

The Global Fund to Fight AIDS, Tuberculosis and Malaria

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Marija Čukić Project Coordinator Red Cross of Serbia Simina 19, 11000 Belgrade Republic of Serbia

Subject: Management Letter for the Progress Update 9 for the grant SER-910-G07-T

Management Letter

Dear Ms Čukić

We have completed our review of the 9^{th} progress update covering the period of 1 July - 31 December 2014 submitted under the SER-910-G07-T grant.

Below is the summary of the key issues that we have identified in the course of our review and questions that we would like you to address.

A. PROGRAMMATIC PERFORMANCE

There were 5 indicators rated during the reporting period. All indicators except for one were either overachieved or met. The average performance of the Top Ten indicators was 78% and the All indicators rating is 82%.

The Global Fund Grant Rating tool generated a B1 quantitative rating that reflects the PR's efforts and the subsequent progress towards the strengthening and expanding the access to diagnosis and treatment of TB and MDR-TB patients.

There was only one indicator that was not achieved. The indicator "Percentage of contacts of Roma smear positive TB patients referred to TB unit and examined for TB out of all contacts of smear positive Roma identified during the period" did not yield any results in this reporting period. Please see section C. Grant Management Issues and Recommendations for the follow up.

B. FINANCIAL PERFORMANCE

For this reporting period the utilisation rate of the budget was nearly 84% and the cumulative utilisation rate was 92%.

The overall cumulative variance of USD 126,610 is explained by the following:

The variance at the PR level, USD 107,388:

(USD 76,041) – overexpenditures on Human Resources, Technical Assistance, Training, Infrastructure and Other Equipment, Living Support to Clients, Planning and Administration, M&E, Communication Materials and Overheads budget categories.

USD 179,263 – savings on Human Resources, Technical Assistance, Training, Infrastructure and Other Equipment, Communication Materials, M&E, Living Support to Clients, Planning and Administration and Overheads budget categories.

USD 2,069 - commitments on Human Resources, M&E and Overheads budget categories.

USD 2,097 – delayed activities under the M&E and Planning and Administration budget categories.

The variance at the SRs' level, USD 19,221:

(USD 39,974) – overexpenditures due to various approved reallocations and also on Training, Human Resources and Planning and Administration budget categories.

USD 59,195 – savings on M&E, transportation costs, Training, Human Resources and Planning and Administration budget and also on Living Support to Clients budget categories.

The cash balance at the end of the reporting period is USD 240,892.

C. GRANT MANAGEMENT ISSUES AND RECOMMENDATIONS

1. No results were reported under the following indicator "Percentage of contacts of Roma smear positive TB patients referred to TB unit and examined for TB out of all contacts of smear positive Roma identified during the period". The following explanation was given in the comments box: "Due to the encountered challenges in the activity that envisage to investigate all contacts during the same reporting period when the index case is identified, the reporting arrangements have been changed: number and percentage of contacts of Roma SS+ TB patients identified for example in Semester 1 will be reported in Semester 3. The change was applied in P10, hence P10 data was reported in P11 reporting period and so further; P11 data was reported in P12 reporting period, P12 data is reported in P13 reporting period, P13 data will be reported in P14 reporting period. However, the Red Cross organizations in Serbia have not been contacted by TB Units to assist in contact tracing in the P12 so there are no results to be presented in this reporting period."

The same reason was given during the last reporting period.

<u>Follow up required</u>: We believe the Red Cross, its branches and their coordinators should be more proactive in collecting the information under this indicator. The SRs and the Red Cross should be more active and reach out to the TB units themselves. There could be various potential reasons for not fulfilling this indicator. However, we need to know the real reasons which will only be possible after we get the information directly from the TB units. The PR should approach the coordinators of the Red Cross branches to ensure that they contact the

TB units directly to obtain the respective data and share the information with you. Please update us on this issue by no later than 30 June 2015.

2. We have been informed that USD 135 was spent to print calendars for 2016.

<u>Follow up required:</u> The calendars are for 2016 which is beyond the grant end date and even beyond the closure period. This questions the eligibility of these expenditures. This activity was not budgeted and also was not approved by the Global Fund. Therefore, we request that the respective amount is returned back to the project bank account as soon as possible and no later than 15 July 2015.

3. We have been informed that on 28 November 2014 you claimed travel expenditures of participants of the "Training of the field staff". There were several fuel bills paid to the participants (from Prokuplje, Raska, Velika Plana etc.), for the higher amounts than the real fuel consumption, calculated using the actual fuel market prices.

Follow up required: We note your explanations provided to the LFA. We also acknowledge that it is in internal rule at the Red Cross to pay all participants' bills. However, as a good practice at the Global Fund we would expect the PR to be very watchful when making payments. The Global Fund has the full right to consider the overpaid amount as ineligible expenditures as they can be considered not properly justified. We would like to ensure that the Finance Unit of the PR has a better oversight and fiduciary control over all expenses and that it is properly reflected in your internal procedures. Updating your internal procedures is hightly recommended. The overpaid amount should be reimbursed to the grant account and will be verified by the LFA as part of the final PU/DR.

4. The section 5B Disbursement request is filled incorrectly. Instead of the forecasted amount for the remaining period 1 January to 30 June 2015 you have included the cash balance. Thehe period dates are also wrongly indicated. The only period that you should have indicated for the purposes of this progress update is 1 January to 30 June 2015.

<u>Follow up required:</u> Please ensure that when you submit the next progress update which will also be the last progress update you fill in this section appropriately using the forecasted expenditures for the respective period.

Please do not hesitate to ask if you have any questions.

With best regards

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Tsovinar Sakanyan Fund Portfolio Manager

Eastern Europe and Central Asia

Enclosed Documents:

Grant Rating Tool for the period Financial KPIs for the period