The Global Fund

A Local Fund Agent's Guide to Price and Quality Reporting

"Disclosure of information on prices paid for purchases by Fund Recipients is a matter of principle and will facilitate a process leading to lower prices"

(Global Fund Board, Third Board Meeting, October 2002)

This document is intended to assist Local Fund Agents (LFAs) in the verification of data entered by the Principal Recipient (PR) into the Global Fund's Price and Quality Reporting (PQR) database. For additional information or assistance, please contact pqr@theglobalfund.org.

Content:

BACKGROUND

The Price and Quality Reporting (PQR) is a web-based system used to report and monitor procurement transactions of core pharmaceutical and health products. Data is entered by Principal Recipients (PRs) and verified by Local Fund Agents (LFAs). LFA verification of data is a key step to ensure high data quality.

The "*Quick Guide to the Global Fund's Price and Quality Reporting System (PQR)*", (under "Related Documents") is also available and is intended to assist PRs in entering data.

LFA SCOPE OF WORK

1. Verify the accuracy of PQR reporting

Step 1)   Create an account. Go to http://pqr.theglobalfund.org and click on the "New User" link. You will be requested to provide basic information so that the PQR Team can approve your account within 24 hours.

Step 2)   Collect from PR all invoices for all PQR-related products received during the period. Original invoices should be verified wherever possible. It is best if the PR can provide you with the manufacturers' invoices as well as any supporting documentation or invoices from suppliers, wholesalers, or Central Medical Stores. Preferably also request the PR to upload scanned invoice copies directly to the PQR; this will facilitate ongoing review while originals may not be easily available to the LFA, and will also help the ongoing review of price outliers by the Secretariat.

Step 3)   Log into the PQR. From the homepage, click on the "Verify Consignments" link.

Step 4)   Review each consignment that is pending LFA verification. If the PR has uploaded supporting documentation to the PQR, you will be able to download it when looking at each individual consignment.

> If the PR has not provided sufficient documentation to allow verification, then the LFA should refuse to verify the entries and contact the Principal Recipient to request further information. If significant delays are encountered in obtaining documentation from the PR, the LFA should raise the issue with the Global Fund Country Team.

NOTE: Please pay special attention to: the purchase order date; product manufacturer; product description (including product code where relevant); currency; pack size; and handling, freight and insurance fields. Please also ensure that there is consistency between the pack size and the number of packs - see Frequent Mistake #1:

FREQUENT MISTAKE #1:
Pack size and number of packs not consistent

- Suppose a PR has purchased 890 boxes each containing 100 rapid diagnostic tests, i.e. a total of 89,000 RDTs. In this case, the Pack should equal "Box of 100" and the Number of Packs should equal "890". A frequent error is for PRs to report the Pack as "Box of 100" and the Number of Packs as 89,000 thus yielding a total of 8,900,000 RDTs.
- Similar examples abound for condom Packs and any cases where the products commonly have secondary packaging (such as artemether / lumefantrine, ritonavir, streptomycin, and RHZE).
- Often the invoices themselves are not clear - see Example 2 in the Annex.

Step 5)   If the PQR entry matches the supporting documents, click the "Invoice Complete" radio button at the bottom of the screen. If there are material differences between the PQR entry and the supporting documentation, please click the "Remarks on Invoice" radio button and then note the differences and correct values in the "Comments" section. These comments will be emailed to the PQR users.

NOTE: Please avoid using the "Remarks on Invoice" radio button to note anything other than material differences between the PQR entries and source documentation - see Frequent Mistake #2:

FREQUENT MISTAKE #2:

Verification Remarks on an accurate data entry:

The "Remarks on Consignment" radio button is intended to flag data entries that need to be corrected. When LFAs select this option, they can add verification remarks that are emailed to the PR for correction.

The "Remarks on Consignment" option should NOT be used unless there are material differences identified between the PQR data entry and PR's source documentation.

Examples of INAPPROPRIATE Remarks:

- *"Prices are in line with international references"*
- *"Verified as correct"*

In all of these cases, the LFA should have simply selected the "Consignment Complete" option.

Examples of APPROPRIATE Remarks:

- "The quantity reported is inconsistent with the invoice. The invoice shows the quantity = 500 packs while the PQR shows quantity = 550"
- "The Purchase Order date is incorrect. The PO date should be 1 Jan 2010 but is reported in the PQR as 1 Jun 2010"

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2.   Verify the completeness of reporting

Step 1)   Compare the value of goods received during the period against the value of goods entered into the PQR.

Step 2)   Flag to the PR any consignments that have been delivered but not entered into the PQR.

Step 3)   If the PR has not entered any of the missing data, note this in the PU/DR and flag to the GF Country Team.

HOW PQR WORKS

3.   Core products to be entered into the PQR

As a condition of disbursement, the Global Fund requires that the PR reports all purchases from categories of health products as specified in the "Guide to Global Fund Policies on Procurement and Supply Management of Health Products".

4.   When should data be entered into the PQR?

Data should be entered into the PQR upon receipt of consignment by the PR using the best information available at the time. The PR does not need to enter data if they are using the Pooled Procurement Mechanism (PPM) – the PPM Procurement Agents will do the data entry for these transactions. LFAs should also verify data entered by PPM Procurement Agents.

5.   When should the LFA verify consignments?

All data must be verified, and completeness assessed, during each Progress Update review. Upon agreement with the Global Fund, the data may also be verified more frequently.

6. Process flow

- LFAs will receive an email each month listing the consignments that have been entered into the PQR by the PR and which are pending LFA verification.
- When LFAs make "Remarks on Consignment" these comments are automatically sent to the PR via email.
- If a PR makes corrections based on an LFA's comment, the LFA is expected to verify the corrected entry.
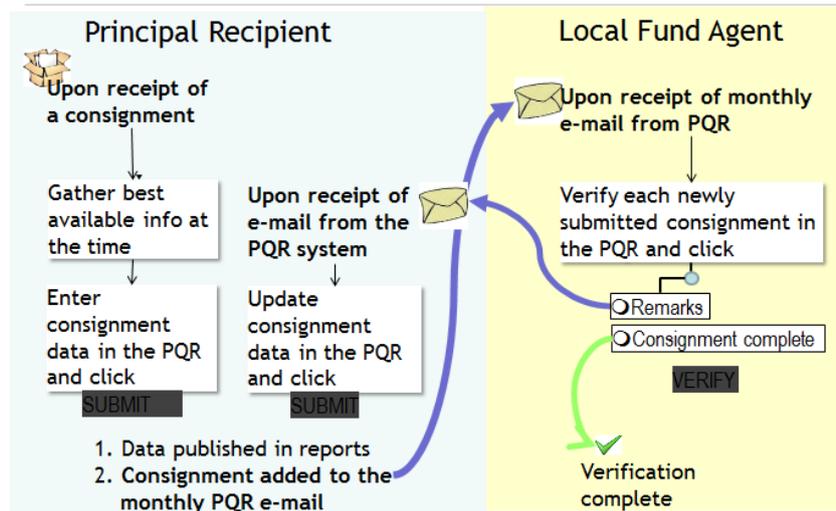
COMMON DATA ENTRY ERRORS

7. Focus of data verification

As a priority, the LFA must verify that the following data are correct (see also the Examples in the Annex):

- *Purchase Order Date*
- *Currency* (the PQR system converts local currencies to USD as at the invoice date, but some PRs may do their own conversion before entering the data) – see Example 1 in the Annex
- *Identity of each product* (manufacturer, name, product description[1] including product code where relevant). See   .
- *Pack size of each product* (including multiples such as 30 blisters of 18 tablets each)
- Consistency between the *pack size and number of packs* (see Frequent Mistake #1 on page 1 and Example 2 in the Annex)
- *Total product cost*
- *ExWorks or FOB prices* should be used whenever they are available, with additional costs reported separately
- *Handling, freight and insurance* costs should either be marked as "*embedded* in the unit cost" or have a *value* listed (even if it is based on an estimate or pro-forma invoice). PRs often click "UNKNOWN"– this option should only be used when truly no information is available: It makes it impossible for the PQR Team to know whether the unit costs include freight and insurance charges. See Example 3 in the Annex.

8. FOB or Ex-Works Prices

The PR should report additional costs (handling costs and agent fees, freight and insurance, taxes) separately in the appropriate fields on the "Delivery" screen. There are two main reasons why some PRs do not do so:

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[1] If the supporting documentation is insufficient for the LFA to determine the exact product purchased, the LFA should contact the Principal Recipient to request further information.

Reason 1) The PR used an intermediary supplier's invoice (e.g. from Central Medical Stores) of which unit prices include handling, freight and/or insurance. In that case:

    a. Ask the PR to obtain the manufacturer's invoice <u>to</u> the intermediary supplier.

    b. If that is not possible, the PR should select "Embedded in pack cost" (not stated separately on the invoice) in the appropriate field(s) on the "Delivery" screen.

Reason 2) The PR used a manufacturer's invoice on which unit prices include freight and insurance. In that case:

    o The PR should select "Embedded in pack cost" (not stated separately on invoice) in the relevant field on the "Delivery" screen.

    o In subsequent tenders, the PR should request the manufacturer to state ex-works unit price explicitly on the invoice.

9. Additional costs (freight, insurance, handling, agent fees, tax)

The main reason why the Global Fund requests PRs to report additional costs in the PQR is to give users the opportunity to report Ex Works unit prices separately from additional costs. The PQR aims to provide an overview of Global Fund-financed health product procurement and prices. Therefore, the following principles apply:

- The PR should enter data as soon as products are delivered in the country, using the best available documentation at the time (including estimates).
- Amounts for additional costs may be taken from different invoices than those for product costs (e.g. manufacturer's invoice for product cost and supplier's estimate for additional cost).
- If there is only one estimate of additional cost covering several product invoices, the additional costs can be entered pro-rata according to the relative product value.
- Subsequent changes in additional costs do not need to be entered if product costs remain the same.

COMMON ERRORS OF LFA VERIFICATION WITHIN THE SYSTEM

10. Possible categories for verified invoices

- "Consignment Complete" = No material differences between PQR data entry and source documentation.
- "Remarks on Consignment" = Material differences between PQR data entry and source documentation. Once a user has selected the "Remarks on Consignment" radio button, a text box will appear that allows the LFA to record the differences which will be captured by the system and emailed back to the PR.

11. Can I change data that the PR has entered?

No, you can only do the following:

- Include your requests for correction by clicking "Remarks on Consignment" and introducing a comment in the "Verification Remarks" field on the "Summary" screen (500 characters maximum). The consignment will go back to the PR for correction and re-submission to the LFA for a second verification.
- Include a comment on the "Upload and Comments" screen (see Point 14 below).

12. Pooled Procurement Mechanism (PPM) purchases

Procurement data for grants choosing to use PPM will be entered by the PPM Procurement Agents. LFAs should verify the data. The PPM Procurement Agents have been advised to always upload their price quotes for PPM consignments, as well as listings of changed unit prices if applicable.

13. Invoices where UNDP is PR

The approach agreed upon by UNDP Headquarters is that UNDP should provide LFAs with a list of products procured, quantities and prices. This list should be created independently from the PQR, and should be signed off by a person at UNDP who did not do the PQR data entry. The list should include at least the essential data to be verified by the LFA (see under Point 7 above) and will then serve for data verification by the LFA in lieu of actual invoices.

14. Adding a "neutral" comment

You can add a comment (255 characters maximum) to the "Comment" field on the "Upload and Comments" screen. Remember to "sign" your comment (e.g. "John Brown, LFA"), and to click "Save" at the bottom of the screen.

15. Assessing completeness of reporting

The LFA must compare the total value of PQR-reported products (as specified in the "Guide to Global Fund Policies on Procurement and Supply Management of Health Products)" that have been received by the PR against the total value of goods entered into the PQR. Reported information can be downloaded through the "Transaction Search" report on the Global Fund PQR webpage and on the home page after logging into the PQR.

16. Transactions marked "pending verification" with quantities missing

Transactions marked "pending verification" in the transaction download have been flagged for possible data entry errors in the reported quantity or pack size. The Global Fund Secretariat is verifying these entries to the extent that workload permits, aiming to keep the proportion of flagged data below 5% in value terms.

17. Cannot find a specific consignment number in the PQR

There could be two main reasons for this:
- The PR may have deleted the consignment in the PQR.
- The LFA may not have access to the relevant grant in the PQR. Log into the PQR, click on "Request access to grant" in the top right corner, mark the grant number(s) you require and submit your request. You should receive access to the grant within one or two working days. For urgent requests, e-mail the PQR Team.

18. I clicked on Consignment complete in error, and now I can't retrieve a consignment for verification. What should I do?

E-mail the PQR Team. They will re-submit the consignment for LFA verification.

ANNEX: EXAMPLES OF COMMON DATA ENTRY ERRORS

Example 1: Currency error (Back)

1. Observation: The calculated cost per condom is excessively high (note that numbers of condoms are always entered as single units – the heading "Pack Cost" on the summary screen is misleading).

Manufacturer	Name	(USD)	Description	Pack	Number Of Packs	Pack Cost (USD)	Total Cost (USD)
SSL Corporation	Male Latex Condom		-	-	500000	3.83	1,916,031.64

Update Product

Tip-if a final invoice is not yet avaiable from the third party intermediary, please use the manufacturer's invoice shipped with the goods. If a manufacturer's invoice is not available, a cost-estimates or pro-forma invoice may be used.

Product Category *	Condom
Type of Condom *	Male Latex Condom
Number of Condoms *	500000
	Format: 1,000
Total Cost of Product (USD) *	1916031.64
	Format: 1,000.00
Condom Cost (USD)	3.8320632800000

2. Explanation: The currency was specified as USD in the PQR, but the invoice was in local currency:

RBr	Šifra	Naziv artikla - dobara	Mera	poreza	Količina	PAK	PAL	Osnovna cena	%	Vrednost sa PDV
001	0411254	Durex Extra Safe clinic pack	KOMAD	0,00	158.000	158,0	4,00	3,98		628.840,00
002	0411255	Durex Classic clinic pack	KOMAD	0,00	342.000	342,0	8,60	3,98		1.361.160,00
					500,000	500.0	12,60			1.990.000,00

3. The correct entry is as follows (the equivalent cost per condom in USD is 0.05):

PURCHASE ORDER

Please enter the purchase order information for your consignment.

Purchase Order Number *	404-02-430/2009-07/IX
Currency *	RSD - Dinar

Manufacturer	Name	Description	Pack	Number Of Packs	Pack Cost (RSD)	Total Cost (RSD)
SSL Corporation	Male Latex Condom	-	-	500000	3.83	1,916,031.64

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Example 2: (Back) Inconsistency between pack and number of packs

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1. **Observation**: The calculated cost per 540-tablet-box of artemether/lumefantrine is implausibly low at USD 1.20, working out to a per-tablet-cost of 0.2 cent:

Manufacturer	Name	Description	Pack	Number Of Packs	Pack Cost (USD)	Total Cost (USD)
Ajanta Pharma	Artemether + Lumefantrine - FDC	20mg+120mg - 18 tab	Box of 540 tab (30 Blisters of 18 tab)	9002	1.20	10,802.40

View Product

Product Category ⓘ	Anti-malaria medicine
Manufacturer ⓘ	Ajanta Pharma
Generic name ⓘ	Artemether + Lumefantrine - FDC
Strength ⓘ	20mg+120mg - 18 tab
Pack ⓘ	Box of 540 tab (30 Blisters of 18 tab)
Number of Packs ⓘ	9,002.00 Total Number of Tab in Product 4,861,080.00
Total Cost of Product (USD) ⓘ	10,802.40
Pack Cost (USD)	1.20 Tab Cost (USD) 0.00
Manufacturing Site ⓘ	Paithan, Aurangabad
Was this product purchased through the Affordable Medicines Facility - Malaria (AMFm)?	Yes

2. **Explanation**: The unit cost of USD 1.20 indicated on the invoice is for a pack of 18 tablets, not for a pack of 540 tablets, even though the invoice indicates that the packs of 18 are further bundled in boxes of thirty packs:

DOCS. THROUGH :

DESCRIPTION OF GOODS	NO. OF CASE	PACK SIZE	QUANTITY	RATE IN USD	AMOUNT IN USD
HEALTH SECTOR GOODS 1 ARTEFAN 20/120 [ARTEMETHER 20MG + LUMEFANTRINE 120MG] CRTN NO.[CE07518 to CE07547] [CE09945 to CE10052] [CE12781 to CE12834]	192	30 X 18'S	9002 PACKS	1.2000	10,802.40

3. **The correct entry is as follows:**

Manufacturer	Name	Description	Pack	Number Of Packs	Pack Cost (USD)	Total Cost (USD)
Ajanta Pharma	Artemether + Lumefantrine - FDC	20mg+120mg - 18 tab	Box of 18 tab	9002	1.20	10,802.40

Example 3: (Back)
Freight, insurance and handling costs not reported separately

1. **Observation**: The cost per insecticidal net is higher than expected from the proforma invoice, and no additional costs were specified:

QUANTITY	DESCRIPTION	TARRIF NO.	UNIT	UNIT PRICE USD	TOTAL PRICE USD
10,000	PermaNet 2.0 Rect. 100d 190x180x150,White (10.000 PN2.0 for OSH CITY) Item 00010		Pieces	3.781	37,810.00
20,000	PermaNet 2.0 Rect. 100d 190x180x150,White (20.000 PN2.0 for JALAL-ABAD) Item 00020		Pieces	3.781	75,620.00
18,600	PermaNet 2.0 Rect. 100d 190x180x150,White (18.600 PN2.0 for BATKEN)		Pieces	3.781	70,326.60

Manufacturer	Name	Description	Pack	Number Of Packs	Pack Cost (USD)	Total Cost (USD)
Vestergaard Frandsen	Long-Lasting Insecticidal Net (LLIN)	Rectangular	190 x 180 x 150	48600	4.63	225,239.06

DELIVERY

Handling Costs and/or Agent Fees (actual or estimated) (USD)	Unknown
Freight and Insurance Costs (actual or estimated) (USD)	Unknown
Taxes, tariff, or VAT (actual or estimated) (USD)	No
Consignment Reported Cost (USD)	225,239.06

2. **Explanation**: Handling, freight and insurance costs were included in the product price instead of being reported separately:

S5090018	Net,LLIN,100d,white,190x180x150cm(LxWxH)	183,756.60
	Total commodity cost	183,756.60
	Freight, Insurance & Inspection	35,050.98
	Procurement Services - Handling fee	6,431.48
	Grand total	225,239.06

3. **The correct entry is as follows:**

Manufacturer	Name	Description	Pack	Number Of Packs	Pack Cost (USD)	Total Cost (USD)
Vestergaard Frandsen	Long-Lasting Insecticidal Net (LLIN)	Rectangular	190 x 180 x 150	48600	3.78	183,756.60

DELIVERY

Handling Costs and/or Agent Fees (actual or estimated) (USD)	6,431.48
Freight and Insurance Costs (actual or estimated) (USD)	35,050.98
Taxes, tariff, or VAT (actual or estimated) (USD)	No
Consignment Reported Cost (USD)	225,239.06

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Example 4: (Back)
Invoice not containing product code

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1. **Observation**:   The PR entered the product in PQR as below. The product code ITP02006 was not included in the invoice provided by the PR to the LFA for verification. The same manufacturer had two products ITP02006 (non-compliant) and ITP02002 (compliant, the product that was purchased and delivered).

ary Manufacturer	Product	Description	Product F
InTec Products Inc (Xiamen , PR China)	HIV RDT and EIA	Advanced Quality one-step Anti-HIV (1&2) Test ITP02006	40 tests
InTec Products Inc (Xiamen , PR China)	HIV RDT and EIA	Advanced Quality one-step Anti-HIV (1&2) Test ITP02006	40 tests

2. **The correct approach:** The invoice (or other supporting documentation) should have contained sufficient product details (including product code) to allow the LFA to verify the PQR entry. Since the uploaded invoice did not contain the product code, the LFA should not mark the PQR entry (including code ITP02006) as verified. Instead, the LFA should request the PR to provide additional documentation with full product details based on which the PQR entry could be verified.