**KENYA COORDINATING MECHANISM**

***Oversight Visit Report to the Kenya Red Cross Society on 20th May 2015***

## Background

The Kenya Coordinating Mechanism (KCM) has the mandate to oversee the overall management of grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM). The KCM established an Oversight Committee (OC) whose role is to plan, coordinate and carry out the oversight of Global Fund grants in Kenya.

To triangulate the oversight process, the OC has initiated physical visits to the Principal Recipients (PRs) with a view to get a holistic picture of grant implementation. The first such visit was to Kenya Red Cross Society offices, on 20th May 2015. The visit was conducted to obtain feedback on the implementation of Global Funds activities by the Kenya Red Cross (GF-HIV SSF Principle recipient 2).

The objectives of the Visit were:

- Introduce engagement forums between the Oversight Committee and the Principal Recipients for better stronger relations.
- Identify bottlenecks in grant implementation and recommend way forward to the KCM
- Be informed of grant implementation for purposes of transparency, accountability, and the preparation of new grant proposals
- Provide a process for participation of non-KCM members in overseeing Global Fund grants

This was a joint visit consisting members of the Oversight Committee, KCM Secretariat and the Kenya Red Cross Society. The key areas of focus during the visit were, Overall Management of GF grants, Fiduciary, Procurement and way forward (The detailed visit guide is presented in – *Annex i*).

## Opening Remarks by the Oversight Committee Chair

The OC Chair welcomed the Team and thanked the PR for scheduling to meet the OC team. He also applauded the PR for their efforts to ensure that grant implementation was on course since 2010. He went on to assure the PR that the visit, was as per the Oversight role of the KCM which had been delegated to the OC, and not an audit or M&E assessment. He said this was essentially the first of the four visits the Committee had purposed to undertake to PRs and SRs.
In his remarks, the Chair of the OC re-emphasized the overarching purpose of oversight visit, which is to ensure that grants from the Global Fund are implemented as planned and are yielding targeted results, and further challenges and bottlenecks are identified and resolved.

The Chair then invited the PR to present to the OC issues affecting the smooth implementation of grants and how the PR thought the issues can be best resolved. He also encouraged the PR to share its success stories.

**Presentation by the KRCS**

As a Principal Recipient (PR) the KRCS has the overall responsibility of implementing, monitoring and evaluating Global Fund grants for HIV-SSF. The PR is under obligation to report to the KCM regularly on the progress of the grants, both on how the money is spent and, in particular, on the results obtained while ensuring accurate and timely reports are received.

The PR's presentation was divided into three thematic areas, namely: Programmatic, Finance and Supply Chain Management respectively.

**Programmatic**

The KRCS was enacted in 1965, through Cap 256 and the act revised in 2012 to have KRCS affiliated to both National and Country Governments. KRCS has 64 branches countrywide, served by over 70,000. KRCS became a Non State Principal Recipient (PR) for the GF Round 10 HIV Grant. The Grant title "Towards a HIV free society" had a total amount of 48,885,346 USD and was supposed to be implemented in two phases. Phase one budget started on 1st December 2011 up to 30th June, 2014; while phase 2 runs from 1st June 2014-30th June 2017. The PR implements through 56 sub recipients in 25 counties, managed under 6 KRCS regional teams. The **current grant rating** as of 31st March 2015 is **A1.**

The grant is grounded on the following objectives:

- Expand care and treatment services to reach universal access by 2013 and maintain the cohort through 2017, this is mainly in the areas of (Anti-Retroviral Therapy and Monitoring and Care and support for the chronically ill)
- By 2017, increase the coverage of PMTCH, HTC, MARPS and PEP intervention by at least 25% each. The service areas under this objective are (Prevention of Mother to child transmission; HIV Testing and Counseling; Most at Risk population; Post Exposure Prophylaxis) and the last objective being Strengthening management and administration of GF grants. The service delivery area under this objective is (Leadership and Governance).

The PR highlighted the following challenges under this thematic area:

**Programmatic challenges**

- Access to Essential Medical Supplies due to reliance on GOK/KEMSA structures.
- STI treatment for Key Population
- Commodity supplies – condoms, lubes, test kits
- Lack of adequate information on GF grants at county and lower levels
- Allowance expectations from GOK staff
- Low capacity of CHEWs in HCBC programming
- Community data not fed into DHIS

**Finance**

Under the Finance thematic area, the PR reported that the main reason the flow of funds from donor to beneficiary is guaranteed is attributed to Verifiable results, Complete, Accurate, Relevant and Timely reports. The disbursement request process is as follows: (KRCS HQ to GF - Semester + Quarter buffer; KRCS Program office to HQ -Quarter and SR to KRCS HQ- Quarterly/ Needs basis). The PR has a defined process of managing grants, which includes Risk Based approach. This approach requires that budgets be allocated based on Targets, for this to succeed, high risk SRs are allocated less targets and therefore less budgets , poor performing SRs also have their targets & budgets reallocated.

A summary of key financial performances by the PR indicates that, so far, the PR has received US$8.5M (97%) of its yearly budget allocation (Exclusive of HPE). However, US$ 3.5m has not been disbursed to the PR because of a Management Letters attributable to Health equipment to the counties. 80% of SR budget (US $3,346,849.23) has so far been disbursed, with the SR Absorption standing at US $ 3,124,991 (93%) of funds disbursed , Overall Program Implementation is 84%(Excl HPE). It is also worth noting that 49 out 50 SRs submitted their reports. The remaining SR was subsequently discontinued due to matters related to fraud. All PR External Audit reports so far have been unqualified.

**Financial Management challenges**

- Poor budgeting and forecasting skills by SRs. A number of activities were not well thought of and variances (+/-) arise after approval of budgets.

  Applied Remedy: (*Continuous training on budgeting and forecasting skills. Comprehensive forecast tool for subsequent quarter activities).*

- Funds flow within SR system. Some SRs were not able to have an effective system to disburse to their regional offices in good time delaying some key activities.

  Applied Remedy: (*Assisted SRs to open regional bank accounts and develop monthly or quarterly disbursement to regional offices*)

**Procurement and Supply Chain Management**

The PR's presentation on Procurement and supplies management was mainly on the procedures used to procure. The PR works closely with its counterpart PR 1 and the SR (NASCOP) when it comes to procurement of Medical commodities. The details of Technical Specifications for commodities are defined by the users (mainly Ministry of Health). Once the specification details are provided, the PR uses its processes and structures in determining, whether to go for Societies Prequalified Suppliers or to advertise internationally as an International Open Tender. The awarding and adjudication is carried out by a tender committee. The PR maintains a register of suppliers, and supplier performance is rated bi-annually. Procured commodities are stored within the PRs Warehouse before distribution to the required destinations/locations).

The KRCS Team informed the OC Team that GF was the largest under the Special Programs categorization in KRCS. She reported that due to the dedicated team, the Grant rating had maintained a consistent A1 rating. She also felt that the capacity building of its SRs had contributed immensely to the good rating, with special emphasis on an SR who during the program inception had a problem absorbing 1million Kenya Shillings but was now one of their best performing PR with a budget of slightly over 9 million shillings. She however requested the KCM through the Oversight Committee to look into ways of supporting them in challenges highlighted in the discussion, singling out the under resourcing of community systems.

**Summary of Key Issues Noted, Discussion and Way forward**

| Emerging Issues | Discussion & Way Forward | Action |
|---|---|---|
| Treatment of STIs for key Population | • Key Population can access free treatment of STI at public health facilities. | • More sensitization to key populations on the available free treatment |
| Targets set were not in tandem with Global targets | • The Team noted that the PR had a target to increase the coverage of PMTCH, HTC, MARPS and PEP intervention by at least 25% each by 2016, whereas the Global target for 2020 is 90% Testing 90%Treatment and 90% Viral suppression. | • This is a national target as per the National Strategic Plan. |
| Finance | • The delay in quantification of commodities by PR1 causing reprograming of funds under the NFM | • Chair of the KCM to give guidance on future arrangements. PR advised to only take up what they are sure they can manage to the end.<br>• MOH needs to do advance procurement plans and share timely approvals made by MTC. |
| Management and Capacity of SRs | • Team asked if the issue surrounding the performance of SRs was a management or knowledge gap especially in budgeting | • PR noted issue was mainly knowledge gap and that is why it was engaging the SRs constantly. |

| Emerging Issues | Discussion & Way Forward | Action |
|---|---|---|
| | and forecasting.<br>• According to the presentation, great achievement is seen due to the fact that only 20% procurement is being done by SRs, while the PR does 80% | • The PR was advised to include Capacity development of the SRs in its Workplan. |
| Lack of cooperation by GOK workers at the H/facilities | • The PR reported that implementation has been challenging due to the perception by H/workers that the PR is a donor. | • It was recommended that the KCM engages the county health management teams.<br>• The PRs were also advised to adequately brief the county health management teams on their activities/ areas they work.<br>• It was recommended that the capacity of CHEWS be improved. |
| Community Health Systems | • A lot of information captured at the community level does not get to the main DHIS yet it is important<br>• What sustainable measures were being put in place to ensure the Community Structures survive beyond the grant period | • The PR to engage NASCOP so as to address the CHIS issues.<br>• PRs to give SRs feedback through CUs and have sustainability measures put in place for post 2017 |
| Human Resource | • Are all the staff working under the GF program employed by the KRCS and what is the post 2017 plan for them? | |

**Conclusion**

The oversight team congratulated the PR for the exemplary performance. The PR was requested to:

- Harmonize procurement

- Work closely with CHMT to enhance Support by Health Facility staff
- Target more resources to community activities.
- Prepare a comprehensive SRs reports highlighting their capacity, systems strengthening, fiduciary and risk assessment scenarios.
- Prepare an Exit strategy/closure of program towards 2017. How will staff be managed and equipments?
- Document best practices ,as they can be used to inform health policies
- Improve reporting at community level and linkages into DHIS.
- Deeper collaboration with LFA (copy of LFA report be made available to the Oversight committee).

The Team recommendations to the KCM include:

- KCM to develop a strong Communication Framework, as well as a Partnership Engagement Framework with counties.
- Lack of knowledge of GF programs at the National and County levels is hurting smooth grant implementation.
- Provide support and leadership in procurement matters. Low stock and stock out of commodities impacting negatively on grant implementation.
- Strengthening of partnerships between PR/KCM/LFA

**List of participating Members**

| | |
|---|---|
| 1. Peter Kubebea | Chair/Oversight Committee |
| 2. Dr. CustodiaMandlhate | OC Member |
| 3. Dr. Abdinasir Amin | OC Member |
| 4. WariaraMugo | OC Member |
| 5. John Kamigwi | OC Member |
| 6. Sam Munga | KCM Secretariat |
| 7. Margaret Mundia | KCM Secretariat |
| 8. AbshiroHalake | Kenya Red Cross |
| 9. Emily Muga | Kenya Red Cross |
| 10. George | Kenya Red Cross |

**Annex i**

Visit Guide

A. Intro: Overall management of GF grants
    a. Active grants for the 3 main areas
    b. Current management structure from the PR side
    c. Successes and challenges
B. Fiduciary
    a. Flow of funds from GF to the PR
    b. Flow of funds from the PR to SRs
        i. MOH
        ii. Civil society
    c. Benchmarks for financial management and how the PR is doing against those
    d. Verification of program reports and financial data
    e. Timely communication with the programs e.g. management letters
C. Procurement and supply chain management
    a. Technical specification for commodities
    b. Tender process
    c. Tender award and adjudication
    d. Procurement and supplier management
    e. Warehousing of GF commodities
    f. Call down of commodities per PSM Plan and contractor agreement
    g. Distribution of commodities by KEMSA
    h. Impact of devolution on commodity management in the counties
D. AOB
    a. How can the KCM help?
    b. How can the OC help?