



The Global Fund
To Fight AIDS, Tuberculosis and Malaria

Office of the Inspector General

Audit of Global Fund Grants to the Socialist Republic of Viet Nam

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A. EXECUTIVE SUMMARY

Seven grants audited
USD 96 million disbursed of USD 144 approved
Ministry of Health of Viet Nam is the PR for all grants

1. As part of its 2012 work plan, the OIG carried out an audit of Global Fund grants to Viet Nam covering seven grants totaling USD 144 million, of which USD 96 million had been disbursed at the time of audit in May/June 2012. The OIG assessed the quality of controls and compliance with Global Fund requirements in the areas of oversight, financial management, procurement and supply chain management, and program implementation and service delivery. The Principal Recipient for all grants was the Ministry of Health of Viet Nam.

A.1. Key Findings

CCM recently changed composition to reflect Global Fund guidelines

2. The Viet Nam Country Coordinating Mechanism had recently changed its membership composition to reflect new Global Fund guidelines, establishing an Oversight Committee and redefining the terms of reference for the Country Coordinating Mechanism, Oversight Committee and Sub Committees. However, to further improve its supervision of Global Fund-supported programs, the Country Coordinating Mechanism committed to strengthen its oversight role in a number of specific areas, such as the use of field visits and standard monitoring tools, and to make provision for a full time Secretariat function.

Internal controls can be strengthened

3. The audit confirmed that in general key internal controls to safeguard grant funds were in place, but needed to be strengthened further.

Scope for improvement in quality assurance, planning and forecasting

4. The Procurement and Supply Management activities had generally followed Global Fund guidelines but with scope for improved compliance to quality assurance, planning, and forecasting. There was a need for further development/integration and improvement of Procurement and Supply Management systems to ensure value for money and sustainability. The integration of Procurement and Supply Management processes among partners needs to be prioritized by the Principal Recipient, so that a single Procurement and Supply Management system in an appropriately-staffed national supply chain management unit can be institutionalized in the Ministry of Health's structures.

Need for further integration of PSM processes

Functional malaria control system

5. There has been a strong commitment by the Government of Viet Nam to combat the three diseases and there was a functional malaria control system at central and local levels. The audit showed evidence of strong program achievements with scope for further improvement, but with a need for increased coverage and quality of HIV prevention measures among the most-at-risk populations.

Need for improved HIV prevention measures

A.2. Conclusion

Some improvements are needed to strengthen internal controls

6. There have been good program achievements in Viet Nam. The programs supported by the Global Fund have generally achieved targets and have been well managed. Internal controls, however, require some strengthening. Accordingly, the OIG concludes that **some improvements are needed** in the management and implementation

Mitigating actions
taken by Secretariat
and in-country
stakeholders

of Global Fund grants in Viet Nam. This means that “Some specific control weaknesses were noted; generally, however, controls evaluated were adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and the Global Fund’s strategic objectives in Viet Nam should be met.”

7. The OIG offers nine recommendations, of which one is rated “Very High”, requiring an increased coverage and quality of HIV prevention interventions among most-at-risk populations. The remaining eight recommendations are “High” priority. The audit team worked closely with the Global Fund Secretariat in drafting and finalizing this report. All findings and recommendations have been accepted by the Country Coordinating Mechanism, and will be followed up by the OIG. The stakeholders have made firm commitments to take action to mitigate the risks identified.

8. Some issues that call for further investigation have been referred to the OIG’s Investigations Unit.

A.3. Actions subsequent to the audit

9. In responding to the risks identified by the OIG, the stakeholders have committed to:

- Improve financial management by strengthening financial controls particularly in budget monitoring and financial reporting.
- Ensure that procurement is in line with good practices by improving competitiveness in the procurement process, strengthening the capacity at central level by harmonizing the project-based resources, prioritize the implementation of e-TB manager and ensure reliable data input for forecasting.
- Improve quality of service delivery by increasing coverage and quality of HIV prevention measures among the most at-risk populations, in particular Injecting Drug Users who are seen as the main driver of the epidemic in Vietnam; implement a national HIV testing algorithm with technical assistance from development partners and strengthen TB/HIV collaborative activities.
- Strengthen the health systems by improving the training on health systems management provided to provincial and district level staff in order to ensure positive impact.
- Ensure sustainability of the three disease programs by exploring long term financing options.

B. MESSAGE FROM THE EXECUTIVE DIRECTOR OF THE GLOBAL FUND



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8 February 2013

MESSAGE FROM THE EXECUTIVE DIRECTOR

I would like to thank the Office of the Inspector General for its thorough and insightful work on the audit of Global Fund grants to the Socialist Republic of Viet Nam.

The audit was carried out in May and June 2012 and covered grants totalling US\$ 144 million - of which US\$ 96 million had been disbursed by the time of the audit.

The Viet Nam government is strongly committed to combating the three epidemics. The report found that there have been good achievements and that programs supported by the Global Fund have been well managed, generally reaching their targets.

On HIV and AIDS, the country initiated and scaled up methadone maintenance therapy, a critical development considering that the HIV epidemic in Viet Nam is mainly driven by injecting drug use. A rapid antiretroviral treatment scale-up was also a major achievement in the national AIDS response.

Viet Nam has a nation-wide network of tuberculosis facilities integrated into the general health system, with increasing engagement of the private sector. The government ensures provision of free access to first-line anti-TB treatment.

The country also has a functional malaria control system, from central to local levels. The government covers national needs in anti-malaria drugs and insecticides.

Since 2007, Viet Nam routinely carries out a Joint Annual Health Review, which provides thorough analysis of the country's health system performance and a strong basis for guiding health reforms, besides informing the design of policies.

The audit also found scope for improvement. Internal control requires some strengthening. The Country Coordinating Mechanism needs to strengthen its oversight role, and it has committed to pursue that by using field visits and standard monitoring tools, and by making provisions for a full time secretariat function, among other measures. There is scope for improvement also in procurement, and grant recipients have committed to make to the processes more competitive. As for programmatic aspects, the report identified the need to establish a national protocol for prevention of mother-to-child transmission, to be implemented at provincial and facility levels. To address these challenges, the report makes nine recommendations.

The Office of the Inspector General was able to conclude that, generally, controls evaluated provide reasonable assurance that risks are being managed and the Global Fund's strategic objectives in Viet Nam should be met.

Audit reports by the Office of the Inspector General are an essential form of quality control for the Global Fund. The Office of the Inspector General plays an indispensable role in helping us all achieve our mission of effectively investing the world's money to save lives.

Yours sincerely



C. MESSAGE FROM THE COUNTRY COORDINATING MECHANISM

Viet Nam Country Coordinating Mechanism

Ref: 27 / VN-CCM

30th January 2013

Dr. Elmar Vinh-Thomas
Director of Audit
Office of the Inspector General
The Global Fund to Fight AIDs, Tuberculosis and Malaria
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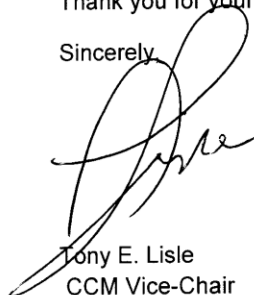
Dear Dr. Vinh-Thomas

On behalf of the Vietnam Country Coordinating Mechanism, we would like to thank the Office of the Inspector General for its thorough and objective review of Global Fund activities in Vietnam. We appreciate the Audit Report's acknowledgement of the significant achievements made by Viet Nam and its partners towards successful national programme implementation across the three diseases and in health systems strengthening. The audit provided a valuable learning experience that in itself is contributing to meaningful capacity building, improved programme harmonization and alignment across all sources of support for Vietnam's response to AIDS, TB and Malaria. The findings, recommendations and proposed the follow-up actions to be taken by the CCM and PRs will help guide Vietnam in achieving its goals for sustainable, efficient and quality health outcomes for its people through well targeted investments now and in the future.

The Vietnam CCM accepts the findings and recommended actions described in the Audit Report and we remain committed to undertaking the necessary measures to implement recommendations in a timely manner.

Thank you for your continued support and cooperation with the Vietnam CCM.

Sincerely,



Tony E. Lisle
CCM Vice-Chair

D. AUDIT OBJECTIVES AND SCOPE

Audit assessed adequacy and effectiveness of controls

D.1. Audit Objectives

10. The objectives of the audit were to assess the adequacy and effectiveness of controls in place to ensure:

- Value for money from funds spent;
- The achievement of programmatic objectives;
- Compliance with Global Fund grant agreements, policies and procedures, and with relevant laws and regulations;
- The safeguarding of grant assets against loss or misuse; and that
- Risks were effectively managed.

In undertaking this audit an important focus was to identify opportunities to strengthen grant management.

D.2. Audit Scope

Audit examined operations of main grant stakeholders

11. The audit covered the operations of the Principal Recipient (PR); their interactions with Sub-Recipients (SRs), Provincial Offices and Implementing Partners (IPs); the supply chain for goods and services purchased with Global Fund grant funds, and the oversight functions of the Country Coordinating Mechanism (CCM), the Local Fund Agent (LFA) and the Global Fund Secretariat. The OIG did not carry out a technical programmatic evaluation but reviewed controls over the achievement of program objectives.

The audit covered seven Global Fund grants.

12. The MOH has signed ten grant agreements with the Global Fund since 2003 for HIV/AIDS, Malaria, Tuberculosis and Health System Strengthening amounting to USD 182.32 million of which USD 134.48 million had been disbursed as at 30 April 2012. The audit covered seven Global Fund grants to Viet Nam, as described below:

USD 96 million disbursed of USD 144 approved

Round No.	Grant Agreement	Component	Status	Amount committed (USD)	Disbursed Amount (USD)
6	VTN-607-G04-H	HIV/AIDS	Merged with R8	10,695,906	10,695,906
8	VTN-809-G07-H	HIV/AIDS	Merged with R9	8,163,008	8,163,008
S	VTN-S10-G09-H	HIV/AIDS	Active	36,152,654	21,724,270
6	VTN-607-G05-T	TB	Completed but not closed	13,545,780	11,827,128
9	VTN-910-G08-T	TB	Active	15,205,793	8,220,929
7	VTN-708-G06-M	Malaria	Active	20,138,175	19,038,634
10	VTN-011-G10-S	HSS	Active	39,913,575	16,310,886
Total				143,814,891	95,980,761

Source: the Global Fund website as at 8 May 2012

**Note: Since the grant for Health System Strengthening had commenced in January 2012 and was relatively new, the OIG limited its audit to a forward-looking assessment of the effectiveness of controls in place.*

MOH is the principal recipient

D.3. Grant structure in Viet Nam

13. The Ministry of Health (MOH) is the Principal Recipient (PR) of Global Fund grants to Viet Nam, represented by the Viet Nam Authority of HIV/AIDS Control (VAAC) for HIV, the National Lung Hospital for TB, the National Institute of Malariology, Parasitology and Entomology (NIMPE) for Malaria, and the Department of Planning & Finance (DPF) for Health Systems Strengthening (HSS).

14. For all three diseases and HSS, the PR had established separate Central and Provincial Project Management Units (CPMUs and PPMUs) to implement and manage the supported programs at central and provincial levels respectively. The CPMUs engaged SRs and Implementing Partners (IPs) to assist the PR in program implementation.

D.4. Rating of Functional Areas

Recommendations prioritized to enable grant managers to implement effectively

15. Each functional area reviewed is rated as follows:

Effective	Controls evaluated were adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and the Global Fund’s strategic objectives should be met.
Some Improvement Needed	Some specific control weaknesses were noted; generally however, controls evaluated were adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and the Global Fund’s strategic objectives should be met.
Major Improvement Needed	Numerous control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and the Global Fund’s strategic objectives should be met.
Not Satisfactory	Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and the Global Fund’s strategic objectives should be met.
Critical	An absence of or fundamental weakness in one or more key controls, or a serious non-compliance. Non-mitigation will jeopardize the achievement of the Global Fund’s strategic objectives. It requires urgent attention.

D.5. Prioritization of Audit Recommendations

16. The implementation of all audit recommendations is essential in mitigating risk and strengthening the internal control environment in which the programs operate. OIG recommendations are prioritized as follows to assist management in deciding on the order in which recommendations should be implemented:

Very High	An absence of or fundamental weakness in a key control, or a serious non-compliance. Non-mitigation will jeopardize the achievement of the objectives of the Global Fund. It requires urgent attention.
High	A key control evaluated was not adequate, appropriate, or effective. It is unlikely that the control will manage risk and meet objectives. It requires immediate attention.
Medium	A specific key control weakness was noted. It is possible that this control will not manage risk and meet objectives. It requires attention within a reasonable period.
Low	A specific control weakness was noted in a non-critical area that, if left unattended, will not manage risk and meet objectives. It requires attention in the medium term.

D.6. Letter to Management

Lower priority risk findings reported separately to grant managers

17. The implementation of all audit recommendations would significantly mitigate the risks and strengthen the internal control environment in which the programs operate. Audit findings classified ‘Medium’ and ‘Low’ have been reported separately in a Letter to Management. When such isolated findings in aggregate constitute a significant risk, this is mentioned in the report and in our conclusion. Though ‘Medium’ and ‘Low’ risk findings and recommendations do not necessarily warrant immediate action, they represent specific key control weaknesses which should be addressed in a reasonable time period. If these deficiencies are not addressed, risks will not be managed appropriately.

E. OVERVIEW

Health context:

- HIV concentrated among MARPs
- Vietnam has a high burden of TB and MDR-TB
- Moving from malaria control to elimination

Mitigating actions taken by Secretariat and in-country stakeholders

E.1. Background to the Grants

18. The health context in Viet Nam shows the following:

- HIV infection is mostly concentrated among most at-risk populations (MARPs), with injecting drug users identified by the World Health Organization (WHO) as the main drivers of the epidemic in Viet Nam.
- Viet Nam ranks as number 12 in the top 22 high-burden countries for TB, and number 14 of top MDR-TB burden countries.¹
- With malaria, there has been a significant reduction in mortality and morbidity over the last 20 years and the country is moving from malaria control to elimination.²

E.2. Actions subsequent to the audit

19. In responding to the risks identified by the OIG, the stakeholders have committed to:

- Improve financial management by strengthening financial controls particularly in budget monitoring and financial reporting.
- Ensure that procurement is in line with good practices by improving competitiveness in the procurement process, strengthening the capacity at central level by harmonizing the project-based resources, prioritize the implementation of e-TB manager and ensure reliable data input for forecasting.
- Improve quality of service delivery by increasing coverage and quality of HIV prevention measures among the most at-risk populations, in particular Injecting Drug Users who are seen as the main driver of the epidemic in Vietnam; implement a national HIV testing algorithm with technical assistance from development partners and strengthen TB/HIV collaborative activities.
- Strengthen the health systems by improving the training on health systems management provided to provincial and district level staff in order to ensure positive impact.
- Ensure sustainability of the three disease programs by exploring long term financing options.

¹ WHO Global TB Control 2011, Annex 2: Country profiles (22 high-burden countries)

² National Malaria Control Programme in Viet Nam from 1958 to 2011, National Institute of Malariology, Parasitology and Entomology

F. OVERSIGHT AND GOVERNANCE

<p>Some Improvement Needed</p>	<p>There is a need to strengthen the CCM oversight role in a number of specific areas, such as the use of field visits and standard monitoring tools, and to make provision for a full-time CCM Secretariat function.</p>
<p>CCM oversees the grant funded programs LFA verifies grant program implementation</p>	<p>20. As part of the Global Fund grant architecture, a Country Coordinating Mechanism (CCM) oversees the grant programs and a Local Fund Agent (LFA) verifies grant program implementation for the Global Fund Secretariat. Internal audit services of the Ministry of Health, through its internal audit function, also provide oversight over the program activities.</p>
<p>CCM changed membership composition to reflect Global Fund guidelines but lacks a full-time Secretariat</p>	<p>E.3. <u>Country Coordinating Mechanism</u></p> <p>21. The Viet Nam CCM had recently changed its membership composition to reflect new Global Fund guidelines and had established an Oversight Committee. It had redefined the terms of reference for the CCM, the Oversight Committee and subcommittees. However, at the time of the audit, the CCM had no full time secretariat. There had been several changes in the arrangements for temporary secretariat functions, resulting in a lack of continuity, and at the time of the audit, resources were provided by the Department of International Cooperation to cover secretariat services for the CCM.</p>
<p>CCM oversight can improve</p>	<p>22. In the light of the findings in relation to the financial management of grants, procurement and supply chain management and service delivery (see below), there is an opportunity for the Viet Nam CCM to improve the effectiveness of its oversight by taking steps to ensure that the PR meets its key obligations in ensuring the achievement of program objectives.</p>
	<p><i>Recommendation 1 (High)</i> <i>The CCM should improve its supervision of Global Fund-supported programs, such as through the use of field visits and standard monitoring tools, and should make provision for a full time Secretariat function.</i></p>
	<p>E.4. <u>Local Fund Agent (LFA)</u></p> <p>23. The LFA is the Global Fund’s ‘eyes and ears’ at country level and plays a crucial role in oversight and risk management. The LFA’s key responsibilities include assessing the PR before grant signing and during implementation; providing independent and continuous oversight of grant recipients; and carrying out programmatic and financial data verification. LFA services in Viet Nam were being provided under a four-year contract with the global professional services firm PricewaterhouseCoopers since 2010.</p>
<p>Development partners have played an important role in supporting</p>	<p>E.5. <u>Additional assistance</u></p> <p>24. Following the restructuring of the CCM in 2012, development partners had played a significant role in supporting Global Fund-supported program implementation, including strengthening the CCM’s role and responsibilities.</p>

Audit of Global Fund Grants to Viet Nam

program
implementation

Concerns about
frequent changes
in Global Fund
grant management
staff

25. A concern raised by in-country stakeholders related to frequent changes in the Global Fund Secretariat staff managing Viet Nam grants. In a period of two years, there had been changes some five times.

G. GRANT MANAGEMENT

<p>Some Improvement Needed</p>	<p>Internal financial management controls exhibit good practices with some scope for further strengthening.</p>
<p>The audit included visits to four CMPUs, three SRs and six PPMUs</p>	<p>26. As part of its financial review, the OIG visited the offices of all four Central and Provincial Management Units, three SRs (the Ministry of Labor, Invalids and Social Affairs, the Viet Nam Union of Science and Technology Associations (VUSTA) and the Program for Appropriate Technology in Health (PATH)), plus three PPMUs (HIV Hanoi, TB Ho Chi Minh City and Malaria Dak Lak). In addition, three PPMUs (HIV Hai Duong PPMU, TB Hanoi PPMU and Malaria North IPMU) were selected for review of expense transactions only.</p>
<p>Good practices were followed by the PR and SRs</p>	<p>27. The OIG’s review of grant management identified a number of good practices being followed by the PR and SRs:</p> <ul style="list-style-type: none"> i. Comprehensive financial monitoring checklists being used by the VAAC; ii. A mechanism in place at the NIMPE CPMU for monitoring timely submission of financial reports and variance analysis from PPMUs; and iii. Regular backups of financial data and accounting systems by VAAC, DPF and VUSTA. <p>28. The audit confirmed that internal controls are in place and no significant findings were noted based on the sample reviews done. Minor areas for improvement have been included in the letter to management.</p>

H. PROGRAM IMPLEMENTATION

Some Improvement Needed	There was need to increase the coverage and quality of HIV prevention measures among most-at-risk populations, develop a national HIV testing algorithm and establish a national PMTCT protocol. TB/HIV collaborative activities needed strengthening, and there was an unmet need for MDR-TB diagnosis and treatment. Malaria program activities have been heavily supported by donor funding and long-term sustainability is a worry.
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<p>Joint Annual Health review carried out routinely since 2007</p>	<p>29. A Joint Annual Health Review has been carried out routinely since 2007, which provides a thorough analysis of the country’s health system performance, and a strong basis for guiding health reforms and informed policy making.</p> <p>H.1. <u>HIV Program</u></p>
<p>Major achievements in the fight against HIV</p>	<p>30. There has been a strong commitment by the Government to combat the three diseases. Considering that the HIV epidemic in Viet Nam is mainly driven by injecting drug use, the initiation and scale-up of methadone maintenance therapy (MMT) was a critical development. Although not a central focus in the past, men who have sex with men (MSM) have increasingly been covered by HIV prevention interventions, including the Global Fund-supported Round 9 grant program. The country has observed a growing capacity in civil society organizations, and a rapid ART scale-up was also a major achievement of the National HIV response.</p>
<p>Coverage and quality of HIV interventions low among MARPs</p>	<p>31. Coverage and quality of HIV interventions among MARPs has been low. It was estimated that almost 50% of eligible PLHIV had not accessed antiretroviral therapy.³ Results of an HSS+ survey conducted in 12 provinces in 2011 showed that the proportion of people who received an HIV test in the previous 12 months and knew their test results was 29% among IDUs, 30.2% among MSM, and 43.8% among female sex workers.⁴ No national testing algorithm for HIV has been adopted in Viet Nam.</p>
<p>Harm reduction interventions not sufficient</p>	<p>32. Harm reduction interventions delivered to high-risk populations through various projects included needle-syringe programs (NSP), condom programs, and MMT. The audit team observations from the field suggested that services delivered were not always of sufficient quality. In one Commune Health Center visited by the OIG, peer educators covered only about 25% of local IDUs. No condoms were available for IDUs.</p> <p>Recommendation 2 (Very High) <i>The PR and VAAC should:</i></p> <p>a. <i>Increase coverage and quality of HIV prevention interventions among MARPs by implementing a systematic approach to ensuring prevention activities (such as rapid tests, condoms use, NSP coverage, counseling and referral services including early access to ART) are available and accessible to MARPs through outreach workers and community based organizations; and</i></p>

³ Global AIDS Response Progress report – UNGASS 2012
⁴ Brief Behavioral Survey in the Viet Nam HIV Sentinel Surveillance, 2011

No standardized approach for PMTCT services

b. *Establish a national HIV testing algorithm for confirmatory testing, including an algorithm for point-of-care diagnosis consisting of rapid tests.*

33. There was no standardized approach for the provision of Prevention of Mother-to-Child Transmission (PMTCT) services. During vaccination days, outpatient clinic staff in Pho Yen District were traveling to communities to provide counseling and collect blood samples among pregnant women, whereas in An Hoa Commune, counseling and blood collection was done by commune health center staff, with subsequent transportation of blood samples to district health centers using containers and cold boxes, which contributed to delays in the initiation of treatment. In An Hoa CHC, guidelines on the prevention of mother-to-child transmission were unavailable, and the audit team observed inadequate quality of home-based care at the An Hoa CHC.

Recommendation 3 (High)

The PR and VAAC should:

- a. *Establish a national PMTCT protocol/standard operating procedures to be implemented at provincial and facility levels; and*
- b. *Improve the timeliness of treatment initiation and quality of clinical monitoring through increasing access to CD4 and viral load testing among PLHIVs, enhancing the synergy between prevention outreach for key populations and access to diagnosis and treatment, promoting Isoniazid Preventive Treatment among PLHIV, improving the organization of PMTCT services, and improving the quality of home-based care.*

H.2. TB Program

Successful integration of TB facilities in health system

Good laboratory network with quality assurance systems

Successful engagement of private sector

Collaborative activities between TB and HIV poor

Delays in implementation of activities

34. A nation-wide network of TB facilities has been integrated into the general health system, with increasing engagement of the private sector. The country has a well-functioning TB laboratory network, with quality assurance systems covering laboratories at all levels, as well as supply and management systems for drugs and materials for diagnosis and treatment. The government ensures provision of free access to first-line anti-TB treatment. There has been successful engagement of international partners such as WHO, USAID, the Netherlands Government, KNCV, MSH and the Centers for Disease Control.

35. According to the results of a TB prevalence survey in 2007, only 41.1% of symptomatic TB suspects were seeking care for symptoms. The facilities most frequently visited were pharmacies (41%), commune health posts (28%), public hospitals (20%), and private sector facilities (10%).⁵ TB and HIV collaborative activities remained poor: Nationwide, only 58% of TB patients had been tested for HIV.⁶ There was a significant unmet need for MDR-TB diagnosis and treatment as only nine provinces had started referral of patients to MDR-TB treatment sites.

36. Due to delays in receiving Phase 1 Round 9 grant funding, there had been significant delays in the design and implementation of a number of activities under two major service delivery areas: The Public Private Mix for DOTS (PPMD); and Advocacy, Communication and

⁵ National survey of tuberculosis prevalence in Viet Nam, WHO Bulletin 2010; 88:273-280

⁶ GLC Monitoring Mission Report, Viet Nam, 12-16 Mar 2012

Social Mobilization (ACSM). The audit team reviewed implementation of the PPMD component in Ninh Binh province. In the private clinics visited by the OIG, clinic staff had always referred TB suspects to National TB Program (NTP) facilities, and local NTP managers confirmed that local private health providers never treated TB patients. By reviewing advocacy, communication and social mobilization activities implemented by the Farmer Union (SR) in O Mon District, the OIG observed low coverage with health education activities among local farmers.

Recommendation 4 (High)

a. *The PR and NTP/CPMU should improve implementation of PPMD and ACSM activities by ensuring that relevant strategies are revised and included in the Phase 2 work plan; and The PR and NTP/CPMU should ensure that GLC recommendations are followed up and implemented on a timely basis. In particular, consideration should be given to the introduction of a complete ambulatory model for MDR-TB care for those who do not need to be hospitalized.*

H.3. Malaria Program

Functional malaria control system in place

37. Viet Nam has a functional malaria control system at both central and local levels. The government is covering national needs for anti-malaria drugs and insecticides. An external review of the Round 7 Phase 1 malaria program had been carried out, which helped to improve the implementation of Phase 2 activities.

Concerns about financial sustainability of NMCP

38. The NMCP's activities are heavily dependent on donor funding, and the financial sustainability of NMCP has been a major concern especially as the country is facing emerging Artesunate resistance (at 14.6% in Binh Phuoc province).⁷

Delay in implementation of grant activities due to late delivery of LLINs

39. Significant delays occurred in the implementation of Round 7 grant activities in 2009-2010, mainly due to the late delivery of insecticide treated nets, microscopes, and rapid diagnostic tests (RDTs).

LLINs distributed without prior identification of target groups

40. In 2010, the NIMPE/CPMU had distributed 500,000 LLINs and 100,000 hammock LLINs among forest workers and the migrant population. No assessment was done prior to the distribution to better identify the target groups. Furthermore, there was no follow-up to monitor the use of LLINs and reassess need. For distribution in endemic areas, the NIMPE/CPMU procures conventional bed nets, which were routinely treated once a year using standard formulations.

Use of microscopy decreasing

41. The use of microscopy has been decreasing, which may eventually result in deterioration of skills of the staff performing microscopy tests at commune health centers. National clinical guidelines did not provide explicit guidance on the use of microscopy versus RDT. Guidelines for microscopy and RDT were not available in Tan Hoa CHC.

Insufficient data to treat migrants

42. The approach used for identifying migrants for emergency standby emergency treatment was not very effective, since only migration office data were used; employing Information, Education,

⁷ National strategy for malaria control and elimination for the period of 2012-2015, Ministry of Health, National Malaria Control and Elimination Program, National Institute of Malariology, Parasitology and Entomology

National M&E plan
for malaria
developed

National guidelines
on malaria
surveillance
available

Communication/Behavior Change Communication interventions would offer a more effective approach to improving coverage.

43. A national monitoring and evaluation plan for malaria control and elimination for the period 2011-2020 had recently been developed and national guidelines on malaria epidemiological surveillance were available. Through the Global Fund's support, the country had developed an electronic management information system for malaria, which had been put in place and was functional at all levels.

Recommendation 5 (High)

The PR and NIMPE/CPMU should update national clinical guidelines on malaria so that they provide clear guidance on the use of microscopy and RDTs, and ensure that guidelines for microscopy and RDTs are available at all CHCs as soon as possible.

I. PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

<p>Major Improvement Needed</p>	<p>Generally, PSM activities followed Global Fund guidelines. There was scope for improved compliance with quality assurance, planning and forecasting. There is a need to prioritize integration of PSM processes among partners and institutionalize an appropriately-staffed national supply chain management unit in the Ministry of Health.</p>
<p>Procurement agents like VPP ensured quality</p> <p>Scope for strengthening quality assurance</p>	<p>I.1. <u>Quality assurance and monitoring of key commodities</u></p> <p>40. Conformity with quality assurance requirements for ARVs and second-line TB drugs purchased under Global Fund grants was ensured by using procurement agents like Voluntary Pooled Procurement (VPP). The quality of drugs for opportunistic infections and sexually transmitted infections was ensured through national registration and Good Manufacturing Practice inspections of factories by the Drug Administration of Viet Nam. However, there was scope for strengthening the quality assurance arrangements for the national procurement of other health goods such as in-vitro test kits, condoms, needles and diagnostic equipment.⁸</p> <p>41. There was scope for enhancing quality assurance by post-receipt stock review of consumables. Properly designed and rigorously applied quality assurance checking of procured supplies on receipt can help guard against the risk of substandard or counterfeit commodities entering the supply chain. In particular, the sampling of goods in provinces and districts or villages is recommended to include the visual inspection, physical testing and assay of insecticide of bed nets.</p> <p>Recommendation 6 (High) <i>The PR should ensure that the CPMUs liaise with the Department of Planning and Finance and further elaborate the existing guidelines to:</i></p> <ul style="list-style-type: none"> a. <i>Build in compliance with quality standards as required under the Global Fund’s quality assurance policy for procurement of diagnostic equipment; and</i> b. <i>Implement routine sampling of key commodities for testing at qualified laboratories (e.g., the National Institute Drug Quality Control, the Vinacontrol group, the Bureau of Standards for Latex Products, etc.)</i>
<p>Delays in procurement</p>	<p>I.2. <u>Findings in relation to HIV grants</u></p> <p>42. The consolidation of HIV grants under Round 9 and the channeling of procurement of ARV through VPP partly contributed to delays in finalizing procurement. In 2011, the stocks in Global Fund funded sites and central warehouses were depleted during the critical scale-up phase, and ARV stock-outs became an imminent risk. In order to prevent treatment interruptions, the program obtained ARVs through the US President’s Emergency Plan for AIDS Relief (PEPFAR).</p>
<p>National forecasting has scope for improvement</p>	<p>43. National forecasting of formulations, pack sizes and quantities to standardize selection and pool volumes needs to be coupled to effective procurement, so that key supplies are secured from qualified sources at an assured quality and for the lowest prices, and in order to reach</p>

⁸ For example, for diagnostic equipment under the TB program, the ISO certification required was the general ISO 9001 certification rather than the more specific ISO 13485:2003 for diagnostic equipment.

Need to harmonize supply chain management

Need for more concrete planning and ownership by PR

beneficiaries across all treatment centers in a sustainable and equitable manner. International procurement should be based on VPP for the next two to three years in order to develop the national capacity to conduct international competitive bidding.⁹

44. Handling project management through separate units at different levels parallel to existing health structures runs counter to the concept of strengthening existing health systems. There is a need for more concrete planning and ownership by the VAAC in interventions in HIV through better-integrated processes. There is a significant opportunity to harmonize supply chain management across all sites in Vietnam and move towards a standard national forecasting and consumption data collection system. Tools developed by partners over the last six years and proven effective for the rapid scale-up of care and treatment services should be transferred to government institutions.

Recommendation 7 (High)

The PR and VAAC should:

- a. *Develop an integration plan in order to harmonize supply management across all HIV care and treatment sites in Viet Nam, regardless of funding source;*
- b. *Work with other partners, especially PEPFAR, to establish a national supply chain management unit to ensure sustainability of the in-country PSM system;*
- c. *Employ adequate PSM staff to ensure integrated forecasting, standardized logistical procedures and effective reporting tools; and*
- d. *Develop long term HR-development plans with support from partners such as the Health Partnership Group.*

I.3. Output of HIV screening and confirmatory testing at province level

No clear correlation between funds spent and data

45. From the OIG's review of data for 19 PPMUs, there was no clear correlation between the funds spent by PPMUs on screening tests and the increase of persons on anti-retroviral therapy or the number of pregnant women tested to prevent vertical transmission of HIV. A system at CPMU level to monitor quantities procured and prices paid could link supplies at PPMU level to the number of tests performed and the number of cases screened in activity reports.

No clear testing algorithm for HIV

46. Because there was no clear national testing algorithm in place for HIV confirmatory testing (other than using three separate tests), the procurement of in-vitro test kits for confirmatory testing differed from one province to another. As a result, the outcome of confirmatory testing in provinces might not be adequately measurable¹⁰ to determine whether, as a result of HIV screening, the most-at-risk population were tested, and that those confirmed as HIV positive received ARV treatment.

Recommendation 8 (High)

The PR should ensure that:

- a. *Quantities of test kits procured at provincial level are as forecasted,*

⁹ Eventually the best scenario for Viet Nam in the longer term (5-10 years), with HSS support to ensure acceptable manufacturing standards in participating Vietnamese factories, will be to source from a domestic Good Manufacturing Practice manufacture base at affordable price.

¹⁰ There was a weak correlation between the number of confirmatory tests procured/performed and the number patients enrolled on treatment per province.

- in line with the historical consumption data;*
- b. Forecasting is consistent with treatment scenarios, so that confirmed cases can be followed-up with HIV treatment; and*
- c. Records for screening and use of tests, and follow up by treatment of HIV infections, are adequate to allow identification of the source of funding.*

I.4. Findings in relation to TB grants

Need to improve TB forecasting system

47. The current system to forecast supply, maintain adequate stocks in central/regional warehouses and schedule periodic deliveries of second-line drugs to treatment sites was managed in an Excel spreadsheet tool based on a model from a similar program in the Philippines. The output of this model for predicting case load in upcoming months was entirely dependent on accurate and timely submission of reports on the usable stock on hand, the past month's consumption related to number of patients on treatment and laboratory test results.

Scope for improvement in recording and reporting

48. As highlighted in onsite data verification reports by the Local Fund Agent in 2011, and confirmed by the audit team (in Da Nang, Quang Nam, at Ho Chi Minh City's Pham Ngoc Thach hospital and in Can Tho province), there was scope for improvement in the recording and manual reporting of stocks, expiry dates and consumption; in particular how these data were reported from treatment sites, consolidated at the provincial level, and included in the forecasting tool managed by the National Lung Hospital.¹¹

49. The National TB Program recorded patient numbers using an online system. The linkage between this information system with logistics for the supply and use of drugs needed strengthening. The staff of the CPMU who were in charge of inventory and logistics for the MDR-TB group required some effort (including correction of data previously reported) to link these data to the overall consumption of second-line TB drugs, and to reconcile data to supplies of second-line drugs received from the IDA Foundation.

Recommendation 9 (High)

The PR should:

- a. Prioritize the implementation of 'e-TB Manager' with the MSH to accelerate progress, and increase capacity in managing the expanding supply chain of second-line drugs at central level, regional stores and in the MDR TB treatment sites; and*
- b. Implement adequate interim measures to ensure reliable data input for forecasting through quarterly supervisory visits to verify stocks in treatment sites.*

¹¹ Actual regimens prescribed, actual duration of intensive treatment, average daily doses and number of days per month treatment, but also swapping stocks between sites or with hospital supplies (to avoid stock outs) and switching regimens (notably Cycloserine and para-amino salicylic acid and Kanamycin with Capreomycin) in response to actual delivery of drugs to hospitals, were not well captured in this tool and needed to be reset retrospectively by accurate stock keeping and reporting of actual consumption rates per site.

Annex 1: Abbreviations

ACSM	Advocacy, Communication and Social Mobilization
ART	Antiretroviral Therapy
ARV	Antiretroviral
CCM	Country Coordinating Mechanism
CD4	Cluster of Differentiation 4 (measure of immune response)
CHC	Commune Health Center
CPMU	Central Project Management Unit
DOTS	Directly Observed Treatment Short Course
DPF	Department of Planning and Finance
HIV	Human immunodeficiency virus
HSS	Health System Strengthening
IDU	Injecting Drug User
LFA	Local Fund Agent
MARP	Most-at-Risk Population
MDR-TB	Multi drug resistant tuberculosis
MMT	Methadone Maintenance Therapy
MOH	Ministry of Health
NIMPE	National Institute of Malariology, Parasitology and Entomology
NSP	Needle-Syringe Program
NTP	National Tuberculosis Program
OIG	Office of the Inspector General
PMU	Project Management Unit
PMTCT	Prevention of Mother-to-Child Transmission
PPMD	Public Private Mix for DOTS
PPMU	Provincial Project Management Unit
PR	Principal Recipient
PSM	Procurement and Supply Management
RDT	Rapid Diagnostic Test
SR	Sub-recipient
TB	Tuberculosis
USAID	United States Agency for International Development
USD	United States Dollar
VAAC	Viet Nam Authority of HIV/AIDS Control
VND	Vietnamese Dong
VUSTA	Viet Nam Union of Science and Technology Associations
WHO	World Health Organization

Annex 2: Recommendations and Management Action Plan

Section	Recommendation	Response and Action Plan		Responsible Parties	Due Date
		Global Fund Secretariat (Responsible for ensuring that the recommendation is implemented)	Country Coordinating Mechanism, LFA, and Principal Recipients (Responsible for the actual implementation of the recommendation)		
Oversight and Governance	<p>Recommendation 1 (High)</p> <p>The CCM should improve its supervision of the Global Fund grant programs, such as through the use of field visits and standard monitoring tools, and should make provision for a full time secretariat function.</p>	<p>The GF will request the CCM to provide an annual work plan and budget that integrates these aspects. Annual reporting of CCM achievements on these issues will be requested as part of the CCM funding package.</p> <p>The CCM has requested resources from the GF for the establishment of the independent secretariat. Based on the resources available the recommendations could be implemented.</p>	<p>a) <i>CCM agreed to strengthen its oversight role but noted that a lack of funding had been a challenge in enhancing its oversight role.</i></p> <p>b) <i>The USAID representative expressed willingness to support the CCM in an evaluation of its oversight role.</i></p> <p>c) <i>The CCM highlighted that a full time CCM Secretariat could not be appointed due to lack of CCM funding from the Global Fund.</i></p>	CCM secretariat, CCM chair, full CCM	<p>October 2013, based on the reporting CCM cycle of funding by the GF.</p> <p>With respect to the CCM secretariat, December 2012 (the funding for the 2012-2014 should be signed and disbursed and secretariat in place)</p>
Grant Management	<p>Recommendation 2 (Very High)</p> <p>The PR and VAAC should:</p> <p>a. Increase coverage and quality of HIV prevention interventions among MARPs by implementing a systematic approach to ensuring prevention activities (such as rapid tests, condoms use, NSP coverage, counseling and referral services including early access to ART) are available and accessible to MARPs through outreach workers and community based organizations; and</p> <p>b. Establish a national HIV testing algorithm for confirmatory testing, including an algorithm for point-of-care diagnosis</p>	<p>The secretariat agrees that these issues are important and should be integrated into the national planning processes at country level. At the periodic review, the secretariat will review and agree with country what is feasible within the resource constraints of the program being implemented.</p>	<p>a) <i>Establish national HIV testing algorithms for confirmatory testing, including an algorithm for point-of-care diagnosis consisting only of rapid tests to minimize the loss, turn-around time for diagnosis, and improve the link to treatment and prevention services.</i></p> <p>b) <i>This is also very important recommendation. We would like to suggest you explicitly list "early access to ART" in addition to condom, NSP and MMT, as ART is the very</i></p>	PR	March 2013 during HIV signing

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		Global Fund Secretariat (Responsible for ensuring that the recommendation is implemented)	Country Coordinating Mechanism, LFA, and Principal Recipients (Responsible for the actual implementation of the recommendation)		
	consisting of rapid tests.		<i>efficacious intervention to prevent HIV transmission.</i>		
	<p>Recommendation 3 (High)</p> <p>The PR and VAAC should:</p> <p>a. Establish a national PMTCT protocol/SOPs to be implemented at provincial and facility levels; and</p> <p>b. Improve the timeliness of treatment initiation and quality of clinical monitoring through increasing access to CD4 and VL testing among PLHIVs, enhancing the synergy between prevention outreach for key populations and access to diagnosis and treatment, promoting IPT among PLHIV, improving the organization of PMTCT service, and improving the quality of home based care.</p>	<p>The national strategy has just been finalized, so the review of these issues would have to be reflected in this report. Secretariat will discuss with country where national strategy may not integrate these issues and how to incorporate.</p>	<p>b) <i>The lack of access to VL testing should be highlighted here for clinical monitoring but viral load is widely available and poorly accessed. In relation to the more important causes of late treatment initiation includes limited coverage of HIV testing and counseling especially among key populations, late diagnosis, poor retention from diagnosis to care, poor pre-ART follow-up, and structural barriers including stigma, discrimination, and punitive laws. To address some of these causes, it would be good to recommend enhancing the synergy between prevention outreach for key populations and access to diagnosis and treatment. Peer educators working for prevention in key populations can be empowered and gain treatment literacy, communicate the benefits of earlier diagnosis, and earlier treatment initiation. It will</i></p>	PR	Submission of country of national strategy for GF review by February 2013.

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		Global Fund Secretariat (Responsible for ensuring that the recommendation is implemented)	Country Coordinating Mechanism, LFA, and Principal Recipients (Responsible for the actual implementation of the recommendation)		
			<i>likely help expand coverage of HIV treatment, and improve therapeutic and preventive effects of ART by earlier initiation. We suggest to list MSM in addition to IDUs and FSWs. We also think "composition of HBC kits" should not be "Critical" recommendation</i>		
	<p>Recommendation 4 (High)</p> <p>a. The PR and NTP/CPMU should improve implementation of PPMD and ACSM activities by ensuring that relevant strategies are revised and included in the Phase 2 work plan; and</p> <p>b. The PR and NTP/CPMU should ensure that GLC recommendations are followed-up and implemented on a timely basis. In particular, consideration should be given to the introduction of a complete ambulatory model for MDR TB care for those who do not need to be hospitalized.</p>	The secretariat will review at the time of the periodic review in December 2012.			Completed during negotiations in March 2013.
	<p>Recommendation 5 (High)</p> <p>The PR and NIMPE/CPMU should update national clinical guidelines on malaria so that they provide clear guidance on the use of microscopy and RDTs, and ensure that guidelines for microscopy and RDTs are available at all CHCs as soon as possible.</p>	The secretariat will work with PR to determine feasibility of these issues, considering that the program is in its final year of implementation and it may not be possible through TFM If resources. If PR requests reprogramming to respond to these	<i>Malaria PR will need to discuss with the GF Secretariat in clarification regarding this issue</i>		Reprogramming request by country should be sent for 2013 inclusion before Dec 2012.

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Section	Recommendation	Response and Action Plan		Responsible Parties	Due Date
		Global Fund Secretariat (Responsible for ensuring that the recommendation is implemented)	Country Coordinating Mechanism, LFA, and Principal Recipients (Responsible for the actual implementation of the recommendation)		
		needs, the secretariat will work to PR on this request.			
Procurement and Supply Chain Management	<p>Recommendation 6 (High)</p> <p>The PR should ensure that the CPMUs liaise with the Department of Planning and Finance and further elaborate the existing guidelines to:</p> <ul style="list-style-type: none"> a. Build-in compliance with quality standards as required under the Global Fund's quality assurance policy for procurement of diagnostic equipment; and b. Implement routine sampling of key commodities for testing at qualified laboratories (e.g. NIDQC lab, the Vinacontrol group, and the Bureau of Standards for latex products, etc.). 	This is part of the STC and the PR is already compliant.		PR	Implemented
	<p>Recommendation 7 (High)</p> <p>The PR and VAAC should:</p> <ul style="list-style-type: none"> a. Develop an integration plan in order to harmonize supply management across all HIV care and treatment sites in Viet Nam regardless of funding source; b. Work with other partners, especially PEPFAR, to establish a national supply chain management unit in its structure to ensure sustainability of the in-country PSM system; 	The secretariat will work with PRs and Partners to explore options and actions that need to follow to ensure sustainability.	<i>HIV PR is now maintaining a working group on the procurement and supply chain management of ARV drugs and Methadone. VAAC takes the leading and coordination role between the HIV/AIDS programs/projects, including GF, PEPFAR, Clinton Foundation to harmonize supply management across all HIV care and treatment sites in Vietnam regardless of funding source. PR is gradually</i>	PR	Not measurable or with a possible deadline

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	<p>c. Employ adequate PSM staff to ensure integrated forecasting, standardized logistical procedures and effective reporting tools; and</p> <p>d. Develop long term HR-development plans with support from partners such as the Health Partnership Group.</p>		<p><i>approaching and taking over the technology and knowledge transfer from a professional supply chain provider, SCMS, in order to standardize the national supply chain management unit, not only for ARVs, Methadone but also other health products such as condoms, needles and syringes to achieve efficiencies and increase longer term sustainability of the program.</i></p>		
	<p>Recommendation 8 (High)</p> <p>The PR should ensure that:</p> <p>a. Quantities of test kits procured at provincial level are as forecasted, in line with the historical consumption data;</p> <p>b. Forecasting is consistent with treatment scenarios, so that confirmed cases can be followed-up with HIV treatment; and</p> <p>c. Records for screening and use of tests, and follow up by treatment of HIV infections, are adequate to allow identification of the source of funding.</p>	<p>This may not be applicable as not all people who are tested are tested once – there is need to look at the testing algorithm. in addition only a fraction of those who test positive need ART.</p> <p>On records, - this can be addressed through the OSDV which is already being done.</p>		PR	
	<p>Recommendation 9 (High)</p> <p>The PR should:</p> <p>a. Prioritize implementation of ‘e-TB Manager’ with the MSH to accelerate progress, and increase capacity in</p>	<p>The secretariat will work with PR and review data through the OSDV and PUDR reporting on compliance of these issues. This will be reviewed at the time of the</p>		PR	March 2013, during grant negotiations.

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		Global Fund Secretariat (Responsible for ensuring that the recommendation is implemented)	Country Coordinating Mechanism, LFA, and Principal Recipients (Responsible for the actual implementation of the recommendation)		
	<p>managing the expanding supply chain of second line drugs at central level, regional stores and in the MDR TB treatment sites; and</p> <p>b. Implement adequate interim measures to ensure reliable data input for forecasting through quarterly supervisory visits to verify stocks in treatment sites.</p>	<p>phase II renewals and negotiation.</p>			