



THE OFFICE OF THE INSPECTOR GENERAL



The Global Fund to Fight AIDS, Tuberculosis and Malaria

Audit of Global Fund Grants to the Republic of Mozambique

Annexes

**GF-OIG-11-018
28 August 2012**

ANNEX 1: ABBREVIATIONS

AC	Advisory Council
ACA	Avaliação Conjunta Anual
ACT	Artemisinin Combination Therapy
AIDS	Acquired Immune Deficiency Syndrome
AL	Artemeter- Lumefantrina
ANC	Antenatal Care
APEs	Agente Polivalente Elementar (Village Health Worker)
ART	Antiretroviral Therapy
ARV	Antiretroviral
BMZ	German Federal Ministry for Economic Cooperation and Development
BOT	Board of Trustees
CCM	Country Coordinating Mechanism
CD4	Cluster of Differentiation 4
CHAI	Clinton Health Access Initiative
CIDA	Canadian International Development Agency (CIDA)
CMAM	Central de Medicamentos e Artigos Médicos (Central Medical Store)
CNCS	Conselho Nacional de Combate ao HIV/Sida (National AIDS Council)
COA	Chart of Accounts
CTTF	Committee for Therapeutics and Pharmacy
DAF	Directorate of Administration and Finance
DDM	Depósitos Distritais de Medicamentos (District Medical Store)
DDT	Dichlorodiphenyltrichloroethane
DFID	Department For International Development
DHS	Demographic Health Survey
DNAM	Direcção Nacional de Assistência Médica (Directorate for Medical Assistance)
DOTS	Directly Observed Treatment – Short course
DPM	Depósito Provincial de Medicamentos (Provincial Medical Store)
DPS	Direcção Provincial da Saúde (Provincial Health Directorate)
FDC	Fundação para o Desenvolvimento da Comunidade
GAAC	Grupo de Apoio para Adesão das Comunidades
GDF	Global Drug Facility
HAI	Health Alliance International
HF	Health Facility
HFS	Health Facility Survey
HIV	Human Immunodeficiency Virus
HMIS	Health Management Information System
HP	Health Products
IEC	Information, Education, Communication

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IPs	Implementing Partners
INS	Instituto Nacional de Saúde (National Health Institute)
INSIDA	National Survey on Prevalence, Behavioral Risks, and Information about HIV and AIDS in Mozambique
IRS	Indoor Residual Spraying
KPI	Key Performance Indicators
LFA	Local Fund Agent
LLIN	Long-Lasting Insecticidal Net
LMIS	Logistics Management Information System
LNCQM	Laboratório Nacional da Qualidade de Medicamentos
M&E	Monitoring and Evaluation
MACS	Warehouse Management Information System
MCH	Mother and Child Health (or Saúde Materno Infantil (SMI))
MDR-TB	Multi-Drug Resistant Tuberculosis
MEDIMOC	Empresa de Importação e Exportação de Medicamentos
MIS	Malaria Indicator Survey
MISAU	Ministério da Saúde
MMIA	Livro Mapa Mensal de Informação
MoU	Memorandum of Understanding
MZN	Mozambican Metical
NMCP	National Malaria Control Program
NR	Not Rated
OIG	Office of the Inspector General
OSDV	On-Site Data Verification
OVC	Orphans and Vulnerable Children
PAS	Performance Assessment Framework (QAD)
PCR	Polymerase Chain Reaction
PES	Plano Economico e Social
PESS	Plano Estratégico de Saúde (multi-annual health development plan)
PFM	Public Finance Management
PIDOM	Pulverização Intra-Domiciliária (Indoor Residual Spraying)
PLHIV	People Living with HIV
PMTCT	Preventing Mother-to-Child Transmission
PMU	Program Management Unit
PO	Purchase Order
PR	Principal Recipient
PSM	Procurement and Supply chain Management
PUDR	Progress Update and Disbursement Report
QA	Quality Assurance
QAD	Quadro de Avaliação de Desempenho (Performance Assessment Framework – sector wide indicators)
RDT	Rapid Diagnostic Test
SCMS	Supply Chain Management System

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SIMAM	ARV distribution and information management System
SOP	Standard Operating Procedures
SP	Sulphadoxine/Pyrimethamine
SR	Sub Recipient
SSR	Sub–Sub Recipient
TB	Tuberculosis
TBAs	Traditional Birth Attendants
TIP	Intermittent prophylaxis treatment (for malaria in pregnancy)
TOR	Terms of Reference
TWG	Technical Working Group
UNAIDS	Joint United Nations Programme on HIV/AIDS
USAID	United States Agency for International Development
USD	United States Dollars
VCT	Voluntary Counseling and Testing
VPP	Voluntary Pooled Procurement
WHO	World Health Organization
WMS	Warehouse Management System
WV	World Vision

ANNEX 2: SUMMARY OF GRANTS TO MOZAMBIQUE

The table below is a summary of commitments and disbursements to Mozambique at 30 November 2011

Disease	Round	Budget	Disbursed	%	Rating
		USD	USD	Disbursed	
HIV	MOZ-202-G01-H-0	7,732,956	6,156,898	80%	B2
	MOZ-202-G02-H-0	88,080,483	88,080,483	100%	B2
	MOZ-607-G05-H	57,002,728	57,002,728	100%	B1
	MOZ-911-G10-H	41,140,895	0		Not rated
	MOZ-911-G09-H	14,384,504	3,726,604	26%	Not rated
Sub total		202,341,566	154,966,713		
Malaria	MOZ-202-G03-M-0	26,784,326	26,784,326	100%	B2
	MOZ-607-G06-M	32,856,363	32,856,363	100%	A2
	MOZ-911-G11-M	32,308,603	0		Not rated
	MOZ-911-G12-M	21,737,126	7,690,338	24%	Not rated
Sub total		113,686,418	67,331,027		
Tuberculosis	MOZ-202-G04-T-0	10,504,200	10,504,200	100%	B2
	MOZ-708-G07-T	10,040,142	2,134,834	21%	B1
Sub total		20,544,342	12,639,034		
HSS	MOZ-809-G08-S	11,823,414	0		Not rated
Sub total		11,823,414	0		
Total		384,395,740	234,936,774		

The table below shows the breakdown of Global Fund and PROSAUDE partner funding for the period of review (2008 to 2010)

Year	Global Fund (USD)	PROSAUDE Partners (USD)	Total (USD)
2008	52,618,160	115,437,585	168,055,745
2009	10,238,321 ¹	86,973,953	97,212,274
2010	77,456,601	86,125,145	164,581,746
Total	140,313,082	288,535,683	429,849,765

¹ USD 33.6m committed for 2009 was disbursed in 2010.

ANNEX 3: SUMMARY OF UNALLOWABLE EXPENDITURES

Summary of ineligible expenses:

Particulars	2008 (USD)	2009 (USD)	2010 (USD)	Total (USD)
Total Expenditure	73,577,186	89,910,846	53,998,268	217,486,300
Audited expenditure	40,799,699	63,628,906	53,998,268	158,426,873
Undocumented	171,974	1,632,002	766,551	2,570,527
Insufficient support	83,415	47,699	616,754	747,868
Total	255,389	1,679,701	1,383,305	3,318,395

Summary of undocumented expenses:

Category	2008 (USD)	2009 (USD)	2010 (USD)	Total (USD)
Salaries	96,583	1,011,290	-	1,107,873
Travel (fuel & per diems)	69,608	203,075	22,577	295,260
Goods & Services	-	416,129	743,974	1,160,103
Equipment	5,783	1,508	-	7,291
Total	171,974	1,632,002	766,551	2,570,527

Summary of expenses with insufficient support documents:

Category	2008 (USD)	2009 (USD)	2010 (USD)	Total (USD)
Salaries	-	-	113,736	113,736
Travel (fuel & per diems)	-	18,625	189,449	208,074
Goods & Services	311	29,074	304,331	333,716
Equipment	83,104	-	1,347	84,451
Construction	-	-	7,891	7,891
Total	83,415	47,699	616,754	747,868

ANNEX 4: BACKGROUND AND EPIDEMIOLOGICAL CONTEXT

Malaria

1. Malaria remains a major cause of morbidity and mortality in Mozambique.² According to a recent comprehensive review of the national malaria control program, 45% of outpatient consultations, 56% of pediatric admissions and 26% of hospital deaths are associated with malaria.³ The nation-wide malaria incidence rate per 1,000 inhabitants declined from 315 (2006) to 202 (2009). There are significant geographic variances, e.g., in Maputo, the prevalence of malaria parasitemia is 5-6%, while Nampula Province showed a prevalence of 64%.⁴ The number of notified 'malaria' cases was 3,381,371 (2010); 4,330,086 (2009); 5,168,684 (2008).⁵ The decline is partly due to changing case definitions with only confirmed cases notified, as opposed to presumed malaria as was the case before.⁶

2. The following achievements were observed in relation to the Malaria control program:

- At all sites visited, ACTs were only administered after positive malaria tests;
- Diagnostic and therapeutic guidelines were available and consistently applied; and
- Nation-wide coverage of LLIN distribution among pregnant women was high, i.e., 84.6% in 2010 and 86% in 2011.^{7,8}

Tuberculosis

3. The national policies and strategies on TB control are described in the 5-year National Tuberculosis Control Program Strategic Plan 2008-2012.⁹ Mozambique has a high TB burden with prevalence at 491/100,000; incidence for all forms of TB at 544/100,000, and a mortality rate excluding HIV estimated at 49/100,000.^{10,11,12}

4. Multi-Drug Resistance Tuberculosis (MDR-TB) is a serious public health problem in Mozambique. Among new cases of TB, the MDR rate is at 3.4% – 3.5%¹³, rising to 4.3% in those also infected with HIV.¹⁴ Among previously treated TB cases, the MDR rate is

² Inquérito Nacional sobre as Causas de Morte (National Study on the Causes of Deaths) or INCAM 2007/2008

³ MISAU, Malaria Programme Performance Review 2010 Report

⁴ MIS 2007

⁵ MISAU/National Malaria Control Programme. Annual reports 2008, 2009, 2010. These reports include routine data on notified cases, case fatality rates, results of entomological studies (e.g. efficacy of DDT spraying), information on training of staff (e.g. clinical; vector-control; ANC). Sources of funding for the activities are not indicated.

⁶ Ministry of Health [MISAU]/Weekly Epidemiological Bulletin [BES]).

⁷ National Malaria Programme: annual report 2010; 9-months report 2011.

⁸ In Districts without *Pulverização Intradomiciliária com insecticidas residuais* (PIDOM), bednets are distributed for 'universal coverage' (1 LLIN on 2 persons). In 2011, coverage was 98 % in Inhambane, Nampula, Tete, Cabo Delgado.

⁹ In March 2010, this Plan was reviewed by an external team of WHO, KNCV-NL and CDC-USA. All 6 components of the Strategic Plan were reviewed in detail: DOTS; TB-HIV and TB-MDR; HSS; engaging all service providers; empowering people; research.

¹⁰ Mozambique is one of the 22 countries with a high TB burden (position 19 in 2007).

¹¹ In a presentation by the National TB Programme Coordinator for the audit team in October 2011, an incidence rate of 330/100,000 (for all forms of TB) was mentioned. These figures should be cross-checked with the official WHO data.

¹² Global TB Report; WHO; 2011

¹³ 3.9% in the South; 4.5% in the Centre; 2.4% in the North. Resistance studies in 1999 and 2007/8.

¹⁴ 2 MDR surveys: 1999; 2007/8. Results were largely similar.

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estimated at 11.2%. The TB cure rate (sputum positives) has increased from 80.8% in 2007 to 84.5% in 2010. In the same period, the default rate reduced from 4.9% to 3.2%.¹⁵ There are attempts to identify TB among high-risk persons, such as prisoners as seen by an increase in diagnosed TB cases in prisons from 3,167 in 2007 to 9,357 in 2010.¹⁶

5. 88% of all new TB cases were tested on HIV in 2009 (against 68% in 2007).¹⁷ The coverage of PLWHA screened for TB is fairly high; in 2010, 63% of new HIV+ persons registered were screened on TB.¹⁸

6. TB treatment is based on WHO standards. New smear positive cases follow an intensive two months phase regimen, followed by a four months maintenance phase.¹⁹ For relapses and MDR, treatment schedules are also defined. The various treatment scenarios are summarized in clear algorithms for health staff. In 2009, clear treatment guidelines were developed for MDR-TB.²⁰

HIV/AIDS

7. The average HIV prevalence among adults (15-49 years) in Mozambique is estimated at 11.5%, higher among women at 13.1% and lower among men at 9.2%. In the urban areas, the prevalence is estimated to be 15.9% and 9.2% in the rural areas. According to current HIV policies, 80% of eligible persons for ART should be on treatment by 2015. Currently, over 200,000 persons are on ART, which represents approximately one quarter to third of all eligible persons.²¹

8. The ART program in Mozambique started with the establishment of the first clinic in 2006. In the same year, ART services were integrated into the Basic Health Services (BHS) and at the time of the audit in December 2011, there were 256 ART centers covering the 110 districts. At each health center where an ART center has been set up, there also exists PMTCT and VCT services. There are 59 laboratories with CD4-count services, out of which 18 have mobile CD4 equipment (PIMA). There are three laboratories with PCR equipment for HIV diagnostics among infants.

9. Before 2000, the Ministry of Health (MISAU) coordinated the national response to the HIV epidemic. After 2000, the National AIDS Council (the Conselho Nacional de Combate ao HIV/Sida em Moçambique, CNCS) took over this role. CNCS is accountable to the Prime Minister. Its principal funding is from the National Treasury, and from a CNCS donor common fund (DFID; DANIDA; CIDA; Irish Aid; the German Federal Ministry for Economic Cooperation and Development; and the World Bank). While CNCS oversees all

¹⁵ MISAU; PNCT; and, Global TB Report 2011, WHO

¹⁶ National TB Control Programme; presentation for OIG team, October 2011.

¹⁷ 66% of all TB cases are HIV positive (source: MISAU/NTCP, Presentation to OIG audit team, October 2011). Vice versa, the % of PLWHA with TB is not well known yet.

¹⁸ Annual Report 2010, by national TB Control Programme

¹⁹ Drugs for first-line treatment: streptomycine; isoniazid; rifampicin&isoniazid (2FDC); rifampicin, isoniazid, pyrazinamide, ethambutol (4FDC); ethambutol. Second-line drugs: cycloserine; ofloxacin. ; ,

²⁰ Manual de Diagnóstico e Tratamento de Tuberculose Resistente e Multi-Droga Resistente. 2009 (TB/MDR Manual 2009)

²¹ Inquérito Nacional de Prevalência, Riscos Comportamentais e Informação sobre o HIV e SIDA em Moçambique, INSIDA 2009, Ministério de Saúde; Instituto Nacional de Saúde Maputo, Moçambique; Instituto Nacional de Estadística Maputo, Moçambique; IFC Macro, Calverton MD; Novembro de 2010

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aspects of the response against HIV/AIDS (prevention; treatment; care; mitigation), MISAU is responsible for the treatment component.²²

10. The Ministry of Health has taken steps to address recognized challenges such as insufficient number of qualified human resources in light of a high patient load; insufficient attention to pediatric ART; insufficient quality assurance for CD4 services; and insufficient community services for HIV programs. The following initiatives are already underway:

- a. Medical Officers are 'mentoring' medium-level health staff to reduce case load and address human resources gap;
- b. Guidelines for pediatric HIV treatment were launched in 2010 and cascade training on pediatric HIV treatment of medium level health staff was taking place at the time of the audit;
- c. A quality assurance (QA) system for CD4 count has been established with Central Hospitals (Maputo; Beira; Nampula) and the National Health Institute (INS),²³ and
- d. Patient groups ('GAAC'- Grupos de Apoio para Adesão das Comunidades) are being established at the community level.²⁴

²² The comprehensive HIV response is described in 5-years strategic plans: "PEN". Currently, Mozambique is implementing PEN-III (2010-2014).

²³ Information received from the Director of the MISAU/INS, interviews on Dec. 15 and 30, 2012

²⁴ MISAU. Estratégia de GAAC. No date.

ANNEX 5: MANAGEMENT LETTER

1. Public Health Response

Malaria

Quality Assurance (QA) in Malaria Diagnostics

1. The National Malaria Control Program does not have a nation-wide Quality Assurance (QA) system for microscopy at the clinic level. In five out of six sites reviewed, there was no external QA system and as a consequence staff did not receive feedback on quality of laboratory services.²⁵ The OIG was informed that the Instituto Nacional de Saúde or National Public Health Institute (INS) with the support of Centers for Disease Control (CDC) has started Quality Assurance (QA) of laboratory services in a limited number of districts.

Recommendation

In collaboration with Instituto Nacional de Saúde or National Health Institute (INS), the National Malaria Control Program (NMCP) should develop and roll-out a quality assurance program for laboratory services. Laboratory staff should receive adequate feedback on quality of diagnosis.

Malaria Prophylaxis and Ante-Natal Care

2. MISAU has introduced malaria prophylaxis with Sulphadoxine/Pyrimethamine (SP) for pregnant women during Antenatal Care (ANC). The coverage of pregnant women, as a percentage of first visits of ante-natal care, who have received 2 doses of SP were: 2009 (33,8%); 2010 (14,3%); and 2011 (14%). The low coverage of malaria prophylaxis for pregnant women was explained by frequent stockouts of SP and challenges of limited access to health facilities.²⁶

Recommendation

The Ministry of Health should address the low coverage of ANC malaria prophylaxis for pregnant women by:

- i. Ensuring continuous and sufficient supply of Sulphadoxine Pyrimethamine (SP); and*
- ii. Identifying and spreading best practices such as: waiting homes; incentives for women and Traditional Birth Attendants (TBAs) to increase health center (or provider) attended deliveries.*

Sustainability of Indoor Residual Spraying (PIDOM)

3. Mozambique has embarked on a comprehensive strategy for malaria control, including case management and prevention with Long Lasting Insecticide treated Nets (LLINs) (distributed through campaigns and at ANC clinics) and indoor residual spraying (PIDOM). IRS is an effective vector-control strategy, provided that continuation of activities is ensured. There have been interruptions with PIDOM due to a lack of funds for instance a ten-year

²⁵ Sites verified: Namaacha RH; Moamba RH; Pessene-HC; HC 25 de Setembro; RH Nacala Velha; HC-Nhamatanga. Answer by staff from Namaacha RH on existence of external QA not conclusive.

²⁶ Annual reports 2009, 2010 of National Malaria programme. Provisional 9-months report on 2011.

PIDOM project in Sofala Province stopped in 2010. There is a risk that interruptions in PIDOM may result in loss of gains registered so far in malaria eradication.

Recommendation

The Ministry of Health should plan and budget for PIDOM/IRS activities in its annual health plan.

Tuberculosis

Case Detection and Defaulter Tracing

4. The Case Detection Rate (of TB sputum positive cases) has stagnated around 53% (versus the global target of 70%, and against the Global Fund grant target of 62% for the first year of Round 7).²⁷ The recognized limitations to increasing the Case Detection Rate are a lack of community health workers, i.e., there is only a limited number of functional Village Health Workers (APEs) and decreasing numbers of health volunteers after the termination of specific supported projects, e.g., HAI in Sofala Province.

5. Two MDR laboratories have been opened in Beira and Nampula. Although the expansion is a welcome addition, much remains to be done to increase the reach of MDR-TB diagnostic services as only 500 cases were identified between 2006 and 2010 against the predicted 4,000 cases expected.²⁸

Recommendation

To improve detection and case holding of TB defaulters, the Ministry of Health should further strengthen the interface between the formal health services and community structures, by:

- i. Training Village Health Workers (APEs);*
- ii. Increasing and incentivizing volunteers ('activistas');*
- iii. Intensifying outreach sessions;*
- iv. Revitalizing community health committees; and*
- v. Involving traditional and religious leaders.*

6. The audit team observed very high defaulter rates in urban areas for sputum positive TB and MDR-TB. In Nampula City, 19 patients out of 59 from the 2010 Q4 cohort defaulted. At the time of the audit there was no legislation in Mozambique for obligatory treatment of MDR-TB patients. The high default rates constitute a serious public health hazard.

Recommendation

The TB program should utilize community leaders to enforce adherence to MDR-TB treatment. The Ministry of Health should consider initiating legislation that requires mandatory treatment for persons with MDR-TB.

²⁷ Absolute numbers of notified TB cases in 2010, according to the WHO 2011 Global TB report, were: sputum-positive TB cases 20,097; sputum-negative cases 16,408; extra pulmonary cases: 5,621.

²⁸ National TB/MDR studies in 1998/99 and in 2007/2008. WHO review of national TB programme, 2011.

Infection Control

7. Nine of the health facilities visited by the OIG had sufficient infection control measures in line with Ministry of Health guidelines and international good practice. The MISAU Department of Infrastructure has established standard plans for new health facilities, including measures for infection control. The laboratories at sites visited only had one room, in which all lab procedures, including those with infectious material (e.g., TB sputum) took place. These rooms lacked sufficient ventilation. Infected patients use waiting rooms together with all other patients. Insufficient infection control in health facilities increases the risk of TB transmission for other patients and for health personnel.

Recommendation

The Ministry of Health should ensure that good principles of infection control are adhered to in the design of the new health centers.

The Ministry should also take immediate steps to enhance infection control by:

- i. Promptly identifying people with TB symptoms (triage) and minimizing the time these patients spend in health-care facilities;*
- ii. Improving ventilation systems in clinics; and*
- iii. Using ultraviolet germicidal irradiation fixtures.*

HIV/AIDS

ART Case Retention

8. Recent retention studies show high default rates among ART patients, with 74% on treatment after 12 months and 26% defaulting.²⁹ In Nampula Province the number of patients who defaulted increased from 200 in 2010 to 1,032 in 2011. The high default rate raises the risk of poor ART results and resistance against ARVs.

Recommendation

The Ministry of Health should address the high default rate by linking each patient at the ART facility with a community health worker from government staff or an active civil society organization.

PMTCT

9. PMTCT coverage is low, with 22% of HIV positive pregnant women receiving ARVs against a national target of 40%.³⁰ This is attributed to high ANC drop-out rates following the first visit and relatively low institutional delivery rates in rural areas. At the seven ART health facilities visited, children from HIV-positive mothers were not registered during pregnancy for post-natal diagnosis.

Recommendation

The Ministry of Health should put in place guidelines and tools to enforce:

- i. Recording and follow-up of HIV+ mothers to complete ANC and have institutional delivery; and*

²⁹ Relatório de Retenção TARV, Análise de Retenção aos 12 meses dos pacientes que iniciaram TARV em Junho de 2009, Ministério da Saúde, República de Moçambique, Setembro 2011

³⁰ The Balanço PES, 2010

- ii. Follow up of HIV+ mothers and their babies for post-delivery diagnosis and prophylaxis.*

Laboratory Services

10. Several laboratories in ART Centers at the District and sub-District levels do not have functional hematology equipment. Out of five laboratories visited during the audit, two provided hematology; none biochemistry; and one CD4 services. National ART standards require laboratories at ART clinics to provide hematology services for effective patient follow up.³¹ The current coverage of laboratory services includes CD4 count at 59 laboratories out of which only 18 have mobile capability, and three laboratories with PCR. These services are insufficient to cover the existing need for testing of some 220,000 patients on treatment at 256 facilities.

Recommendation

MISAU should improve access to diagnostic and treatment services for HIV/AIDS, by ensuring that:

- a. All existing laboratories be fully equipped and operational (hematology; biochemistry; CD4 equipment); and*
- b. Laboratories are established at all ART Centres.*

Prevention

11. There is an imbalance between treatment, care and prevention. Much attention is paid to treatment and care, while the area of prevention of HIV/AIDS was not prominent despite clear direction in the national HIV Strategy (PEN-III, 2010-2014).³² Preventive activities are fragmented among different actors, and at the provincial level CNCS has a coordination role. Implementation of evidence-based prevention programs is critical in lowering the rate of new HIV infections and ensuring the long-term viability of treatment initiatives. From 2009 to 2010, the total funding of CNCS from the national treasury decreased substantially from USD 4 million per annum to USD 1.3 million per annum.

Recommendation

CNCS working with Ministry of Health and other partners should redress the imbalance between treatment, care and prevention, and intensifying the preventive response to HIV/AIDS, through:

- a. Strengthening community HIV support structures linking them to basic health services;*
- b. Mapping and coordinating activities of all key actors involved in HIV/AIDS prevention;*
- c. Strengthen the focus on drivers of the epidemic, i.e. focus on high-risk groups such as transit – corridors, and sex workers; and*
- d. Intensifying public awareness campaigns and improving the visibility of prevention activities in public life.*

Recommendation

³¹ national guidelines 2010-2011

³² See also: DANIDA. Overview of the HIV/AIDS Response in Mozambique. August 2010.

There is a need for advocacy by HIV stakeholders for increased government funding to CNCS.

Supportive Supervision and Quality Assurance

12. During visits to health facilities and districts, the OIG did not see evidence of feedback from supportive supervision by higher level technical staff. The staff at the sites visited also confirmed that supportive supervision of district and health facility staff is irregular. Regular supportive supervision would help to improve the quality of services with regard to adherence to procedures, quality of care and serves to motivate clinicians.

13. The HIV Program of the Ministry of Health is currently implementing a nationwide quality assurance system, CliniQual, under which an instrument for assessing the quality of ART services is provided to each participating health facility. It is expected that after each CliniQual round, specific quality improvement plans are agreed and implemented at each facility to address the shortcomings identified. The OIG had access to the quality improvement plan designed by Nacala Velha rural hospital and the measures taken to address the deficiencies identified in the second round of the CliniQual survey. However, in an interview with provincial HIV/AIDS and M&E staff in Nampula Province, interviewees could not easily explain the overall design and purpose of the study or the definition and the interpretation of each indicator, for example, 'taxa de retenção'.³³ In order to get full benefit of the quality assurance systems, more supportive supervision is required at facility, district and provincial levels.

Recommendation

The Ministry of Health should conduct regular supportive supervision of health staff at the district and health facility levels using short checklists to guide supervisors on the technical aspects of services. The supervision should address quality of service delivery as well as completeness and accuracy of data.

Non-Health Procurement

Procurement Planning

14. The MISAU's annual procurement plans were not available for OIG review. The audit documented that:

- There were multiple procurements of items in small batches each requiring considerable effort. This a practice was not efficient;
- The Ministry obtained higher prices than would have been obtained for large tenders; and
- There were emergency/last-minute procurements that led to increased workload and a failure to achieve value for money.

Recommendation

The Ministry of Health should introduce annual procurement planning, based on activity planning and budgets. The procurement plan should take into consideration:

- i) *Inputs from user departments on planned goods, services and works for the year;*

³³ $(\# \text{ new cases} - \# \text{ transferred} - \# \text{ suspended} - \# \text{ deaths} - \# \text{ defaulters}) / (\# \text{ new cases} - \# \text{ transferred}) * 100\%$

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- ii) A survey of prices of the goods and services; and*
- iii) Forecast availability of funding.*

Oversight

15. Currently all procurement is approved by the Minister. This results in a very high number of routine decisions having to be taken by the Minister, which makes it difficult to give them all the required attention.

Recommendations

The Ministry of Health could consider introducing a graduated system of approvals that does not require authorization from the Minister for all procurement e.g. following the approval thresholds for payments.

Procurement Practice

16. In several instances procurement practice did not comply with international best practice. Some illustrations follow:

- i. After evaluation and contract award for motorcycles, but before contract signing, a competitor who had not participated in the tender offered MISAU to deliver the motorcycles for a price 40% lower than that offered by the successful bidder (MZN 20 million instead of 12 million). The tender was cancelled and the contract was awarded to this new competitor. This practice complies with the letter of the applicable law and regulations, but gives an unfair advantage to this late competitor since they were able to bid knowing the value of the lowest bid in the tender.
- ii. A tender for dressing carts and adjustable examination tables specified a hydraulic adjustment mechanism. One competitor offered tables with a manual adjustment and was awarded the tender. The evaluation committee explained that manual adjustment was more suited to rural areas and would have lower maintenance costs. By awarding the tender to this supplier without giving the other bidders an opportunity to submit responsive bids, the Ministry of Health gave an unfair advantage to one bidder and did not assure best value for money.
- iii. A tender to supply Pyrethroid insecticides did not specify the required presentation, i.e., soluble power or granules. The lowest bidder was disqualified with the reason given that the required presentation was a soluble powder rather than granules. The lack of clarity in the bid specifications limited transparency in the bid process and a failure to secure best value for money.

Recommendation

MISAU should consistently apply requirements and specifications as stated in the bid documents during bid evaluation. Changes in specification should be communicated to all bidders, and sufficient time allowed to receive revised submissions.

17. In a majority of the cases reviewed during the audit the cost estimate prepared by the procurement unit was significantly higher than the final tender outcome. For instance the estimate of the tender for motorcycles was almost three times the final price, and that for examination tables was 40% higher than the final tender outcome. In the absence of reasonable cost estimates, the procurement team is not able to verify reasonableness of bid prices. There is also a risk of unnecessary budget reservations and consequently poor financial planning.

Recommendation

At the time of developing the procurement plan, the procurement team should research the prices for all goods, services and works to ensure realistic bid cost estimates.

18. The team noted that filing of procurement records is not consistently organized. For example, out of twenty-one requested files, two could not be provided by the Procurement Unit. The OIG was not provided with the files of non-successful bids and some files were missing parts of bid specifications, proof of delivery, and documentation of reasons for selection. Filing and recording is essential good practice as it allows for ex-post verification (e.g., audits) and can be used as a starting point for learning and improvement.

Recommendation

The Procurement Unit should set and consistently apply a document recording and filing system.

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Ministry of Health's Response to the Audit Management Letter

Audit Area	Recommendation	Response and Action	Responsible Department	Completion Date
Malaria	<p><u>QA in malaria diagnostics</u> In collaboration with Instituto Nacional de Saúde or National Health Institute (INS), the National Malaria Control Program (NMCP) should develop and roll-out a quality assurance program for laboratory services. Laboratory staff should receive adequate feedback on quality of diagnosis.</p>	<p><u>Comment</u> In January 2012, the strategic plan of the program (2012-2016) was approved accompanied by the M&E plan; In the scope of the Objective 3 of the Plan, one of the indicators to be monitored is the "Number and Percentage of laboratories that made external quality control activities for malaria microscopy and that reported the results".</p> <p><u>Action</u> The Malaria Reference Laboratory in the National Health Institute is making the quality control of the microscopy.</p>	Malaria Program (NMCP)	Ongoing activity
	<p><u>Malaria prophylaxis and Ante-Natal Care</u> The Ministry of Health should address the low coverage of ANC malaria prophylaxis for pregnant women by:</p> <ul style="list-style-type: none"> (i) Ensuring continuous and sufficient supply of Sulphadoxine Pyrimethamine (SP). (ii) Identifying and spreading best practices such as: waiting homes; incentives for women and Traditional Birth Attendants (TBAs) to increase health center (or provider) attended deliveries. 	<p><u>Comment</u> In the scope of Objective 2 of the strategic plan of the program, one of the strategies is to "Provide Intermittent Preventive Treatment (IPT) to all pregnant women that attend antenatal consultations". The foreseen activities are: i) To procure sulfadoxine-pyrimethamine (SP) for IPT; ii) To empower the maternal and child health (MCH) staff in the IPT area and LLINs (mosquito net treated with long lasting insecticide) as part of the "Integrated Package"; iii) Coordinate with the CMAM the medicines management (SP).</p> <p><u>Action</u> The MISAU is monitoring the SP stock and is</p>	Malaria Program	Ongoing

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Audit Area	Recommendation	Response and Action	Responsible Department	Completion Date
		following up the recommendations of the last Annual Joint Evaluation (ACA) regarding IPT.	(NMCP)	activity
	<p><u>Sustainability of Indoor Residual Spraying (PIDOM)</u> The Ministry of Health should plan and budget for PIDOM/IRS activities in its annual health plan.</p>	<p><u>Comment</u> The MISAU has budgeted for IRS and funding is expected from PROSAUDE as well as the State Budget. The Global Fund Round 9 will be making a contribution towards the State Budget.</p> <p><u>Action</u> In 2012 approved budget, the budget for the IRS is included.</p>	Malaria Program (NMCP)	Ongoing activity
Tuberculosis	<p><u>Case detection and defaulter tracing</u> To improve detection and case holding of TB defaulters, the Ministry of Health should further strengthen the interface between the formal health services and community structures, by:</p> <ul style="list-style-type: none"> (i) Training Village Health Workers APEs; (ii) Increasing and incentivizing volunteers / 'activistas'; (iii) Intensifying outreach sessions; (iv) Revitalizing community health committees; and (v) Involving traditional and religious leaders. <p>The TB program should utilize community leaders to enforce adherence to MDR-TB</p>	<p><u>Comment</u> It is in progress the conclusion of the Strategic Plan of the Program (2013-2017) that takes into consideration the recommendations of the WHO and other partners, including the Global Fund. It is in progress the revision of the program for the APEs. The health committees are functioning and the monitoring is done by the Health Promotion Department (DEPROS).</p> <p><u>Action</u> The Tuberculosis Program foresees to ensure the incentives to the volunteers and activists and to implement the communication and social mobilization actions for TB with the involvement of the community leaders.</p> <p><u>Comment</u> The MISAU is aware of the public health</p>	Tuberculosis Program	Ongoing activity, with annual monitoring

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Audit Area	Recommendation	Response and Action	Responsible Department	Completion Date
	<p>treatment. The Ministry of Health should consider initiating legislation that requires mandatory treatment for persons with MDR-TB.</p>	<p>problem related to the MDR-TB (multidrug-resistant Tuberculosis).</p> <p><u>Actions</u></p> <ol style="list-style-type: none"> 1. The Tuberculosis Program foresees reinforcement activities regarding the treatment compliance of the MDR-TB through the health committees (PES 2013). 2. The MISAU has taken note and will initiate an internal reflection about the mandatory treatment. 	<p>Tuberculosis Program</p> <p>Minister's Cabinet</p>	<p>Ongoing activity, with annual monitoring</p> <p>Ongoing activity</p>
	<p><u>Infection Control</u></p> <p>The Ministry of Health should ensure that good principles of infection control are adhered to in the design of the new health centers.</p> <p>The Ministry should also take immediate steps to enhance infection control by:</p> <ol style="list-style-type: none"> (i) Promptly identifying people with TB symptoms (triage) and minimizing the time these patients spend in health-care facilities; (ii) Improving ventilation systems in clinics; and (iii) Using ultraviolet germicidal irradiation fixtures. 	<p><u>Comment</u></p> <p>It is in progress the conclusion of the strategic plan of the program (2013-2017) that includes control activities of the infection.</p> <p><u>Actions</u></p> <p>The MISAU plans</p> <ol style="list-style-type: none"> i) to give priority to the attendance of the patients with subjective symptoms of TB; ii) to implement administrative measures of infection control in the HU in order to improve ventilation in the HU using fans; iii) to monitor implementation through the supervision visits. 	<p>Tuberculosis Programme</p>	<p>Ongoing activity, with annual monitoring</p>
<p>HIV AIDS</p>	<p><u>ART - Case retention</u></p> <p>The Ministry of Health should address the</p>	<p><u>Comment</u></p> <p>The MISAU is aware of the public health</p>		

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Audit Area	Recommendation	Response and Action	Responsible Department	Completion Date
	<p>high defaulter rate by linking each patient at the ART facility with a community health worker from government staff or an active civil society organization.</p>	<p>problem related to the ART treatment dropout rate. The APEs programme is under revision and the MISAU will take into consideration this recommendation.</p> <p><u>Action</u> A strategy is being implemented as a pilot test in 30 health units that has as an objective to reinforce the connection between the ART treatment patients with the health unit (GAAC). The Home Care Support Strategy was redefined and introduced the community strategy of the Positive Prevention. It is in progress the production of the Psychosocial Support Policy for the positive HIV patients.</p>	<p>STI and HIV/AIDS Program</p>	<p>31 December 2013</p>
<p>HIV AIDS</p>	<p><u>PMTCT</u> The Ministry of Health should put in place guidelines and tools to enforce: (i) Recording and follow-up of HIV+ mothers to complete ANC and have institutional delivery; and (ii) Follow up of HIV+ mothers and their babies for post-delivery diagnosis and prophylaxis.</p>	<p><u>Comment</u> The registry and follow-up of HIV positive mothers is routine at the AC, where it is already an integrated component of PVT (Prophylaxis of Vertical Transmission) and child at risk consultations.</p> <p><u>Action</u> The MISAU is developing programs to increase the coverage of institutional births through the supply of layettes; promotion of the construction of waiting houses for the mothers (PES 2013) and community involvement through the creation of Health Committees.</p>	<p>Maternal and Child Health Program</p>	<p>31 December 2015</p>
<p>HIV AIDS</p>	<p><u>Laboratory Services</u> MISAU should improve access to diagnostic</p>	<p><u>Comment</u> There are 261 Health Units in country that</p>		

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Audit Area	Recommendation	Response and Action	Responsible Department	Completion Date
	<p>and treatment services for HIV/AIDS, by ensuring that:</p> <p>(i) All existing laboratories be fully equipped and operational (hematology; biochemistry; CD4 equipment); and</p> <p>(ii) Laboratories are established at all ART Centres.</p>	<p>provide ART treatment and 300 laboratories located in all provinces. From these laboratories: 142 test hematology; 177 test biochemistry and 43 test CD4. To ensure the coverage of the HU without necessary equipment, samples are referred to nearby processing laboratories regularly.</p> <p><u>Action</u> The MISAU will purchase new equipment (hematology, biochemistry; CD4 equipment) according to the financial availability. To carry out this activity depends on the financial availability</p>	<p>MISAU - Laboratory section</p>	<p>31 December 2015</p>
<p>HIV AIDS</p>	<p><u>Supportive supervision and quality assurance</u> The Ministry of Health should conduct regular supportive supervision of health staff at the District and health facility levels using short checklists to guide supervisors on the technical aspects of services. The supervision should address: quality of service delivery as well as completeness and accuracy of data.</p>	<p><u>Comment</u> The supervisions at central level until the district HU are always made together with the provincial managers and supervisors. The provincial supervisors of the program, the M&E advisers and clinical staff participate in the annual training about CLINIQUAL.</p> <p><u>Action</u> The HIV program is revising the supervision manual, including a Monitoring & Evaluation component. The supervision visits are planned in the PES 2013. To carry out this activity depends on the financial availability</p>	<p>STI and HIV/AIDS Program</p>	<p>Ongoing activity</p>
<p>Non-Health Procurement</p>				
<p>Procurement Planning</p>	<p>The Ministry of Health should introduce annual procurement planning, based on</p>	<p><u>Comment</u> Annually, between July/August, a circular</p>		

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Audit Area	Recommendation	Response and Action	Responsible Department	Completion Date
	<p>activity planning and budget. The procurement plan should take into consideration:</p> <ul style="list-style-type: none"> (i) Inputs from user departments on planned goods, services and works for the year; (ii) A survey of prices of the goods and services; and (iii) Forecast availability of funding. 	<p>letter is sent to Management, so that they can elaborate and send to the DAF their plans until September of each year. The DAF collects globally this information until the end of the year and in February/March, after the approval of the definitive budget limits; it sends it for the approval of the Minister of Health.</p> <p><u>Action</u> The 2012 plan has been already approved and it is being executed.</p>	DAF/UGEA (Unit for Execution and Management of Acquisitions)	Annually in February
Oversight	The Ministry of Health could consider introducing a graduated system of approvals that does not require authorization from the Minister for all procurement e.g. following the approval thresholds for payments.	<p><u>Comment</u> The procurement unit is under reorganization. All the procedures in force are regulated by law (Decree 15/2010).</p> <p><u>Action</u> The MISAU approved and published (2011) a legal instrument that attributes competence levels for the expenses authorization.</p>	DAF/UGEA (Unit for Execution and Management of Acquisitions)	Ongoing activity
Procurement Practice	MISAU should consistently apply requirements and specifications as stated in the bid documents during bid evaluation. Changes in specification should be communicated to all bidders, and sufficient time allowed to receive revised submissions.	<p><u>Comment</u> All corrections to the technical specifications, whether by initiative of the MISAU, or by request of the candidates, are communicated to all and, depending on the case; the period for receiving proposals is extended.</p> <p><u>Action</u> To ensure the compliance of all procedures in all acquisition processes</p>	DAF/UGEA (Unit for Execution and	Ongoing activity

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Audit Area	Recommendation	Response and Action	Responsible Department	Completion Date
			Management of Acquisitions)	
Procurement Practice	At the time of developing the procurement plan, the procurement team should research the prices for all goods, services and works ensure realistic bid cost estimates.	<p><u>Comment</u> The market research exercise is done and supported with the prices from the previous tenders; however, the volatility of the market has been influencing the differences between estimated and real prices.</p> <p><u>Action</u> The Government through the Ministry of Finances is developing a computer package designated Module of the State Patrimony, that will have a catalogue with a price list of the goods purchased by all State organisms.</p>	DAF/UGEA (Unit for Execution and Management of Acquisitions)	Ongoing activity
Procurement Practice	The Procurement Unit should set and consistently apply a document recording and filing system.	<p><u>Comment</u> The UGEA archive is being reorganized and reconstituted with documents that are important in the processes.</p> <p><u>Action</u> It is in progress the hiring process to recruit an archivist. The Technician will support the continuous organization of the archive.</p>	DAF/UGEA (Unit for Execution and Management of Acquisitions)	31 December 2012

ANNEX 6: LIMITED INTERNAL CONTROL REVIEW OF THE FUNDAÇÃO PARA O DESENVOLVIMENTO DA COMUNIDADE

Background

1. The Fundação para o Desenvolvimento da Comunidade (FDC) is a private, not-for-profit organization working to combine the efforts of all sectors of society to promote development, democracy and social justice. FDC implements activities in education, health, food security, income generation, and the water and sanitation sectors. The organization runs HIV/AIDS programs targeted towards vulnerable groups such as women and children.
2. FDC signed the agreement as Principal Recipient (PR) for the Round 9 grant (MOZ-911-G09-H) amounting to USD 14,384,504, out of which USD 3,726,604 (26%) was received in November 2011.
3. FDC's program covers seven provinces namely Cabo Delgado, Niassa, Nampula, Zambezia, Gaza, Maputo and Maputo City with the following service delivery areas: strengthening the capacity of community systems and the private sector to respond to HIV and AIDS; reduction of the national HIV incidence by 57%; reduction of the national HIV related morbidity and mortality; and reduction of the impact of the HIV epidemic on PLHIV and OVC.
4. FDC has set up a Program Management Unit to oversee implementation for the seven sub-recipients and 30 sub-sub-recipients.

Scope of Work

5. The limited internal control review of FDC was conducted as part of the country audit of grants to Mozambique. During the review, the OIG assessed whether the controls that had been put in place to safeguard grants provided by the Global Fund are operational. The review was not an audit and did not include substantive testing as no significant expenses had been incurred by the PR at the time of the audit.

Achievements and challenges

6. While it was too early in the life of the grant to report any significant achievements, the OIG noted that FDC had developed systems and undertaken capacity-building initiatives such as staff recruitment and training.
7. FDC faced the following challenges which may have a negative impact on the implementation of program activities:
 - The PR only received the initial disbursement four months after the start of the grant which delayed implementation of activities;
 - Adverse fluctuation in the US dollar exchange rate against the Mozambican Meticalis (from 33.89 MZN/USD at the budgeting stage to approximately 27 MZN/USD) at the time of the review. In consequence, the PR has less funding to implement programs although performance targets remained unchanged; and
 - The large number of SRs and SSRs poses a significant grant management challenge. Potential threats to program success could be addressed by effective SR coordination to ensure timely and accurate reporting of activities implemented and the relevant expenditure.

Sub-Recipient Management

8. Over 70% of the Round 9 grant funds are planned to be spent at SR and SSR level. Therefore, effective SR monitoring and coordination are critical to program success. Although no funds had been disbursed to SRs at the time of the review, the OIG identified key risks the grants would be exposed to and evaluated mitigating controls in place.

9. Good practices noted with regard to sub-recipient oversight include:

- Detailed SR capacity assessments were undertaken, and these covered governance, programmatic, M&E, financial and information management aspects. The PR meets with SRs regularly to follow-up on resolution of identified gaps/weaknesses;
- The PR carried out training for implementation partners with emphasis placed on reporting templates and timelines.
 - Implementation sheets (split by quarter) were developed for each SR detailing activities to be carried out including the targets by date. These were part of the sub-grant agreement documentation.
 - A detailed reporting template includes a section for implementation challenges for each program objective;
- Weekly meetings are held with SR representatives to discuss progress and share any implementation challenges. Achievements and lessons learned are shared to encourage collective learning for the implementing partners; and
- Supervision plans are developed on a quarterly basis and are undertaken jointly by program and finance staff to ensure linkage between finance and programmatic activities.

Financial Management

10. In preparation for grant implementation, the PR recruited finance staff, and conducted training on grant management.

11. The accounting software (Centralgest) in its current form is inadequate for the reporting requirements of the Global Fund. The weaknesses noted included:

- Only one module (accounting) is currently in use. The other critical finance functions such as budgeting and treasury management are done manually outside the core system. As the approved budget is not uploaded into the accounting system the PR could not affect real-time budget control prior to making payment; and
- The Chart of Accounts (COA) in the accounting system has been mapped by activity to the approved Global Fund budget. However, the COA does not allow for analysis by specific expenditure type. As a result, the usefulness of information that can be extracted from the accounts is limited and checks and balances to identify errors are impaired.

12. In order to facilitate timely and accurate reporting by the SRs, FDC has requested all the SRs to use Centralgest. However, as at the time of the review, it was not clear how the SR data would be integrated into the PR software.

13. The financial management procedures manual in its current form is not comprehensive. However, the manual is currently under review and management should consider addressing the following gaps in the manual:

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- The manual does not address SR management aspects;
- The manual does not identify the responsible parties including authorization levels, where appropriate; and
- The manual does not provide timelines for the different tasks to be performed by Finance staff.

Recommendation

- FDC should hasten the process of optimizing the accounting software including facilitating the SRs to use the system as planned.*
- Approved budgets should be uploaded in the accounting software to ease budget monitoring and financial reporting.*
- FDC should amend the chart of accounts in the accounting system to include account types in addition to program activities.*
- The process of revising the financial management policies and procedures should also be hastened, with consideration for:*
 - *SR related aspects, i.e., advances, accountability procedures and reporting guidelines*
 - *Specific officers should be clearly identified for different tasks reflecting appropriate authorization levels and ensuring adequate segregation of duties.*
 - *The manual should be complemented by a “Finance Tasks List” detailing reporting timelines for the different projects and parties (e.g. SRs may be required to report earlier than the PR to allow time for review and consolidation) and specific tasks (daily/weekly/monthly) by responsible party*

Governance and Oversight

14. FDC is governed by a Board of Trustees (BOT) made up of 9 members with diverse knowledge, experience and skills. The membership of these bodies is approved by the General Assembly which meets every 2 years.

15. The BOT meets quarterly and is supported by 2 sub-committees: a Fiscal Council, responsible for financial oversight and an Investment Committee made up of 3 members of the BOT who provide advice on investment proposals.

16. FDC does not have an internal audit unit to provide independent assurance to the Board over the operations of the organization.

Recommendation

FDC would benefit from establishing an Internal Audit function. To ensure that the function is effective, the following considerations should be made:

- To enhance independence of the audit function, the reporting line should be directly to the Board. To facilitate this, the Terms of Reference (ToRs) for the Fiscal Council (Finance Committee) could be updated to include audit aspects;*
- The Internal audit function should be guided by a clear charter that sets out the nature, role, responsibility, status and authority of the Internal Audit Function and to outline the scope of their work;*
- Internal audit plans should be prepared on an annual basis and approved by the Board to ensure strategic focus and adequacy of scope. The plans should be risk-based to maximize the internal audit resources.*

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FDC's Management Response to the Audit Recommendations

Audit Area	Recommendation	Response and action	Responsible Official	Completion date
Grant Management	Guidelines and templates developed to assist in SR management should be consolidated into a single policy document.	Guideline with all templates used for the project done.	FDC	Completed
Financial Management systems	Need to prepare comprehensive finance manual	Recently, FDC as agreed with GF to recruit a consultant to elaborate the manual. The ToR for this consultancy has been shared and approved by TSF-FDC and the work will start at the first quarter of August.	FDC & TSF	First quarter of August
	FDC should hasten the process of optimizing the accounting software including facilitating the SRs to use the system as planned.	FDC accounting software will be updated until 1 August, and SRs will be trained to use the system as from September.	FDC – Centralgest	1 st of August 2012
	Approved budgets should be uploaded in accounting software to ease budget monitoring and financial reporting.	The approved budget is being uploaded in accounting software to ease budget and monitoring and financial report.	FDC	1 st August 2012
	FDC should amend the chart of accounts in the accounting system to include account types in addition to program activities	The chart of accounts is being amended and it will cover all type of data related to activities, implementers and objectives defined in the Project.		31 st of August
Governance and Oversight	The Board's effectiveness would be enhanced by establishing a sub-committee to address Programmatic and M&E issues	At its 56th meeting held in Maputo on the April 4, 2012, FDC Board of Trustees has approved the creation of the Sub-committee to address Programmatic and M&E issues. This decision will be confirmed by FDC General Assembly next September.	FDC	September 2012
	FDC would benefit from establishing an Internal Audit function	FDC have in its structure a Department of Institutional Development with the role of overseeing the activities of programs and finance departments. It reports to the Executive Director and is responsible for internal monitoring and evaluation.. The audit sub-committee to be established in September will further strengthen the Board of Trustees oversight of programmatic as well as of financial management.	FDC	September 2012
Programmatic	Map geographic coverage of all Key stakeholders, by activity, to show complementarily of action	The mapping was done.		Completed.

ANNEX 7: LIMITED INTERNAL CONTROL REVIEW OF WORLD VISION MOZAMBIQUE

Background

1. World Vision (WV) is a Christian relief and development organization dedicated to helping children and their communities worldwide reach their full potential by tackling the causes of poverty. World Vision's work is mainly in healthcare, HIV/AIDS, education, food security, emergency assistance, water and sanitation, shelter rehabilitation, infrastructure development, vocational and literacy training, civil society capacity building and micro enterprise development. WV has been active in Mozambique since 1984, and is at present implementing projects and activities in seven of the 10 provinces of the country.

2. World Vision-Mozambique signed the Round 9 grant agreement (MOZ-911-G12-M) amounting to USD 21,737,126 out of which USD 7,690,338 (35%) had been disbursed at the time of the review. The grant commenced in February 2011. At the time of the review, the PR had requested the Global Fund Secretariat to amend the grant starting date to 1 July 2011 to minimize the impact of the late disbursement on the grant performance.

3. The main service delivery areas for the Round 9 Malaria grant include:

- Protection of all populations at risk from malaria through LLIN, IRS and TIP by 2014;
- Provision of appropriate malaria case management to all persons at risk; and
- Achievement of effective malaria control management by NMCP, and provincial and district level authorities.

4. Grant implementation will cover seven of the ten provinces of Mozambique, namely Zambezia, Nampula, Gaza, Tete, Inhambane, Sofala and Maputo. WV-Mozambique has a presence in four of these provinces and will implement the grant jointly with four sub-recipients.

Scope of Work

5. The limited internal control review of World Vision Mozambique was conducted as part of the country audit of grants to Mozambique. During the review, the OIG assessed whether the controls that have been put in place to safeguard grants provided by the Global Fund were operational. The review was not an audit and did not include substantive testing as no significant expenses had been incurred by the PR at the time of the Country Audit.

Achievements and Challenges

6. While it was too early in the life of the grant to report any significant achievements, the OIG noted that WV-Mozambique has sufficiently strong systems for financial and grant management.

7. As WV-Mozambique is implementing programs in the health sector, a critical success factor is the PR's ability to effectively work with MISAU and Provincial Governments during implementation of activities.

Monitoring and Evaluation

8. To prepare for the implementation of R9, WV already developed M&E tools and performance frameworks for sub recipients, and organized workshops with communities on priority setting. WV signed the grant agreement with GF on 9 February 2011 (Total Grant: USD 63,637,051; first phase: USD 21,737,126), and the first disbursement was made on 3 August 2011.

9. The implementation of program activities had not started at the time of the review. World Vision has established a monitoring and evaluation system for the program. World Vision has designed a data collection and reporting system and started to establish the M&E team and structures at each level. The indicator, "Number of APES, teachers and community volunteers trained in malaria prevention and treatment at community level" in the Round 9 malaria performance framework is not aligned to the national malaria M&E plan.

10. Due to the nature of the program activities, and to a lack of experience on M&E among stakeholders, there is a high risk for incomplete and inaccurate data. It is also a challenge to ensure that all sub-recipients will provide timely, complete and accurate information.

Recommendation

World Vision management and the Global Fund Secretariat should revise the indicator "Number of APES, teachers and community volunteers trained in malaria prevention and treatment at community level" and replace it with the following indicators to align the grant performance framework with the national malaria M&E Plan:

- *Number of community health worker undergoing malaria refresher courses (output indicator 3.12 in the Malaria M&E Plan); and*
- *Number of teachers and volunteers trained on malaria IEC.*

Sub Recipient Management

11. WV-Mozambique has the capacity and systems to effectively manage the four sub-recipients. Some of the steps taken to oversee implementation of Global Fund grants include:

- Establishing a fully staffed Project Management Unit (PMU) with clear terms of reference;
- Conducting a sub recipient orientation workshop to inform implementing partners of the Global Fund requirements. The CCM and LFA also attended this workshop;
- Developing SR capacity assessment tools; and
- Developing a supervision plan that includes verification at the implementation level.

Financial Management Systems

12. WV-MOZ has sufficiently strong financial systems as seen by:

- Procurement and finance manuals with clear procedures that are adhered to;
- Customized Chart of Accounts to allow reporting in line with Global Fund budget lines;
- As a quality assurance measure, standard reporting tools are used for reviewing reports submitted; and
- A clear policy for cost allocation that is consistently applied.

Governance and Oversight

13. WV-Mozambique relies on support from WV International to ensure success in program implementation.

- WV International provided matching funds/cost-share commitment of USD 1,329,057 (for Phase 1) to support program implementation activities; and
- There are strong partnership accountability structures in place at both the Regional and International Levels, for example, Peer Reviews are carried out with emphasis on governance aspects, management reporting at the regional offices

14. The OIG noted that the Advisory Council (AC) has not developed much since inception in 2001 and in consequence has not developed into a fully-fledged Board. In addition, the terms of reference of the AC have never been approved, although this is a requirement.

15. The AC members' expertise is mainly related to the development sector; however:

- All the AC members have exceeded the stated term limits of three years (five of the seven members have served since 2001 and the other two since 2006);
- There are currently no sub-committees to support the AC to function efficiently and effectively; and
- AC meetings do not consistently have clear agendas and have limited involvement of senior management.

16. The OIG recognizes that an action plan is currently in place to develop the AC into a full board. In cognizance of the fact that the AC will realistically achieve this objective over a long period, the OIG has provided recommendations that can be implemented in the short to medium term to improve the AC's functionality and effectiveness.

Recommendation

World Vision Mozambique could enhance its governance arrangements by:

- Updating the AC's Terms of Reference with clearly defined roles and responsibilities, as well as interactions between management with regional and international offices;*
- Seeking to balance the membership of the AC with knowledge, skills and experience. For example, the AC would benefit from having financial and legal expertise;*
- The Board member rotation policy should be placed into effect. However, to ensure continuity, rotation should be gradual;*
- Functional sub-committees should be established to address specific areas e.g. Program and M&E; Finance and Audit; and*
- AC meetings should have a clear agenda, consistent involvement of senior management and should involve a review of programmatic and financial reports to ensure implementation in line with strategic objectives and grant agreements.*

17. WV-Mozambique has had a high turnover of National Directors with seven Directors in ten years. The high turnover rate has a negative impact on strategy development and implementation, and staff morale. To address the high turnover, the current National Director has signed a three-year commitment to WV-Mozambique.

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Recommendation

The situation at WV-Mozambique needs to be reviewed and the root cause for the high turnover identified and addressed.

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World Vision – Mozambique’s Management Response to the Audit Recommendations

Audit area	Recommendations	Response and action	Responsible official	Completion date
M&E	<p>World Vision management and the Global Fund Secretariat should revise the indicator “Number of APEs, teachers and community volunteers trained in malaria prevention and treatment at community level” and replace it with the following indicators to align the grant performance framework with the national malaria M&E Plan:</p> <ul style="list-style-type: none"> • Number of community health worker undergoing malaria refresher courses (output indicator 3.12 in the Malaria M&E Plan) • Number of teachers and volunteers trained on malaria IEC. 	<p>This revision of PF table and indicators in accordance with National Malaria M&E plan is already carried out and the indicators are changed as suggested above in the new revised PF table of submitted on 30 March 2012 and approved in 8 June 2012.</p>	M&E manager/WV	8 June 2012
Governance	<p>Uplifting the AC’s terms for reference with clearly defined roles and responsibilities, as well as interactions between management with regional and international offices</p>	<p>This revision has been already undertaken in collaboration with regional and international office. A revised draft is circulated among various members for consultations. To be continued. To finalize updated TOR for the AC with inputs from all levels.</p>	National Director WV	31 July 12
Governance	<p>Seeking to balance the membership of the AC with knowledge, skills, and experience, for example the Ac would benefit from having financial and legal expertise.</p>	<p>A wider group of renowned members of the community and professionals have been contacted and a formal group called “Friends of WV Mozambique” is being formally launched at the end of July. The idea behind this “Friends of WV Mozambique” is that to form a core group of expert professional in relevant areas who could serve and advise the AC in all future processes including the</p>	National Director WV	End of August 2012

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		suggested finance, legal and governance areas. This group will be central to the AC's plans to rejuvenate and strengthen it so it continues to contribute to WV-Moz Ministry in a more expertly and balanced manner. The group will be working in close liaison and with the advice of the current AC members and the WV-Moz management and are expected to start implementing changes by the end of August. The minutes and the list of presence will be kept and file as evidence of the whole process.		
Governance	The Board members rotation policy should be placed into effect. However to ensure continuity rotation should be gradual	This issue is expected to be addressed and the recommendation will be duly and fully implemented, as part of the TOR review and AC rejuvenation that will get underway with the launch of the 'Friends of WV-Moz' group.	National Director WV	End of August 2012
Governance	Functional sub-committees should be established to address specific areas e.g. Program and M&E, Finance and Audit	This aspect is being given due consideration and is expected to be addressed as part of the above mentioned AC strengthening and reconstitution process. The recommended subcommittees will operate in coordination with WV-Moz administration staff as counterparts	National Director WV	End of September 2012
Governance	AC meetings should have a clear agenda, consistence involvement of senior management and should involve a review of programmatic and financial report to ensure implementation in line with strategic objectives and grant agreements	This recommendation is already being implemented and will continue to be so in upcoming AC meetings. Minutes of the alluded meetings will be kept on file and made available as evidence upon request. s.	National Director WV	End of September 2012
Governance	High turnover rate of national director over the last year.-The situation at WV-Mozambique needs to be reviewed and the root cause for the high turnover rate is to be identified and addressed.	The current national director has signed up for contract of 3 years. Further recently comprehensive review of the job descriptions and salary structure of staff undertaken and first round of salary reviews were implemented	National Director WV and regional office	End of September

ANNEX 8: CCM'S RESPONSE TO THE RECOMMENDATIONS AND MANAGEMENT ACTION PLAN

Prioritization of recommendations

- **Critical:** Material concern, fundamental control weakness or non-compliance, which if not effectively managed, presents material risk and will be highly detrimental to the organization interests, significantly erode internal control, or jeopardize achievement of aims and objectives. It requires immediate attention by senior management;
- **Important:** There is a control weakness or non-compliance 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;

Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
CCM	Recommendation 6 (Critical) The Mozambique CCM should revise its guidelines to include a transparent process through which PRs are selected	Secretariat concurs with the Audit Recommendation.	<u>Actions</u> 1. Selection criteria drafted 2. Review by the proposal development working group 3. Approval of CCM members-General Assembly	Proposal Development Working Group Coordinator and Executive Secretary	Now completed August, 2012 September, 2012
CCM	Recommendation 7 (Important) PRs should present information on grant performance and implementation challenges to the CCM. PRs should be provided with timelines within which performance	Secretariat concurs with the Audit Recommendation.	<u>Actions</u> 1. Progress Update Reports to be shared with CCM supervision working group 2. Quarterly SR supervision reports to be shared with the CCM supervision working group 3. CCM supervision working group to analyze reports and compile matrix of main challenges to monitor progress of grants to present to the General	Supervision Working Group Coordinator	Now quarterly (Since December 2011)

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
	should be improved. If this does not materialize, they should be replaced by entities with sufficient capacity.		Assembly 4. PR coordination meetings organized by the CCM supervision working group to discuss progress on challenges		
CCM	<p>Recommendation 8 (Important) The CCM should, through its oversight role, ensure implementation of program activities as approved in the proposal, work plan and budget. Measures to address PR capacity to manage and implement programs should be instituted.</p>	Secretariat concurs with the Audit Recommendation.	<p><u>Actions</u> 1. Periodic monitoring visits to the PRs to assess implementation against the work-plan and budget 2. Review and update of TA strengthening plan 3. Field visits to monitor the grant implementation were not possible due to lack of Budget. The CCM submitted Fund request to the GF Secretariat to improve the CCM capacity to oversee the Grant Implementation and PR's performance.</p>	Supervision Working Group Coordinator	<p>Began in January 2012 to continue quarterly July 2012 December 2012 Quarterly</p>
Public Health Response					
Malaria Program	<p>Recommendation 9 (Critical) The Ministry of Health (MISAU) should ensure that the national Health Management Information</p>	Secretariat concurs with the Audit Recommendation.	<p><u>Comment</u> There is an epidemiological surveillance system that includes the notification of confirmed malaria cases (Weekly Epidemiological Bulletin - BES). The MISAU recently introduced instruments</p>		

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
	<p>System (HMIS) system collects accurate information on:</p> <ul style="list-style-type: none"> <i>i.</i> the notified number of confirmed malaria cases (with RDTs and/or microscopy); <i>ii.</i> the utilization of RDTs (average monthly consumption, adjusted for season and stockouts); and <i>iii.</i> the utilization of ACTs (average monthly consumption, adjusted for season and stockouts). 		<p>to gather information about the consumption of rapid tests and of medicines (ACTs). The revision of the outpatient consultation book is in progress as the standard source of the data.</p> <p><u>Actions</u></p> <ol style="list-style-type: none"> 1. The malaria data will be integrated in the HMIS through the introduction of a counting sheet for outpatient consultations. Carrying out this activity depends on the availability of funding. 2. As a temporary measure, the malaria program (NMCP) will introduce instruments for data collection in order to manage the Program. The training held by the NMCP starts on the 30th of July 2012. The sheets will be tested in 3 provinces from August 2012. Then, the conclusion of the sheets and the cascade training will be made. 	<p>Health Information Department (HID)</p> <p>Malaria Program (NMCP)</p>	<p>Until 31 December 2012</p> <p>31 December 2012</p>
Malaria Program	<p>Recommendation 10 (Critical) Ministry of Health should</p>	<p>Secretariat concurs with the Audit Recommendation.</p>	<p><u>Comment</u> In January 2012, the Strategic Plan of the NMCP (2012-2016) was approved and its</p>		

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Audit Area	Recommendation	Secretariat’s Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
	<p>conduct a Malaria Incidence Survey and implement the HIMS to collect data on: use of RDTs; Quality Assurance of laboratories; stock levels of malaria drugs and other commodities; treatment data; community level activities, and malaria prophylaxis for pregnant women.</p>		<p>plan of action foresees the execution of a Malaria Indicator Survey (MIS) in 2013.</p> <p><u>Action</u> A part of the MIS funding was included in the Phase 2 proposal to the Global Fund (for the Round 8 HSS grant). Carrying out this activity depends on the financial availability of external funding (from PMI [President's Malaria Initiative], and Global Fund Round 8)</p>	<p>Malaria Program (NMCP)</p>	<p>20 December 2012</p>
<p>TB Program</p>	<p>Recommendation 11 (Critical) To address errors in data reporting, the Ministry of Health should:</p> <p>(i) Develop and implement clear data management procedures at provincial and national level;</p> <p>(ii) Intensify supervisory visits to TB District Coordinators with particular emphasis on data accuracy at the District level; and</p> <p>(iii) Develop a specific plan to strengthen the</p>	<p>Secretariat concurs with the Audit Recommendation.</p>	<p><u>Comment</u> The conclusion of the Strategic Plan of the Program is in progress (2013-2017) and it takes into consideration the recommendations of the WHO and other partners, including the Global Fund.</p> <p><u>Actions</u></p> <p>1. The instruments for data collection and management of the TB data are being revised and the Monitoring and Evaluation Plan is going to be developed together with the strategic plan of the program</p> <p>2. The supervision visits (5-6 provinces per year that includes the districts)</p>	<p>Tuberculosis Program</p> <p>Tuberculosis Program</p>	<p>31 December 2012</p> <p>Ongoing activity</p>

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
	capabilities of TB District Coordinators in data analysis and interpretation.		<p>are in progress. Carrying out this activity depends on the availability of funding</p> <p>3. The training package and update for district supervisors is under revision and the new courses will be planned in 2013. Carrying out this activity depends on the availability of funding</p>	Tuberculosis Program	31 December 2012
Human Resources Development	<p>Recommendation 12 (Important) The MISAU with the support of development partners should include human resources development activities in the annual health budget. The progress of human resources development activities should be monitored by the annual health sector review (ACAs).</p>	Secretariat concurs with the Audit Recommendation.	<p><u>Comment</u> Directorate of Human Resources Management (DRH) already includes the implementation activities of the Human Resources Development Plan in the Annual Economic and Social Plan (PES) that it is budgeted.</p> <p><u>Action</u> In order to increase the budget to ensure that the activities are carried out, the DRH will reinforce its intervention using all the already instituted mechanisms, such as the partners working group, bilateral cooperation partners, Financial Management Committee, Sectorial Coordinating Committee (CCS) and Joint Coordination Committee (CCC). The decision to include this activity in the</p>	Directorate of Human Resources (DRH)	Ongoing activity

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
			ACA must be discussed by the Monitoring and Evaluation Information Planning (PIMA) work group under the scope of the SWAP (Sector Wide Approach) mechanism.		
Monitoring and Evaluation – HIV/AIDS	<p>Recommendation 13 (Critical) The Ministry of Health should accelerate the rollout of new data collection instruments for ART, PMTCT and VCT. Specifically MISAU should:</p> <ul style="list-style-type: none"> (i) Prepare a roll-out plan with a budget; (ii) Obtain funding for the implementation of the HIV management information system; and (iii) Include monitoring of implementation as part of the annual review process (ACA). 	Secretariat concurs with the Audit Recommendation.	<p><u>Comment</u> The implementation plan was concluded in December 2011. The training regarding new ART and pre-ART instruments took place in the first semester of 2012; To date (July 2012), all health units are implementing it. The first complete report of the persons that are currently under treatment with ART will be elaborated in November 2012; produced a manual to guide application of the different electronic systems for follow-up patients.</p> <p><u>Action</u> Monitoring implementation of the new instruments and their integration in the HMIS is in progress. The decision to include this activity in the Annual Joint Review (AJE) will be discussed by the Monitoring and Evaluation Information Planning (MEIP) work group under the scope of the SWAP</p>	Program of the Sexually Transmitted Infections (STI) and HIV/AIDS and Health Information Department (HID)	Ongoing activity

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
			(Sector Wide Approach) mechanism.		
Procurement and Supply Chain Management (PSM)					
Product Selection	<p>Recommendation 14 (Important)</p> <p>The Pharmaceutical Department with the assistance of the Committee for Therapeutics and Pharmacy (CTTF) should revise the National Formulary and update the Essential Drugs List to align with national treatment guidelines.</p>	<p>Secretariat concurs with the Audit Recommendation.</p>	<p><u>Comment</u></p> <p>Currently, the acquisitions made by the MISAU are based on the list of necessities expressed by the Health Programs that comply with the treatment lines in force.</p> <p><u>Actions</u></p> <ol style="list-style-type: none"> 1. The National Form of Medicines will be revised. The CTTF has initiated the revision process of the form. 2. The update of the list of essential medicines is in progress. 	<p>Pharmaceutical Department</p> <p>Pharmaceutical Department</p>	<p>31 December 2013</p> <p>31 December 2012</p>
Forecasting and Quantification	<p>Recommendation 15 (Important)</p> <p>(i) Forecasting groups should meet on a regular routine basis to maintain the momentum on forecasting activities and:</p> <ol style="list-style-type: none"> a. Monitor the supply plan and consumption vs. forecast figures b. Provide a regular 	<p>Secretariat concurs with the Audit Recommendation. The support from the forecasting groups has been critical for the implementation of the Round 9 grants.</p>	<p><u>Comment</u></p> <p>The terms of reference for the quantification and planning groups were approved in February 2012. The health partners are also members of the groups.</p> <p><u>Action</u></p> <p>The groups meet regularly according to the needs. The quantification of ITS and HIV/AIDS, Malaria and Tuberculosis products was concluded in June 2012.</p>	<p>CMAM</p>	<p>Ongoing activity</p>

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
	<p>update to Health Partners Group</p> <p>(ii) Ministry of Health (MISAU) working with the Global Fund Secretariat and partners should address interruptions in funding to ensure reliable supply planning.</p>		<p><u>Comment</u> We confirm the frequent funding interruptions or delays in the supply of products by some of the partners, which create problems in the supply to the Health Units. The practice of the funding blockage or blockage of the shipment of the products by the partners does not contribute to the achievement of the health care objectives supplied to the populations. The MISAU accepts this recommendation, however, to date, not all partners disbursed the commitments assumed for 2012, and for that reason we have a continuous emergency management.</p> <p><u>Action</u> We are about to finalize a document that illustrates the gaps of funding for the 2013 acquisitions after the interactive planning and quantification process..</p>	CMAM	By 30 November 2012
Forecasting and Quantification	<p>Recommendation 16 (Critical) For better forecasting and quantification, MISAU and</p>	Secretariat concurs with the Audit Recommendation.	<p><u>Comment</u> MISAU is implementing activities to collect information for quantification as part of the Plan of Action (POA 2012).</p>		

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
	<p>CMAM should improve the quality of consumption data and use this data to validate previous forecasts.</p>		<p>There is systematic monitoring by the Medicines Work Group (GTM) (MISAU and Partners). The Local Funding Agent (LFA) will start verification of these activities in August 2012.</p> <p><u>Action</u> The instruments to gather and transmit the data about ACT consumption and the use of laboratory tests were introduced in the Health Units (HU). The new registry instruments of the STI and HIV/AIDS program were prepared and are being implemented. Finalization of this activity depends on availability of funding through the Global Fund Round 8 Phase II grant.</p>	<p>CMAM</p>	<p>30 November 2012</p>
<p>Procurement</p>	<p>Recommendation 17 (Important) (i) CMAM should recruit a competent pharmacist with procurement experience. (ii) CMAM should implement and continuously use the Purchase Order module in MACS in order to ensure a</p>	<p>Secretariat concurs with the Audit Recommendation.</p>	<p><u>Comment</u> The insufficient funds have created a challenge to the Ministry of Health regarding the recruitment of additional personnel. Furthermore, the allocation of human resources with specific roles at provincial level and below is decentralized i.e. is the responsibility of provincial and district governments.</p> <p><u>Action</u></p>		

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
	timely flow of delivery information between the procurement and warehousing departments.		The Ministry of Health partners have been hiring consultants to support the pharmacy areas and information systems, in some cases; they have given some support to the data entry and report.	CMAM	31 October 2012
Warehousing	<p>Recommendation 18 (Important) Before the planned extensions are available for use i.e. Zimpeto warehouse extension and new warehouses in Nampula /Beira with USAID funding, MISAU should consider outsourcing or renting additional warehouse space to ensure good warehouse practice.</p>	Secretariat concurs with the Audit Recommendation.	<p><u>Comment</u> Since 2007, the CMAM, with the support of the American Government, rents warehouses in Maputo to ensure a bigger storage space. In 2011, also with the support of the American Government, the CMAM rents a warehouse in Nampula to store medicines from the Provincial Warehouse.</p> <p><u>Action</u> These actions have as an objective to ensure a better storage of the medicines while we wait for the extension and construction of the warehouses.</p>	CMAM	Completed
Warehousing	<p>Recommendation 19 (Critical) CMAM and MISAU should review and address security lapses at warehouses and district pharmacy stores to</p>	Secretariat concurs with the Audit Recommendation.	<p><u>Comment</u> The activity is part of the Plan of Action (POA) being implemented in MISAU, and its systematic monitoring is made by the Medicines Work Group (MWG) (MISAU and Partners). The Local</p>		

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
	prevent loss of health products.		<p>Funding Agent (LFA) will initiate the verification in August 2012</p> <p><u>Action</u> The security was improved in 3 central warehouses (Adil, Zimpeto and Beira), with the mounting of biometric locks and video surveillance cameras. The Provincial Health Departments (PHD) and the District Health Departments (DHD) are instructed to perform the necessary repairs in the Medicines Warehouses to ensure the safety of the products. The conclusion of this activity depends on availability of funding through the Global Fund Round 8 Phase II grant.</p>	CMAM	30 September 2010
Warehousing	<p>Recommendation 20 (Critical) CMAM could improve the use of MACS with regard to:</p> <ul style="list-style-type: none"> (i) Updating orders and deliveries in MACS on a timely basis (ii) Fully utilizing the standard reports and having these reports reviewed by third parties 	Secretariat concurs with the Audit Recommendation.	<p><u>Comment</u> The activity is part of the Plan of Action (POA) being implemented in MISAU, and its systematic monitoring is made by the Medicines Work Group (GTM) (MISAU and Partners). The Local Funding Agent (LFA) will initiate the verification in August 2012.</p> <p><u>Action</u> The levels of access for the different</p>	CMAM	31 December

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
	(iii) Introducing and regularly monitoring KPIs for the warehouse (iv) Using MACS inventory counting methodology when verifying actual stock on hand. (v) CMAM/SCMS Zimpeto to introduce levels of authority and limit access of users in MACS to specific modules/areas linked to specific areas of work.		fields of the MAC have been defined. All the reports are already in progress and the methodology of the MACs is already used to do the perpetual inventory. It is in progress the procedure of the orders follow-up until the confirmation of the delivery to the recipients Warehouses in the system.		2012
Warehousing	Recommendation 21 (Critical) CMAM should introduce perpetual physical inventory with regular stock reconciliation at all warehouses. Disparities in physical stock against MACS inventory should be investigated and reported.	Secretariat concurs with the Audit Recommendation.	<u>Comment</u> Activity in progress and integrated in the POA. There is a specific indicator of the performance monitoring of this activity and with an established target. <u>Action</u> From the first to the second quarter of 2012, the reliability of the inventory increased from 53% to 76%.	CMAM	Ongoing activity
Distribution	Recommendation 22 (Critical) CMAM should:	Secretariat concurs with the Audit Recommendation.	<u>Comment</u> In 2011, the Standard Operational Procedures (SOPs) were updated for the		

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
	<p>(i) Prepare one comprehensive document/SOP that describes the reporting/ordering/distribution cycle for all commodities with frequency of ordering, reporting forms and order forms as well as lead-times for processing, packing and delivery by CMAM, and ensure that the reporting deadlines are harmonized across programs;</p> <p>(ii) Describe the procedure for handling partial deliveries and supply discrepancies;</p> <p>(iii) Set lead-times for processing of orders, packaging, and delivery of goods to the Provinces as a KPI that can be monitored; and</p> <p>(iv) Strengthen the system of</p>		<p>medicines management in all levels of the distribution chain. The training of the staff was initiated this year at all levels and will be concluded in August, and it is forecasted that it will train more than 2500 professionals workers;</p> <p><u>Action</u> The introduction of the Key Performance Indicators (KPI) will be effective in the central warehouses. The central warehouses register the proof of delivery date in the MACs system to close the supply and delivery process to the warehouses that depend on the central warehouses.</p>	CMAM	31 December 2012

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
	obtaining and recording 'proof of delivery' into MACS.				
Distribution	<p>Recommendation 23 (Important) The Ministry of Health should put in place and monitor minimum and maximum stock levels for essential drugs at all health facilities and hospitals. Ministry, Provincial and District supervisors should regularly monitor stock levels and take action to prevent stock outs and overstock.</p>	Secretariat concurs with the Audit Recommendation.	<p><u>Comment</u> The revised and updated management procedures, now define minimum and maximum stock levels in the logistic chain for all products: health units (1-2 months of stock); district Warehouses (1-2 months); provincial warehouses (2-5 months); central level (6-9 months of stock).</p> <p><u>Action</u> Ongoing activity. The effective implementation of the grant from Round 8 from the Global Fund must support some actions for the logistics system. The conclusion of this activity depends on availability of funding through the Global Fund Round 8 Phase II grant.</p>	CMAM	30 September 2012
Logistics Management Information System	<p>Recommendation 24 (Important) MISAU and CMAM with the support of health partners should improve the accuracy of ART reporting by:</p>	Secretariat concurs with the Audit Recommendation.	<p><u>Comment</u> In 2011, the Standard Operational Procedures (SOPs) were updated for the medicines management in all levels of the distribution chain. The central warehouses register the proof of deliver</p>		

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
	<p>(i) Defining and monitoring reporting standards for all levels of care including timeliness.</p> <p>(ii) Ensuring availability of forms for reporting and recording, and</p> <p>(iii) Providing refresher training and supportive supervision with regard to data accuracy.</p>		<p>date in the MACs system, to close the supply and delivery process to the warehouses that depend on the central warehouses.</p> <p><u>Actions</u></p> <p>1. The introduction of the Key Performance Indicators – KPI</p> <p>2. The training of the staff was initiated this year at all levels and will be concluded in August, and it is forecasted that it will train more than 2500 professionals workers</p>	<p>CMAM</p> <p>CMAM</p>	<p>31 December 2013</p> <p>31 December 2012</p>
Logistics Management Information System	<p>Recommendation 25 (Critical)</p> <p>CMAM should improve data collection by:</p> <p>(i) Strengthening the use of SIMAM in the Provinces, through training and provision of additional qualified staff with the appropriate skills to enter data.</p> <p>(ii) Extending the use of SIMAM to all hospitals.</p>	<p>Secretariat concurs with the Audit Recommendation.</p>	<p><u>Comment</u></p> <p>Activities in progress and as set forth in the Plan of Action (POA). The implementation of the plan is monitored by the Local Funding Agent (LFA). The CMAM defends the gradual expansion of the SIMAM system, being that first it must guarantee the solid use of the system in the Provincial Warehouses and Central Hospitals. It also must guarantee technical assistance at provincial level.</p> <p><u>Actions</u></p>		

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Audit Area	Recommendation	Secretariat’s Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
	(iii) Monitoring the accuracy and completeness of data entry throughout the system.		<p>1. In March 2012, the training of the personnel was initiated in all levels that relate to the distribution chain, which will allow for the improvement of the registries from completion and information collection so all can be used for planning and quantification.</p> <p>2. The CMAM defined the monitoring plan of the POA indicators to monitor the use of the SIMAM at provincial level, as well as its expansion to hospitals and district warehouses. The MISAU defined these targets to monitor the process. The conclusion of this activity depends on availability of funding through the Global Fund Round 8 Phase II grant.</p>	<p>CMAM</p> <p>CMAM</p>	<p>31 December 2012</p> <p>31 December 2013</p>
Logistics Management Information System	<p>Recommendation 26 (Critical)</p> <p>The Ministry of Health should:</p> <p>(i) Develop and rollout a comprehensive LMIS that routinely collects information on all commodities and drugs at all levels of health</p>	Secretariat concurs with the Audit Recommendation.	<p><u>Comment</u></p> <p>The Ministry of Health has a paper-based Logistics Information System that was revised and it is used for the staff training. This ensures that the information produced at each level of the medicines management can be collected and sent to the senior level. The SIMAM system is used to capture and to transmit electronically the information. At the</p>		

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
	<p>care.</p> <p>(ii) Appoint additional qualified personnel to reduce workload of existing staff.</p>		<p>moment, it is a functional part of the provincial drugs warehouse (PDW) to the central level.</p> <p><u>Action</u> There is a considerable number of District Drugs Warehouses (DDW) with the SIMAM installed, but that in its majority the information transmission is not electronic due to the lack of internet. We hope to improve this process with the support of the funding from the Global Fund (GF) and the World Bank (WB). At central level, there is the need to improve the analysis of the data from the SIMAM (integrity and quality of data). The conclusion of this activity depends on availability of funding through the Global Fund Round 8 Phase II grant.</p>	CMAM	31 December 2013
Quality Assurance	<p>Recommendation 27 (Important) CMAM should actively track batch numbers for all commodities at all levels of the supply chain.</p>	<p>Secretariat concurs with the Audit Recommendation. However, given the difficulties for its immediate implementation, we agree with the Ministry's suggestion for a later implementation after other more critical already ongoing</p>	<p><u>Comment</u> The logistic system in Mozambique still faces problems in the logistic information system, in terms of complete data, as well as regarding quality. The MISAU (CMAM), with the support of partners, is making a big effort to improve the integrity and quality of data in the existent system through the training</p>		

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
		improvements in the supply chain.	<p>provided to the staff at all levels, in what the logistic SOPs usage is concerned. Currently, to introduce the tracking by lot number at all levels of the system would create an increase in the volume and complexity of data to report, as well as in the quantity of work to the existent personnel, which is already overloaded. Furthermore, the additional effort would require additional training and it would be very difficult to implement considering the training already in progress.</p> <p><u>Action</u> The Ministry is trying to implement this recommendation, however we reiterate the fact that, at this moment, this type of tracking can weaken the system instead of strengthen it. For these reasons, we do not think that it is feasible and advisable to implement this recommendation at this moment.</p>	CMAM	
Quality Assurance	<p>Recommendation 28 (Important) (i) CMAM should: (a) Strengthen Quality Assurance (QA) in the</p>	Secretariat concurs with the Audit Recommendation.	<p><u>Action</u> The implementation of the manuals and models regarding medicines management procedures to avoid overdue periods is in progress. Since</p>	CMAM	Ongoing activity

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
	<p>warehouses; define QA functions, identify persons responsible for QA and for liaising with the Pharmaceutical Department; and</p> <p>(b) Monitor short dated stock with a view to re-distribute in the country (where possible) before expiry; monitor the value of expired drugs</p> <p>(ii) MISAU should ensure adequate funding of QA by the Pharmaceutical Department with implementation of:</p> <p>(a) Quality checking of all incoming goods according to standard operating procedures; and</p> <p>(b) Updating and implementing the QA Plan for sampling and testing of drugs at all</p>		<p>March 2012, the training program that involves several stakeholders in order to ensure the implementation of the medicines management standards and procedures is in progress.</p>		

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	<p>levels.</p> <p>(iii) MISAU should:</p> <p>(a) Ensure inclusion of refresher training on the handling of expired medicines during the nationwide training on Pharmaceutical and Health Products</p> <p>(b) Management and SoPs recently produced.</p> <p>(c) Consider setting up a system for collecting information on expired drugs to calculate wastage levels.</p>				
Financial Management Systems					
Accounting and reporting	<p>Recommendation 29 (Critical)</p> <p>The Ministry of Health should ensure that DAF:</p> <p>(i) Reconciles bank records on a monthly basis</p> <p>(ii) Prepares financial statements on a monthly, quarterly and annual basis</p>	Secretariat concurs with the Audit Recommendation.	<p><u>Comment</u></p> <p>The e-SISTAFE already includes the necessary application for the payroll processing and the system it is already used by the permanent staff. The migration to the processing made by the e-SISTAFE is in the preparation phase. The e-SISTAFE has two functioning modules and they are totally integrated with the enacted standards regarding the</p>		

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
			<p>hiring of personnel and the respective payment of salaries.</p> <p><u>Action</u> For the staff paid by the internal component, the application is fully operational. Until December, the contracts will be integrated in this process.</p>	DAF	31 December 2012
Accounting and reporting	<p>Recommendation 30 (Critical) The Ministry of Health should repay the inadequately documented expenditure (USD 3,318,395) into PROSAUDE.</p>	<p>Secretariat concurs with the Audit Recommendation. Secretariat will work closely with Partners, Ministry of Health and Ministry of Finance to find a solution to the repayment issue.</p>	<p><u>Action</u> The MISAU initiated a discussion with the partners in order to find a strategic solution</p>	DAF and Minister's Cabinet	
Salaries and other human resources expenses	<p>Recommendation 31 (Critical) Ministry of Health should strengthen controls over human resources payments by a. Acquiring and implementing payroll software;</p>	<p>Secretariat concurs with the Audit Recommendation.</p>	<p><u>Comment</u> The e-SISTAFE already includes the necessary application for the payroll processing and the system it is already used by the permanent staff. The migration to the processing made by the e-SISTAFE is in the preparation phase. The e-SISTAFE has two functioning modules and they are totally integrated with the enacted standards regarding the hiring of personnel and the respective</p>		

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Audit Area	Recommendation	Secretariat's Comment to the Audit Recommendation	Country Response and Action Agreed	Responsible Official	Completion Date
			payment of salaries. <u>Actions</u> For the staff paid directly by DAF (the internal component), the payroll application is fully operational. By the end of December, the contracts will be integrated in this process.	DAF	31 December 2012
	b. Maintaining and regularly reviewing a staff master list; c. Making payments against efectividades;	Secretariat concurs with the Audit Recommendation.	<u>Comment</u> Despite that we are dealing with a process that still needs improvements, since 2008 DAF makes payments against payrolls for contracted personnel based on the 'efectividades' sent by the institutions where these persons are deployed. This can be proven by the payrolls themselves, in which discounts made are registered. <u>Action</u> This activity is integrated in the Strengthening Plan of the Financial Management being implemented at MISAU, and its evaluation is made every 2 months. Action II-B-1 (i).	DAF	Action in progress and ongoing activity
	d. Ensuring that for each month payments are reconciled to the payroll;	Secretariat concurs with the Audit Recommendation.	<u>Action</u> The DAF is already working on the reconciliation of the payments with the	DAF	Action in progress

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			<p>respective payrolls. To allow a better evaluation of the progress of this activity, it will be introduced in a specific way to the Strengthening Plan.</p> <p>The action for the current recommendation despite not being specified will result in the combination of several actions foreseen in area II section B from the Strengthening Plan of the Financial Management of the MISAU.</p>		and ongoing activity
	<p>e. Providing staff with pay slips (as proof of payment) with a breakdown of deduction or changes in pay.</p>	<p>Secretariat concurs with the Audit Recommendation.</p>	<p><u>Action</u></p> <p>This activity is now being done, however, there are still some constraints related to the dispersed temporary workers, which makes it difficult, at central level, to have access to these in a regular way for signing the pay slips.</p> <p>This activity is integrated in the Strengthening Plan of the Financial Management being implemented at MISAU, and its evaluation is made every 2 months. Action II-B-1 (i).</p>	DAF	Action in progress and ongoing activity
Expenditure for travel and field activities	<p>Recommendation 32 (Critical)</p> <p>The Ministry of Health should take measures to improve compliance with policies and procedures for travel and field</p>	<p>Secretariat concurs with the Audit Recommendation.</p>	<p><u>Action</u></p>		

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	<p>activities by taking the following mitigating actions:</p> <ul style="list-style-type: none"> • Staff should always acknowledge receipt of cash advances; 		<p>Besides the payment order, it is in progress the preparation of a document to be signed by the beneficiary, which indicates the context of the payment, the amount paid, the way that was used, the justification deadline and the support documents to be presented in the accounts.</p> <p>This activity is integrated in the Strengthening Plan of the Financial Management being implemented at MISAU, and its evaluation is made every 2 months. Action II-B-1 (i).</p>	DAF	Action in progress and ongoing activity
	<ul style="list-style-type: none"> • Advances should only be made against an approved travel requisition; 	Secretariat concurs with the Audit Recommendation.	<p><u>Action</u></p> <p>The Legal and Administrative Compliance Division was created at DAF, which has as an objective to verify the procedural compliance.</p>	DAF	Action in progress and ongoing activity
	<ul style="list-style-type: none"> • Department of Finance (DAF) should maintain a log of advances and recover unaccounted for funds at the end of each month; • No new cash advances 	Secretariat concurs with the Audit Recommendation.	<p><u>Action</u></p> <p>All advances are shown in the monthly Financial Statements where it is possible to verify the current situation. The DAF is preparing an internal communication that shall be submitted to the approval of the Minister of Health, having as an objective to regulate the concession</p>	DAF	Ongoing activity

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	<p>should be made to individuals with outstanding accountabilities;</p>		<p>process and to justify the advances granted and the respective retrieval of the non-justified values. This action is represented in the Strengthening Plan of the Financial Management being implemented at MISAU, numbers II-B-1 (i), (iv), (vii), and (viii).</p>		
	<ul style="list-style-type: none"> Department of Finance (DAF) should obtain and file fuel receipts, travel report, completed '<i>guia de marcha</i>' (travel form) and boarding passes prior to settling advances; 	<p>Secretariat concurs with the Audit Recommendation.</p>	<p><u>Action</u> The Accounting and Accounts Reporting Division recently created is responsible for the collection and filling of the supporting documents (fuel receipts, route plan, boarding cards and travel reports, among other) and it is based on these that it makes the regular advances. This activity is integrated in the Strengthening Plan of the Financial Management being implemented at MISAU, and its evaluation is made every 2 months. Action II-B-1 (i).</p>	<p>DAF</p>	<p>Ongoing activity</p>
	<ul style="list-style-type: none"> Put in place systems to monitor the use of vehicles and issuance of fuel. 	<p>Secretariat concurs with the Audit Recommendation.</p>	<p>The agreements with the companies that will ensure the fuel control system and fleet management are signed.</p>	<p>DAF</p>	<p>Ongoing activity</p>
<p>Planning and budgeting</p>	<p>Recommendation 33 (Critical) The Ministry of Health should</p>	<p>Secretariat concurs with the Audit Recommendation.</p>	<p><u>Comment</u> This vision is reflected in the Economic and Social Plan (PES). This plan is</p>		

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	ensure that detailed work plans, for activities for which PROSAUDE Funds should be applied, are developed at all levels of government.		monitored quarterly. <u>Action</u> The Economic and Social Plan (PES) shows, in general, a set of priority actions for the sector for funding by PROSAUDE and the State Budget, external component for all levels of work (Central, Provincial and District).	National Directorate of Planning and Cooperation (DPC)	20 July each year
Audit	Recommendation 34 (Critical) The senior management of the Ministry of Health should actively follow up action of audit recommendations.	Secretariat concurs with the Audit Recommendation.	<u>Comment</u> Quarterly meetings to monitor the implementation of the Plan are planned. <u>Action</u> Monitor the audit recommendations in the quarterly balance of the PES.	Minister's cabinet	Ongoing activity