



THE OFFICE OF THE INSPECTOR GENERAL



The Global Fund to Fight AIDS, Tuberculosis and Malaria

Audit of Global Fund Grants to the People's Republic of Bangladesh

Annexes

**GF-OIG-11-005
29 October 2012**

Annex 1: Abbreviations

ACSM	Advocacy, Communication and Social Mobilization
AIDS	Acquired Immunodeficiency Syndrome
BCC	Behavior Change Communication
BCCP	Bangladesh Centre for Communication Programs
BDT	Bangladeshi Taka (currency)
BRAC	Bangladesh Rural Advances Society
CCM	Country Coordinating Mechanism
CP	Conditions Precedent
DIC	Drop in Centre
EFR	Enhanced Financial Reporting
ERD	Economic Relations Division
EOI	Expression of Interest
FAR	Fixed Assets Register
HR	Human Resources
ICDDR, B	International Centre for Diarrheal Disease Research, Bangladesh
IEC	Information Education Communication
MOHFW	Ministry of Health and Family Welfare
NASP	National AIDS/STD Program
NGO	Non-Governmental Organization
NMCP	National Malaria Control Program
M&PDC	Malaria and Parasitic Disease Control
NTP	National TB Control Program
OIG	Office of the Inspector General
PO	Purchase Order
PR	Principal Recipient
PSM	Procurement and Supply Management
PU/DR	Progress Update and Disbursement Request
RFQ	Request for Quotation
SOP	Standard Operating Procedure
SR	Sub-Recipient
SCUSA	Save the Children (USA)
TB	Tuberculosis
WHO	World Health Organization

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Annex 2: Summary of Grants to Bangladesh

Round No.	Grant Agreement	Component	Status	Amount committed USD	Disbursed Amount USD
2	BAN-202-G01-H	HIV/AIDS	Closed	20,272,690	19,631,639
3	BAN-304-G02-T	TB	Closed	27,020,157	26,743,146
3	BAN-304-G03-T	TB	Under Closure	15,446,444	10,185,367
5	BAN-506-G04-T	TB	In progress	22,741,368	21,070,591
5	BAN-506-G05-T	TB	In progress	20,559,608	14,731,252
6	BAN-607-G06-M	Malaria	Merged with R9	10,715,471	10,715,471
6	BAN-607-G07-M	Malaria	Merged with R9	14,102,703	14,102,703
6	BAN-607-G08-H	HIV/AIDS	Closed	20,216,223	20,216,223
8	BAN-809-G09-T	TB	In progress	1,903,392	771,400
8	BAN-809-G10-T	TB	In progress	2,826,555	1,722,979
9	BAN-S10-G14-M	Malaria	In progress	11,144,629	3,697,050
9	BAN-S10-G15-M	Malaria	In progress	4,850,864	1,514,822
RCC	BAN-202-G11-H	HIV/AIDS	In progress	3,354,432	197,693
RCC	BAN-202-G12-H	HIV/AIDS	In progress	26,759,600	9,247,047
RCC	BAN-202-G13-H	HIV/AIDS	In progress	12,227,401	2,438,437
Total				214,141,537	156,985,820

Source: the Global Fund website as at 1 March 2011

Annex 3: Background and Epidemiological Context

HIV & AIDS

1. The prevalence of HIV in Bangladesh is less than 0.1% in the general population and the estimated number of HIV positive cases in the country is around 7,500. The prevalence rate of all most-at-risk groups (MARPs) - sex workers (both female and male), men who have sex with men (MSM) and transgender persons (Hijra) - is below 1% with the exception of Injecting Drug Users (IDUs) which is 1.6%.
2. According to the 8th round of serosurveillance of Bangladesh, the HIV prevalence among Female Sex Workers, MSW and Hijras was 0.3%. Although HIV prevalence was below 1% in all female sex worker sites, in Hili (a small border town in the northwest part of Bangladesh), prevalence was as high as 2.7% among casual sex workers, all of whom had crossed the border into India to sell sex.
3. In the MSM community, the prevalence was reported much lower (0% for only MSM in Dhaka and 0.3% in combined MSM and MSW sample in Chittagong). Several surveillance rounds as well as a study conducted in Dhaka using Respondent Driven Sampling (RDS) in 2006 established very low prevalence of HIV in MSM, along with low rates of active syphilis. Large proportions of MSM and MSW, however, reported STI symptoms (MSW more than MSM), as well as those with multiple sex partners (including women), group sex (often associated with violence and without condoms) and very low condom use with all types of partners. MSMs are highly networked, so if HIV were to emerge, it could spread very rapidly in this population, if prevention efforts are not scaled up.
4. Patients on ART are spread across multiple districts, cities, upazila and tanas in Bangladesh. HIV medication is dispensed on a monthly basis by NGO consortia in five regional ART centers (Dhaka, Chittagong, Sylhet, Khulna and Rajshahi districts). Over half of the total number of cases need daily prophylaxis with Cotrimoxazole and several other essential drugs to alleviate symptoms of AIDS or side effects of ARVs. The budget for ARVs in the RCC grants is only assured until 2012. In addition, the choice of ARVs is limited to basic first-line ARV regimes.
5. Awareness of HIV is low, reportedly only 8% among young women aged 15-24, and condom use by men is as low as 40% when patronizing sex workers, below 30% when having casual sex with female partners, and less than 10% when engaging in sex with other males or transgendered people.²¹ Behavioral surveys show that condom use by female sex workers has doubled from 30% in 2004 to 66% in 2007, which is encouraging.
6. The Round 2 grant program aimed at preventing new infections, particularly among children and those vulnerable to infection due to drug use or sexual exploitation. The Round 6 program targeted IDUs (and partners) and FSWs (and clients and their partners) and aimed at scaling up prevention, treatment, care and support efforts among the populations at highest risk of acquiring or further spreading HIV/AIDS.

Malaria

7. Malaria is a major public health challenge in Bangladesh. According to the WHO, an estimated three million people are affected by malaria, most of which are concentrated in 13 (of 64) administrative districts that lie within a highly endemic area. These districts, which border India and Myanmar, constitute 98% of the total annual malaria morbidity and mortality in the country. The malaria situation in Bangladesh has worsened in recent years,

²¹ Data derive from a 2007 study cited in the Round 6 HIV proposal. During Phase I of the OIG audit NASP presented more optimistic percentages for condom use among MARPs in its presentation using data from the same SERO surveillance done in 2007.

particularly in the southeastern part of the country around Chittagong, the Chittagong Hill Tracts (CHT) bordering India and Cox's Bazar near Myanmar.

8. Under Global Fund funding a cumulative number of roughly 1.8 million malaria cases has been diagnosed by either blood slide or RDT and treated with a course of ACT tablets. Since 2005, the cases reported increased from around 32,000 per year to around 85,000 cases by 2008, falling back to around 24,000 again in 2010 (up to June). The number of deaths reported due to malaria declined from 501 in 2005 to 23 in 2010.

9. The aim of the Round 6 program was to scale up malaria control activities and provide quality diagnosis and effective treatment to 80% of cases in all the 13 endemic districts by 2012, as well as to break the transmission cycle by promoting use of LLINs in districts and to have selective IRS in place for containment of outbreaks.

10. The SSF program is intended to build on Round 6 achievements and follow through on the NSP and address the gaps and challenges identified under the Round 6 program. The objectives are to expand use of LLINs to at least two impregnated nets in each household in the three highly endemic districts (Rangamati, Bandarban and Khagrachari), while maintaining use of ITNs in at least 80% of households in the other 10 endemic districts and improving diagnosis and treatment to cover 90% of malaria cases. The SSF program also seeks to further strengthen program management capacity, coordination and partnership in malaria control.

Tuberculosis

11. Bangladesh has a high burden of TB with prevalence estimated at 690,000 cases in 2009. Annual incidence for new smear-positive cases was estimated at 110 per 100,000 and for all forms of TB at 225 per 100,000 in 2008; about half of these cases are notified (65% and less than 50%, respectively). TB morbidity and mortality in Bangladesh is greater than for HIV/AIDS and malaria combined. The suboptimal notification rate means that TB mortality is likely to be underestimated. Bangladesh is one of five countries whose combined MDR-TB burden is believed to constitute a majority of MDR-TB cases globally.²² The goal of the National TB Control Program (NTP) is to reduce TB morbidity, mortality and transmission until TB is no longer a public health problem by 2050, meaning that the annual incidence for active forms of the disease is below 1 per million.

12. The TB notification rate is around 110,000 per year, leaving an estimated gap of approximately 50,000 un-notified cases. The cumulative number of new smear-positive cases detected and treated is 660,000 according to 2011 estimates.

13. The transmission cycle of tuberculosis in Bangladesh appears to be stable, i.e. it is under control with passive surveillance. Suspected cases with prolonged cough are referred to a health facility for three sputum smears and, if found smear positive, enrolled in DOTS treatment. In practice, the estimated incidence has been steady at 225 per 100,000 for the last two decades, despite detection rates above 70% for smear-positive cases since 2007 and cure rates over 95% reported by the NTP since 2005.

14. HIV and TB have epidemiological overlap. MARPs (or KAPs) in the main cities, particularly IDUs, who run a high risk of acquiring HIV, are usually exposed to additional TB risk factors such as malnourishment and smoking. The current program envisions more effective linkage between HIV and TB control.

²² These countries are (estimated number of cases): India (131,000), China (112,000), Russian Federation (43,000), South Africa (16,000) & Bangladesh (15,000).

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Annex 4: Summary of Potentially Recoverable Expenditure

Category of Expenses	PRs/SRs (in USD ²³)	Total (in USD)	Country Comments	OIG Response
Difference in funds received from The Global Fund and funds transferred to SCUSA by MOHFW	- MOHFW, 190,560	190,560	BCCM : MOHFW will resolve this issue shortly. SCUSA: Save the Children will coordinate with CCM Secretariat and MOHFW to reconcile the differences between the funds received by MOHFW from the Global Fund and those transferred to SCUSA by MOHFW. This matter has already been discussed in the 74th CCM meeting.	The OIG accepts the proposed action to mitigate the risks identified. Evidence of completed actions should be provided to the Global Fund Secretariat
Unbudgeted expenses	- SCUSA 329,233 - NMCP 9,100 - Mattra 61,738 - PIACT 32,933 - HASAB 5,358 - LEPRA 968	439,330	SCUSA: (a) USD 116,424 was spent to procure two vehicles under Round 2. On August 22, 2005, SCUSA requested and obtained approval from the PR (MOHFW). The detailed break-down of budget including the vehicles' costs was submitted to NASP on October 08, 2007 for inclusion in operational plan of NASP. Save the Children requests the Global Fund for post-facto approval. (b) WHO was and remains the only organization in Bangladesh with sufficient expertise to introduce Youth Friendly Health services into the existing health system. From beginning of Round 2 WHO provided technical assistance to the Global Fund funded HIV/AIDS project for developing the YFHS model in Bangladesh. As part of the process, under Round 6 and RCC Bridge, there were activities planned to materialize rest of the activities remaining from Round 2 grant. The work plan activities (3.1b.2 and 3.1e.2 in RCC Bridge WP and 3.1.2 in Round 6 phase 2 WP) where approximate budget was 152,000. During RCC bridge period (March-November 2009) and R6 phase 2 (May 2009-April 2012) the process of signing the MOU initiated from April 2009 with regional office of WHO (SEARO) and regional office of SC USA. It took at least nine months and MOU was signed on January 24, 2010 for the period of 30 January- 30 October initially with the value USD 161,000. Afterwards request from WHO included extension of period (31October 2010 – 31 December 2010) and amount (by USD 41,000) to cover extra time and budget needed for quality coverage assessment of YFHS and the total budget is USD 202,000. However, during consolidation the budget was not carried forward as a whole; only USD 75,000 was calculated for 5 year period which was a planning and calculation mistake. However, Save the Children got approval on the over expenditure under the category Technical and Management Assistance including the cost of WHO incurred till March 2012 through budget re-alignment approved by the Global Fund dated 07 August 2012 (Attachement#3). NMCP: Money will be recovered as per Bangladesh Government's Financial Rule. Mattra:	The OIG accepts the proposed actions to mitigate the risks identified. All evidence, including requests for subsequent approval, should be provided to the Global Fund Secretariat and resolved appropriately.

²³ & ²⁴ Amounts in Bangladeshi Taka have been converted to USD using an average exchange rate of BDT 70 per USD for the period. Additional details for each amount are available, but are not included in this report because of the volume of data. The Global Fund Secretariat should determine recoverability of the specific amounts identified.

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Category of Expenses	PRs/SRs (in USD ²³)	Total (in USD)	Country Comments	OIG Response
			(a) USD 8,408: This was on account of budget overrun under Round 2 Phase 2 and was an insignificant percentage (0.5%) against HR category within the bottom-line budget. PR requests for post facto approval on this. (b) USD 16,262: The total budget of HR under RCC Bridge was BDT 2,246,042 and the actual expenditure was BDT 2,600,633. The overspent of BDT 3,54,591 (USD is 15.79% of the total Human Resources budget. It is due to the fact that the RCC Bridge Project was extended up to 30 November, 2009 from 31 October, 2009 (original expiration date) in order to link with the RCC Grant. Save the Children with the approval from the Global Fund extended the agreement period from Oct'11 to Nov'11. (c) USD 29,208: This is the case of a budget overrun by percentage (8.65%) against HR category within the bottom-line budget under Round 6 Phase 2. PR requests for post facto approval on this. (d) USD 5,678: This over-expenditure under RCC was adjusted and subsequently approved the Global Fund during budget revision in June 2011. (e) As per the circular of SC-USA, Insurance Premium was paid for GFATM employees although the said amount was not budgeted. In order to comply with the circular, we paid the amount and managed it within the Salary and Benefits budget PIACT: (a) Procurement of flipchart (USD 28,107) was planned and budgeted under RCC Bridge WP and Budget, Ref:Activity#1.3.5. In SR submitted Workplan and Budget, detailed breakdown of the activity 1.3.5 included Flip Chart in item number 1.3.5.9 was available. Therefore, this cost should not be considered as unbudgeted item. (b) Unbudgeted Purchase USD4,826: Since these items were procured for the program activities and still are being used for the program purpose, we seek post facto approval HASAB: The cost (USD 5,358) of video documentary was used for the program. Save the Children gave approval to HASAB to undertake this activity. LEPRA: Unbudgeted expenses have refunded to project account vide CV No. 32 dated 11/09/2012.	
Ineligible expenses	- SCUSA, USD109,719 - BRAC, USD 31,647 - NMCP, USD 3,085 - NTP, USD 4,830 - Mattra,	155,567	SCUSA: (a) In Round-2 and Round-6, ERD/MOHFW was the PR of the grant. There was no CCM Secretariat until 2008 so that MOHFW coordinated every single communication, correspondence, report preparation, organize CCM Meeting and other relevant activities. According to the approved budget, there was no provision for procuring IT and other equipments for MOHFW. Upon request, Save the Children as MA provided those items to MOHFW. (b) Regarding travel expense for USD12,778 for MOHFW officials under Round 2, there was line item 3.1.1.b.iii in the approved WP and budget for cross-visit, attend conferences, etc.	The OIG accepts the proposed actions to mitigate the risks identified. All evidence, including requests for subsequent approval, should be provided to the Global Fund Secretariat and resolved appropriately.

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Category of Expenses	PRs/SRs (in USD ²³)	Total (in USD)	Country Comments	OIG Response
	USD6,286		yearly for 10 officers of the 5 key ministries. Accordingly, upon request from MOHFW, Save the Children (MA) considered these travels important in light of capacity building and to create enabling environment for the effective implementation of HIV/AIDS prevention program among the young people. (c) Travel expenses amounting USD31,897 did not directly link with the Global Fund grant activities and Save the Children will refund this amount to the Global Fund Grant. However, the balance travel expenses of USD39,491 for Save the Children staff were eligible costs since those were directly linked with the capacity building, representation of best practices for the activities under GF grants against the line item 3.7.3. In many instances, Save the Children (MA) did not obtain separate approval case by case from the Global Fund. However, Save the Children reported these travels in program progress report against the approved WP & Budget. Please note that there was no mandatory provision to obtain separate approval for each foreign travel in the PR or SR agreement or any other documents of the Global Fund. Hence, Save the Children requests for post facto approval. BRAC: Refundable amount of 31,647 have been deposited to The Global Fund project account on June 30, 2012. NMCP: Money will be recovered soon. NTP: NTP will resolve this issue as per advice of the CCM Mattra: (a) Expenses of USD2,523 were incurred for the CCM Meeting purpose. Since CCM Secretariat did not settle this amount, Mattra had to pay the expense. (b) Service fee of USD 3,763 was charged by Mattra being a private agency for the service provided to the program. Save the Children later approved the service fees and advised to charge it to the grant.	
Tax and duties paid using Program funds (Round 2 & Round 6)	- MOHFW, USD111,755 - Mattra, USD168,107 - PIACT, USD72,655 - DNS, USD 3,344 - HASAB, USD5,957	361,818	SCUSA and its SRs: Save the Children had successfully obtained reimbursement of BDT 2,516,682 for CD, VAT towards import of ARV drugs through AOP of NASP. However, in accordance with the Laws of Bangladesh, procurement of goods and services domestically is subject to tax and VAT and accordingly, the National Board of Revenue (NBR) do not offer any exemption from VAT and Tax for such procurement. Therefore, Save the Children requests for waiver of this amount for self and its SRs. CCM: According to Bangladesh Country Laws the domestic goods procurement and services are not exempt from VAT and taxes. MOHFW reimbursed the ARV drugs procurement CD, VAT/TAX from Annual Operation Plan of National AIDS/STD in future. Therefore, BCCM is requesting to waive the amount USD361,818 on Vat/Tax under the Global Fund grants.	The OIG accepts the proposed actions to address the issues identified. All evidence, including requests for subsequent approval, should be provided to the Global Fund Secretariat and resolved appropriately.

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Category of Expenses	PRs/SRs (in USD ²³)	Total (in USD)	Country Comments	OIG Response
Unreported bank interest	- SCUSA, USD 2,004	2,004	-	
Motorcycle loan recovery not reported to the Global Fund	- BRAC, USD 232,388	232,388	BRAC: Motorcycle related funds are properly maintained within the project accounts which are shown in the Balance Sheet as cash (Restricted fund for purchase of new motorcycles) as well as in the audit report. Shortly we will apply to the Global Fund for post facto approval of this arrangement and would request further suggestions to settle the issue.	All evidence, including requests for subsequent approval, should be provided to the Global Fund Secretariat and resolved appropriately.
Recovery of fuel and maintenance cost from other programs	- BRAC, USD 74,853	74,853	BRAC: Refundable amount of 74,853 have been deposited to The Global Fund project account on June 30, 2012	The OIG accepts the proposed actions to address the issues identified.
Funds lying in DOSA account not transferred to the Global Fund	- NTP, USD 132,832	132,832	NTP: NTP has already started process for transferring this money to the Global Fund.	The OIG accepts the proposed actions to address the issues identified.
Stolen Assets	- NMCP, USD 3,571	3,571	NMCP: Two microscopes were stolen on 02/08/2009 and the thief was given under Police custody on 03/08/2009. Till now trial is running on. Necessary measures will be taken after this judiciary procedure.	The OIG accepts the proposed actions to address the issues identified,
Inadequate supporting documents**	- NMCP, USD 3,931	3,931	NMCP: Money will be recovered as per Bangladesh Government's Financial Rule.	The OIG accepts the proposed actions to address the issues identified
Total		1,596,854		

** Original invoice and proof of delivery of goods/services was not available.

Annex 5: Recommendations and Management Action Plan

Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
Country Coordinating Mechanism	Recommendation 1 (Critical) <i>In accordance with its policies and procedures, the Global Fund Secretariat should coordinate with the CCM to improve its oversight of Global Fund grants; at a minimum this should include:</i> <i>a. Implementing a formal, documented and transparent selection process for its member; Establishing and formally approving its Terms of Reference to include: a minimum number of meetings to be held annually, defining what constitutes a quorum and ensure that CCM members have officially assigned substitute CCM representatives in case they are unable to attend meetings, stipulating the number of constituencies, duration of service of members, policies on re-election and extension of membership terms; future changes to the Terms of Reference should be approved by a CCM quorum;</i> <i>b. All members of the CCM and the CCM Oversight Committee should sign a conflict-of-interest declaration; and</i> <i>c. Ensuring that its membership includes all constituencies and MARPs and that the membership of the Oversight Committee should not be from PR or SR organizations; implementing a direct reporting line from the Oversight Committee to the CCM Chair.</i>	CCM	a. Agreed b. Agreed c. Agreed	Ongoing
	Recommendation 2 (Critical) <i>In accordance with its policies and procedures, The Global Fund Secretariat should coordinate with the CCM to undertake PR and management agency selection in a fair and</i>	CCM	a. Agreed b. Agreed	Ongoing

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	<i>transparent manner as follows:</i> <i>a. The CCM should establish guidelines for the PR and management agency selection processes to ensure fair and competitive selection of PRs and management agencies for each new funding opportunity; and</i> <i>b. The CCM should establish a mechanism to assess PR and management agency performance and maintain appropriate documentation if it wishes to propose continuation with the same PR or management agency for continuing grants.</i>			
	Recommendation 3 (Important) <i>The CCM should establish consistent and routine communications with the Global Fund, PRs, other implementers and the media. This should include:</i> <i>a. CCM meeting minutes and decisions should be drafted by the CCM Secretariat and circulated to all CCM members simultaneously; these should be formally approved by all CCM members; and</i> <i>b. Communication with the Global Fund should be made through the CCM Secretariat and all CCM members should be copied on all such communications.</i>	CCM	a. Agreed b. Agreed	Ongoing
Local Funding Agent	Recommendation 4 (Important) <i>The Global Fund Secretariat should improve its management and monitoring of the LFA to better improve its oversight of grant programs and to ensure that it is proactively kept informed about emerging risks and issues; this should include:</i> <i>a. Developing a comprehensive periodic work plan to cover risk areas and oversight gaps that are currently not covered by the LFA in order to minimize ad hoc requests for LFA</i>	The Global Fund Secretariat	CCM: a. Agreed b. Agreed c. Agreed LFA: a) In response to the changing grant	Ongoing

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	services; <i>b. Ensuring that the LFA performs regular PR and SR assessments to a high standard and based on in-depth analysis and review; and</i> <i>c. Monitoring of Conditions Precedent and ensuring appropriate review and reconciliation of PUDRs and SR budgets to key financial records.</i>		implementation landscape and the increasing volume of program activities and expenditure at SRs and other sub levels, the UNOPS LFA has introduced Enhanced Field Level Financial Verification (EFFV) as a risk management tool to increase verification at points where activities are implemented and expenditure incurred. The tool was first unveiled in China by the UNOPS China LFA Team and the Terms of Reference were endorsed by the FPM and the OIG subsequent to the diagnostic review undertaken there. This tool was adapted to Bangladesh by customizing the TOR to address country/ PR specific risks and the EFFV TOR for Bangladesh was approved by the FPM earlier this year. Since the EFFV required the strengthening of the LFA human resources in Bangladesh, FPM approved the induction of 4 new associates (2 for FMS, 1 each for PHPM and M&E). The LFA is happy to report that the associates are now in place and the first such exercise will be led by our Deputy Regional Coordinator on October 9. EFFVs will be undertaken regularly on a quarterly basis between the 20th and the 40th day after the end of each quarter and the observations will be incorporated in the subsequent PUDR review. Besides this the LFA has also developed a Training Verification Checklist specifically for spot verification of ongoing trainings as trainings have been identified as a major risk area in OIG audits across the globe. The LFA has identified the high risk training activities for the current quarter and will be undertaking at least 3 training verifications in Q4 of 2012. The FPM has endorsed both the checklist as well as the identified high risk trainings. b) One of the most significant oversight gaps in the view of the Secretariat as well as that of the	

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
			OIG is the insufficiency of grant implementation verification (both programmatic & financial) at the sub levels including SRs, SSRs, SSSRs. This gap has been sought to be effectively plugged by the LFA's EFFV tool described in an earlier paragraph. Since the EFFV and training verifications will be regularly undertaken going forward, the oversight gaps will be reduced significantly in future. The incorporation of these verifications into the regular LFA work plan for 2012 means that there will be fewer ad hoc requests for LFA services as well. c) Subsequent to the OIG audit observation, LFA has taken special care to reflect the accurate status regarding PR's compliance of CPs/STCs with supporting evidence wherever necessary. This task is being personally supervised by the Team Leader of late. Subsequent to the OIG audit observation, the LFA has taken particular care to ensure that PUDRs are synchronized in all material aspects with the program books of accounts. During PU/DR reviews, LFA always verifies PRs' books of accounts, Trial Balance, General Ledgers, Bank Statements, Bank Reconciliation Statements from PRs' system generated,/manually prepared books of records etc. all of which they reflect in their PU/DR reporting. The LFA closely monitors disbursements to SRs against SR budgets and highlights variances and their reasons in Section 1.b. of LFA 3A. The LFA urges the PR to follow the PBF model while making disbursements to SRs just as GF does while making disbursements to PS.	
Bangladesh Rural Advancement Committee	<i>Recommendation 5 (Important)</i> <i>BRAC should improve the accuracy of its accounting and reporting of expenses by:</i> <i>a. Only recording expenses after receipt of the</i>	PR - BRAC	a. Expenses are recorded when goods or services received. From the month of July 2011, advance is given to the travelers and recorded as expenses only when they (traveler) submit their	July 2011

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	<i>goods or services. Any overstatement of expenses as a result of recording the expense before receipt should be reversed upon receipt of the vendor invoice; this includes recording travel advances as advances in the financial records and recording expenses only after the submission of the approved travel expense report by the employee;</i> <i>b. Reporting the actual cash position in the PU/DR, ensuring that commitments are included in the total forecast net cash expenditures and do not reduce the actual cash balance; and</i> <i>c. Using the exchange rate valid on the day of the transaction or the average exchange rate for the reporting period, rather than budgeted exchange rates.</i>		approved post travel bills with required supporting documents. b. We are in the process of adopting cash basis reporting for The Global Fund expenses. But in some unavoidable circumstances some small amount of provisions are required to maintain to ensure smooth program implementation. For such unavoidable provisions amount a separate note is now included with PU/DR showing cash and provisional expenditures to reconcile actual cash balance. c. Average exchange rate of the reporting period is now used to prepare PUDR following the new guideline provided by the Global Fund in June 2011.	Ongoing September 2011
	Recommendation 6 (Important) <i>BRAC should make best effort attempts to receive an exemption from payment of taxes and duties on purchases of goods and services under the Global Fund grant program.</i>	PR -BRAC	An "Action Plan" was developed accordingly and submitted to the Bangladesh Country Coordinating Mechanism (BCCM) on 29 September, 2010. A follow up request for guidance regarding exemption of taxes and duties on the purchase of goods and services for malaria program was send to the BCCM Chair (Honorable Minister, Ministry of Health and Family Welfare, Government of Peoples Republic of Bangladesh) on 08 June, 2011. This issue was discussed in the BCCM meeting held on 10 August, 2011; and a request letter to follow up the issue was again sent to the BCCM Vice Chair (Honorable Secretary, Ministry of Health and Family Welfare, Government of People's Republic of Bangladesh) on 21 August, 2011. As per the queries raised by NBR to the BCCM, the year-wise and total budget was submitted to the BCCM on September 04, 2011. Again, a follow up letter requesting guidance in obtaining the exemption of Tax and VAT on purchase of goods and services with this amount	Ongoing

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
			was sent to the the BCCM Vice Chair (Honourable Secretary, Ministry of Health and Family Welfare, Government of People's Republic of Bangladesh) on 03 December, 2011. The issue was further discussed in the CCM meeting in February 2012 and a Deputy Secretary of MOHFW was assigned as focal person to coordinate this issue by the CCM. Again a follow-up letter was sent to the focal person by BRAC on 23 May, 2012. OIG's further response, October 2012: OIG is encouraged by the efforts of the PR to continue the process to receive an exemption from payment of taxes and duties on purchases of goods and services under the Global Fund grant program.	
	Recommendation 7 (Critical) <i>In order to comply with the grant agreement, BRAC should strengthen its treasury management procedures including:</i> <i>a. Maintaining funds received under Global Fund grants in dedicated bank accounts. For common expenses, a monthly budget should be prepared for each grant and money should be transferred as an advance to the BRAC common bank account. At the end of the each month the amount advanced should be reconciled and cleared;</i> <i>b. Crediting the interest earned on grant funds to the relevant grant program on a timely basis;</i> <i>c. Preparing bank reconciliations on a monthly basis for all active bank accounts; and</i> <i>d. Closing relevant bank accounts on a timely basis when grants are closed.</i>	PR -BRAC	a. From the very beginning BRAC has maintaining dedicated bank accounts for funds received under The Global Fund Grants. Grants are transferred to the BRAC pooled bank accounts based on monthly budget which are reconciled and documented properly at the end of each month from December 2011. b. More stress is now given for crediting interest income to the respective grant program within due time. c. BRAC prepares bank reconciliations on a monthly basis for all active bank accounts. d. BRAC used to close the relevant bank accounts after receiving formal grant closure letter from The Global Fund.	December 2011 Ongoing Ongoing At the time of closing
	Recommendation 8 (Important) <i>BRAC should improve its controls over assets, including:</i>	PR -BRAC	a. Motorcycle related funds are properly maintained within the project accounts which are shown in the Balance Sheet as cash (Restricted	December 2012

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	a. Obtaining prior approval for all private loan arrangements and that motorcycle loan installments from employees are credited to the Global Fund-supported programs b. Program assets should be used solely for program purposes; c. Usage charges relating to program assets should be credited to the Global Fund programs; and d. Ensuring that only appropriate fuel and maintenance expenses are charged to the programs.		fund for purchase new motorcycle) as well as in the audit report. Shortly we will apply to the Global Fund for post facto approval of this arrangement and would request further suggestions to settle the issue. b. Agreed. c. Agreed. d. Agreed.	Ongoing Ongoing Ongoing
	Recommendation 9 (Important) BRAC should strengthen its payroll processing procedures by: a. Charging the salaries and other costs of shared staff to the appropriate Global Fund programs on the basis of timesheets prepared by the employees or on another reasonable basis pre-defined by management; and b. Reconciling each month's payroll with the previous month's payroll to ensure accuracy and identify anomalies.	PR -BRAC	a. Shared salary is charging on the basis of management judgment from the month of October 2011. b. Payroll of Head Office and Field Offices are processed by using software and instruction is given to the respective persons to check on a regular basis.	October 2011 Ongoing
	Recommendation 10 (Important) BRAC should strengthen the procedures for selection and management of sub-recipients by: a. Developing guidelines for working with Sub-recipients, which include policies and procedures for pre-award assessment, awarding SR contracts, SR monitoring, contract close-out, and record maintenance and retention; and b. Initiating and executing the process for selection of SRs in a timelier way.	PR - BRAC	a. All the recommendations are already in practice. However a SR Management manual has already been developed including the entire component mentioned here and shared with LFA and The Global Fund on January 2012 for review. We expect to finalize the guideline by December 2012. b. Agreed	December 2012 At the time of selecting new SRs
	Recommendation 11 (Important) BRAC should require LEPRAs (and other SRs	SR-LEPRA	a. Accounting software "TALLY" has been implemented from 1st July 2011 for keeping	July 2011

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	where appropriate) to improve controls over financial accounting. In particular, the SRs should: a. Implement accounting software to record program expenses; b. Separately track and report taxes and duties paid using grant funds; c. Provide a documented and reasonable basis defined by the management for charging shared costs to the programs; d. Refund any unbudgeted expenses to the programs; e. Obtain prior written approval from the PR for any budget overruns and explain these in the quarterly financial reports; and f. Reconcile each month's payroll with the previous month's payroll to ensure accuracy and identify anomalies.		records of all financial transactions. b. LEPRA is maintaining separate Tax and VAT register from 1st July 2011. c. From the month of October 2011, Pre-approval from PR-BRAC is now obtaining for charging shared cost to the program. d. Unbudgeted expenses has already refunded to project account vide CV No. 32 dated 11/09/2012. e. From July 2011 LEPRA is strictly follow the budget received from the PR-BRAC. f. LEPRA is maintaining the reconciliation of payroll with the previous month from October 2011.	July 2011 October 2011 July 2011 October 2011
	Recommendation 12 (Important) The Global Fund Secretariat should recommend that the PR requires LEPRA (and other SRs if appropriate) to: a. Amend the procurement policy to define the procurement thresholds and ensure that high value purchases are made through open tender; b. Document the basis for selection of members of the Procurement Committee and revise and document the latest composition; and c. Ensure that evidence is retained of all key stages and decisions in the procurement cycle, including Procurement Committee signatures on the quote comparison sheets.	SR -LEPRA	a. Amendment of some clauses of procurement policy done on 25th August 2011 according to recommendation. b. Amendment of procurement committee members has been done on 25th August 2011 according to recommendation. c. LEPRA is maintaining all records of decision taken by the members of procurement committee and their signature also taken on the quote comparison sheets from 1st July 2011.	August 2011 August 2011 July 2011
	Recommendation 13 (Critical) BRAC should strengthen its procurement controls to improve transparency and	PR - BRAC	a. Considering the effectiveness in delivery of services to the beneficiaries, these thresholds were approved by the Chairperson of BRAC and	January 2012

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	<i>competitiveness, including:</i> <i>a. Reducing the bidding threshold in line with the Bangladesh Public Procurement Rules and ensuring that applicants have a minimum of 10 days to submit quotations;</i> <i>b. Ensuring that conflict of interest declarations are obtained from those involved in procurement decisions including members of the Procurement Committee;</i> <i>c. Inviting competitive quotations from multiple vendors for purchases above the direct purchase threshold and obtaining justification for any deviations</i> <i>d. Documenting the justification for all procurement decisions, particularly for instances where competitive quotes are not available or the lowest quote vendor is not selected;</i> <i>e. Not disclosing the purchase budget on the RFQ or tender documents;</i> <i>f. Obtaining third-party evidence of services received prior to making final payment. The PR should ensure that the date and time of the spot are mentioned on the broadcaster transmission certificate;</i> <i>g. Implementing a process for independent physical verification of billboards at regular intervals; and</i> <i>h. Ensuring that purchase requests are promptly forwarded to the procurement department to avoid delays.</i>		incorporated in the Procurement Guidelines of 2007. Since then the local currency i.e. Bangladesh Taka (BDT) has devaluated quite substantially because of mainly inflationary pressure (roughly 30%). Recently AusAid and DFID have jointly reviewed BRAC Procurement guidelines and, considering the above factors, have agreed to retain the existing thresholds. b. In the revised version of BRAC Procurement Guidelines and Implementation Procedures, the 'conflict of Interest' clause has been included. c. BRAC management has already implemented the decision of allowing BRAC sister concerns, such as BRAC Printers, to participate in competitive bidding process only. d. Order is always placed to the lowest evaluated bidders but in few instance, considering quality of goods and services or ability of suppliers to supply on due time, some deviation is being made to the procedure with the approval of procurement committee as well as higher management. e. Recommendation is already being implemented. f. Recommendation is already being implemented from starting of Round 10 grant. g. BRAC monitoring department is engaged to monitor the billboards at regular intervals. h. Efforts will be made to stick to forward purchase request to the procurement department to avoid delay.	Ongoing Ongoing Ongoing Ongoing November 2011 Ongoing Ongoing
International Centre Diarrheal Disease Research, Bangladesh	Recommendation 14 (Important) <i>ICDDR,B should strengthen its financial controls, in particular by:</i> <i>a. Implementing a financial accounting software package that enables the automatic</i>	ICDDR,B	a. It is also management's desire to automate the generation of primary financial statements, but currently this is not possible. Our current chart of accounts captures general ledger line items only and the current design of the ERP system does not	a). It is not possible to commit to a timeline at this stage.

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	<i>generation of primary financial statements;</i> <i>b. Periodically reconciling the program financial records with the assets register;</i> <i>c. Attempting to obtain exemptions from payment of taxes and duties on the purchase of goods and services; and</i> <i>d. Implementing appropriate security procedures such as sequentially numbered authorization letters, call-back procedures for wire transfer transactions and periodic physical verification of blank check inventory.</i>		allow such changes. The shift to a fully-fledged project accounting system is a major change which will require capturing of more than 596 active grant data for 220 donors. In addition to generating project trial balances, the system should be designed to automate time and billing, cost and revenue reporting processes. The analysis of user requirements is expected to be completed by the end of 2013. The next stage will be to develop the system. This may require the use of outside accounting software specialists. The changes would also require the modification of the account coding system. If the funding situation allows, steps will soon thereafter be taken to implement the system. In the meantime, management will enhance the controls over project reporting to ensure that GFATM reports are accurate. b. Program assets are reconciled to the fixed assets register and this information was provided to OIG on 16.9.2011 by email. Such reconciled reports are regularly done . c. Under Section 21 ICDDR,B Ordinance No. LI of 1978 (as amended), ICDDR,B is generally not liable to pay any tax, rate or duty other than those payable in respect to public utilities. However, VAT on local procurement and services has to be paid by ICDDR,B but should technically be refunded to ICDDR,B upon submission of the respective claim to the National Board of Revenue (NBR). However, in practice this does not work. ICDDR,B has not paid any tax or VAT on any imported goods such as vehicles, equipments etc. or for procurement of health products. d. ICDDR,B implemented serial numbering of authorization letters with effect from March 2012. The feasibility of callback procedures for wire transfer transactions was investigated. Our bank	b). Already implemented from 2011 c). Not applicable d). March 2012

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
			advised that implementing call back procedures will not be possible. ICDDR,B has performed periodic physical verification of blank cheque inventory since March 2012. <u>OIG further response:</u> The OIG acknowledges the ICDDR,B response to point a and understand the difficulties in determining the timeframe for this recommendation. We welcome the efforts of the PR to continue the process to receive an exemption from payment of taxes and duties on purchases of goods and services under the Global Fund grant program.	
	Recommendation 15 (Important) <i>The Global Fund Secretariat should coordinate with ICDDR, B to:</i> a. <i>Ensure that recruitment for program staff is conduct on a timely basis;</i> b. <i>Provide a documented and reasonable basis defined by management for charging shared costs across the programs; and</i> c. <i>Reconcile each month's payroll with the previous month's payroll to ensure accuracy and identify anomalies.</i>	ICDDR,B	a. ICDDR,B posts vacancy announcements in a timely manner through online job portal, its own website and daily newspapers for wider circulation. However, in many cases suitable candidates are not found. When suitable candidates are found they often refuse to join because of the salary package. This is because the employment market in Bangladesh is rapidly changing. In such cases another round of full recruitment process is required causing unavoidable delays. Flexibility from the Global Fund in modifying the salary for hard to fill positions would assist ICDDR,B hiring in a timely manner. b. ICDDR,B does not use a timesheet system. Management will ensure that the monthly cost allocation sheet reflects actual time spent and is reviewed and signed by PI every month started from March 2012. c. With effect from July 2011, icddrb prepares a variance analysis of payroll costs in total; both for national and international staff. The analysis forms part of the payroll documents reviewed by the	a). Not applicable b). March 2012. c). July 2011.

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
			Director, Finance before approval of disbursement.	
	Recommendation 16 (Critical) <i>ICDDR, B should ensure that all documentation is retained regarding SR selection (including both successful and rejected candidates) and adopt timely and competitive procedures at every stage of SR selection to ensure selection is both fair and transparent.</i>	ICDDR,B	a. Management acknowledges the observation and will ensure that tender document preservation procedure will be followed in all future SR selection process. b. SR selection process of ICDDR,B was completely fair and transparent. From the very beginning of the SR selection process, ICDDR,B did not compromise with the quality of selection process which was rigorous and exhaustive. Proposal evaluation committee was formed both by the internal and external representatives including government and UN bodies. During the whole process, although some of the events were under the control of ICDDR,B, but few were beyond ICDDR,B's control as identified in the table sent to the GF through an email dated 16.9.2011. Considering the volume of submission, rigorousness of the process and events that were beyond the control of ICDDR,B, it may be concluded that SR selection was done within reasonable time. ICDDR,B has already responded to this observation on 16.9.2011. In future, ICDDR,B will provide further efforts to complete SR selection process in comparatively shorter period.	a). Applicable to all future SR selection. b). Applicable to all future SR selection.
	Recommendation 17 (Important) <i>ICDDR, B should improve its procurement planning to avoid emergency purchases; where this is unavoidable, the PR should adopt competitive bidding procedures and include penalty clauses for delayed deliveries.</i>	ICDDR,B	ICDDR,B procurement planning is in operation since the beginning of 2011. ICDDR,B is trying to improve its procurement plan which is an ongoing effort. Procurement planning assesses the requirement of the users/project and prepare the planning to ensure on time procurement. Presently procurement of goods and services under the Global Fund are following regular competitive bidding procedure of ICDDR,B. However, in case of	ICDDR,B will incorporate penalty clause in the Purchase Order (PO) by December 2012.

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
			emergency procurement, competitive bidding may not be always applicable but ICDDR,B will ensure the value for money for such emergency procurement by obtaining relevant market information and selection of qualified supplier. ICDDR,B is exploring the feasibility of incorporating penalty clause in the purchase order although in the bid schedule, penalty clause is always mentioned.	
The Economic Relations Division, Ministry of Finance	Recommendation 18 (Important) <i>NMCP should ensure that:</i> <i>a. Expenses are recorded on a regular basis in the accounting periods in which they are incurred; and</i> <i>b. Further efforts are made to obtain exemptions from taxes and duties on purchase of goods and services under the Global Fund grants; in the interim, taxes and duties paid using grant funds should be separately tracked and reported to the Global Fund with the PU/DRs and EFRs.</i>	NMCP	a) NMCP is practicing the records expenses on a regular basis after the OIG visit. b) Taxes exemption is not permissible according to the government rules. NMCP's Bulk Procurement of GF funds are being done by VPP and CD-VAT is provided from Government money through CMSD. For small amount of local procurement vendors paid the taxes. OIG's response: OIG welcomes the efforts of the PR to continue the process to receive an exemption from payment of taxes and duties on purchases of goods and services under the Global Fund grant program.	Done
	Recommendation 19 (Important) <i>The PR should strengthen its budgetary controls to achieve compliance with the Global Fund budgeting guidelines; this should include obtaining prior written approval from the Global Fund Secretariat for deviations from the budget and refunding any unbudgeted purchases charged to the grant programs.</i>	NMCP NTP	To ensure and strengthening budgetary control, NMCP has made provision to update Accounting Software and Chart of accounts in the R9 Phase II budget and practicing quarterly basis budget vs expenditure variance report. Global fund approval should be taken if any unbudgeted purchase is needed. To strengthening budgetary control, NTP has made provision to update Accounting Software and Chart of accounts in the R 10 Phase II budget and practicing quarterly basis budget vs expenditure	April 2013

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
			variance report. Global fund approval will be taken if any unbudgeted purchase is needed.	
	Recommendation 20 (Important) <i>The Global Fund Secretariat should coordinate with the PR to require NTP to formally close all completed grants and return any unused monies to the Global Fund.</i>	NTP	Formal closure of completed grants is under way.	Ongoing
	Recommendation 21 (Important) <i>The PR should strengthen its controls around staff advances by working with NMCP and NTP to:</i> <i>a. Track and record details of advances disbursed and settled;</i> <i>b. Monitor expected settlement dates to ensure timely settlement of advances; and</i> <i>c. Disburse new advances only after previous advances have been settled.</i>	NMCP NTP	a) NMCP will track and record details of advances disburse and settle by maintaining an advance register. b) NMCP will strictly monitor the advances for timely settlement. c) NMCP is practicing this recommendation. a) NTP is tracking and recording details of advances disburse and settling by maintaining an advance register. b) NTP is complying at present c) NTP is complying at present	Under process
	Recommendation 22 (Important) <i>The PR should require NMCP to improve its controls around cash and expenses including:</i> <i>a. Performing a detailed review of per diem expenses to ensure that only legitimate payments are made;</i> <i>b. Clarifying the existing per diem policy to ensure that per diems are paid only to employees travelling to a training location;</i> <i>c. Ensuring payment to vendors only on the basis of the original invoice as supporting documentation and to refund the amount of expenses charged to the grant programs based on photocopied invoices; and</i> <i>d. Segregating the incompatible duties performed by individual staff members in the Finance team to minimize any potential</i>	NMCP	a) NMCP has developed a training plan and budget. It is also approved by GF. In that plan, total number of participants, resource person and supervisor for training follow up are well defined and strictly maintain by NMCP. All the process is verified by LFA during their OSDV visit. b) NMCP is following HPNSDP guideline for per diem and payment is made accordingly. c) It was the unwilling error of the vendors and it was corrected accordingly. d) NMCP has segregated the job responsibility of the finance team and finance team has been strictly following the segregation.	Done

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	<i>conflicts of interest.</i>			
	Recommendation 23 (Important) <i>The PR should require NTP and NMCP to strengthen its controls around fixed assets including:</i> <i>a. Ensuring that assets purchased under the Global Fund programs are used solely for program purposes;</i> <i>b. Refunding all vehicle running and maintenance costs charged to the program for non-program purposes (NTP only);</i> <i>c. Recording, reporting and replacing all stolen or lost fixed assets in the asset register; if such assets are not replaced, an amount equal to the value of the lost or stolen asset(s) should be credited to the program;</i> <i>d. Performing periodic physical verification of all program assets including appropriate review by management; and</i> <i>e. Performing a periodic reconciliation of all program fixed assets register with the financial records, updating the asset register as necessary.</i>	NMCP NTP	a) NMCP ensures that all purchased asset under Global Fund used for program purposes. c) Fixed asset register are maintained and updated according to the recommendation. There is no provision of replacement of stolen assets according to the government rules. CCM decision in this regards is appreciated. d) There is a budget provision for performing yearly physical verification of the fixed assets in R9 Phase II. NMCP will ensure it. e) Periodic reconciliation of all program fixed assets register will be done just after getting the report of the yearly physical verification by external agency. a) NTP ensures that all purchased asset under Global Fund used for program purposes. b) Will be explored. c) Fixed asset register are being maintained and updated according to the recommendation. There is no provision of replacement of stolen assets according to the government rules. CCM decision in this regards is appreciated. d) There is a budget provision for performing yearly physical verification of the fixed assets in R10 Phase II. NTP will ensure it. e) Periodic reconciliation of all program fixed assets register will be done just after getting the report of the yearly physical verification by external agency.	On going
	Recommendation 24 (Important) <i>The PR should work with NMCP and NTP to improve their recruitment process including:</i> <i>a. Ensuring that recruited candidates have the requisite qualifications and that deviations are justified and fully documented (NMCP);</i> <i>b. Recruiting program staff within the</i>	NMCP	a) All the recruited candidates have requisite qualification after the OIG visit and no deviation are adjusted. All documents are preserved in NMCP now. b) NMCP is trying to recruit program staff within the timeline set out in the program budget and work plan.	Done

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	<i>timelines set out in the program budget and work plan. Delays, if any, should be reported promptly to the Global Fund Secretariat (NMCP);</i> <i>c. Implementing a process to ensure that candidate evaluation sheets are completed accurately (NTP); and</i> <i>d. Retaining recruitment documents (such as interview letters, question papers, answer sheets, educational qualification certificates) for rejected as well as selected candidates.</i>	NTP	c) All documents related to recruitments are now preserving in NMCP. a) Candidate evaluation sheets are completed accurately. b) All documents related to recruitments are being preserved now in NTP.	
	Recommendation 25 (Important) <i>The PR should work with NMCP and NTP to strengthen payroll processing procedures by:</i> <i>a. Reconciling each month's payroll with the previous month's payroll to ensure accuracy and identify anomalies (both NTP and NMCP); and</i> <i>b. Ensuring that budget forecasting accurately captures all future payments to ensure that disbursements are sought well in advance to avoid delays in the payment of employee salaries (NMCP).</i>	NMCP NTP	a) Payroll reconciliation will be followed according to Recommendation. b) NMCP is forecasting future payment timely and well in advance to avoid delays in the disbursement. a) Will be complied. b) NTP is forecasting future payment timely and well in advance to avoid delays in the disbursement.	On going
	Recommendation 26 (Important) <i>The Global Fund Secretariat should not disburse funds to the PR unless it and its SRs comply with critical CPs and special terms and conditions stipulated in the grant agreements; any approved exception in line with Global Fund policy should be documented.</i>	NTP	NTP is following this recommendation.	Ongoing
	Recommendation 27 (Important) <i>The PR should require NMCP and NTP to:</i> <i>a. Adhere to the Global Fund's reporting guidelines for preparing key financial reports;</i> <i>b. Prepare a reporting calendar to monitor submission of financial, audit and other reports to stakeholders within the timelines</i>	NMCP	a) A reporting guideline adherent to GF will be prepared for reporting key financial reports. b) A reporting calendar adherent to GF will be developed to monitor of financial, audits and other reports for timely submission. c) Reconciliation statement was prepared to ensure accurate reporting.	On going

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	<i>stipulated in the grant agreements and maintain documented evidence of timely submission; and</i> <i>c. Perform a reconciliation between the financial records and the expenses reported in the PU/DRs and EFRs (particularly NMCP) to ensure accurate reporting.</i>	NTP	a) A reporting guideline adherent to GF will be prepared for reporting key financial reports. b) A reporting calendar adherent to GF will be developed to monitor of financial, audits and other reports for timely submission. All pending EFRs have been updated.	
	Recommendation 28 (Important) <i>The PR should work with NMCP and NTP to adopt effective procurement practices and to ensure value for money through transparent and competitive bidding procedures including:</i> <i>a. Ensuring that tender documents contain all necessary specifications and terms and conditions;</i> <i>b. Advertising tenders widely (including through a variety of channels) to ensure the best available procurement outcome;</i> <i>c. Documenting justification if competitive quotes are not available or the lowest quote vendor is not selected;</i> <i>d. Ensuring that goods and services received from vendors are in accordance with the relevant contract or purchase order, and releasing payment to the vendor in accordance to the agreed payment terms and upon evidence of completion of work;</i> <i>e. Implementing proper purchase planning to ensure that grant funds are utilized effectively; and</i> <i>f. Ensuring compliance with applicable competitive purchasing procedures.</i>	NMCP NTP	NMCP follows the PPR acts 2008 for procurements of goods and services a) Tender documents prepared by NMCP contain all necessary specification, terms and conditions. b) NMCP follows the Government rules for advertising tenders. c) NMCP usually selects the lowest quote vendor. If lowest vendor is not selected, NMCP documents and preserves all relevant justification. d) NMCP is following the recommendation. e) PSM Plan and SOP are developed by NMCP to ensure the utilization of grant funds effectively. f) NMCP follows the PPR acts 2008 for procurements of goods and services which ensure the purchasing compliances. NTP follows the PPR acts 2008 for procurements of goods and services a) Tender documents prepared by NTP contain all necessary specification, terms and conditions. b) NTP follows the Government roles and GF guidelines for advertising tenders. c) NTP usually selects the lowest quote vendor. If lowest vendor is not selected, NTP documents and preserves all relevant justification. d) NTP is following the recommendation. e) Proper purchase planning (PSM Plan)is developed and SOP is followed to ensure the utilization of grant funds effectively. f) NTP follows the PPR acts 2008 for procurements	On going

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
			of goods and services which ensure the purchasing compliances. Selection of IPA is under process accordingly.	
Save the Children USA	Recommendation 29 (Critical) <i>The Global Fund Secretariat should take steps in accordance with its policies and procedures to ensure that SCUSA adheres to the Global Fund budgeting guidelines. In case of the budget overruns above the threshold set in the Global Fund budgeting guidelines, SCUSA should obtain written approval from the Global Fund Secretariat prior to incurring the expense; if overruns are not approved by the Global Fund Secretariat, the relevant amount should be refunded to the grant program.</i>	PR (Save the Children)	PR: Save the Children obtains and will continue to obtain written approvals for budget overruns. Any expenditure is discussed with and approved by the budget holder and in consultation with the Director of Grants and Director of Finance, are submitted for review via the GMS (Grant Management System) and CGRS (Contracts and Grants Review System). Any expected overruns are reviewed at the country level and then are reviewed by Save the Children Federation, Inc. finance controllers in Westport, CT and Regional Roving Finance Controller before submission for approval to the Global Fund. Save the Children Federation Inc., through its existing mechanisms fully adheres to the Global Fund budgeting guidelines. Purchase requisition is initiated after checking the available budget and after obtaining the clearance from the GF budget holder - RCC project Chief of Party/budget holder, to ensure that it is in accordance, compliance with the approved budget and in full adherence to the Global Fund budgeting guidelines SR level: SRs are monitored periodically (quarterly) through Program Finance Report (PFR) in order to ensure that expenses are in line with the approved budget and in compliance with GF guidelines. Most goods procurement previously done at SR level is now done directly by the PR after receiving appropriate requests from the PRs. For upcoming program periods, SRs will develop procurement plans for goods and services, these will be checked against existing budgets and PR will carefully monitor their spending to preclude any possible budget overruns.	Ongoing

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	Recommendation 30 (Critical) SCUSA and MOHFW should improve their cash and bank controls including: a. Reconciling any differences between the funds received by MOHFW from the Global Fund and those transferred to SCUSA by MOHFW. All differences in funds transferred by MOHFW including all interest earned by the PR should be returned to the program by MOHFW. b. Obtaining exemptions from payment of taxes and duties on purchase of goods and services under the Global Fund grant program, including any refunds of taxes and duties paid using Grant funds in line with the agreement. c. Obtaining and verifying the supporting documents for expenses incurred and reported by NASP and STI under the technical support agreement.	PR (Save the Children)	a. Save the Children is coordinating closely with CCM Secretariat and MOHFW to improve their cash and bank controls, and reconcile the differences between the funds received by MOHFW from the Global Fund and those transferred to SCUSA by MOHFW b. PR will take initiative to discuss and negotiate with MOHFW and National Board of Revenue (NBR) on the exemption of VAT for next implementation period. PR will update the Global Fund about the outcome of the negotiation in due course c. PR will discuss this issue with NASP and STI networks and will update the Global Fund in due course. OIG's response: OIG welcomes the good efforts of the PR to continue the process to receive an exemption from payment of taxes and duties on purchases of goods and services under the Global Fund grant program.	November 2012
	Recommendation 31 (Important) SCUSA should ensure that assets acquired with program funds are used only for program purposes, and that regular reconciliations of the program fixed assets register with the financial records are performed.	PR (Save the Children)	a. Assets acquired with program funds will only be used for the GF program purposes. For exceptional cases, a separate policy will be developed (e.g. environmental or other emergencies/force majeure events). The policy will be only applied after written approval from the GF Secretariat prior to use of GF program assets, regulated by the GF budget holder on case-by-case basis. b. Save the Children annually conducts reconciliation of fixed assets, and updates the assets register as necessary	October 2012
	Recommendation 32 (Important) SCUSA should improve its HR policies and procedures, in particular: a. Updating its HR policy manual to incorporate stipulate the sources to be used for	PR (Save the Children)	a. New SC HR policy has been updated to ensure presence of SMT (Senior Management Team) members representing different programs and departments in Save the Children in Bangladesh in recruitment committees during selection of suitable	Done

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	<i>identifying suitable candidates, the minimum number of candidates to be interviewed for each position, the time allowed for the prospective candidate to respond to an expression of interest, or the process to be followed when hiring contractors; and</i> <i>b. Ensuring that candidates are fairly and transparently selected based on the results of internal assessments conducted by the Recruitment Committee.</i>		candidates for all position. Depending on the qualifications required, applicants' pool size may vary from fairly small to large. b. SC uses transparent candidate identification mechanism (vacancy announcement published in wider circulated national daily publications (Bengali and/or English) with a web link for resume submission or BD Jobs. At the same time, SC encourages strong internal candidates to apply, in accordance with international HR principles. However, each shortlisted candidate needs to go through formal recruitment process in accordance with the HR manual, fairly and transparently with participation of senior SC staff members from other SC departments. In cases of delegation, proper documentation is maintained. Therefore, irrespective of numbers of shortlisted candidates, the process ensures full transparency	
	Recommendation 33 (Important) <i>SCUSA should ensure compliance with all conditions precedents and special terms and conditions of the Grant Agreement in particular:</i> <i>a. Ensuring that financial reports are prepared in accordance with the Global Fund's reporting guidelines;</i> <i>b. Obtaining approval from the Global Fund Secretariat in case of delays; and</i> <i>c. Maintaining appropriate documents evidencing compliance and submission to the Global Fund Secretariat.</i>	PR (Save the Children)	PR ensures that all condition precedents and special terms and conditions of the Grant Agreement are followed. Expenditures are recorded based on the nature of expense as approved in budget. a) Financial reports are prepared strictly in accordance with the Global Fund's reporting guidelines. Financial reports are verified by three layers of fiduciary control by the PR: at the country level, by financial controllers at SCUSA HQ in Westport, CT and by the Roving Regional finance controller. Financial reports are prepared summarizing the expenses categorized under cost category, SDA, and entity. Existing system allows SC to track each expenditure made against each activity available in the approved budget b) PR obtains and will obtain approval from the Global Fund Secretariat in case of delays, but will put all efforts to avoid any delays and submit	Completed

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
			all reports timely c) PR maintains appropriate documents at the Documentation Center at SC office in Dhaka and ensures that conditions precedents and special terms and conditions are met in time in accordance with the grant agreement	
	Recommendation 34 (Important) <i>SCUSA should (subject to certain valid exceptions) consistently adopt competitive bidding procedures to achieve value for money in procurement, including obtaining multiple vendor quotations for purchases and documenting the justification for all decisions, particularly if the lowest quote vendor is not selected.</i>	PR (Save the Children)	Global PR Procurement Policy is completed and will be submitted to the Global Fund by October 2012 to incorporate all local conditions. The revised Procurement policy covers competitive bidding procedures to achieve value for money in procurement including proper documentation and justification for the selection of vendor for all large volume procurements and will include requirement to documentation for cases when not the lowest quote is selected.	By October 2012
	Recommendation 35 (Important) <i>SCUSA should improve its procurement process in relation to selecting financial auditors, in particular:</i> <i>a. Ensuring that documentary evidence is retained for major selection decisions;</i> <i>b. Adopting robust tendering practices through transparent and competitive bidding by procuring through open tenders only;</i> <i>c. Ensuring that EOIs list all the pre-qualification criteria and obtaining approval from the Purchase Committee for the EOI advertisement prior to publishing;</i> <i>d. Defining the basis of evaluation prior to the Purchase Committee meeting, and applying this basis systematically; and</i> <i>e. Including the Global Fund's code of conduct for suppliers in all vendor contracts and agreements.</i>	PR (Save the Children)	Global PR Procurement Policy revision is completed. The policy is strengthened and improved. The local policy will be put in action by October after final senior management revision with technical assistance from Save the Children central logistics team, based on the PRs Global Policy. a) All best procurement practices will be covered in revised procurement policy including vendor enlistment, open tendering to ensure competitive bidding, separate procurement committee and all documentary evidence will be retained for major selection decisions b) In accordance with the policy open tenders are conducted for all procurements exceeding the policy threshold. It is impractical to conduct open tenders for small value procurements c) EOIs list all prequalification criteria, ensure competitive bidding procedures Prior approval from purchase committees is obtained prior to publishing	By October 2012

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
			d) Key elements in evaluation include value for money, detailed justification for vendor selection, proper documentation and transparent vendor performance evaluation e) GF or equivalent locally adapted code of conduct clause will be included in all vendor contracts and agreements. Local vendors will not sign GF code of conduct in full due to a number of cultural differences.	
	Recommendation 36 (Important) SCUSA should improve its procedures for SR selection including: a. Ensuring that all relevant documentation is retained for selected as well as rejected candidates; b. Ensuring that applicants are screened in accordance with the conditions specified in the EOI advertisement; and c. Defining comprehensive guidelines for evaluating applicants and ensuring compliance with the defined guidelines by the evaluators.	CCM, PR and MOHFW	a. SR selection is coordinated with CCM secretariat by with CCM coordinator and two support staff since 2008. CCM office space for retaining documents was not adequate. b. PR in coordination with the CCM will ensure that all SR selection documents are retained in National Central Storage of Ministry of Health & Family Welfare and at the CCM Coordinator office b. All applicants will be screened in accordance with the conditions specified in the EOI advertisement c. PR Save the Children will follow the guidance from the CCM and all GF recommendations and guidelines for future SR procurement if it is be required.	December 2012
	Recommendation 37 (Critical) SCUSA should strengthen its procedures around SR monitoring including: a. Allotting SR budgets in accordance with the Global Fund approved budgets and work plans. Prior written approval should be obtained from the Global Fund Secretariat for any deviations from the approved work plan and budget. b. Comparing SR financial reports with programmatic reports prior to disbursement; c. Defining a risk-based sampling methodology for reviewing SR expenses, ensuring better coverage and reviewing higher value transactions at high risk SRs; and	PR (Save the Children)	a) SC prepares and submits SR specific work plan and budget to the Global Fund and obtains approval. If there is any change during grant negotiation with any particular SR, prior approval is obtained from the Global Fund. b) Program, Finance, and PSM of SC jointly review periodic reports of SRs and recommend the disbursement. c) Save the Children have prepared monitoring protocols and will add sampling criteria into that by December 2012. d) SC conducts regular SR monitoring visit to review whether appropriate internal control system is in place in the areas of cash & bank, procurement,	Ongoing

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	<i>d. Reviewing of SR internal controls over the management of cash and bank, procurement, fixed assets, HR and payroll functions and SSR monitoring procedures.</i>		fixed assets, HR and payroll functions, and SSR monitoring procedures. If any discrepancies are found, corrective action plans are developed for SRs/ SSRs	
	Recommendation 38 (Important) SCUSA should improve the internal controls within its SRs, in particular by ensuring that: a. Adequate training is provided to accounting staff on the Global Fund's reporting guidelines to ensure that financial reports are properly prepared and that any variances between actual expenses and approved budgets are fully documented; b. Accounting software and separate bank accounts are used to manage grant funds; c. policies and procedures for asset management are defined and documented, including for asset acquisition, transfer, disposal and insurance coverage; d. taxes and duties paid using grant funds are separately tracked and reported to the PR; e. Threshold values for procurement tenders and time limits for obtaining quotations are defined; and f. All purchase requests are verified against the available budget prior to approval and all unbudgeted and ineligible expenses charged to the Global Fund program are refunded.	PR (Save the Children)	a. The accounting staff of PR and SRs received training on the Global Fund reporting guidelines to ensure proper reporting and full documentation for any variances between actual expenses and approved budget. Refresher training will be provided for the staff. b. Some SRs are using accounting software and others are using Excel. All SRs will be using appropriate accounting software. All existing SRs are using separate bank account to manage GF program funds c. SRs have asset management guidelines as part of financial manual, which may not cover all prerequisites. However, PR will ensure that complete asset management guidelines are developed and followed by all SRs d. Taxes and duties paid using grants fund are being tracked separately both at PR and SR level. e. Threshold values for procurement tenders and time limits for obtaining quotations are defined in revised Procurement Policy of PR, which is underway and will be finalized by October 2012. Some of the SRs already revised their procurement policy considering threshold values for procurement tenders and time limits for obtaining quotations and others. PR will ensure revision of remaining SR's procurement policy if required by March 2013 f. Currently, purchase requisition is initiated after checking the available budget and after obtaining the clearance from the RCC project COP - the budget holder.	By June 2013
	Recommendation 39 (Critical)	PR (Save the	Value for money through competitive and	Nov 2011 -

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	<i>SCUSA should ensure that its SRs adopt good tendering practices and obtain value for money through competitive and transparent bidding to avoid delays in implementation of program activities; this should include requiring SRs to obtain multiple vendor quotations for purchases (particularly for transactions with SR affiliates and related parties) and to document the justification for selecting all vendors and products (e.g. television channels).</i>	Children)	transparent bidding and all other tendering practices will be adopted by all SRs to avoid delays in implementation of program activities. Several SRs have already made appropriate adjustments in their procurement policies. New SR agreements, reviewed by PR HQ will be the practical tool to ensure that PR is regularly monitoring all procurement process of SRs – the agreements have a clause that SRs will follow the PRs procurement policy built in full accordance with the GF requirements	ongoing
	Recommendation 40 (Important) <i>SCUSA should require Matta to retain evidence of receipt for all goods and services including third-party confirmations for all television commercials aired.</i>	PR (Save the Children)	Third party monitoring agency has been selected and monitoring of all activities of Matta and the Third Party monitoring agency reports were provided to the PR. All reports are retained for all TV spots (television commercials aired).	From September 2012
	Recommendation 41 (Important) <i>The Global Fund Secretariat should recommend that DNS regularly monitors the quantities of stock available at all DICs. A re-order level should be defined for each DIC and procurement effected whenever the quantity goes below the defined minimum level.</i>	PR (Save the Children)	DNS regularly monitors the stock (fully documented in the stock register) regularly checked during monitoring visits. Reorder levels are established, and defined, and procurement is initiated whenever the quantity goes below the defined level. Enhanced LMIS will allow the PR to monitor stock levels continuously, re- order level is incorporated in LMIS and will be functional upon LMIS installation at DIC.	By March 2013
	Recommendation 42 (Important) <i>The Global Fund Secretariat should recommend that SCUSA requires SRs to improve their HR processes including:</i> <i>a. Defining and documenting policies and procedures on monthly payroll runs, conflict-of-interest declaration, employee performance appraisal and leave approvals;</i> <i>b. Implementing transparent and competitive recruitment procedures;</i> <i>c. Perform monthly reconciliation of payroll</i>	PR (Save the Children)	All SRs have reviewed or are finalizing the review of HR policies. DNS included monthly payroll, conflict-of-interest declaration, employee performance appraisal, and leave approvals. The manual was introduced from June 2012. HR policies of Matta and PIACT are still under review. b. SR follows competitive transparent recruitment process, which is monitored by PR through periodic program audit. c. All SRs initiated monthly reconciliation of payroll. Salary disbursement will only be done	October 2012

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	<i>with the previous month's payroll prior to payment of employees' salaries; and d. Charge the salaries and other costs of shared staff to the Global Fund program on the basis of timesheets or another reasonable basis defined by the management.</i>		after reconciliation of payroll with the previous month payroll. d. The salaries of shared staff of the Global Fund program are charged on the basis of timesheet and attendance documents.	
	Recommendation 43 (Important) <i>The Global Fund Secretariat should ensure that SCUSA requires Mattra to reconcile actual expenses reported by the SSR against the budget when verifying the financial reports submitted by the SSR and to obtain prior written approval from SCUSA for any changes in the approved work plan.</i>	PR (Save the Children)	Mattra ensures that expenses of SSR are reconciled with the approved budget under RCC project. Prior written approval is obtained.	Done
Procurement and Supply Management HIV/AIDS	Recommendation 44 (Important): <i>SCUSA should hire sufficient resources with appropriate qualification and experience to manage procurement needs.</i>	PR (Save the Children)	Centralized Procurement and Supply Chain team is strengthened recently with adequate qualified personnel. Below initiatives are taken for systems strengthening : a. The positioning of PSM team has been centralized. Senior Manager, Procurement, & Supply Chain joined in January 2012. The team of 11 highly qualified staff members with backstopping from SCI Global Logistics has been significantly strengthened. b. Sr. Officer, Capacity Building, and support (Procurement) already joined to strengthen capacity of Save the Children In-house and SRs. c. Global Supply Chain Manager from UK and Head of Logistics, Asia from Save the Children visited and trained our Supply Chain staff in April and September 2012. Save the Children Bangladesh Country Office will take technical assistance from Global Supply Chain Unit of Save the Children based in UK based on requirement. d. Sr. Officer Quality recruitment is underway for ensuring quality of goods and service procured. e. Global Policy is finalized and local policy revision	Done

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
			is underway and will be finalized by October, 2012 with technical assistance from SCI central team and in light of SCI global policy.	
	Recommendation 45 (Important): <i>SCUSA should revise and finalize its Manual and SOPs (aligned to the former) and creates an integrated comprehensive operational guide for PSM activities.</i>	PR (Save the Children)	SOPs and Manual revision will be finalized by October, 2012 adapted to SC global policy. Manuals and Standard Operating Procedures are currently being aligned with the Save the Children International policy. Integrated comprehensive operational guide for PSM activities will be developed	By October 2012
	Recommendation 46 (Critical): <i>The Global Fund Secretariat should take steps in accordance with its policies and procedures in order that:</i> <i>a. Procurement of ARVs, condoms and lubricant under the Global Fund HIV/AIDS SSF grant program should be done via VPP, a suitable external procurement agent acceptable to the Global Fund or a specialized UN agency; and</i> <i>b. SCUSA builds the capacity of its PSM unit to include the appropriate pharmaceutical expertise to conduct local pre-qualifications.</i>	PR (Save the Children)	a. PR developed extensive capacity to conduct all procurement for ARVs, condoms and lubricants, and will procure all PHPM as procurement agent b. SC built sufficient capacity for the PSM unit to conduct local pre- qualifications, which will be done with assistance of SCI Global Logistics and QUAMED or other suitable consultants based on need. OIG's response, October 2012: The OIG welcomes the efforts made to date and encourages the PR to work closely with the Secretariat team to manage the risks identified.	October 2012 - ongoing
	Recommendation 47 (Important): <i>In relation to condom procurement, the Global Fund Secretariat should take steps in accordance with its policies and procedures to ensure that the PRs:</i> <i>a. Follow an international competitive bidding process, in particular for condom supplies;</i> <i>b. Ensure that if the contracts with BGLC remain in place, they are modified to require BGLC to comply with the latest WHO prequalification standards; and</i> <i>c. Ensure that production capacity can meet the contract delivery schedules in consideration</i>	PR (Save the Children)	a. PR will ensure competitive bidding / international competitive bidding process for all Health Product suppliers. b. PR ensures quality of condom as per WHO standards by testing of 100% lot of BGLC supplied condoms until BGLC is prequalified by UNFPA. Testing is carried out from GF/ WHO/ISO approved testing labs c. UNFPA already audited the factory of BGLC for prequalification. Audit results are not yet available, however, PR followed the suggested course of action and believes that the production capacity of BGLC can meet the contract delivery schedules.	Done

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	<i>of the appropriate corrective measures to ensure quality (e.g. UNFPA pre-qualification).</i>			
	Recommendation 48 (Important): <i>The PRs should ensure that quantification and forecasting are improved, including:</i> <i>a. Quantifying and validating the MIS for quantification of ARVs ensuring that product, names, pack sizes and units of measures are standardized and used systematically in the MIS to generate useful reports;</i> <i>b. Assessing whether it should re-quantify needs for STI medicines and condoms; and</i> <i>c. Ensures that quantification of protective supplies are appropriate.</i>	PR (Save the Children)	a. MIS system is standardized with appropriate quantification, product names, pack sizes, and units of measures. b. PR re-quantifies condoms through analyzing consumption trend using the data generated from MIS system. Re- quantification of STI medicine is yet to establish. PR is in the process of developing integrated MIS system where required data will be generated for re- quantification. c. PR ensures the protective supplies by quantification of the supplies through MIS, periodic trend analysis, data review and field visits to check the factual stock. This will be further improved once the enhanced integrated MIS system is in place.	By June 2013
	Recommendation 49 (Critical): <i>The PRs should implement an effective and feasible model for QA sampling and testing by a certified laboratory throughout the supply chain.</i>	PR (Save the Children)	Currently lot-by-lot testing for condom is carried out from GF/ WHO/ISO approved testing laboratories. PR already has taken initiative for the testing of pharmaceuticals and health products throughout the supply chain from WHO prequalified/ISO/IEC-17025 accredited laboratories	By October 2012.
	Recommendation 50 (Important): <i>SCUSA should improve storage conditions and procedures in Drop-in-Centers and to the extent an appropriate monitoring protocol is in place, further strengthens systems through training of field staff, establishment of SOPs for logistics, and periodic review of storage conditions.</i>	PR (Save the Children)	SOPs for DIC operation is already in place from June 2010. SOPs include the detailed guidelines for storage system of pharmaceuticals and health products. To further strengthen the systems, PR has developed an SOP on Supply management, which is submitted to GF and under review. SOP on Supply management is a complete guideline that includes logistics and supply management of health products in DIC storage including training of the relevant staff in DIC.	Done
Malaria	Recommendation 51 (Important) <i>BRAC and NMCP should actively participate in the joint action plan and PSM working group</i>	NMCP & BRAC	NMCP and BRAC actively participate in the joint action plan and PSM working group and implements accordingly.	On going

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	<i>to jointly implement activities and outcomes; this should include ensuring that procurements are initiated on a timely basis.</i>		NMCP tries to ensure initiation of procurements on timely basis.	
	Recommendation 52 (Important): <i>The Global Fund Secretariat should take steps in accordance with its policies and procedures to ensure that the PRs improve capacity by:</i> <i>a. Proceeding to fill all vacancies in the PSM unit and the long-term technical assistance from WHO and providing timely updates to the Global Fund regarding staffing matters; and</i> <i>b. Procuring all non-VPP health products through the CMSD arm of the MOHFW, based on the LFA assessment of the required systems and capacity to procure for NMCP in a reasonable time.</i>	NMCP & BRAC	a) All vacancies in PSM units have been filed up by WHO. Hiring of TA for PSM from WHO is under process. It is reported timely to GF. b) NMCP trying to procure all non-VPP health products within reasonable time.	On going
	Recommendation 53 (Important): <i>The Global Fund Secretariat should take steps in accordance with its policies and procedures to ensure that the PRs improve quantification and forecasting by:</i> <i>a. Actively seeking out and providing timely information to NMCP when stocks are low or out;</i> <i>b. Confirming the complete and correct entry of all ACTs and LLINs procured via VPP or otherwise, i.e. via WHO for the malaria grants; and</i> <i>c. Ensuring an appropriate buffer of products is maintained to prevent stock-outs.</i>	NMCP & BRAC	a) NMCP has developed online LMIS system for being timely informed about the stock position up to sub-district level and took necessary initiatives regarding this matter. b) NMCP is confirming the complete and correct entry of ACTs and LLINs through VPP. c) To prevent stock out, NMCP has calculated appropriate buffer and lead time in the forecasting of drugs and health products in the PSM plan.	On going
	Recommendation 54 (Important): <i>NMCP and BRAC should establish and agree SOPs that provide for sampling of ACTs, RDTs and LLINs in the supply chain and by entering into a service agreement with a qualified</i>	NMCP & BRAC	SOP is developed by both NMCP and BRAC. The Quality Control Laboratory of Bangladesh is not WHO pre-qualified. That's why a Quality Control Laboratory of India is selected for that purpose according to the advice of GF team. The	On going

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	<i>quality control laboratory within or outside of Bangladesh for testing.</i>		SOP is approved by GF.	
Tuberculosis	Recommendation 55 (Important): <i>The SOP Manual issued by NTP should be revised and updated every two years to reflect practices and lessons learned in the field. The revised version should be used for re-training in districts and upazilas and replace previous versions. This should be actively used to create PSM plans, and training should be given in districts and to ensure that it is used consistently by CSOs and NGO partners.</i>	NTP	NTP has planned to revise the SOP manual and its dissemination, distribution, trainings and revision of PSM plan and will be done according to recommendation. Initiative will be taken to update it every 2 years.	Ongoing
	Recommendation 56 (Important) <i>The Global Fund Secretariat should take steps in accordance with its policies and procedures to ensure that the PRs strengthen their quantification and forecasting by:</i> <i>a. Working with NTP to utilize experienced staff for drug and lab commodity quantification, as well as analysis and consolidation of quarterly requisitions;</i> <i>b. Maintaining ongoing control of buffer stocks at central (Shamoli) and district (BRAC/CSO) stores and anticipating potential stock-out situations;</i> <i>c. Requiring more active and timely feedback regarding low stocks and stock-outs in districts;</i> <i>d. Ensuring that NTP maintains technical assistance from WHO for the time being and insists on effective transfer of skills; and</i> <i>e. In addition to providing for extensive lead times through GDF, annual planning should consider timely disbursements according to the approved PSM plans and budgets and anticipate importation and customs clearance</i>	NTP	a NTP and BRAC are taking necessary action jointly. PSM working group will be functional in this regard. b. Maintaining and controlling of buffer stocks at district level will be done assessing the situation quarterly. At Shyamoli it is being practiced at present c. Active and timely feedback regarding low stocks and stock-outs is being provided to NTP. d. Technical assistance from WHO is ongoing and will be continued. e. Total lead time will be considered for PSM planning and disbursement will be done according to PSM plans and budget.	a. Ongoing b. Ongoing c. Ongoing d. Ongoing e. Ongoing

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Risk	Recommendation	Responsible Party	Country Comments and Agreed Actions (including OIG comments if applicable)	Due date
	<i>delays.</i>			
	Recommendation 57 (Critical) <i>The Global Fund Secretariat should take steps in accordance with its policies and procedures to ensure that the PRs jointly draft a procedure and schedule for sampling, including the steps for getting samples from districts back to the central level, and seek to contract a certified laboratory to run the QA testing post-landing.</i>	The Global Fund Secretariat and PRs	List of certified laboratories collected and NTP has communicated with those labs. Sample collection sites have been selected and method of sample collection has been developed. A Guideline for this activity has been drafted.	Quality Assessment testing will be started by June 2013
	Recommendation 58 (Important) <i>The PRs should review their storage facilities to ensure that medicines and other products are kept in adequate conditions that meet the minimum standards required by the Global Fund. Consideration should be given to computerizing logistics data where feasible.</i>	The Global Fund Secretariat and PRs	With the support of MSH, Bangladesh, storage facilities and system has been assessed and NTP is updating according to their recommendation.	Ongoing (started from October 2011)