14th 2010. The annual audit reports of the Global Fund Round8 grant of years 1 	<p>PRs, SRs</p>	

Audit of Global Fund Grants to Chad

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<p><i>and the close-out audit reports for Rounds 2 and 3 are completed and submitted to the Global Fund.</i></p>		<p>and 2 were respectively submitted to the LFA and the Global Fund on June 28th 2011 and July 11th 2012 (see e-mails sent to Claire Bonnel of the Global Fund and Alexandra Nicola of LFA).</p> <p><u>FOSAP:</u></p> <ul style="list-style-type: none"> • FOSAP has always requested approval from LFA and the Global Fund Secretariat of the ToRs, for the audit firm selection process before carrying out external audits. However, FOSAP acknowledges the noted delay in the submission of the final report of the external audit in 2010, and measures are taken to avoid future delay throughout later external audits. Regarding the closing audits' reports of HIV/AIDS (series 3) and Tuberculosis (Phase 2) grants, they were completed and submitted to the Global Fund in August 2011. <p><u>UNAD</u></p> <ul style="list-style-type: none"> • The ToRs for the external audit of UNAD were approved by the Global Fund before the call for application began, and the choice of the firm in charge of the external audit was 		

Audit of Global Fund Grants to Chad

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		<p>approved by the LFA and the Global Fund in June 2011.</p> <ul style="list-style-type: none"> The audit report from January 2010 to 31st March 2011 was submitted on time. For the fiscal year closing on 31 December 2011, there is no audit report due to lack of funding. <p><u>CPA</u></p> <ul style="list-style-type: none"> CPA external audit is done by PALAT fund commissioned by the UNDP in accordance with article 17 of the Cooperation agreement. This audit is carried out in accordance with the Global Fund's directives. 		
<p>Recommendation 6 (Important) <i>The Global Fund program is meant to support or fill the gaps left by the three national disease programs. The CCM is encouraged to continuously monitor and engage in advocacy to ensure the adequacy and continuity of government and development partner participation in fighting the three diseases.</i></p>		<p><u>Tuberculosis:</u></p> <ul style="list-style-type: none"> The share the State devotes annually to the purchase of medicines against tuberculosis is 15% and not 25% (see GAS plan 2010). The later contributions of the State are the following: 54 million in 2009; 249.2 million in 2010; 255 million in 2011; 636 million in 2012. <p><u>HIV</u></p> <ul style="list-style-type: none"> The State's contribution to the fight 	CCM	

Audit of Global Fund Grants to Chad

Recommendation	Global Fund Secretariat Response and Action Plan	Country Response and Action Plan	Responsible party	Due date
		<p>against HIV/AIDS is 2 billion CFA francs every year on a total of 7.85 billion given to the health sector. The payments made from 2009 to 2012 reach the sum of 5,675 billion. The annual payments are the following:</p> <ul style="list-style-type: none"> • 1.42 billion CFA francs in 2009; • 1.50 billion CFA francs in 2010; • 1.50 billion CFA francs in 2011; • 1.25 billion CFA francs in 2012; <p>MALARIA</p> <ul style="list-style-type: none"> • The State's share in the fight against malaria is: • 600 million CFA francs in 2010; • 1.12 billion CFA francs in 2011 of which 400 million CFA francs for the national survey on malaria indicators in Chad and 121 million CFA francs for the purchase of ACT's for replacement of unused units. 		
<p>Recommendation 7 (Important) <i>To achieve an acceptable level of internal control of accounting information and systems, the Global Fund should ensure that AMASOT, UNAD, FOSAP and the SRs:</i> a) <i>Review their current</i></p>	<p>Please see the Secretariat's comment on recommendation 3 b) above. The proposed conditions and management actions for strengthening internal controls and accounting systems will be implemented with the support of the current Finance TA and the Fiduciary Agent to be recruited for all</p>	<p><u>AMASOT:</u></p> <ul style="list-style-type: none"> • The new procedures manual is approved by the Board of Directors and the final document is available. 	<p>PRs, SRs</p>	

Audit of Global Fund Grants to Chad

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<p><i>procedures manuals and incorporate processes that are relevant to their operations. This review should cover areas such as procurement, budgeting and monitoring, human resources, quality assurance of drugs, administration and logistics. Clear job descriptions should be provided in order to avoid conflicting or overlapping roles;</i></p> <p><i>b) Configure and/or upgrade current accounting software to support multi-project functions appropriate for the complex programs managed. This configuration should also cover procurement and budgeting. Effective accounting software should be used in place of Excel spreadsheets;</i></p> <p><i>c) Formalize the processes and procedures for data back-up and put appropriate controls in place; and</i></p> <p><i>d) Issue checks only to the authorized beneficiary and use crossed checks whenever possible. Documented justification should be provided where crossed checks cannot be used.</i></p>	<p>Round 8 PRs.</p>	<ul style="list-style-type: none"> • AMASOT will have to budget on the configuration of multi-project functions to meet the needs of the Global Fund. <p><u>FOSAP:</u></p> <ul style="list-style-type: none"> • The review process of the procedures manual is ongoing. It includes all fields such as purchasing, inclusion in the budget, budget follow-up, human resources, medicine quality assurance, administration and logistics. • The Tompro software multi-project function license has been acquired and installed, and is operating. • An external back-up system through an external hard-disk has been set up. The data is backed-up at the end of every week and stored outside the FOSAP premises. • All checks for payment are issued in the name of the premises. <p><u>UNAD:</u></p> <ul style="list-style-type: none"> • UNAD has revised its procedures' 		

Audit of Global Fund Grants to Chad

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		<p>manual, which is currently at LFA and Global Fund level for review.</p> <ul style="list-style-type: none"> • UNAD acknowledges the observation concerning the weakness of the accounting software package SageSaari which is currently used, and awaits the conclusions of the small team set up by the CCM in order to adopt better performing software. UNAD acknowledges the observation connected to data security and control, and is examining the possibility of more secure (virtual) data-saving; • The transactions between UNAD and its SRs are only made by bank transfer and not by check. 		
<p>Recommendation 8 (Critical) <i>Given that financial capacity should have been assessed by the LFA in the early stages of PR selection, the OIG encourages the Global Fund Secretariat to ask the LFA to reassess the existence of adequate internal controls for each PR, including the accounting systems used, during its PU/DR verifications. A minimum standard of acceptability should be ensured or capacities built to meet such a minimum standard. The</i></p>	<p>Please see the Secretariat's comments on recommendations 3 b) and 7.</p>		<p>PR, LFA</p>	

Audit of Global Fund Grants to Chad

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<p><i>minimum standard should include, but not be limited to:</i></p> <ul style="list-style-type: none"> • <i>An adequate accounting system used by each PR;</i> • <i>Adequate control of payment processes, included bank reconciliation processes;</i> • <i>Adequate control of cash payments and training activity;</i> • <i>Adequate procurement processes;</i> • <i>Adequate accounting procedures; and</i> <p><i>An adequate system for tracking and maintaining financial information and documentation.</i></p>				
<p>Recommendation 9 (Important) <i>The Global Fund Secretariat should ensure that the PRs and SRs implement proper systems for managing assets by:</i></p> <p><i>a) Implementing adequate asset management manuals;</i> <i>b) Using the asset management functions of their accounting software and establishing proper fixed assets registers;</i> <i>c) Reviewing and strengthening procedures to control assets by establishing monthly reconciliations between asset registers and general ledgers;</i> <i>d) Implementing controls over movement of assets in and out of the Global Fund programs;</i> <i>e) Monitoring the use of assets</i></p>	<p>Noted. This has been addressed in the framework of Phase 2 renewal for the HIV and TB grants.</p>	<p><u>FOSAP:</u></p> <ul style="list-style-type: none"> • FOSAP has a register of fixed assets, and measures have been taken to incorporate the management of fixed assets in the accounting software; • Measures have been taken for regular follow-up of the incoming and outgoing goods' flow; • Measures have been taken to improve the performance of the log books. <p><u>UNAD:</u></p> <ul style="list-style-type: none"> • UNAD acknowledges this recommendation and has set up suitable asset management systems regarding the 6 registered weaknesses. 	<p>PRs, SRs</p>	

Audit of Global Fund Grants to Chad

Recommendation	Global Fund Secretariat Response and Action Plan	Country Response and Action Plan	Responsible party	Due date
<p><i>assigned to staff and ensuring that assets are properly cared for;</i></p> <p><i>f) Implementing procedures over handling of log books; and</i></p> <p><i>g) Implementing CAPEX reconciliation with proper follow-up through the use of procurement systems.</i></p>				
<p>Recommendation 10 (Important) <i>The Global Fund Secretariat should ensure that PRs and SRs establish adequate human resources policies and procedures, including training requirements where necessary.</i></p>	<p>The Secretariat suggests revising this recommendation to specify whether it applies to all PRs and SRs and which types of trainings are required.</p> <p>As noted above (see above comment on Paragraph 58), it is equally important to train the entities on national procedures. However, the Secretariat acknowledges the necessity to train PRs and SRs on Global Fund processes and is therefore considering organizing a workshop for all PRs and SRs in the coming months.</p>	<ul style="list-style-type: none"> The 3 PRs (FOSAP, UNAD, UNDP) have taken measures concerning the setting up of a strategy in order to improve HR management. This implies: the development of the plan to strengthen PR and SR skills, time sheets, etc. 	PRs, SRs	
<p>Recommendation 11 (Important) <i>The Global Fund should ascertain that FOSAP strengthens program oversight and governance structures by:</i></p> <p><i>a) Putting in place conflict-of-interest procedures and reviewing SR selection procedures. FOSAP's Board of Directors should meet quarterly.</i></p> <p><i>b) Preparing and submitting grant close-out plans at least 3 months before the grant closure date. This work should be done at the PR</i></p>	<p>a) Please see the Secretariat's comments on recommendations 1c) and 3 b) relating to SR selection.</p> <p>b) Noted</p>	<ul style="list-style-type: none"> The conflict of interest management policy decreed by the CCM is equally observed by FOSAP and for this purpose a review of the FOSAP governance texts is ongoing. In addition, the Executive Committee meetings are currently held on a quarterly basis. FOSAP has acknowledged the closing procedure. 	FOSAP	

Audit of Global Fund Grants to Chad

Recommendation	Global Fund Secretariat Response and Action Plan	Country Response and Action Plan	Responsible party	Due date
<i>and SR level in order to determine how to maintain ongoing programs and their funding requirements.</i>				
<p>Recommendation 12 (Important) <i>The Global Fund Secretariat should ensure that FOSAP:</i></p> <p>a) <i>Strengthens the monitoring of SRs through SR audits by the internal and external auditors;</i> b) <i>Strengthens the accounting and financial management of SRs;</i> c) <i>Trains staff in the policies and procedures of the Global Fund; and</i> d) <i>Standardizes reporting tools and budget monitoring.</i></p>	<p>a) Noted.</p> <p>b) Please see the Secretariat's comments on recommendations 1c) and 3 b) relating to SR selection. As part of the Phase 2 renewals, the Country Team has reiterated on several occasions to all PRs, including FOSAP, that only SRs with acceptable accounting systems and with a minimum of internal controls will be selected for Phase 2. In order to ensure better monitoring of SRs, aU PRs, including FOSAP, have also been encouraged to limit the number of SRs and SSRs in Phase 2, to respectively 4-6 and 8-10.</p> <p>c) Please see the Secretariat's comments on recommendation 10.</p> <p>d) Noted.</p>	<ul style="list-style-type: none"> • The ATI Finance have already undertaken training sessions to strengthen PR skills in order to reinforce follow-up and audits with the SRs, together with the drawing up of a plan to achieve internal and external audits' recommendations and management letters. • The follow-up of the achievement of internal audit recommendations in SRs will be reinforced. • FOSAP, with the financial support of ATI, undertook a series of training courses for accountants and financiers of SRs in 2011 and 2012, with the purpose of strengthening their financial management skills and making them more familiar with Global Fund proceedings. A standardized tool for financial data reports has been designed and provided to the SRs. 	FOSAP	
<p>Recommendation 13 (Important) <i>The Global Fund Secretariat should ensure that FOSAP establishes a mechanism for quality control review of PU/DRs and EFRs before sending them to the Global Fund. Each figure should be reconciled to accounts and any difference clearly explained. A proper budgetary monitoring</i></p>	Noted	<ul style="list-style-type: none"> • FOSAP has set up a mechanism to check and confirm programmatic and financial data standards through meetings with SRs before the submission of the reports to the Global Fund. A quarterly budget follow-up system is transmitted to the LFA every quarter with the PUDR. 	FOSAP	

Audit of Global Fund Grants to Chad

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<p><i>mechanism should be put in place. The LFA should follow up to determine if refunds are required.</i></p>				
<p>Recommendation 14 (Critical) <i>To improve payment processes FOSAP should:</i></p> <p>a) <i>Prepare and review bank reconciliations on a monthly basis. Longstanding items should be analyzed, followed up and cleared regularly;</i></p> <p>b) <i>Avoid inter-grant borrowing in accordance with the grant agreement;</i></p> <p>c) <i>Reimburse the amount of XAF 1.6 million relating to inter-grant borrowing by the TB program to the HIV program;</i></p> <p>d) <i>Increase effectiveness of the technical assistance activities by prioritizing the capacity building of the existing program staff and ensuring monitoring and evaluation by the LFA and CCM in order to ensure that objectives are met; and</i></p> <p>e) <i>Ensure that contracts for the provision of technical assistance include detailed and clear TORs on how the transfer of knowledge should take place and the criteria for justification and evaluation of results. The LFA should ensure that the technical assistance complies with the agreed TORs.</i></p>	<p>Noted</p> <p>Upon request by the Secretariat, all Technical Assistants have submitted work plans, outlining their TORs and expected deliverables with respective timelines. The latter will be monitored and followed-up on by the LFA and the Secretariat through management actions. The Secretariat fully agrees with the need for capacity-building as recommended by the OIG. However, it should be mentioned that given the high staff turnover, the Technical Assistants have difficulties transferring their knowledge in a sustainable manner, as trained staff are dismissed or leave the PR's Program Management Unit after a few months, due to the working conditions and poor communication</p>	<ul style="list-style-type: none"> • FOSAP has taken measures so that bank reconciliations can be drawn up monthly by an accountant, taken into account by the financial expert and approved by the Administrator. • The ATIs have drawn up their work plan and have submitted it to FOSAP with a copy also for the Global Fund; • FOSAP has taken measures to avoid borrowing between subventions. • The repayment concerning the borrowing between grants was made in May 2011. 	<p>FOSAP, CCM, LFA</p>	
<p>Recommendation 15 (Important) <i>FOSAP and the CPA should review</i></p>	<p>The contract between FOSAP and CPA will</p>	<p>The agreement protocol between FOSAP and CPA was reviewed at the end of</p>	<p>FOSAP, CPA</p>	

Audit of Global Fund Grants to Chad

Recommendation	Global Fund Secretariat Response and Action Plan	Country Response and Action Plan	Responsible party	Due date
<p><i>their contract and have the same understanding of the terms of the contract. For the execution of the contract to date, any over- or under-charge should be refunded to the appropriate party.</i></p>	<p>be reviewed in the context of the Phase 2 renewal for the HIV and TB grants.</p>	<p>phase 1. All points raised in the report have already been taken into account.</p>		
<p>Recommendation 16 (Critical) <i>The Global Fund Secretariat should ensure that:</i> a) <i>AMASOT remains in compliance with the terms and conditions of the Grant Agreement, ensuring that program funds are always available for program purposes; and</i> b) <i>The LFA verifies the status of the program funds restricted by the bank.</i></p>	<p>a) Please see the Secretariat's comment on recommendation 14 b). b) Noted.</p>	<p>The restriction on the account was unlocked on December 20th 2010 (see bank statement of December 2010).</p>	<p>AMASOT, LFA</p>	
<p>Recommendation 17 (Important) <i>AMASOT should:</i> a) <i>Comply with Global Fund budget approval requirements. The PR should request post facto approval on budget overruns or refund these to the program (XAF 7,407,173);</i> b) <i>Comply with the Global Fund's budget guidelines;</i> c) <i>Serially issue checks and retain cancelled checks for proper follow-up; and</i> d) <i>Do business only with registered companies.</i></p>	<p>a) The Secretariat recommends that the OIG provides more details on the activities for which the budget overruns occurred, in order for the Secretariat to take a specific decision on this recommendation. b) Noted. c) Noted. d) Noted.</p>	<ul style="list-style-type: none"> • AMASOT has issued a retroactive approval request of cost overruns to the Global Fund Secretariat, as suggested by the report of the Office of Inspector General. • The canceled checks are still kept at the accounting department for verification. • Budget follow-up has been regularly carried out since December 2010 by means of the following measures: <ul style="list-style-type: none"> - Interruption of spending on budget lines with cost overrun - Monthly work plan with financial implications 	<p>AMASOT</p>	

Audit of Global Fund Grants to Chad

Recommendation	Global Fund Secretariat Response and Action Plan	Country Response and Action Plan	Responsible party	Due date
		<ul style="list-style-type: none"> • Checks are produced numerically by the Bank. The filling out of checks by accountants is done following the chronological order in accordance with the checkbooks. Some check numbers are shifted forward due to cancellations taken into account. These canceled checks are clipped to the stub of the checkbooks to permit verification. Therefore they should not be the subject of data capture by the accounting department as they are only badly labeled in terms of the sum or the name of the payee. Entering these canceled checks would be equivalent to producing empty spaces in the accounts. • AMASOT has taken measures so that documentary evidence meets the requested standards. • The payment of allowances was interrupted until Global Fund approval on October 25th 2010 (see the e-mail sent by Mr. Roy Wakim of the Global Fund). 		
<p>Recommendation 18 (Important) <i>To improve the procurement process, the Global Fund Secretariat should ensure that PRs and SRs establish guidelines on the archiving process and the process of handing over documentation when there is staff turnover.</i></p>	Noted		PRs,SRs	
<p>Recommendation 19 (Important) <i>The Global Fund Secretariat should:</i></p>	<p>a) Noted. b) A contract has been established</p>		Secretariat, PRs	

Audit of Global Fund Grants to Chad

Recommendation	Global Fund Secretariat Response and Action Plan	Country Response and Action Plan	Responsible party	Due date
<p>a) <i>Engage with the MOH to clarify the role of PRAs at the provincial and district levels to ensure integration of the Global Fund-supported activities.</i></p> <p>b) <i>Request the respective PRs to re-define the contract between the CPA, PRA and PRs to ensure a clear TOR, responsibility and accountability and incentives in distribution.</i></p>	<p>between the CPA and the PRAs in 2012. The contract still needs to be reviewed by the LFA and the Secretariat in order to ensure that all relevant aspects, as outlined by the OIG, have been taken into consideration.</p>			
<p>Recommendation 20 (Critical): <i>To improve the data collection process, the Global Fund Secretariat should ask that:</i></p> <p>a) <i>The entities involved in PSM design and implement a system to collect data on consumption and stocks of health commodities at sites on the entire chain of drug distribution at all levels of the health pyramid (central, regional and peripheral) in order to have full traceability of products funded by the Global Fund;</i></p> <p>b) <i>Partners build capacity at all levels through training for existing collection tools;</i></p> <p>c) <i>The entities involved in PSM standardize and simplify the collection tools already in place and design and implement a manual of procedures and methodology of data collection, with a clear definition of terms, functions and activities of each;</i></p>	<p>a) This has been addressed by the Secretariat as a Condition Precedent to be included in the HIV and TB Phase 2 Grant Agreements. The Condition states that "the PR should submit a plan for the establishment of a solid Management Information System, able to capture both patient information and logistics information. The plan shall take into account existing tools and activities already developed, identify gaps of information not captured, compilation and management of data, and reflect the strategy for implementation including training needs, and other financial human resources needs at peripheral and central level."</p> <p>b) and c) According to information attained from FOSAP during the mission in March 2012, data</p>		MOH	

Audit of Global Fund Grants to Chad

Recommendation	Global Fund Secretariat Response and Action Plan	Country Response and Action Plan	Responsible party	Due date
<p>d) <i>The Ministry of Health ensures a system of validation of published data which are used for the quantification of needs at the Ministry of Health;</i> e) <i>The PRs checks the validity of data received from the SRs; and</i> f) <i>The LFA improves its verification approach to the accuracy of all data transmitted by the PRs.</i></p>	<p>collection tools have been revised and relevant trainings have taken place. In addition, a national review across all disease programs and including relevant stakeholders is being undertaken with the technical support from WHO.</p> <p>d) Noted. e) Noted f) Noted.</p>			
<p>Recommendation 21 (Important)</p> <p><i>The Global Fund Secretariat should ensure that:</i> a) <i>The contract between the PR and the CPA should be reviewed by the LFA and approved by the Secretariat before it is implemented (as per the investigation recommendation from 2007);</i> b) <i>The LFA verifies implementation of activities under the PSM plan and provides periodic updates (especially for the fees charged by the CPA); and</i> c) <i>The LFA should verify the completeness of the PSM plans in accordance with the Global Fund requirements (especially for the effective implementation of quality control of anti-TB drugs on arrival).</i></p>	<p>a) and b) Noted</p>		PR, LFA	
<p>Recommendation 22 (Important)</p>		<ul style="list-style-type: none"> • The satellite material has still not been 	NMPS	

Audit of Global Fund Grants to Chad

Recommendation	Global Fund Secretariat Response and Action Plan	Country Response and Action Plan	Responsible party	Due date
<p><i>The Global Fund Secretariat should request that the Malaria program ensures that:</i></p> <p><i>a) The satellite equipment is appropriately registered to render the satellite link functional;</i></p> <p><i>b) Programs should clearly specify the technical specifications of products and non-medical services they need to the PR in writing;</i></p> <p><i>c) The PR or buyer should comply with the specific demands and technical specifications provided by the program (or SR) for goods and for services purchased;</i></p> <p><i>d) The PR and the buyer should provide products and services that are complete and in working order and should ensure the functionality of the products on the ground; and</i></p> <p><i>e) The LFA should, in its review, monitor compliance with technical specifications, implementation and functionality in the field of products purchased by PRs.</i></p>		<p>registered, although Internet connection is obtained by means of a service provider.</p> <ul style="list-style-type: none"> • The program usually provides the technical features of non-medical products and services to the PRs in written form. 		
<p>Recommendation 23 (Critical) <i>The Global Fund Secretariat should ensure that the PRs establish a multidisciplinary committee whose TORs includes the quantification of need. The membership of this committee should include all stakeholders and partners</i></p>	<p>As requested by the Secretariat, a multidisciplinary committee including stakeholders (PRs, CPA, national disease programs) and technical partners has been established for procurement oversight of ARVs and anti-TB drugs in August 2011. During the last in-country mission (May 2012), the Country Team has requested the</p>	<p>A committee in charge of the estimation of needs already exists per program. These committees will be revitalized in order to become more functional under coordination by the GAS committee of the CCM. For that purpose, the terms of reference will be reviewed.</p>		

Audit of Global Fund Grants to Chad

Recommendation	Global Fund Secretariat Response and Action Plan	Country Response and Action Plan	Responsible party	Due date
<p><i>(programs, CPA, regional warehouse, donors, etc.) The committee should be involved in monitoring the overall PSM cycle, including the procurement process by the PR and the CPA. The following data and information should be provided to the committee:</i></p> <ul style="list-style-type: none"> • <i>Stocks at different levels of the supply chain;</i> • <i>Orders under way;</i> • <i>Expected arrival of on-going procurement;</i> • <i>Number of patients under treatment/to be put on treatment;</i> • <i>The policy concerning buffer stock at each level of the supply chain; and</i> • <i>Any other relevant information known at the time of the meeting of the committee.</i> 	<p>CCM and the relevant members of the committee to include oversight of procurement of anti-malaria drugs. It is expected that this recommendation will be effective as of the next meeting of this working group.</p>			
<p>Recommendation 24 (Important) <i>The Global Fund should ensure that:</i> a) <i>The PRs improve the availability of drugs by designing and implementing an integrated system of distribution of health commodities to the treatment sites; and</i> b) <i>The CPA strengthens its capacity in logistics and transportation.</i></p>	<p>The central medical store, CPA, has recently signed a convention with the Sectorial Program to fight AIDS (PSLS) in order to clarify responsibilities of distribution and establish some minimum principles. In addition</p> <p>PRAs are going to receive recovery fees for services at the periphery. These elements will be verified by the LFA.</p>	<p>Following the OIG Audit Mission to date, the CPA strengthened its capacity in terms of logistics thanks to the acquisition of:</p> <ul style="list-style-type: none"> • The programs are set to make their orders regularly in accordance with the frequency which was agreed on. • The department responsible for the management and follow-up of products at CPA level will centralize needs' estimations. 	PRs, CPA	

Audit of Global Fund Grants to Chad

Recommendation	Global Fund Secretariat Response and Action Plan	Country Response and Action Plan	Responsible party	Due date
		<ul style="list-style-type: none"> • A 7-tons lorry (suitable for the transport of pharmaceutical products) acquired by FOSAP for CPA; • A 40-tons lorry funded by the Government of Chad; • A warehouse with a surface of more than 1131 m² is being built and is funded by the Government of Chad (building reception scheduled for December 2012); • Two cold storage rooms, one 8 m long X 4 m wide X 2,5 m high and the other 4 m long X 3 m wide X 2,5 m high, funded by the Government of Chad; • In April 2011, concerned by the need of adapting all its stores to pharmaceutical rules, it enhanced its storage areas with further air-conditioners and splits. 		
<p>Recommendation 25 (Important) <i>The Global Fund should ensure that: The PRs improve the PSM process by improving storage, putting in place stock cards, preventing stock-outs, the risk of overstock and expired products and ensuring traceability of inventory at all levels of the health system. This should include:</i></p> <ul style="list-style-type: none"> • <i>Developing and implementing a policy of safety buffer stock at all levels of the supply chain for products supported by the Global</i> 	<p>Noted. The Secretariat has addressed these issues with the PRs And included respective conditions in all current Phase 2 renewals (Round 8 HIV and TB under FOSAP as PR).</p>	<ul style="list-style-type: none"> • The CPA and the PRAs have a manual for management of medicines and input locations. • The PR of the programs HIV/AIDS and TB have a draft which will be confirmed together with the partners; • On a national scale, the CCM will carry out follow-up for the drawing up of a management manual for medicines and input locations by the Ministry of Health. This manual will serve as reference on a 	PRs	

Audit of Global Fund Grants to Chad

Recommendation	Global Fund Secretariat Response and Action Plan	Country Response and Action Plan	Responsible party	Due date
<p><i>Fund; and</i></p> <ul style="list-style-type: none"> • <i>Ensuring that implementers and SRs improve the collection of consumption data, and ensuring the reliability of these data in order to reduce the number of stock outs and patient usage of expired products.</i> 		<p>national scale. Training to use the manual will be ensured by the Ministry of Health through the Pharmacy, Medicines and Laboratories Department (PMLD);</p> <ul style="list-style-type: none"> • The CPA has signed a convention with the PSLS. In this convention, the CPA commits to retroceding a percentage in order to allow the PRAs to transport the products of the given program to suburban areas; • A risk and theft prevention committee for medicines will be set up at the end of the prevention and theft of medical products plan evaluation by the CCM in Chad. 		
<p>Recommendation 26 (Important) <i>The Global Fund Secretariat should:</i></p> <p>a) <i>Renegotiate/reprogram proposals that carry a clear risk of being too ambitious, and consider a referral back to the Technical Review Panel. This is particularly important when targets are based on inaccurate data;</i></p> <p>b) <i>Encourage PRs to sign only those grant agreements which they, in consensus with National Programs, have vetted as feasible to implement and achieve; and</i></p> <p>c) <i>Reconsider the performance framework for existing grants to</i></p>	<p>a) and c) Please see above comments on Paragraph 135 related to the reprogramming currently taking place as the Round 8 HIV triple-track grants are being negotiated.</p> <p>b) The Secretariat will take this recommendation into consideration as the Round 8 HIV and TB grants are being renewed.</p>	<ul style="list-style-type: none"> • The recommendation in the point (C) was taken into account within the performance framework of phase 2. • The MOPH has recruited a consultant with support from the UNAIDS to evaluate the number of patients under ART at the National level. 	<p>Secretariat, PRs</p>	

Audit of Global Fund Grants to Chad

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<i>capture realistic targets (e.g. for PMTCT and condom sales.)</i>				
<p>Recommendation 27 (Important) <i>The Global Fund should:</i> a) <i>For future grants, follow the Operational Policy Note of October 2010, which states that conditions should be shared with the PR before grant signature. In the case of Chad, conditions should not only be shared but be thoroughly discussed and actions on their fulfillment agreed before grant signature; and</i> b) <i>Facilitate Technical Assistance for the start-up phase of new rounds to address Conditions Precedent. Such TA should preferably be based in-country.</i></p>	<p>a) The Secretariat would like to point out that in the context of the renewal of the Round 8 HIV grants, the CCM and PRs have been informed through official notification letters (French version provided as well) of the Board decisions for Phase 2 and of the proposed Board and Secretariat Conditions and Management Actions. The Secretariat will ensure that a similar process is followed for informing the CCM and the PR of the Board decision on renewal of the Round 8 TB grant. b) Please refer to the Secretariat's comments on Paragraph 32.</p>			
<p>Recommendation 28 (Critical) <i>The Global Fund Secretariat should:</i> a) <i>Rephrase and refine indicators for clarity and reasonableness in the context of Chad; and</i> b) <i>Work with the PRs to improve routine data collection systems.</i></p>	<p>a) In the Phase 2 grant negotiations processes for the HIV grants, the indicators have been reviewed and better defined to improve reporting and data collection based on issues identified during the Phase 2 review and/or OSDVs.</p> <p>b) The Secretariat welcomes this recommendation and is continuing to explore opportunities to support M&E systems strengthening activities within the context of the Chad portfolio. The Secretariat kindly asks the</p>		Secretariat. PRs	