



THE OFFICE OF THE INSPECTOR GENERAL



The Global Fund to Fight AIDS, Tuberculosis and Malaria

Audit of Global Fund Grants to the Republic of Djibouti

Annexes

**GF-OIG-10-015-A
29 October 2012**

ANNEXES

Annex 1: Abbreviations

ACT	Artemisinin-based Combination Therapy
AFD	Agence Française de Développement
ART	Antiretroviral therapy
ARV	Antiretroviral
CAMME	Centrale d'Achat des Médicaments et Matériels Essentiels
CCM	Country Coordinating Mechanism
CSO	Civil Society Organization
CSW	Commercial Sex Workers
CBO	Community-Based Organization
CCM	Country Coordinating Mechanism
DJF	Djibouti franc
DOTS	Directly Observed Treatment, Short Course
ES	Executive Secretariat (to fight against HIV, TB and Malaria)
EU	European Union
FBO	Faith-Based Organization
GDF	Global Drug Facility
GNI	Gross National Income
ICE	In Country Evaluation
HIS	Health Information System
HPF	Paul Faure Hospital
ITN	Insecticide Treated Net
IDA	International Development Association
LFA	Local Fund Agent
MOH	Ministry of Health
M&E	Monitoring & Evaluation
NGO	Non-Governmental Organization
OI	Opportunistic infections
OIG	Office of the Inspector General
OVC	Orphans and Vulnerable Children
PET	Program Evaluation Tool
PLSS	Programme de Lutte contre les IST VIH/SIDA (Ministère de la Santé)
PLT	Programme national de Lutte contre la Tuberculose
PR	Principal Recipient
PNLP	Programme national de Lutte contre le Paludisme
PRM	Mécanisme d'information sur les prix (Fonds mondial)
SSA	Sub Saharan Africa
SR	Sub-Recipient
Swiss TPH	Swiss Tropical and Public Health Institute
TB	Tuberculosis
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
VPP	Voluntary Pooled Procurement
WB	World Bank
WFP	World Food Program
WHO	World Health Organisation

Annex 2: Recommendations and Management Action Plan

Section	Recommendation	Comments and Agreed Actions	Responsible Party	Due Date
Grant Oversight	Recommendation 1 – Significant The OIG notes that steps have recently been taken to strengthen the CCM, including the solicitation of advice from Grant Management Solutions; however, it recommends that the CCM in consultation with the Global Fund Secretariat should: a) Implement the recommendations offered by GMS on strengthening the CCM; b) Review and update its current terms of reference and rules and establish further guidelines as appropriate; c) Ensure that all CCM members understand their roles and responsibilities and establish a protocol to improve communications among the members; and d) Increase civil society capacity building, particularly in areas of financial and project management, and strengthen or empower the role of civil society in the CCM.	The CCM has undertaken a major review by initiating the strengthening of its institutional capacity with the technical support of Grant Management Solutions (GMS). The support provided by GMS, spread over two years (October 2010 to February 2012), and mainly covered governance, strategy monitoring and strengthening of the CCM's Permanent Secretariat. Following a lengthy process aimed at defining the major areas of reform, based on a diagnostic presented to the CCM, the changes implemented relate to: (1) The restructuring of the CCM: (a) orientation and raising the awareness of CCM members of the general principles of the Global Fund, their roles, functions and responsibilities (b) development and validation of a large-scale reform and optimization plan. (2) The establishment of framework documents: by-laws, plan for resolving conflicts of interest, objectives assigned to the Standing Committees, strategic monitoring plan. (3) The running of elections, assumption of office of the new CCM, elections of the Board and Standing Committees (Strategy monitoring committee, Communication committee, Special committee for the preparation of proposals/mobilization of resources)/.and (4) The preparation of funding requests for the three diseases.	CCM	Implemented
	Recommendation 2 – Critical The OIG recommends that, in conjunction with the Djibouti CCM, the Global Fund Secretariat should review the Djibouti CCM's oversight of PR performance and the transparency of existing procedures to ensure the effectiveness of the Djibouti CCM's governance.	Djibouti's CCM received support as part of GMS's technical assistance, in terms of governance, strategy monitoring and strengthening of its Permanent Secretariat. Part of this assistance related to the capacity building of the members of the reformed CCM, notably in terms of strategy monitoring, with the introduction of grant dashboards during the preparation for the signing of Rounds 9 and 10 grants with an international PR (FHI 360°). The strategy monitoring cycles for each disease were determined in a collaborative manner by the Strategy Monitoring Committee, the PR and the national programs. However, with Djibouti's grants reduced to their minimum level, the content of strategy monitoring had to be adapted to this level of implementation and management.	Global Fund Secretariat/CCM	January 2013

Audit of Global Fund Grants to Djibouti

	Recommendation 3 – Critical The Global Fund Secretariat should consider whether the capacity of the LFA needs to be strengthened by increasing the number of staff working in finance and the inclusion of a suitably-qualified public health expert to cover programmatic aspects. The LFA should ensure that it prepares and maintains adequate working papers documenting transactions tested, and results of those tests, during its normal PU/DR reviews.	Agreed. The 2012 LFA work plan foresaw the recruitment of a full-time international Finance Expert based in Djibouti if Rounds 9 and 10 had begun with a new PR. The recruitment was suspended due to the need to find another new PR which has delayed anticipated grants signature date to end of 2013. The Secretariat will work with the LFA to ensure that competencies, location, and levels of effort in the 2013 work plan match the risks and workload of the new grants to be signed, and the closure of Rounds 4 and 6. The LFA has ensured that it has maintained appropriate working documents.	Global Fund Secretariat	March, 2013
Program Management	Recommendation 4 – Critical a) The Global Fund Secretariat needs to review and ensure confirmed government ownership of the programs through the commitment of appropriate national funding so as the Global Fund supported programs to complement activities financed by the Government and make programs viable and sustainable. b) Existing monitoring and evaluation arrangements in the Executive Secretariat need to be strengthened, more fully integrated with the national HIS system, and made more comprehensive in terms of the data collected to meet the Global Fund's needs e.g. capture community level data and to support data needs as specified in the National M&E.	a) The national counterpart, confirmed with a budget item dedicated to the fight against HIV/AIDS and the purchase of other consumables, the State's commitment to funding essential services for PLHIVs. This governmental contribution was calculated based on national data and is primarily based on staff salaries (managers, physicians, paramedics), electricity, water and telephone costs, the provision of facilities, consumable and chemical purchases, the nutritional support for co-infected patients and other occasional or exceptional expenses. In accordance with the TFM proposal submitted to the TRP, the counterpart funding is around 24%. Data sources are the 2009 to 2011's finance laws and the investment projects of the Ministry of Economy and Finance for the same period. In July 2012, the Government of Djibouti committed to increasing, for the next three years, its contribution to the new grants being negotiated with the Global Fund. Furthermore, the TFM proposal takes into account the 'REDES' information process (national estimation of AIDS resources and spending) and negotiations are under way with UNAIDS to institutionalize the financial monitoring process and ensuring compliance with the funding	The Government of Djibouti	2012 Amended National Budget

Audit of Global Fund Grants to Djibouti

		requirements of the counterpart. b) Since 2011, the “SNIS” has undertaken a review of the data collection by integrating the relevant data to the programs. The SNIS's new monthly activity report (RAM) includes most of the indicators applied by the three programs. The system designed to collect data from the programs of the three communicable diseases, i.e. the PNL P , PNL T and PNL S , covers all the structures of the health structure (CMH, CSCS, PS and the reference Hospitals and health centers); the SIS's contribution for the upcoming months (up to December 2012) will consist of strengthening the system designed to collect the data relating to the three diseases; the idea is to: (i) coordinate and enhance the skills of the different stakeholders at all levels, as this enhancement will help improve the quality and analysis of the data to be collected; (ii) implement an integrated supervision system to correct and improve the service providers' expertise; (iii) train service providers in the calculation techniques of the indicators used to monitor the program activities and their analysis; (v) consolidate and update the databases. A plan of action has been developed based on the analysis of the monitoring/evaluation determinants. The specific objectives of this plan are to: (i) make sure that the data on the three diseases is readily available on a monthly basis at all levels; (ii) periodically measure the achievement level of the result indicators of the different programs, in accordance with the strategic plans; (iii) reinforce collaboration between the SIS, the SE and the three programs.		
Principal Recipient	Recommendation 5 – Significant The Global Fund Secretariat and the CCM should ensure that going forward, the newly established PR(s) must have the capacity to properly manage and monitor SRs. Consideration should be given to the establishment of umbrella SRs that would be responsible for managing the community based organizations as SSRs if applicable.	The new PR selected by the CCM in July 2012 has mechanism (tools) to monitor the SRs' performance (UNDP). These tools will be evaluated by the LFA as part of its upcoming PR assessment. While the former PR also had tools, they were not systematically implemented. The CCM will therefore request the new PR to strengthen the monitoring of the SRs by updating the operations manual and increasing the personnel allocated to the unit responsible for supervising community based organizations as soon as the area relating to these activities is fully in place	SE/SNIS/PLS S/PMLT/PML P	January 2013

Audit of Global Fund Grants to Djibouti

Compliance	Recommendation 6 – Critical The PR should ensure that all terms and conditions specified in the grant agreement are complied with and should seek specific approval from the Global Fund for any deviations. The Global Fund Secretariat should ensure that all conditions are satisfied prior to the disbursement of funds. The PR and LFA should reconcile PU/DRs with the program financial records prior to submission to the Global Fund, and should ensure that PU/DRs are submitted to the Global Fund on a timely basis.	The PR attaches great importance to the fulfilment of the conditions and compliance with the financing agreements with the Global Fund. The progress update and disbursement requests, accompanied by all required supporting evidence, are transmitted to the Global Fund every quarter, with a significant improvement in the delivery time. The PR is currently using a software package, "SUCESS", which meets all the standards required of a multi-modular program capable of recording and compiling financial, program-related, budgetary etc. data in real time. This package facilitates the LFA's reviews of the progress reports and disbursement requests.	SE	January 2013
Financial Management	Recommendation 7 – Critical The OIG notes that the AGF, in place since early 2011, has documented financial policies and procedures on behalf of the PR. The PR should ensure that those policies and procedures are strictly adhered to and communicated to all staff involved in grant management. Further, to the extent new PRs are put into place for pending grants, the Secretariat and the LFA should ensure that the new PR have such documented policies and procedures in place.	An administrative and financial management procedures manual was developed by the external Fiduciary Agent in charge, in collaboration with the PR's staff. This standard-setting tool, essential for effective and efficient management, meets the Global Fund's requirements in terms of financial arrangements and describes the responsibilities of the different parties. It has helped to fill the major gaps identified by this report in terms of financial and programming procedures. Since February 2012, the Fiduciary Agent has conducted a series of training sessions on the procedures manual for those involved in the internal procedures of the PR and the 3 SRs (coordinators, accountants, internal auditor).	SE	Implemented
	Recommendation 8 – Critical The Global Fund Secretariat should continue to require the PR to make use of an external fiduciary agent for <i>a priori</i> review of all expenditures under the Round 6 grants until grant closure.	Since December 2010, an external Fiduciary Agent has been working continuously, in accordance with the procedures manual and the applicable safeguard measurements in place. No expense can be incurred and paid without the agent's authorization, and he must be physically present when the checks are handed over. His post was extended during the Bridge Funding period and will only end with the explicit approval of the Global Fund Secretariat once the additional safeguard measures have been lifted.	SE	Implemented

Audit of Global Fund Grants to Djibouti

	Recommendation 9 – Critical The Executive Secretariat should: a) Maintain grant funds in an interest-bearing bank account and account for interest income for the benefit of the grant program if applicable; b) Maintain appropriate books of account with adequate supporting documentation covering all bank and internal accounting processes and transactions; c) Define and apply effective procedures for monitoring expenses against the budgets approved by the Global Fund; d) Ensure the establishment of effective controls to ensure that grant funds are used solely for program purposes, are consistent with the requirements of grant agreements, and that all expenditure and income is properly accounted for; e) Establish formal vendor verification procedures and only process vendor payments on the basis of adequate supporting documents and requisite approvals.	a) As part of its cash management policy, the PR uses non-interest current accounts with a reputable retail bank. On occasion, surplus cash has been placed in an interest-bearing account and the interest generated has been credited to the program during R4. This kind of operation is however no longer possible due to the limited amount of funds disbursed by the Global Fund. In addition, it should be noted that in order to generate interest, the funds in the account must be blocked for at least three months. b) The accounting systems of the PR and the SRs used the SUCCESS software; accounting data entry was fully updated in March 2012 and has been available since the 2007 tax year. An archiving system was put in place and has been fully operational since April 2012. The process was completed for the PR and the SRs under the supervision of the Fiduciary Agent. Since then, no loss of accounting documents has been reported by the PR. c) No program expenditure is incurred without the program's accountant confirming the existence of a dedicated budget item, under the dual supervision of the internal auditor and the Fiduciary Agent, without which no expenditure can be incurred. d) The procedures are outlined in the administrative and financial management procedures manual and an internal auditor position was created (and filled in April 2010) to respond to the need for the smooth running of the internal controls. e) Supplier verification procedures are outlined in the procedures manual. It should be noted that no supplier can be paid before the Fiduciary Agent and the internal auditor attest to the provision of goods or services.	a) SE b-e) SE	a) Next Global Fund Grant b-e) Implemented
Asset Management	Recommendation 10 – Critical (a) The PR should maintain appropriate records of all fixed assets purchased using grant funds. The fixed assets register should be reconciled with the books of account on a periodic basis.	a) The SUCCESS package, fully operational since March 2012, includes a fixed assets management module which helps keep the assets acquired via Global Fund financing up to date. This data is regularly and periodically reconciled with the accounting module.	a-b) SE c)-SE d)-SE	a-b) Implemented c)-Jan 2013 d)-Next Global Fund Grant

Audit of Global Fund Grants to Djibouti

	(b) Physical verification of assets should be carried out on a periodic basis. The physical verification report should be reviewed and approved by an appropriate authority/person. Any missing assets should be investigated. (c) The PR should establish log book records to document the issue and use of vehicles for program purposes. Vehicle expenses should be monitored by the PR on a periodic basis. (d) The PR should obtain insurance cover for all fixed assets procured with Global Fund grant funds.	b) The assets are listed on an asset inventory form jointly signed by the asset holder and the competent authority within the PR. Physical checks are regularly performed as part of the annual audit of the grants as well as during the grant closing phase. c) As outlined in the procedures manual, each vehicle will have a log book to control its journeys and consumption. d) The current assets and facilities of the PR and SRs are insured by the State. The rest of the assets will be insured according to the budget line availability with the Global Fund.		
Human Resources	Recommendation 11 - Significant (a) The PR should carry out a reconciliation of payroll on a month-to-month basis. Also, an employee master file should be maintained to record all employee-related information. (b) Job description specifying the roles and responsibilities of staff should be provided to each employee at the time of joining, and in the case of changes in roles/responsibilities. (c) The PR should define procedures for formal hand-over by employees leaving the organization. (d) The PR should obtain approval from the Global Fund for all inter-grant transfers. The PR should provide disbursement of funds to sub-recipients on a timely basis; and should instruct sub-recipients to avoid using an overdraft facility for payment of expenses.	a) A register of PR and SR employees specifying the position, category, functions and funding sources was implemented. This register was validated by the LFA and approved by the Global Fund in May 2012. Before making the monthly payment, the Fiduciary Agent cross checks to the personnel records and makes sure that they are complete and up to date. It should be noted that a module developed for the SE helps manage HR and that, at the beginning of the COS3, a HR manager position was created and filled in June 2011 to improve the management of these resources. b) Each job description includes specific TORs which have been reviewed, updated and enhanced by the Fiduciary Agent in collaboration with the HR manager. c) The PR takes this provision into account. d) Since the implementation of additional safeguard measures, no transfer between grants has been carried out or authorized, except in exceptional cases clearly documented by the PR, formally validated by the Fiduciary Agent and the LFA, and approved by the GF.	a,b, and d) SE c)-SE	a, b and d) Implemented c) Next Global Fund Grant
SR Management	Recommendation 12 –Significant To improve the management and monitoring of sub-	a) As soon as the grants are officially signed between the PR and the Global Fund, the PR takes responsibility for establishing financing agreements between the SRs	a) SE b) SE c) SE	a) Implemented b) Next Global Fund Grant

Audit of Global Fund Grants to Djibouti

	recipients, the PR should: (a) Ensure that sub-grant agreements are renewed on a timely basis and disbursements made only after renewal of SR agreements; (b) Maintain records evidencing the results of assessments of capacity of potential SRs; (c) Define a standard sub-grant closeout checklist to ensure completeness of the closeout procedures; (d) Strengthen monitoring of program advances and ensure that advances are settled before disbursement of subsequent advances; (e) Ensure that SRs maintain funds received from the Global Fund in a separate bank account. Also, bank reconciliation should be performed and reviewed by authorized personnel on a monthly basis; and (f) Require SRs to retain adequate supporting documents for all transactions such as vendor quotations, vendor selection documents, evidence of receipt of goods, PO/contracts, and rent agreements.	selected; these agreements are verified and approved by the Fiduciary Agent b) The PR takes this recommendation into account for future grants. c) The PR takes this recommendation into account for the ending of the R6 grants; however the limited number of SRs reduces the risk and facilitates their close monitoring. d) A lot of effort is put into ensuring that no advance is disbursed before the previous one is completely justified. e) The financing agreements signed with the SRs stipulate the SRs' obligation to have a single account for the funds provided by the Global Fund. f) The archives established within the PR, which have been complete since April 2012, include the SRs' documents, notably those relating to procurement procedures. Since the OIG's audit mission, the order forms issued by the SRs must be verified and approved by the Fiduciary Agent and the LFA.	d) SE e) SE f) SE	c) January 2013 d) Implemented e) Implemented f) Implemented
	Recommendation 13 – Critical In order to rectify existing deficiencies demonstrated by the audit, and to improve financial management to an acceptable standard for the future, the National Program sub-recipients should: a) Document financial policies and procedures in relation to areas of activity relevant to Global Fund activity and communicate them to the employees involved in reviewing and approving expenses and implementing program activities. b) Resolve the discrepancies in expenses noted by the OIG between accounting records and figures reported to the Global Fund; and establish reconciliation procedures to avoid a recurrence of such differences in the future. c) Review and reassign current roles and	a) A manual of accounting, administrative and financial procedures was developed and implemented by the Fiduciary Agent. The personnel of the PR and 3 SRs were trained in its application in February 2012. In addition, the Fiduciary Agent regularly verifies the effective implementation of this manual in the adopted procedures. b) The OIG's draft investigation report was communicated to the PR, who is in the process of providing appropriate responses. c) The TORs of all the PR's positions were reviewed and updated by the Fiduciary Agent in accordance with the procedures manual in January 2012. In addition, an accredited accounting officer, reporting to the Ministry of finance, independent of the ministry of Health, was posted to the PR in September 2010. d) This kind of operation is not possible due to the limited amount of cash disbursed by the Global Fund. Furthermore, the funds in the account must be blocked for at least three months so as to generate interest.	a) SE b) SE c) SE d) SE e) SE f) SE g) SE h) SE i) SE j) SE k) SE	a) Implemented b) Dec 2012 c) Implemented d) Next Global Fund Grant e) Implemented f) Implemented g) October 2012 h) Implemented i) December 2012 j) Implemented

Audit of Global Fund Grants to Djibouti

	responsibilities to segregate incompatible duties. d) Maintain grant funds in an interest-bearing account. e) Carry out bank reconciliations on a monthly basis and ensure evidenced review by an appropriate authority. f) Cross all checks prior to issue and use pre-numbered authorization letters for wire transfer of funds. g) Stamp all supporting documents as 'Paid' after processing vendor payments. h) Maintain appropriate records and define procedures sufficient to reliably confirm budget availability before expenditures are made, and authorise payment action on the record. i) Confirm with the PR and the Global Fund whether reimbursement to the Global Fund is required for unbudgeted expenditure identified by audit. j) Establish procedures for obtaining prior approval from the PR for any expenses in excess of budget. k) Establish and comply with effective controls to ensure that grant funds are used solely for program purposes. The SR should reimburse all ineligible expenses to the Global Fund program.	e) Monthly bank reconciliation statements have been produced by each program accountant and feature in the monthly financial reports reviewed by the Fiduciary Agent since June 2011. f) This recommendation has been applied to suppliers since June 2011. For the personnel without a bank account, checks made out to cash are issued under the joint supervision of the LFA, the Fiduciary Agent and the accounting officer. For electronic transfers, the PR uses a form issued by the Bank and verified by the Fiduciary Agent. g) The PR pays close attention to this recommendation, which will be taken into account and applied by them and the SRs. h) The SUCES package contains a budget module which indicates the availability of the budget item in real time before making any new commitment i) The country's responses to the OIG's investigation report are being formulated. j) The tasks/guidelines of the new directorates were to request the Global Fund's approval before any budget overrun, however marginally; as specified in the Procedures Manual, no budget modification or overrun shall be allowed without prior consent (no objection) of the Global Fund. k) The procedures have been reinforced via the appointment of a Fiduciary Agent, an internal auditor and an accredited accounting officer. These procedures have been recorded in the procedures manual.		k) Implemented
--	--	--	--	-----------------------

Audit of Global Fund Grants to Djibouti

	Recommendation 14 – Significant In order to substantiate proper use of Global Fund grants for management or audit purposes, the National Programme For the Fight Against HIV/AIDS should retain detailed records on the receipt and use of goods and services; the nature and extent of procurement procedures with prospective suppliers of goods and services; and a record of the evidential basis for awarding contracts and orders whenever applicable.	Since the implementation of additional safeguard measures, expenditure monitoring is verified by the Fiduciary Agent, who gives his approval, thereby ensuring appropriate use. In addition, the additional safeguard measures policy does not allow the programs to place significant orders.	SE	Implemented
	Recommendation 15 – Significant The National Program SRs should review their current HR procedures in the light of the OIG's audit findings; and take steps – with advice where needed from the PR and the Global Fund Secretariat - to enhance the internal controls	HR management has been fully entrusted to the PR, where a position has been created for this purpose, thereby significantly improving HR monitoring.	SE	Implemented
PSM	Recommendation 16 - Significant The Global Fund Secretariat should assess whether the new PR, for the pending Round 9 and 10 grants, should be required to use VPP as the main procurement channel. Further, the PR should: a) Ensure the existence of legal agreements for all PSM activities carried out by other third parties; and b) Implement an effective and efficient monitoring system covering all levels of the supply chain, to include but not be limited to the availability of medicines, stock monitoring to avoid over or under stock, and proper distribution of health products. A proper record and archiving system should be maintained.	a) On 15/01/2012, the PR entered into a Memorandum of Understanding with the CAMME, the Central Purchasing Agency for Essential Drugs and Equipment, responsible for storing and distributing medications and other health products used in the treatment of HIV/AIDS, Malaria and Tuberculosis. In addition, the PR intends to assign all HIV, Malaria and Tuberculosis drugs within the CAMME to facilitate stock management. b) The PR put in place new tools for reporting and ordering drugs and other health products. These tools were approved by the Global Fund in May 2012. They will enable the PR to evaluate the stock status in the centers as well as at central level at the end of every month. These tools will also help match the needs and the number of patients / cases treated to ensure rational distribution and avoid stock out and product expiry at all levels.	a) SE b) SE	a) Implemented b) November 2012
	Recommendation 17 - Significant The Ministry of Health and the PR need to ensure the	On 21 July 2012, the PR set up a National Committee for the Quantification and Monitoring of the Stock of Health Products (CNQSSPM) used for the treatment of HIV,	SE	Implemented

Audit of Global Fund Grants to Djibouti

	establishment of an improved monitoring and validation system incorporating effective updating of quantification exercises through the programs; and the use of a quantification committee or panel, coordinated by each National program and involving other key stakeholders and health development partners, with training for quantification committee members on forecasting control methods and tools.	Malaria and Tuberculosis. The terms of reference of this committee, made up of all key PSM stakeholders in the HIV, Malaria and Tuberculosis programs, were approved by the Global Fund. This committee meets at least once a quarter and whenever necessary. This committee approves the quantifications before they are submitted to the Global Fund.		
	Recommendation 18 – Critical a) Regardless of the use of VPP or not, the PR should ensure that its procurement procedures manual comply fully with the public contracts code of Djibouti and Global Fund applicable guidelines. b) The Global Fund Secretariat should consider whether it would be appropriate to commission international technical assistance, specialized in medical products procurement within the framework of the Global Fund, to support the PR in procurement and supply chain management, particularly in relation to: • preparation of a procurement plan based on annual quantification of drugs; • development of a database of health products suppliers; • preparation of tender documents and contracts in compliance with procedures; • development of internal control procedures to ensure compliance with procurement procedures; and • establishment of proper archiving of procurement records with all supporting documents, to ensure auditability and transparency of the procurement process both at the level of the PR and the CAMME.	a) A manual of supply and stock management procedures is being drafted. It will be finalized in September 2012 b) In October 2011, the PR recruited an international technical assistant for supply and stock management (PSM). This expert is working with the local PSM technical assistant as part of a transfer of competence. Thanks to this technical assistance, a diagnostic of the PSM systems was performed in December 2011, PSM systems have been implemented and procurement plans based on the annual quantifications have been regularly developed since January 2012. c) As specified above, a procedures manual is being drafted. d) In April 2012, the PR put in place a document archiving system, validated by the External Fiduciary Agent	SE SE	September 2012 Implemented
	Recommendation 19 – Critical In the interest of consolidating and integrating	a) The PR and the Ministry of Health intend to centralize the storage and management of medications and other health products within the CAMME. Discussions are under	a)SE b)SE	a)July 2013 b) January 2013

Audit of Global Fund Grants to Djibouti

	resources, the OIG recommends that: a) The PR and the Ministry of Health should collaborate to redefine the roles of stakeholders involved in the procurement management system with a view to designating the CAMME as the central point for storage and distribution of pharmaceuticals and health products; and b) The PR and CAMME should ensure the establishment of a comprehensive inventory management system to provide information on a full and regular basis on the stock positions of the three component programs (HIV/AIDS, TB and malaria) at a national level in the country.	way with the Ministry of Health to examine the practical details. b) At the moment, the unit responsible for storing and managing the stock (CAMME, Central Laboratory and CPF) send a monthly stock statement to the PR. Once the stock is consolidated within the CAMME, the data reported by the centers will be compiled by the CAMME using the new reporting and ordering tools (see Recommendation 16), and the CAMME will be able to provide statistics and other information on consumption and stock at central and peripheral level.		
	Recommendation 20 – Critical The CAMME should strengthen storage conditions, capacity, organization and inventory management as follows: (a) The monitoring arrangements applied to CAMME activities and the custody and issue of drugs procured from grant funds should be strengthened. Authorized representatives of the PR and National program should visit CAMME on a periodic basis and ensure that: • Inventory records and stock summary sheets maintained by CAMME are complete and accurate in accordance with the supporting documents; and • Physical stocks of drugs are consistent with the balances recorded in the inventory ledger. (b) CAMME should use inventory software to record the issues and receipt of the drugs procured from the grant funds. (c) CAMME and the National program sub-recipient should strengthen controls over expired drugs, and ensure that no expired drugs are issued to health centers.	a) At the end of every month, the CAMME sends physical inventories to the PR. The PR reconciles the inventory data, the entries recorded during the month and the distributions. Potential discrepancies are justified by the CAMME. Furthermore, a spot check is carried out to compare inventory data with the data featured on the stock records. b) For the moment, the CAMME manages the products through stock records. However, it is in the process of acquiring a stock management software funded by the World Bank. c) The structures in charge of storage (CAMME, Central laboratory and CPF) carry out monthly physical inventories, after which all expired products are removed from stock and quarantined pending their destruction. In addition, before delivering the orders, the expiry dates are verified by the warehouse manager and the agent from the center or PLSS.	a)SE/CAMME b)CAMME c)CAMME/Central Lab/CPF/Treatment Centre	a) Implemented b) July 2013 c) Implemented

Audit of Global Fund Grants to Djibouti

	Recommendation 21 – Significant a) Storage locations should maintain an inventory register showing the receipt, issues and balances of all the drugs and other health products. Acknowledgement of medicines and reagents distributed should be obtained and retained. b) Controls over expired drugs should be strengthened to ensure that no expired drugs are distributed to patients. Stock movement of reagents should be tracked separately. c) A comprehensive and effective system is needed for the management of expiring and expired drugs generally. d) Consideration should be given to training care providers in basic inventory management of pharmaceuticals and the integration of formative supervision on the chain of inventory management into the monitoring and evaluation of programs at health facilities	a) This recommendation was implemented in January 2011. b) The new reporting and ordering tools will allow the PR to control the products' expiry dates in the centers, thereby preventing the potential risk of distributing expired drugs. Moreover, all pharmacy managers are due to be trained in best stock management practices in September 2012. c) The procedures manual which is in the process of development will include a procedure on how to deal with medications with a near expiry date, as well as a procedure on the management of expired stock. d) Health professionals are due to be trained on how to manage stocks of medications and other health products in September 2012.	a) CAMME, Central Lab and CPF b) SE c) SE d) SE	a. Implemented b. Implemented c. September 2012 d. September 2012
	Recommendation 22 – Significant To establish a more coordinated, integrated and resource efficient arrangement for stock custody and distribution, the OIG recommends that the PR should ensure the establishment of a more reliable and effective distribution system by establishing a distribution procedures manual including a set of tools for the field (such as order sheets, signed delivery vouchers and acknowledgements of receipt signed by the final recipients); and also institute detailed and reliable distribution reports to monitor sub-recipients' distribution.	A manual of supply and stock management procedures is being drafted.	SE	September 2012
	Recommendation 23 – Significant The Global Fund, in consultation with development partners, should review the capacity of the country institutions to comply with quality assurance	In collaboration with the Global Fund, the PR enhanced the CAMME's storage capacity by financing the renovation of the storage warehouse and the installation of storage shelves. Work is under way and will be completed in October 2012. The objective of this strategy is to increase	SE/CAMME	October 2012

Audit of Global Fund Grants to Djibouti

	requirements, with a view to establishing improved arrangements, increasing capacity or identifying acceptable alternatives.	the CAMME's storage capacity and improve storage conditions (thermometers have also been ordered), thereby enabling the CAMME to provide optimum quality conditions for medications and other health products.		
--	--	--	--	--