

26 April 2016

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MEA-011-G01-H: Performance Letter (Progress Review of period 1 Oct 2014 – 30 Sep 2015) and Annual Commitment and Disbursement Decision for the period (1 Oct 2015 to 30 Sep 2016)

Dear Mr Phurailatpam,

This letter is to inform you that the annual commitment and disbursement decision for the grant MEA-011-G01 for the period 1 October 2015 – 30 September 2016 in the amount of **US\$ 189,938** has been finalized and that the release of funds has been processed. As the current will end on 30 September 2016, therefore, this is the last annual disbursement again this grant.

This letter also presents the conclusions of the Global Fund's review of the Progress Update for period 1 October 2014 – 30 Sep 2015. It summarizes the relevant facts, findings, challenges and the corresponding actions to be undertaken by APN+ and/or the respective SRs in the next implementation period.

A. Programmatic Performance

The annual progress update shows that the PR could not achieve the programmatic targets of the related period against the following two indicators, hence, the programmatic rating of the PR is C.

- Number of representatives from National PLHIV Networks (SRs) receiving Training of Trainers (ToT) in field data collection, data supervision and data entry; and
- Number of people trained in data collection for access to treatment, care and support study.

The PR is strongly recommended to urgently address the under achievements against the above two indicators along with recommendations noted below under the section of management issues.

B. Financial Performance

Cash outflow and cumulative expenditure:

The total cash outflow during the last reporting period (1 Oct 2014 – 30 Sep 2015), including disbursements to SRs, amounted to US\$ 529,020 against a budget of US\$ 723,142 (**73 % burn rate**). The PR burn rate is 72% (US\$ 252,338 against budget of US\$ 346,161), whereas the SR burn rate is 73% (US\$ 276,682 against budget of US\$ 376,981).

The main reason of variance between budget and actuals is due to underspending of programmatic implementations and carryover of activities. In addition, PR was in a preparation process for activities including for Training of Trainers (TOT) workshop in March 2016.

For the upcoming implementation period (April-Sep 2016), PR has to implement carryover and approved activities. Examples of activities include TOT data collection, supervision, and data entry; data collection training in the fields; country reports for Round II; SR advocacy meetings; and policy analysis briefs.

Cash balance:

The LFA verified cash balance at the end of the reporting period (as of 30 September 2015) is \$ 366,482.

C. Status of Conditions Precedent and Special Conditions

All the conditions precedents are already met for this grant.

D. Performance Actions and Recommendations

In the table below we have summarized the management issues and recommendations for follow-up:

No	Description of identified issue	Performance Action / Update
Monitoring & evaluation		
1	There are delays in program implementation and staff recruitment – still the selection of four staff members is in process.	The PR must finish the recruitment and selection hiring process for all vacant positions at the earliest.
2	With regard to the micro planning for field data collection, TOT on data collection, data collection supervision and data entry, it has been noted that PR-APN Plus was planning to conduct training in March 2016. Since the end-term evaluation is scheduled in 2016, the PR needs to push the SRs to the finish data collection in the sites before the end of the grant period.	The PR needs to ensure TOT and in-country training workshops on data collection, data collection supervision and data entry to participating SRs and field data collectors are finished before the end of September 2016. Training materials and guidelines need to be submitted to the Global Fund before the training events.
3.	It has been noted that no policy briefs have been found of SRs from Vietnam, Bangladesh, Laos, and	PR-APN Plus should check the implementation of policy analysis and availability of the policy analysis briefs at

	Philippines. All available policy briefs were submitted only by Pakistan, Indonesia, and Nepal.	the sub-recipient countries which provided no such reports in previous and current reporting period. The new policy debriefs for 2016 should be implemented before end of grant term i.e. September 2016.
Financial management		
4.	It has been noted that the selection of the external auditor has been delayed.	The PR should urgently finalize the TOR and submit to the GF for approval. In addition, the selected external auditor should meet the qualifications according to the GF's requirements in the Guideline For Annual Audits of Global Fund Grant Programme Financial Statement. Kindly note that the cash release for Q3 (July to September 2016) has been conditioned with submission of the audit report.
5.	The accounting system does not support expenditure data for PR's PUDR report preparation. The PR-APN Plus uses the QuickBooks accounting system to record accounting transactions. The system automatically converts the accounting transaction in THB to USD currency with the exchange rate set in the system.	The PR should consult with the QuickBooks service provider to resolve this issue. In addition, the relevant staff should consider attending a QuickBooks training class which is available free on websites.
6.	The cash reconciliation shows lack of supporting evidence on staff cash advances and unidentified amounts in the cash reconciliation.	The PR should investigate any staff cash advance balance and unidentified amounts by Jun 2016. If the PR cannot provide explanations and supporting documents, the PR will have to pay back the amount to the GF for cash loss.
7.	There were payment transactions for unnecessary items (e.g. Apple MacBook)	The PR should consider the user's requirements based on grant activities against the item specifications in terms of functional capability, connection, and data sharing among users in order to ensure that items provide the best value under the grant operation.
8.	Incorrect exchange rate applied to convert the cash ending balance from THB to USD	In order to be consistent with the Global Fund's guidelines and enhance the accuracy of the cash ending balance reported in USD in the current PUDR, the PR-APN Plus should apply the spot exchange rate at the end date of the reporting period to convert the cash ending balance from THB to USD.
9.	Incidents have been noted wherein the evidence of price comparison and a set of payment vouchers are missing.	The PR should also follows its program implementation and financial management manuals for procurements. The PR should properly file supporting documents with the Accounting and Finance Department for further reference.

10.	The verification of eight payment vouchers has shown that there are no activity reports attached with payment vouchers to support payment and cash advance settlements.	The activity reports should be passed through the Finance Officer and attached with the Payment Vouchers as the supporting documents of payment or cash advance settlement.
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E. Disbursement Decision and Cash Transfer Schedule

Considering the lowest rating (C) of last reporting period, the CT has exceptionally decided to still go ahead with the disbursement in view of following considerations:

- 40% for activity implementations covers carryover from previous periods which also included TOT conducted in March 2016, and new activities for Year 5.
- There are not many activities for each SR in Year 5 but they may need a long preparation time for some activities such as country report and policy analysis brief.
- PR must closely monitor, stimulate and supervise SRs to speed up their implementations as well as review their quarterly reports.

The annual funding and disbursement decision for the period 1 October 2015 to 30 September 2016 amounts to **189,938** as follows:

Approved budget Oct 2015 – Sep 2016:	\$ 434,778
Add: Carried over activities	\$121,642
Total Forecast:	\$ 556,420
Less: Cash Balance on 30 Sep 2015	366,482
CT annual funding decision:	\$ 189,938

The disbursement will be released in following two tranches:

1. Tranche 1 of \$ 115,743 will be released in May 2016.
2. Tranche 2 of \$ 74,195 (equivalent to the budget of Q3) will be released subject to submission of the audit report by the PR.

Do not hesitate to contact us if you have any questions concerning the above mentioned points. We take this opportunity to thank APN+, the sub-recipients, the technical agencies and implementing partners for the Program's progress to date. We look forward to continue working together in the fight against HIV/AIDS.

Sincerely

Philippe Creac'H
Senior Fund Portfolio Manager
High Impact Asia

cc: Sushil Koirala, Programme Manager, APN+
Chawee Paenghom, PricewaterhouseCoopers, Thailand, LFA