Principal Financial Report

Presented by Mr Semisi Fukofuka CA, Financial Controller , Grant Management Unit @ 11th PIRMCCM Meeting, June 2011

My Bonnie Lies Over the Ocean

- My Bonnie lies over the ocean,
  my Bonnie lies over the sea,
  My Bonnie lies over the ocean,
  O bring back my Bonnie to me.
- *Chorus:*
  Bring back, bring back, O bring back my Bonnie to me, to me:
  Bring back, bring back, O bring back my Bonnie to me.

Why are we here?
What's the money for?

"If Real Estate is

LOCATION, LOCATION, LOCATION

Health care is

OUTCOME, OUTCOME, OUTCOME"

Financial Oversight

CCM five oversight questions:

- Is the PR managing the grant effectively?
- Where are the drugs (or other products)?
- Are the targets being met?
- Is the grant being implemented on schedule?
- **Where is the money?**

2010 Principal Recipient Audit

- PWC Noumea, the PR Auditor, issued an **Unqualified Audit Opinion** for the 2010 PR Program Statement of Income and Expenditure
- Significant Audit Findings
  - Full report is available so please read
  - New Audit Guidelines issued by the Global Fund
    - All SRs will be required to undergo external audits
    - Grant specific income and expenditure must be disclosed separately
  - Compliance with Financial Delegation

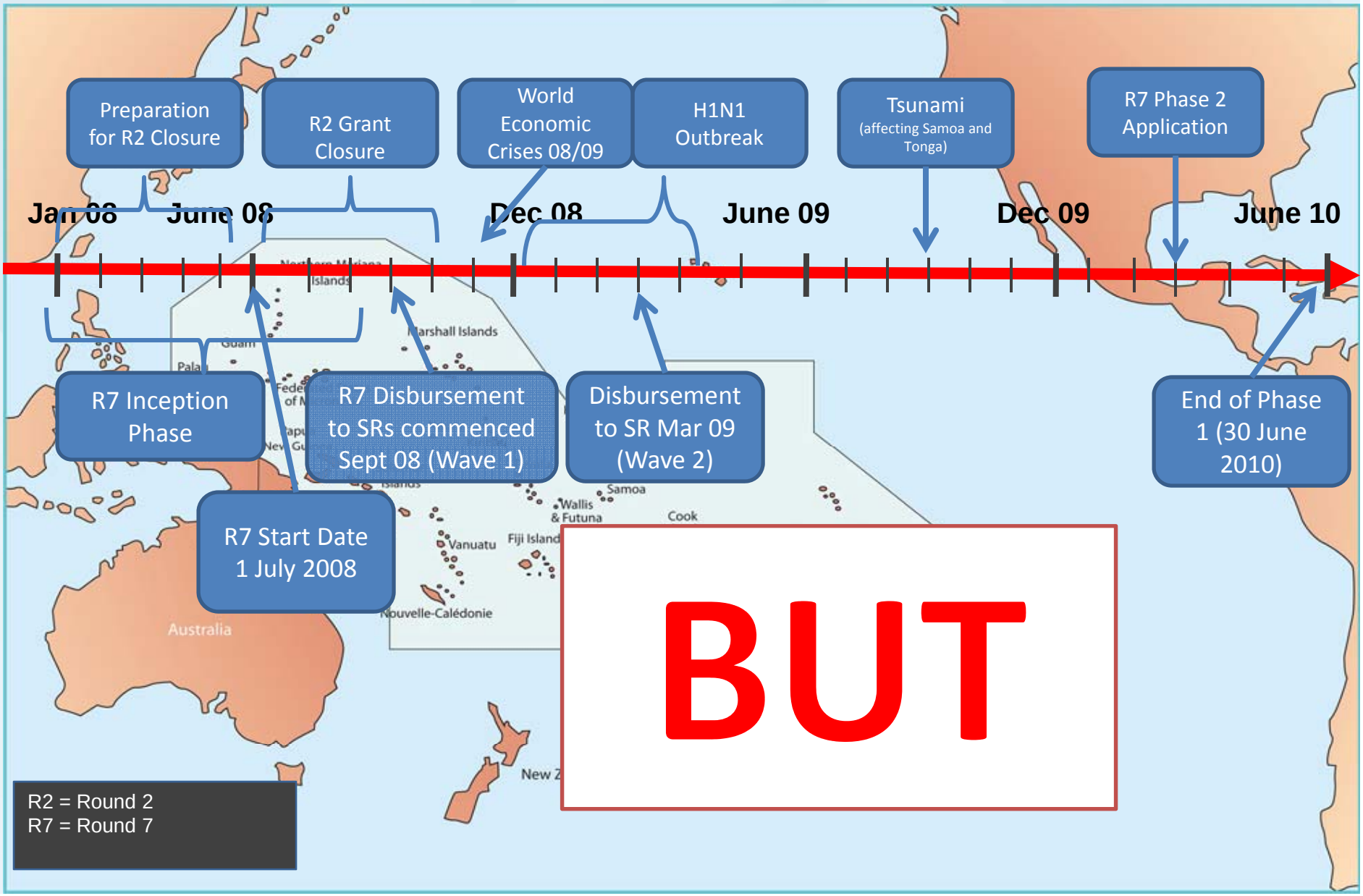
PR Reporting to Global Fund

- PR continues to find this a challenge
- PUDR and EFR due with GF 45 days from end of reporting period
- Despite the challenges funds continued to flow
- Increased expectation from the GF for enhanced fiduciary control, risk-management, fraud prevention and detection measure
- PR looking to strengthen its own financial management capacity

Cummulative Results Financial Summary
To 31 December 2010
All Figures in USD

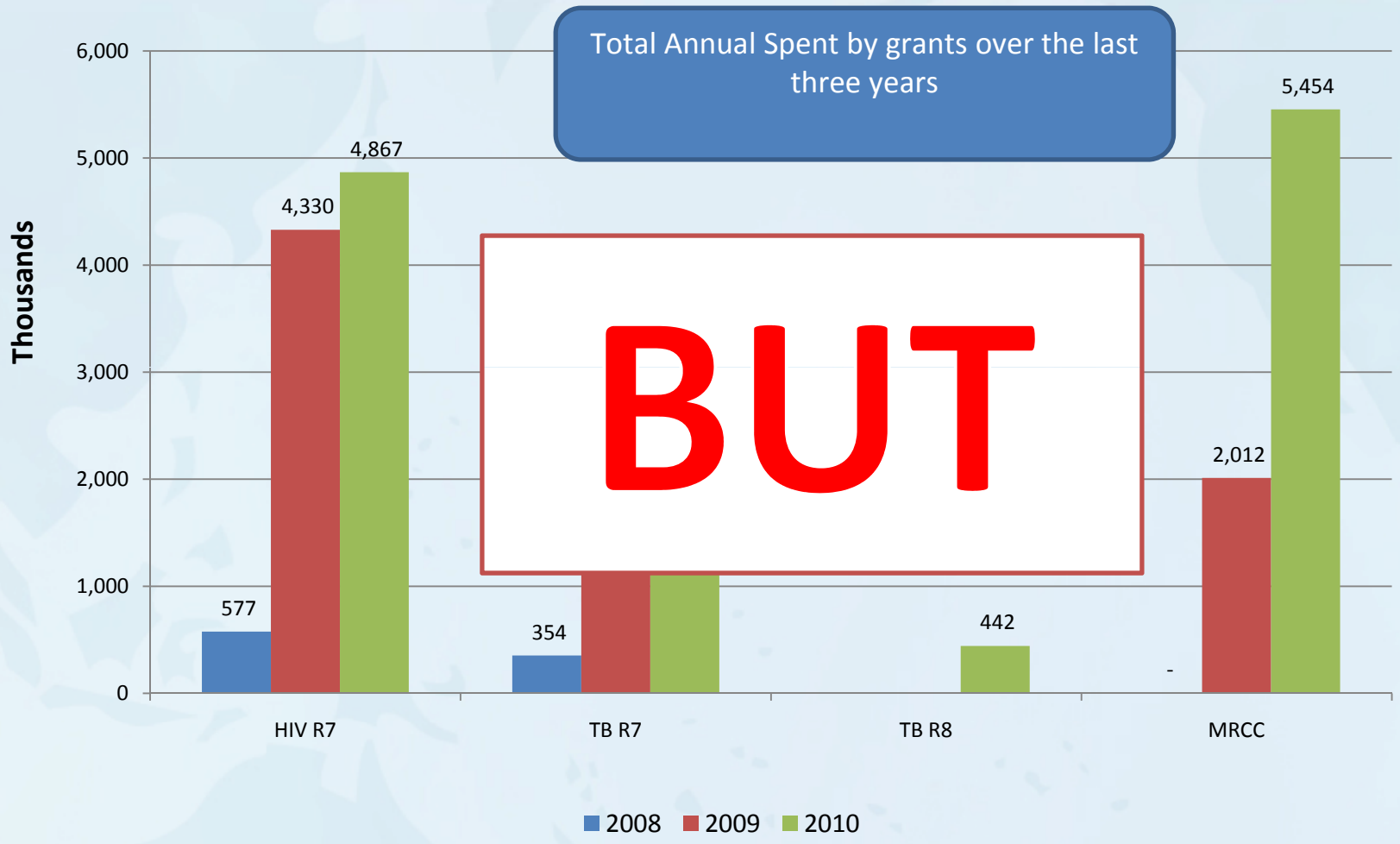
	Malaria	HIV R7	TB R7	TB R8	COMBINED
Total Approved budget	19,598,643	21,470,746	11,235,235	3,962,489	56,267,112
Cummulative Budget to Date	13,641,499	13,640,049	7,645,443	1,727,493	36,654,483
Funds Disbursed from GF	14,980,483	13,190,424	6,864,387	1,513,808	36,549,101
Undisbursed from GF	4,618,160	8,280,323	4,370,848	2,448,681	19,718,011
Disbursed to SR	4,611,933	7,726,673	3,903,322	1,190,265	17,432,194
Actual Expenditures					
Centralised Procurement	3,271,027	2,003,758	176,395	-	5,451,179
Project Management	1,098,064	1,328,012	1,099,231	19,142	3,544,449
SR Expenditures	3,097,248	6,442,134	3,005,353	422,867	12,967,601
Total Expenditures	**7,466,338**	**9,773,903**	**4,280,979**	**442,009**	**21,963,229**
Balance in Bank PR	6,195,543	2,148,593	1,696,060	304,401	10,286,507
Disbursement Rate (Disb SR/Disb PR)	31%	59%	57%	79%	48%
Spending Rate Total (Expenses/Budget	55%	72%	56%	26%	60%
Spending Rate PICTs	66%	66%	48%	26%	
Spending Rate Partners	79%	79%	76%	32%	
Cashburn Total SR (Exp SR/Disb to SR)	67%	83%	77%	36%	74%

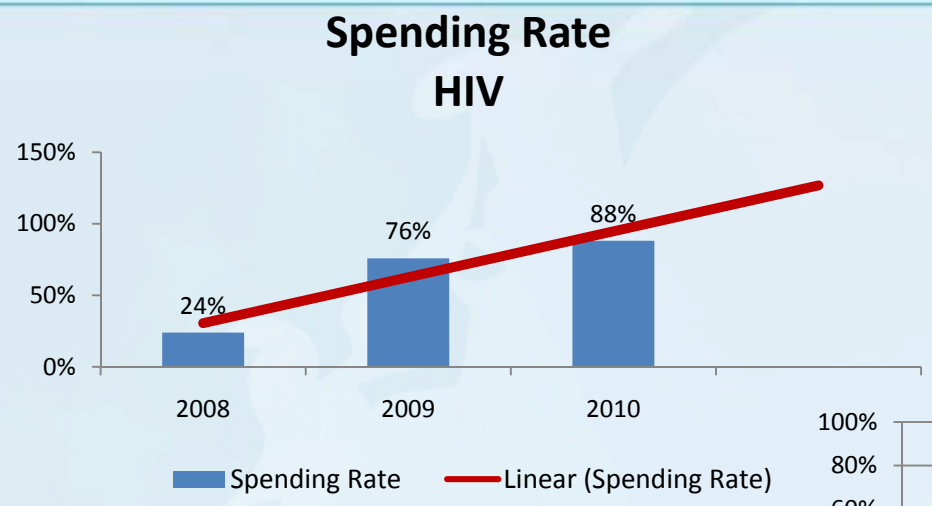
MWP Round 7 Phase 1 Grants Timeline

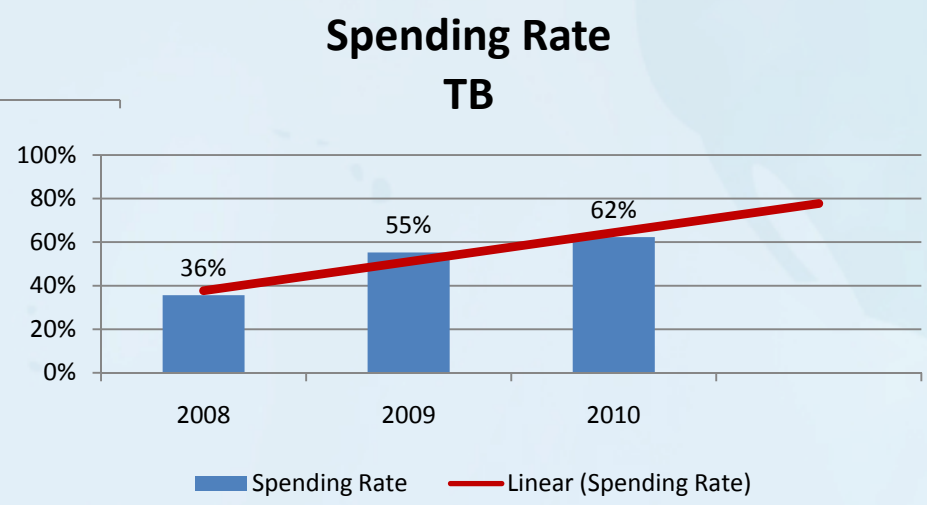


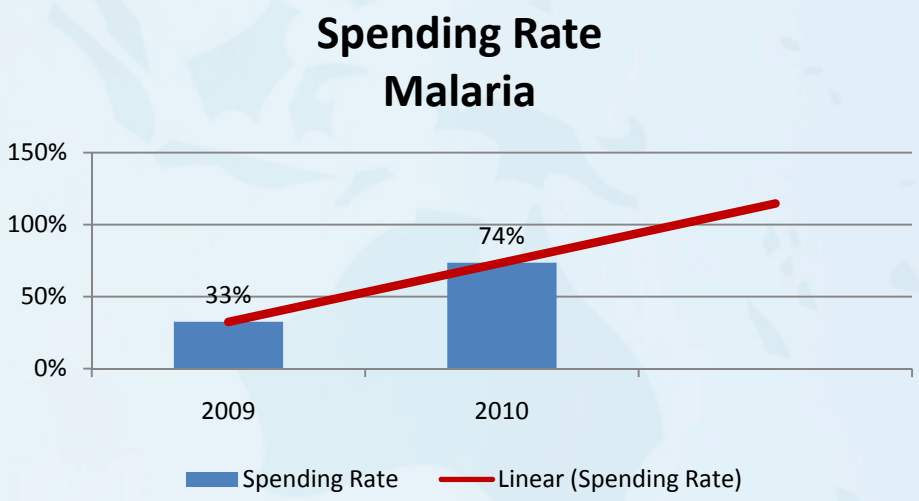
OTHER REASONS FOR LOW SPENDING RATE

- Slow recruitment processes
- Unrealistic work program based on existing capacity
- Some over budgeting
- Country specific legal requirements
- Changing country priorities
- Other projects funded by other donors


Total Annual Spent by grants over the last three years
BUT
Thousands
6,000
5,000
4,000
3,000
2,000
1,000
0
577
4,330
4,867
354
442
-
2,012
5,454
HIV R7
TB R7
TB R8
MRCC
2008
2009
2010


Spending Rate
HIV
150%
100%
50%
0%
24%
76%
88%
2008
2009
2010
Spending Rate
Linear (Spending Rate)


Spending Rate
TB
100%
80%
60%
40%
20%
0%
36%
55%
62%
2008
2009
2010
Spending Rate
Linear (Spending Rate)


Spending Rate
Malaria
150%
100%
50%
0%
33%
74%
2009
2010
Spending Rate
Linear (Spending Rate)

Lessons Learned

Need to Phase in activities better:

- Grant Closure and Inception at the same time
- Set realistic performance targets and activities
  - Tend to be over ambitious with work plan
  - seem to formulae work plan as vertical program
  - seem to forget that people wear many hats
- Need to set realistic expectations for Period 1 – balance between planning and showing results during Phase 1

Lessons Learned

Need to Phase in activities better:

- Must consider dependencies between activities
- Consider internal processes and procedures when planning activities

Phase 2

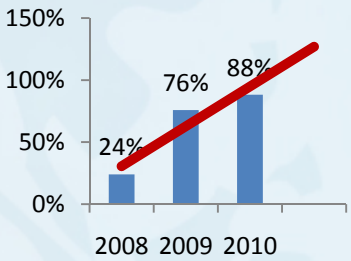
	HIV	TB
Total R7 Upper Ceiling Budgets	**21,470,746**	**11,235,235**
Total Phase 2 Budget		
Funded by:	**13,869,484**	**7,363,542**
Phase 1 undisbursed amount	955,382	1,085,098
PR and SR Phase 1 Cash Balance at 30 June	2,154,338	687,184
Board Approved Incremental Funding	10,759,764	5,591,260
Total Funding for Phase 2	**13,869,484**	**7,363,542**

Areas for Strategic Focus

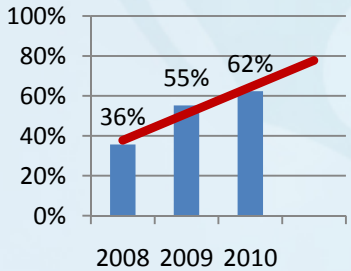
- Timeliness and quality of reporting – need to develop a culture of good internal reporting
- Absorptive Capacity
  - Session tomorrow on identifying bottlenecks and looking for solutions
  - Changing financial landscape and Donor expectations
  - Wide than just the health sector
- Mismatched between Programmatic and Financial Performance
  - Untied performance targets
  - Health System Strengthening Activities, investment in future capacities and capabilities

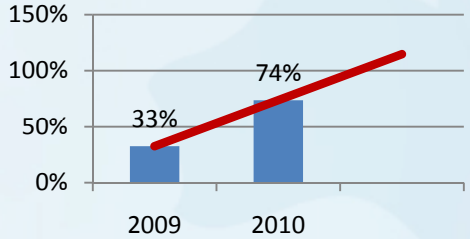
Areas for Strategic Focus

- Competing Priorities
- Increased expectation from GF high higher level of accountabilities and transparencies
- Value for Money consideration – bigger bang for you bucks



"Health care is about OUTCOME, OUTCOME, OUTCOME"





Decision Point

Recommend to PIRMCCM to:

- Accept the Progress Update Disbursement Request (PUDR) for the period 31 December 2010 for HIV, TB and Malaria (DP8)

And

- Accept the Enhanced Financial Report (EFR) for the period 31 December 2010 HIV, TB and Malaria `(DP9)