



12 April 2019

Dear Ms. Zamzam,

Subject: Final Report on Finance Management Technical Assistance for the Global Fund Principle Recipient Tuberculosis (TB) Care 'Aisiyah, Indonesia

I am pleased to enclose herewith the Final Report on Finance Management Technical Assistance for the Global Fund Principle Recipient Tuberculosis (TB) Care 'Aisiyah, Indonesia which is being implemented by the United Nations Development Programme (UNDP) with funding from the Global Fund. The report covers the period from November 2017 to June 2018.

During this period of implementation, the project placed its attention and remaining resources to provide dedicated technical assistance for improving the performance rating of TB Care 'Aisiyah on financial management. The Technical Assistance provided by UNDP Indonesia includes a broad range of financial and other management related services to Aisiyah in order to improve the quality, accuracy and transparency of financial reports, timeliness of submission whilst upgrading financial monitoring systems and organisational capacity. The project has also focused to improve human resources capacity and support system of PR, improve procurement and asset management system as well as improve coordination among PRs, partners, and CCM.

We convey that we are closing this project according to our agreement and there is still a remaining budget that we will return to Aisiyah with the amount of USD 67,293.68.

On behalf of UNDP, I would like to express our sincere appreciation to The Global Fund for their continuous support in this project. Please do not hesitate to contact us for any questions you might have.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Siprianus Bate Soro', is written over a horizontal line.

Siprianus Bate Soro
Assistant Resident Representative/
Head Unit of Democratic Governance and Poverty
Reduction
UNDP Indonesia

Dr. Rohimi Zamzam, S.Psi., SH., M.Pd., Psikolog
Authorized Signatory
The Global Fund Principal Recipient TB Care 'Aisiyah

CC:

Tomas Hatem
Senior Fund Portfolio Manager for Indonesia
The Global Fund for AIDS, TB, and Malaria (GFATM)

Enclosure:

1. Final Report



*Empowered lives.
Resilient nations.*

Final Report

Financial Management Technical Assistance for Global Fund Tuberculosis (TB) Care Principal Recipient: 'Aisyiyah, Indonesia

United Nations Development Programme

November 2017 – June 2018

A. Background

The Global Fund committed to contribute USD240 million for Malaria, Tuberculosis (TB), HIV and Health System Strengthening in Indonesia and will continue its support until 2020. The TB and HSS programs are managed by TB Sub-directorate and Pusdatin respectively. Each is assigned as Principal Recipient (PR) of the funds granted by Global Fund.

Indonesia has the 2nd highest TB burden in the world (over 1 million estimated cases occurring per year) with the 2nd highest number of unreported cases (690,000) – the so-called “missing cases”. While around 7,500 patients of the notified cases died, there are probably over 100,000 deaths every year from the unreported cases. Since 2002, the growth of TB in Indonesia has become a global issue, providing the impetus for the Global Fund to fight AIDS, Tuberculosis and Malaria (GF-ATM) and the Ministry of Health (MoH) to cooperate with development partners to work on improving coverage and service quality of the National Tuberculosis Program (NTP).

TB Principal Recipient 'Aisyiyah is an organization which focuses on community based activities. In the new funding Model-NFM (2016-2017), 'Aisyiyah has been chosen as a PR of Global Fund to carry out a community level national TB program called “Community TB-HIV Care Program” and to represent the Indonesian Civil Society engaged in TB prevention and control. As such, 'Aisyiyah is responsible for coordinating community level activities among Civil Society Organizations (CSOs) sub recipients (SRs) in 16 provinces (50% of Indonesia provinces).

In the second semester of 2016, PRs performance rating showed that 'Aisyiyah's financial management and organizational capacities needed strengthening. UNDP was asked to provide dedicated technical assistance to improve 'Aisyiyah's financial management. The Technical Assistance provided by UNDP Indonesia included a broad range of financial and other management related services to 'Aisyiyah to improve the quality, accuracy and transparency of financial reports, timeliness of report submission whilst upgrading financial monitoring systems and organizational capacity.

B. Immediate Objective

To strengthen the Principal Recipient's financial management capacity for the implementation of the Global Fund tuberculosis program in Indonesia.

To achieve the objective, the Principal Recipient's ownership was the key principle. The technical assistance and capacity building were based on the PR's organizational strategies and required self-assessment and diagnosis to identify appropriate capacity development and system strengthening interventions. To deliver the support, a combination of UNDP advisors/mentors together with consultants for specific technical areas helped build a longer-term relationship between UNDP and the national counterpart.

The support sought to achieve the following outputs:

- Output 1: Improved human resources capacity and support system of PR.
- Output 2: Strengthened financial management capacity of PR.
- Output 3: Improved procurement and asset management system of PR.
- Output 4: Improved coordination among PRs, partners and CCM.

C. Summary Progress Report

UNDP provided technical assistance to TB PR 'Aisyiyah which included support on organizational capacity and HR, financial management, accounting, procurement management, inventory & asset management and audit. The self-assessment of organizational structure, HR capacity and financial management were completed and reported to UNDP. The PR needed to implement recommendations based on the assessment and UNDP provided assistance and support to address 'Aisyiyah's shortcomings as per developed action plan.

Output 1. Improved human resources capacity and support system of PR

- a. 'Aisyiyah revised its organizational structure and was approved by the Global Fund
- b. The PR has action plan for capacity building plan (including organizational structure and program, organization instruments) with clear KPI and timelines.
- c. The PR implements human resource management to improve human resources, process and systems in managing the Global Fund Grants

External Conditions

'Aisyiyah has a very wide network in the field. As one of the largest organizations in Indonesia, 'Aisyiyah - supported by the parent organization - also has a very wide network up to the sub-national level. Good relationships with various government agencies and other community organizations are helpful in implementing programs in the field. The strength of the network helps in engaging with cadres in the field to meet the set targets.

External challenges were:

- The challenge faced by 'Aisyiyah was to align its systems to meet the GF detailed regulations on fund disbursement. 'Aisyiyah needed to actually implement an effective working system, in addition to utilizing competent human resources ranging from PR levels to SSR levels at the sub-national level.
- The merger of 2 to 3 districts/cities in one SSR became a challenge for PR 'Aisyiyah in providing supervision to SR and SSR in implementing activities in the field. The work area for advanced programs covers 14 provinces, with 130 districts/cities.

Internal Condition

In general, there were several internal issues in 'Aisyiyah:

- Organizational performance in the reporting of program implementation and achievement;
- Performance in financial management and reporting of the program;
- Unconducive internal working condition and ineffective cooperation between work units, i.e.:
 - HR function did not work properly thus staff rights & obligations were not fulfilled. Delay in filling vacant positions, staff working without contract, insurance and social security were not provided, no generic job profile for each post identified in PIM or HR manual.
 - There was no annual appraisal system in place. Staff Job Description did not have clear KPI for performance evaluation. Supervisors did not have tools to measure performance of their staff and there was no clear guideline as to what to do when staff underperformed.
 - Limited guidance and supervision on the lines of reporting and responsibility for financial management. Staff worked under very minimum supervision. Very slow response in making decision, or not even making decision. When problem arose with the SRs/SSRs, the finance team had to deal directly with the SRs/SSRs. On the other hand, staff did not always listen to supervisor and did not always fulfill all responsibilities stated in their job descriptions and there was no consequence for that.
 - Lack of control mechanism from PR to SR staff (decentralized management) including control from PR to other CSO who was acting as SR. PR faced challenges in controlling SRs and SSRs staff because these staff reported to PWA/PDA not to PR. This means very limited control from PR over the performance of the staff particularly on timeliness and quality of reporting.
 - No back-up system for staff absence. When one Internal Controller left, there was no instruction as to who will take over his job and responsibility while the post did not exist anymore under NIP. No proper handover requirement when staff was leaving the PR or on leave to ensure continuity of work and proper record of institutional memory.
 - The main function of the Internal Controller was to review SRs' financial report (each Internal Controller managed 7-8 SRs). Due to high workload on consolidating reports from SR and also poor quality of reports from SRs, there was no sufficient validation process on the compliance and completeness of the supporting documents sent by the SRs and SSRs.
 - Lack of orientation/induction training to new staff. Financial management refresher training was conducted by Internal Controller staff for SRs and SSRs during annual coordination meeting only, but no capacity building for PR staff. Socialization of SOP and PIM for all staff were not properly carried out so staff did not have sufficient knowledge to do their jobs in accordance with the SOP.
 - The PIM stated the requirement to have integrity pact to be signed by PR staff to ensure no conflict of interest. However, no annual declaration on conflict of interest was found in the PR's file.
 - Based on the observation from the assessment team, there was a lack of leadership in decision making process. It included decision about financial, HR and procurement matters. This created delay in implementation of activities and also frustration for staff.
 - There were outstanding HR issues to be followed up immediately, which was related to staff contract and social insurance & security (BPJS) that were not provided.

- Other issues that required immediate attention and action was staff morale, especially the finance team. The team lacked discipline/motivation. Several staff had not signed their contracts. They did not have capacity in performing his/her jobs and did not have a sense of team work, responsibility, ownership and crisis.
- There was no line coordination between programmatic team and finance team; PR management had not taken initiatives to develop the coordination and had no sense of crisis for not meeting deadlines of Global Fund (GF). As a result, staff did not make full effort to meet targets or deadlines.

It was a challenge for the Financial Management Technical Assistance (FMTA) Team to provide assistance when PR management would not take a lead and action or provide support to the team. This internal situation must be resolved as soon as possible. Based on the problems above, information was obtained through interviews with the current management, in this case the Authorized Signatory, Program Manager and Project Manager, the coordinator of each work unit, and the staff. The findings were as follows:

a. Management Level (AS, Program Manager and Project Manager)

- At management level, there was no clear division of duty and authority in terms of decision making, especially related to internal issues. There were often different views and inconsistencies in setting policy and decisions of management (AS, PM, and Project Manager) on matters related to internal conditions, such as staff issues and coordination between internal sections.
- There was duplication of authority in making decisions to deal with internal issues, such as addressing employee issues.
- There was no SOP and work mechanism for all sections, causing poor coordination. Each work unit worked to meet its own target without coordination with other units.
- The communication mechanism and flow between the management team and the staff were not well organized, resulting in frequent misperceptions and differences of views within the internal environment on decisions made by the management.
- The management expected PR to contribute to reduce TB and for the project to run well without fraud. However, the capacity of the existing staff was inadequate.

b. Monitoring & Evaluation Work Unit

- The basic problem faced was the reporting of SSR and SR which was often delayed and needed to be clarified.
- Communication and coordination with other related party, such as the FO and Finance was carried out informally. Coordination meetings were not scheduled on a regular basis.
- The report produced by M & E was administrative and had not been accompanied by an analysis of the problems or factors affecting the achievement of targets of SR and SSR.
- M & E focused more on collecting data from SR and SSR, and did not monitor the work programs undertaken by FO.

c. Finance Team

- The Senior Finance Officer only compiled all financial reports from each IC, and did not provide supervision to the ICs.
- ICs played a role as data collectors from SRs and SSRs, and did not produce more comprehensive analysis according to management expectations, such as mapping problem SRs and SSRs, performing risk analysis and providing problem-solving recommendations.

- The ICs worked in accordance with their respective habits and there was no cooperation between members of the Finance team in preparing reports or documents.
- Several Finance staff did not fully understand the work tools, like the excel program used.
- The problem that often arose was the delay in data transmitted by SR and SSR, and the data sent often required correction.
- Although IC had the authority to supervise SR and SSR finance staff, it was difficult to get cooperation from SR and SSR staff. It was also difficult to replace the less competent SR and SSR finance staff.
- There was no scheduled internal coordination meetings within the finance work unit as well as with other work units.

d. Field Officer Team

- FO monitored activity implementation in accordance with the proposal approved by GF.
- Coordination with M & E and Finance teams was mostly done informally.

With regards to providing timely and comprehensive response to all Management Letter and the Global Fund requirements, there were repetitive findings from LFA that had not been followed up. Moreover, the PRs did not urgently respond to draft findings documents until the closing meeting was conducted. FMTA had planned to draft the response based on the LFA findings for finalization by the PR.

Human Resources for Financial Management

UNDP was expected to follow up and update the Assessment Report on human resources and financial management capacity and the recommendations, ensure reporting to TGF is accurate, timely and in accordance with the Grant Agreement and applicable policies and regulations.

The Finance Manager signed employment contract and was officially on board since 2 July 2018 and during the absence of the finance manager, UNDP consultant was appointed as an Acting Finance Manager starting from 28 February 2018 until the new Finance Manager came on board and UNDP supported 'Aisyiyah to recruit the Finance Manager.

The tasks of the Acting Finance Manager were as follows:

1. Working with the PR to ensure that all requests to commit funds were met.
2. With support from the LFA (where the Global Fund determined that such support was necessary and approved it in advance), carrying out the necessary due diligence checks to ensure that the documentation relating to all sub-recipient's costs was authentic and the activity was consistent with the approved budget and work plan.
3. Performing regular controls to verify that financial transactions were correctly recorded in the accounting system and in the right account code, financial reporting was accurate, timely and in the format required and that all supporting documents were correctly filed and stored in accordance with local laws and regulations and the grant agreement. The Acting Finance Manager continuously ensured that the PR maintained and properly managed the archived records;
4. Verifying that the PR maintained an appropriate system to monitor and record all tax liabilities;
5. In the case of payments relating to the procurement of goods and services (with exception of payments made directly by the Global Fund to third parties on behalf of the PR e.g., procurement agents), the Acting Finance Manager worked with the PR to ensure compliance with Global Fund procurement-related guidelines and regulations;

6. Monitoring long outstanding advances and ensure compliance with the advance settlement policy of the PR's manual;
7. Strengthening the financial control mechanisms as needed to ensure their sustainability beyond the FMS's assignment end date.
8. Undertaking other tasks and responsibilities as directed by the Global Fund.
9. Providing assistance to finalize the budget for the 2018 – 2020 grant in compliance with the Global Fund's budgeting guidelines and ensure compliance with the requirements of the GF guidance on the transition between the allocation utilization periods;
10. Ensuring that the PR takes timely remedial actions on the observations noted by the Global Fund's Local Funds Agent (LFA) and communicated by the Global Fund through its Performance Letters. The consultant shall also ensure that the recommendations from the audit Management Letters and any recommendations from the Global Fund's Office of the Inspector General (OIG) are addressed.

The acting Finance Manager started to lead the finance team which comprised 1 senior finance officer, 3 internal controllers, 1 finance admin staff and 1 cashier. The acting manager provided advice and feedback related to financial matters, monitored advances and ensured expense recognition during year end closing (for pre-payment).

The interview for the new finance manager was held on 22 March and the acting Finance Manager served as an observer. The panel agreed on one candidate who was good both at written test as well as interview and confirmed the best candidate based on profiling by HR consultant. The result of the selection and CVs of shortlisted candidates were sent to GF for endorsement. The candidate needed one-month notice and meanwhile UNDP performed a reference check. GF agreed on the selected candidate after asking several questions to confirm the candidacy. The Finance Manager signed employment contract and was officially on board since 2 July 2018. The Finance Manager reviewed the employment contract and added one clause that the extension of finance manager contract was subject to written approval from GF. Handover from the acting FM to the new Finance Manager was carried out in July 2018.

Progress towards recommendations for improvement:

- Board Members and PR's Management approved new organizational structure based on UNDP recommendation in April 2018. The new structure was formed to improve the efficiency of project management including monitoring and evaluation of activities. However, for the implementation of this organizational structure to be more effective, it is necessary to consider an objective selection process for staff who will fill every position within the organizational structure. Selection needs to be done using competency standards that refer to job demands as outlined in the job description.
- In March 2018, UNDP Technical Assistance (TA) consultant was assigned as an acting Finance Manager (FM) until a dedicated FM was on board. The recruitment process went through UNDP recruitment services, from advertising, shortlisting, written test, interview and reference check. The PR undertook the negotiation and contracting process. The dedicated FM was on board in June 2018.
- Revised organization's guidelines which clarified and affirmed the authority of each leader at the management level, both for PR internal issues and external issues with partners.
- A standardized work mechanism and SOP were developed for each work unit, including communication and inter-unit coordination mechanisms.

- Performance indicators for each unit as well as individual were established.
- UNDP provided technical assistance on HR rules, including dissemination and implementation.
- Areas needing further strengthening include: Communication mechanisms between PR, SR and SSR; PR, SR, SSR accountability structure/mechanism and Human Resources management;
- A work unit that had the capacity to negotiate with the Global Fund was needed, especially in staffing.

Table 1. Progress towards Annual Targets of Output 1.

Annual Target	Progress	Status
1.1 Assessment report on human resources and financial management capacity including recommendations and an implementation plan for human resources capacity strengthening.	<p>FMTA presented Financial Management and HR Assessment on 29 February 2018 to the PR.</p> <p>The document was shared with the PR, CCM, TWG TB and the Global Fund.</p>	Completed
1.2 Revised human resources SOP/manual including staff job descriptions, qualifications and competency levels for each function, KPIs, evaluation process.	<p>FMTA presented the HR SOP based on interview process with all PR staff. The SOP includes job descriptions, qualifications and competency levels for each function and KPIs.</p> <p>The PR shared the SOP with CCM and The Global Fund on 6 March 2018.</p>	Completed
1.3 Improved PR management commitment and decision making in program implementation.	<p>Board Members and Management of PR have decided PR's organization structure through several internal meetings and consultation meeting with CCM, OC and TGF meetings, although the decision was delayed about two months, the PR submitted the organization structure on 6 March 2018.</p> <p>PR's management decided to complete current staff contract and will conduct staff appraisal at the end of June.</p> <p>The decision-making process was still time consuming, however intensive communication between</p>	Completed

Annual Target	Progress	Status
	board and PR's management based on recommendation from UNDP was a good exercise to improve PR management commitment and decision making in program implementation.	
1.4 Improved PR's organizational structure to facilitate the performance of the PR in achieving set targets.	Board Members and Management of PR submitted the organizational structure on 6 March 2018. Acting FM was assigned from FMTA and new FM was selected.	Completed
1.5 Staff receive regular training to optimize performance, support retention and promote professional growth.	FMTA and the PR conducted KPIs development workshop on 5-6 May 2018. Next plan: Staff to receive training to optimize performance, support retention and promote professional growth.	Partially Completed
1.6 PR provides timely and comprehensive response to all Management Letters and the Global Fund requirements with clear time line and supporting documents as evidence	Improvement plan of PRs was submitted to TGF and needs to be monitored regularly. VOI by the LFA was completed as per 22 May 2018 and draft report of closing meeting was shared with the PR.	Partially Completed
Overall Completion		Completed

Output 2. Strengthened financial management capacity of PR

The FMTA team also had to ensure that reporting to the GF was accurate, timely and in accordance with the Grant Agreement and applicable policies and regulations of TGF including all documents related to the Grant Agreements, Project Updates and Disbursement Request (PU/DR) guidelines, the Global Fund Guidelines for Grant Budgeting and Annual Financial Reporting.

The following are the expected results of the financial management capacity strengthening:

- a. Accurate and timely financial reports from the PR are submitted to the Global Fund;
- b. The financial management and procedures manual is operational and consistently applied at all levels;
- c. The capacity of finance staff at the PR as well as the monitoring and supervision of SRs by the PR is improved.
- d. Robust accounting software is operational and staff are trained;

The FMTA's scope of work consisted of budgeting and cash management, accounting procedures, controls and record-keeping, procurement management, inventory and assets management, and audit preparation and follow up. The role of the financial management support was to strengthen PRs to have the capacity to meet all Global Fund financial requirements and to ensure the appropriate use of grant funds.

Findings from UNDP assessment were as follows:

A. Budgeting and Cash Management

- Submission of PUDR and Cash Balance report was still delayed, and this needed to be resolved with UNDP assistance
- Lack of monitoring of the detailed work plan per activity. It is also contributed by long delay in adoption of computerized accounting software so there was no real time report as a basis for timely review on budget utilization.
- Finance SOP identified budget flexibility (+/-15%) but not yet approved by the Board.
- No procedure on the development of Cash Report in the Finance SOP.
- Lack of monitoring in cash advance management which posed potential high risk for safeguard of asset.
- No procedure for managing currency exchange risk in the Finance SOP.
- PR/SR/SSR issued staff advance for program activities in significant amount and sometimes the cash was kept in the SR/SSR office without proper safe. This practice triggered extreme risk towards safeguard of the asset (cash).

B. Accounting Procedures and Record-Keeping

- PR failed to adopt the new accounting software procured in 2016 and continued to manually develop financial report which was time consuming with less accuracy. PR's system in excel could not support the production of financial reports automatically in a timely and accurate manner. It was only possible to make changes after month-end closure which affected the reliability of the report.
- Minimum oversight & supervision to SRs/SSRs. This means inadequate validation of SRs/SSRs financial reports and documentation, and it was not feasible for the PR to ensure procedure for prevention and detection of potential misuse of funds or fraud. Supervisory visits were very rare and not always documented.
- Lack of concrete follow-up actions from the PR on long outstanding advance and no aging schedule report was available for monitoring advance register.
- Lack of timely coordination between Finance, program and PSM staff. This caused delay in the recording of accrued expenditures for prepayment.
- There was no review from program team on settlement of advance/financial reports from third parties (eg. YKI) to ensure activities claimed were completed as per approved work plan.
- PR did not have e-filing system to store important documents that allowed authorized users easy access. Storage of all project documents were spread across several places including staff external HDD.

C. Audit

- Recurring findings on expenditure and procurement process as well as asset management both at PR and SRs levels.
- Lack of systematic follow-up action on management letters to ensure all recommendations were completed in a timely manner.
- External audit was late and scheduled to be completed in the first week of August 2018.

Technical assistance undertaken by UNDP to strengthen PR financial management capacity consisted of the following aspects:

- Acting Finance Manager ensured that each payment must comply with SOP and approved budget. Voucher must be prepared before payment, supporting document is attached and valid, acting FM must verify before being approved by PM, transactions should be recorded and kept accordingly.
- In term of daily activities, acting Finance Manager provided support regularly to PR finance team, and followed up all outstanding issues in the following quarter, especially for those requiring management written approval.
- FMTA supported PR to revise the Finance SOP including budgeting management, Cash Report and risk management of exchange rate fluctuation.
- FMTA identified and advised PR Management and staff about the risk of fraud or misuse of grant funds in several areas, thereby reducing the ineligible expenditures identified by TGF or its agents.
- FMTA supported PR to complete the Consolidated Financial Statements of the SR (East Java, Yogyakarta, West Sumatera, West Papua), and were reported to IC Coordinator (SUF, GL & reconciliation) on August 14th, 2018 for the financial statements of July, 2018.
- Assisted 'Aisyiyah to develop working paper through reconciliation between the SUF and supporting documents and review Quarterly cash report, unfortunately PR was not willing to use the working paper, because PR had previous template sent to TGF without:
 - Reconciliation between the SUF with supporting documents (LFA report, bank statement, list of advance, cash count, account payable and disbursement from TGF in website)
 - Adjustment of grant currency of the budget between fixed rate to average rate for Jan – Jun 2018
- Assisted PR Aisyiyah on filing management, completed 100%, filing system handled by third parties.
- Ensured management's attention to take concrete actions on all recommendations and liaise with CCM and Board of 'Aisyiyah to ensure clearance of audit issues.
- PR finance team to prioritize filing system for financial documents. This was to anticipate requests from the auditor to review vouchers, as the auditor exceeded the deadline to submit the audit report on Mar 31, 2018.
- YKI issues were discussed, however contract addendum was not signed. The addendum was signed by both parties in May 2018.

- FMTA supported PR to prepare documents for audit activities.

Support to PR to procure new Accounting Software

The FMTA supported the PR to accelerate procurement of the new accounting software. The PR liaised closely with the new software vendor to develop a detailed work plan to accelerate the utilization of the accounting software. However, an accounting software had been procured previously. FMTA facilitated the PR to refund any payment to the previous accounting software vendor in May 2018 since it did not meet the financial system requirements for managing the Global Fund grants.

To obtain the appropriate software for the PR, FMTA team discussed with the finance team on the details of the existing accounting software (COA, GL, SUF including SR/SSR in Prasika excel) and assisted PR to prepare a simulation by developing a customized accounting software in excel file. The simulation was sent to the vendor, PR and TGF.

Moreover, the FMTA team assisted the PR to review quotation of 3 vendors and compare those quotations with the ToR for the accounting software. A meeting with Zahir was held to discuss detailed requirements in the ToR and simulation files on 12 Jul 2018. The simulation consisted of 3 steps as follows:

1. Developing templates for Master Data which had been discussed with the PR.
2. Developing templates for inputting/recording budget, contract/obligation and transactions to produce a report required by The Global Fund
3. Developing the formula “sumifs” on each report that links with input/recorded data.

The FMTA team worked together with the PR to analyse the simulation to ensure the selected vendor can develop a user friendly accounting software. The FMTA team also assisted the PR to review a quotation from Zahir as per Global Fund guidelines. The FMTA team assisted the PR to ensure Zahir can accommodate, develop and customize the software required by the PR (the software must be ready in 6 months and tested by the PR and SR). FMTA provided assistance to the PR on accounting software procurement and assisted the PR in developing the simulation module of the accounting software until the PR requested the FMTA team to stop negotiation with Zahir because the PR planned to procure another accounting software.

Table 2. Progress towards Annual Targets of Output 2

Annual Target	Progress	Status
2.1 Revised financial management SOP/manual including budgeting and cash management, accounting procedures, controls and record-keeping, procurement management, and audit preparation and follow up	FMTA supported PR to revise The Project Implementation Manual (PIM) and financial Standard Operation Procedure (SOP). FMTA supported PR by ensuring that each payment complies with SOP and approved budget. FMTA also continued to support PR for preparing any voucher of transactions prior to the payment process.	Completed

Annual Target	Progress	Status
<p>2.2 Improved PR Financial Reporting and Recording to the Global Fund, including utilizing accounting software for regular budget monitoring of variances for management's attention and to take concrete actions to increase absorption rate.</p>	<p>FMTA continued to support PR for regular development of financial report by ensuring availability of completed and valid supporting documents.</p> <p>With regards to the accounting software, FMTA facilitated the PR to refund any payment from the vendor in May 2018.</p> <p>PR planned to procure another accounting software, FMTA team supported PR for new procurement process of the accounting software.</p>	<p>Partially Completed</p>
<p>2.3 Improved PMUs and high risk SRs financial management and internal control systems</p>	<p>FMTA supported PR to ensure internet banking is implemented. It is also expected to be implemented up to SRs level.</p> <p>In January 2018, CCM facilitated all PRs to conduct mapping on high risk SRs with support from FMTA. It is required to be updated on a quarterly basis by the PR with continuous support from FMTA.</p>	<p>Partially completed</p>
<p>2.4 Facilitated timely and accurate audit</p>	<p>FMTA supported PR to start the external audit process for FY 2017 in early March 2018.</p> <p>FMTA supported PR in providing responses and/or documentation to auditor. Interns were hired to arrange financial documentation, while audit process was on-going. PR was still providing supporting documents for audit as required, and the auditor set up the deadline as follows:</p> <ul style="list-style-type: none"> ▪ Jul 20, 2018: Submission of Audit Draft Report ▪ Jul 21 - 27, 2018: PR responses to Audit Draft Report ▪ Aug 3, 2018: Closing meeting 	<p>Partially Completed</p>
<p>Overall Completion</p>		<p>Partially Completed</p>

Output 3. Improved procurement and asset management system of PR

The FMTA team reviewed all the expenditures for fixed costs and variable costs according to the agreed timelines unless a request for additional time was reasonably justified. The review required all supporting documents. Since they were not updated or checked regularly, both at PR and SR levels, several information on assets were lacking, such as price, condition and tagging.

This component covers procurement and asset management policies and procedures, purchase orders and requisitions, receipt of goods and services, monitoring of purchases and payments. The PR followed acceptable Global Fund's procurement principles that promoted broad participation from potential bidders. The PR must have a systematic and consistent policy with a specific code of procurement ethics and a specific anti-fraud, corruption policy, and be free from conflict of interest.

Findings from UNDP assessment were as follows:

A. Purchasing/ Procurement Management

- Lack of procurement plan and adequate tools and mechanisms to conduct and monitor procurement activities properly. There was no systematic link between requisition, PO, goods received, invoice, & payment, thus prevention of irregularities could not be ensured.
- Same level of authority for approving different values of procurement. This would delay procurement process and may not be efficient.
- Limited oversight on SR procurement process. Lack of segregation of duties for procurement process at SR level as part of internal control mechanism.
- PR does not have formal guidelines and procedures in place to assist in identifying, monitoring and dealing with potential conflict of interests with potential supplier/procurement agents. Therefore, no specific guideline to address any complaints or whistleblowers as well as rebuttal period to ensure transparency and fairness during procurement process
- No evidence of integrity pact signed by all staff (as stated in component #1 above).

B. Inventory/Asset Management

- Inconsistent application of procedure to update asset register due to different understanding on asset.
- Lack of regular update list of assets/inventory from SRs, or Asset Verification Report. Despite the fact that there is requirement in PIM to update asset register as at SR and SSR level, there is little evidence that this had been implemented.
- Limited oversight from PR to ensure regular updated list of asset from SR/SSR were sent to PR.
- Inadequate procedure to detect fraud, waste or misuse of resources or asset to ensure safeguard of asset.
- Lack of concrete action to ensure proper handover of assets after project closing.
- Unclear guidelines relating to assets procured in the early GF Grants. PR continued to maintain and report asset register which included many broken assets and also assets with no book value that should have been disposed or transferred.

Regarding the improvement in purchasing/ procurement and asset Management, UNDP provided technical assistance in the following aspects:

- Proposed to PR's Management to assign procurement staff to manage procurement in the PR level and ensure Involvement of PR staff in SR procurement process
- Supported PR to develop detailed guidelines/SOP on procurement and inventory/Asset Management, including procedure to address complaints during procurement process, and enforce mandatory requirement to sign integrity pact as part of employment contract.
- FMTA team supervised PSM staff in procurement process due to lack of experience in procurement. During the process from selection until contract signature, the acting FM provided step by step guidance to PSM to ensure the procurement process was carried out in compliance with PR and GF regulations.
- Due to cancelation of software purchases (Greasoft), acting FM advised the procurement staff to initiate a meeting with Greasoft whose contract was terminated by PR verbally. PR was required to refund the money by 31 March 2018. PR had not formally informed the vendor of the termination, but the negotiation process had started, and the vendor had indicated their willingness to refund 50% of the paid amount. PR was going to write to GF to provide justification and expect GF to waive 100% or at least 50% of the paid amount.
- Referring to new software purchases, the procurement process was ongoing. ToR had been developed by PR with input from acting FM. The candidates invited for presentations were Abipro, Gopei and Fina which were used by other PRs. The vendors were required to submit their offers by 1 March 2018. However, these candidates could not fulfill the requirements, therefore alternative providers were sought. Three additional providers were, Zahir, Sage Accpac and Sleek Account. One of the recommended vendors from The Global Fund and UNDP was Quickbooks. However, they did not have a representative office in Indonesia and the product could not be modified to suit the Global Fund financial reporting format.

Table 3. Progress towards Annual Targets of Output 3.

Annual Target	Progress	Status
3.1. PR has procurement plan and adequate tools and mechanisms, and system to conduct and monitor procurement activities properly.	FMTA provided support to PR in management of staff in procurement process at PR level whilst ensuring clear staff involvement. For Accounting software, FMTA consultant provided step by step guidance to PSM to ensure the procurement process was carried out in compliance with PR and GF regulations.	Partially Completed
3.2. Updated SOP on Inventory/Asset Management, including procedure to handle misuse of asset and ensure regular updated list of asset sent by SRs to PR.	FMTA team had assisted PR procurement staff to coordinate with FO and SR on pending asset list. FMTA support PR to collect asset data.	Partially Completed
Overall Completion		Partially Completed

Output 4: Improved coordination among PRs, partners, and CCM

Improvement of programmatic achievement and funds absorption depended on strong coordination and cooperation between programmatic and financial management, thus the finance unit needed to ensure that all expenditures were in accordance with accountancy standards.

UNDP supported the PR to prevent and/or manage bottlenecks in human resource management, financial management and procurement and asset management. For the Global Fund grant, this needed multi support from PR internally, partners and CCM.

Table 4. Progress towards Annual Targets of Output 4

Annual Target	Progress	Status
1.1. The communication and coordination within the finance unit and between the finance unit and other departments is demonstrably improved.	For financial and institutional strengthening, UNDP had discussion with the PR board members to provide recommendations in improving the Global Fund program implementation, especially in financial management, organizational structure and human resources.	Completed
1.2. The communication and coordination with PR, development partners, and CCM are demonstrably Improved.	FMTA presented TA progress to CCM and TB TWG	Completed
Overall Completion		Completed

FINANCIAL REPORT

Project : 00106768 Health Governance Initiative
Output ID : 00108050 (TB Care 'Aisyiyah)
Period : 23 November 2017 to 31 December 2018

Component	Expenditure FY 2018 (USD)
Balance	149,771.00
Expenditure	82,477.32
Output 1: Improved of human resources capacity and support system of PRs	17,267.62
Output 2: Strengthened financial management of PRs	36,913.29
Output 3 : Improved procurement and asset management of PRs	11,700.00
Output 4 : Improved coordination among PRs partners and CCM members	11,132.05
Sub Total	54,180.91
GMS	5,464.36
Commitment	-
Available resource balance 31 December 2018	67,293.68

Summary of Activities

Details of Technical Assistance activities during first quarter of 2018 are listed as follows:

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
Output.1 - Improved human resources capacity and support system of PRs										
1.1	HR Assessment Conducted HR assessment as a basis to develop job profile for each post and performance evaluation system. Revision of Job Descriptions with clear KPI, lines of reporting and responsibility in order to improve staff performance. The generic job profile with clear qualifications as well as appraisal system must be included in the revised HR Manual and/or PIM.	<ul style="list-style-type: none"> ▪ Organizational and HR capacity assessment by HR Consultant in Jan – Feb 2018. ▪ UNDP HR Consultants submitted a draft HR Manual to PR & UNDP to obtain inputs. 								
	HR Issues HR function was not working properly, resulting in mandatory staff entitlements & obligations not fulfilled. Delay in filling vacant positions, staff working without contract, insurance and social security was not provided, no	<ul style="list-style-type: none"> ▪ Recruitment process: <ul style="list-style-type: none"> ○ In March 2018, UNDP Technical Assistant (TA) was assigned as acting FM until FM on board ○ The (TA) consultant followed up closely on this process and prepared questions for written test as well as questions for interview. The written test had been given to 8 candidates, one of them did not provide the answer. The TA consultant prepared scoring 								

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
	generic job profile for each post identified in PIM or HR manual.	<p>for 7 candidates and pending for assessment by PR and UNDP HR. The interview was conducted during the 3rd week of March. The Finance Manager was contracted and came on board on Jul 2, 2018.</p> <ul style="list-style-type: none"> ○ 'Asiyah admin staff had been appointed as PSM, with no experiences on procurement and asset management. There was no induction provided to PSM for her new role (Mar 2018). ○ Human Resource (HR) Coordinator position was still vacant, and it was planned to appoint Field Officer (FO) staff as HR Coordinator, with no experiences in human resources. ▪ Acting FM advised PR on the following outstanding HR issues: <ul style="list-style-type: none"> ▪ Staff contracts. All finance staff did not hold employment contracts and the acting FM raised this issue to the management in writing. The contract was finally signed on third week of February 2018. <ul style="list-style-type: none"> ○ Social insurance & security for staff. Staff were not covered by medical insurance policy since Oct 2017. PR reimbursed staff medical claim without proper rules on the entitlement. ○ Summary of staff annual leave should be maintained. ○ Working hours. Staff timesheet (list of absences) was not updated and followed up 								

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
		<p>properly. Inconsistency in staff working time. As per PIM, staff should be working from 9am to 6pm. While in the employment contract, it is stated that working time is from 9am to 5pm.</p> <ul style="list-style-type: none"> ○ Exit clearance checklist to be used consistently for staff who is leaving. ○ Only one driver was approved under NIP but both drivers continued working because there was no decision from management. ▪ In regards to organizational chart, PR agreed to implement the structure and was approved by TGF. The impact: PR needed to remove one of the Finance Admin staff, based on Performance Review at the end of Jun 2018. 								
	Supervision Acting FM supervision support role	<ul style="list-style-type: none"> ▪ Acting FM started to lead the finance team comprising 1 Senior Finance (SF), 3 Internal Controllers (IC), 1 Finance Admin staff (FA), and 1 Cashier. This was carried out by providing advice and feedback related to financial matters, monitoring advances, ensuring expense recognition during year end closing (for pre-payment). By mid-January, there were long outstanding SR advances since Aug 2017 and the TA consultant flagged this issue and instructed the IC to ask the SR to return the advance and it was settled. ▪ The TA consultant as an acting FM started to lead the finance team comprising 1 SF, 3ICs, 1 FA and 1 cashier. However, there was no memo or formal instruction from 								

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
		<p>AS to formally appoint acting FM and in fact, authority was not provided. Staff dismissal, approval of leave and supervision visit to the fields were not pre-approved by the acting FM. Payments in January and February were carried out without verification/certification by the acting FM despite several reminders.</p> <ul style="list-style-type: none"> ▪ After reminder from CCM, AS issued memo or formal instruction from AS to formally appoint acting FM starting 1st of March 2018. This was followed by verification of payment by acting FM. However, there were payments which were not verified by the acting FM. When the acting FM identified incomplete supporting documents, finance staff went to PM for authorization instead and PM authorized payment without consent from the acting FM and without checking supporting documents. ▪ Acting FM had set short term target for finance staff to follow in order to ensure timely preparation of financial report. However, from 6 finance staff only 2 of them can meet the target and several targets such as consolidated report can only be achieved when everyone submitted their assignments on time. ▪ There was one additional IC in March to support finance team as part of COP, and one part time finance staff to assist with finance filing. However, occasionally PR asked driver for help to do filing, which they did not have time to do. 								
	Output 2 – Strengthened financial management capacity of PRs Strengthened PR Budget & Cash Management									

No.	Activities	Progress and Result	Timelines						
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018
	Financial Management Assessment	<ul style="list-style-type: none"> ▪ Desk review of GF rules and guidelines for implementers, grant budgeting, procurement, operational policy guidelines, closure process, as well as the Grant agreement, framework contract, and grant confirmation, NFM budget. ▪ Briefing from FMTA consultant team from MoH regarding the type of reporting, assessment, and support the TA will provide to PR. ▪ Meeting with finance team and introduction to PR team members, including board of management. ▪ Review of COP budget process, in coordination with FMTA team. At the same time, preparatory work for the assessment began, coordinated with PR on documents needed for desk review, prepare timeline for one to one interview with PR staff member, observed accounting files of SR and SSR, PR SOP documents. ▪ COP review and preparatory work of assessment continued, coordination meeting with FMTA team, and meeting with software vendor to discuss progress of data migration and data reconciliation. ▪ Discussion with PR on COP budget. Then briefing on methodology and objective of assessment to PR, attending risk assessment workshop by CCM, meeting with FMTA on KPIs, interview with PR finance staff, meeting with software vendor on progress update. ▪ Capacity assessment, in particular one on one interview with key PR staff, reviewed PR PIM and SOP as well as drafting assessment questionnaire in excel, coordinating 							

No.	Activities	Progress and Result	Timelines								
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018	
		<p>with PR staff on asset registry, finalizing additional budget request for DC and revised TOR FM PR.</p> <ul style="list-style-type: none"> ▪ Capacity assessment was completed, questionnaire completed, summary of presentation was shared with PR. However, several evidence documents were not received from PR. Complete assessment report was under development and proposed action plan needed to be agreed with PR. ▪ Capacity assessment was completed, and complete assessment report was sent to UNDP on 21 February 2018 together with root cause analysis. PR requested to discuss the result of the assessment thoroughly before finalization and submission to GF. ▪ Drafted assessment result and action plan in ppt, meeting with FMTA team on assessment result and finalized excel questionnaire, meeting with HR consultant to discuss assessment on HR Output, meeting with GF Finance team, review of cash balance report. ▪ Finalization of complete assessment report together with root cause analysis based on capacity building assessment, follow up on data needed for PUDR in coordination with PR team, vendor software demonstration (Abipro and Gopei), prepared written test for Finance Manager post. ▪ Capacity assessment was completed. Complete assessment report was finalized with input from UNDP Geneva, including root cause analysis table. 									
	Finance manual	PIM and SOP for Finance was updated in May – Jun 2018.									

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
	Revise existing SOP on Finance and HR Manual									
	FMS Function General Challenges in performing FMS functions	<ul style="list-style-type: none"> ▪ As per ToR, the first deliverable of the consultancy was capacity assessment. However, in fact there were several reports which needed to be reviewed in the first month including COP budget, asset registry and cash balance report. Moreover, the TA consultant was required to assist the PR to coordinate with software vendor and supervise finance team on several pending issues. Furthermore, there had been several meetings that were necessary for the TA consultant to attend, namely risk assessment workshop and coordination meeting with FMTA team including development of KPIs. Therefore, the TA consultant was not able to fully dedicate work on capacity assessment. Amidst the busy schedule, during the first month, the TA consultant produced draft assessment result in ppt and complete assessment questionnaire in excel, but the detailed assessment report was still under development. Supervisory function to the PR was limited in the first month due to the reason mentioned above. ▪ It was not easy to find documents needed for the assessment due to recent PR office relocation and there was no shared drive which stored readily available documents. This was one of the identified challenges in the assessment report which needed to be addressed by the PR. 								

No.	Activities	Progress and Result	Timelines						
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018
		<ul style="list-style-type: none"> ▪ The FM post was still vacant, so the TA consultant needed to coordinate closely with staff who had limited information about the financial management of the PR. PM was not fully conversant about financial issues and the senior finance officer responsibility was only to consolidate reporting requirement. ▪ No computerized accounting system which can be trusted to present reliable and accurate financial data for analysis. It was time consuming to review reports and difficult to confirm that accounting records indicated on the reports were correct. This was also one of the challenges which needed to be urgently resolved. ▪ Staff did not always respond to emails, so they had to be called for meeting for coordination purpose. ▪ Monthly closure was not done in a timely manner. Until end of February, there were still adjustment entries. ▪ As per the ToR, the second deliverable of the consultancy was on supervisory function. In the second month, the consultant was still finalizing the complete assessment report. In the second month, the consultant was also working together with the PR to review Cash Balance report to be submitted to GF. The second month was challenging as most of the finance staff were away for 1-2 weeks in February on supervision mission to close SRs. As acting FM, the consultant was not informed about the absence of staff under her supervision thus it was difficult to manage workload. ▪ In the first week of February, there was decision by PR management to not extend contract of one IC staff. This 							

No.	Activities	Progress and Result	Timelines						
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018
		<p>issue was informally known by acting FM which was supposed to be consulted on any matter concerning finance staffing issues. Following the announcement of his termination, the staff was less motivated to finish his work.</p> <ul style="list-style-type: none"> ▪ As PUDR submission deadline was approaching, in the first week of February, the consultant developed timeline for finance staff to follow in order to ensure timeliness of reporting. However, finance staff were not able to meet short term target set by their supervisor. It seemed that staff was not used to follow supervisor guidance and had their own ways of working and target. Since there was no KPI and no consequence of underperformance, management admitted that there was nothing they can do about it. ▪ Most staff showed low job satisfaction and lack of discipline. There was a lack of motivation to perform their best work and did not respect lines of reporting. Staff complained they were overloaded and not provided with sufficient facilities to work (used own laptop, printer was not working properly, inadequate filing room) ▪ It was noted that there were too many meetings at the PR and most meetings were unplanned so staff at management level including TA consultant were facing challenges in managing workload and less time to do real paperwork and verification process. Besides, there were no minutes of meeting for further follow up action. ▪ Documents related to 2016 had been archived. Several 2017 documents appeared to be misplaced. Several 							

No.	Activities	Progress and Result	Timelines						
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018
		<p>financial supporting documents were still in boxes and not yet filed. Filing was done by the driver and finance staff paid from their own pocket.</p> <ul style="list-style-type: none"> ▪ The layout of finance work station was inadequate. It was too crowded, so staff was having difficulty to concentrate. Printer was not connected to the work station. IT person was not available every day and when needed. Several staff used their own laptops because the office laptop was not working properly or not available. TA consultant as Acting FM did not have a workstation in PR office. ▪ As per the ToR, the third deliverable of the consultancy was effective financial management controls are in place on the use of Global Fund grant funds. It was impossible for the TA consultant to provide financial assurance and ensure timely and good quality reporting without full cooperation from PR management and PR staff. ▪ As acting FM, the TA consultant was not consulted on several payments. When asked to check the payment file, the finance staff said the documents were not ready. However, the payment had been made and signed by PM and PM through internet banking, without checking the payment file. ▪ New structure decision was delayed and unclear. Several posts were in 'pending' status until new structure was approved by the Board. For example, a part time IT post was going to be changed to full time, but there was no decision on the remuneration. Plan of reorganization of finance unit but pending decision on new organigram. 							

No.	Activities	Progress and Result	Timelines						
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018
		<ul style="list-style-type: none"> ▪ Low motivation of finance staff. Several finance staff did not hold employment contract in March as the contract signed was up to the end of February 2018. Staff was not covered by insurance. Staff were using their own laptops, office laptop was slow, printer was not working properly. Staff were frustrated as important decisions were not taken by management. As a result, staff was not making full effort to meet target set by supervisor. Slow response or no response, always came late, did not follow instructions. ▪ Lack of attention from management on financial related issues. Management was not taking ownership on PUDR process, as well as audit because they delegated all responsibilities to finance staff. ▪ Weak coordination between units in PR office. FO and IC did not have updated list of SR submission and did not proactively follow up on outstanding reports from SRs. ▪ Low capacity of finance unit on several issues such as variance analysis and budget monitoring. One of the reasons was weak capacity of FO staff. Furthermore, staff did not know how to prepare forecast, only based on approved budget. ▪ Uneven workload in PR office. Several staff were very busy and overloaded while others were not having so much work to do. The number of FO and IC were the same but in reality, IC workload was way higher than FO workload. ▪ Not all posts had the right man in the right place. In other words, staff was not recruited based on competency. No procedure to take actions on underperforming staff. 							

No.	Activities	Progress and Result	Timelines						
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018
		<p>Several staff with coordinator position had no managerial skills.</p> <ul style="list-style-type: none"> ▪ Accumulated delays in processing financial reports. January financial report was not ready by mid-March. This was caused by unproductive working environment, poor time management, manual consolidation process and poor quality of reports from SR. Even PR transactions had not been recorded since January. ▪ PR was running out of cash but there was no decision on how to move forward. PR management was not using financial reports as a basis for decision making. TA consultant assisted PR to prepare financial forecast but the process was slow because of delayed information from different units. ▪ No one was looking after HR function. Thus no one ensured exit clearance form was used consistently in PR, SR, and SSRs, no follow up on staff absence and adherence to HR manual. ▪ IT post was vacant causing delay in maintenance of hardware including internet. When internet was down, no one was able to fix and follow up the issue immediately, so staff were not able to send and receive emails from SRs. ▪ Inadequate room to accommodate finance filing which included original documents of PR, SRs, SSRs. Files from SRs were still piling up. It was so difficult to search for any files. Staff did not make time to carry out filing. 							

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
	Cash Balance Report	<ul style="list-style-type: none"> ▪ Until 25 January 2018, there were still several SRs who had not submitted information about cadre reward and cash balance. Finance staff together with FO had to chase the SR to provide the information. So, the Senior Finance officer was only able to compile all information on the last day of submission deadline which was 26 January 2018. On 25 January 2018, the last financial report from YKI for Oct-Dec 2018 was still not checked and recorded. Even on the last submission date, the amount of financial commitment from YKI was still not clear even though PR and YKI committed to continue the unfinished activities despite the fact that the contract ended in 31 December 2017. This was one of the reasons for the delay in cash balance report submission. Moreover, the additional worksheet named 'uncommitted cash balance' was confusing for PR to fill in. Several important information such as petty cash and payables were not indicated in the table, that was why the information of uncommitted balance was not complete. ▪ COP budget was part of Cash Balance report with uncommitted cash balance. On 16 January 2018 Di Wu sent email to PR PM regarding list of posts which were not approved by GF including majority of ACSM staff, except ACSM Banten and Jabar. Following negotiation by PR, GF agreed to extend those staff up to January 2018. Based on this information, PR informed the related staff. However, two weeks after that, PR learnt from GF clarification to UNDP that all ACSM staff were not to be extended beyond January 2018, including ACSM Banten and Jabar. This 								

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
		created another delay in submission of cash balance report because PR insisted to refer to Di Wu's approval to be included in COP budget of cash balance report.								
	SR YKI	<ul style="list-style-type: none"> ▪ FMTA also found that the last financial reports from YKI had not been recorded in the accounting books on 25 January 2018. There seemed to be confusion about YKI contracting and reporting requirement and the PR was under the assumption that all advances paid to YKI can be reported as expenditure even though not all services were delivered. After meeting with YKI and GF, request for exceptional approval was being prepared. ▪ In February, the TA consultant also took note that there were expenditures recorded to reduce YKI advance had not been supported by proper documents, so the finance admin staff was requested to make adjustment entries. TA consultant supported PR finance to perform reconciliation of YKI contract. The correct advance balance needed to be communicated to YKI and an addendum was prepared to enable YKI TA to continue in 2018. ▪ Meeting with YKI to discuss about financial report and commitment for the remaining advance, finalize cash balance report, meeting with UNDP about TA assignment, meeting with board Aisiyah, meeting with CT, monthly activity report, and assessment report. ▪ YKI addendum was not yet signed while the TA works needed to be continued for 2018. YKI advance was not reconciled. Hardcopies of supporting document were not checked, and expenses were recorded based on softcopy. 								

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
	Bank Authorization	<ul style="list-style-type: none"> Banking authorization was not cancelled in a timely manner following staff resignation. Cancellation of authorized signatory was delayed. AS and Project Manager who left did not return bank token, despite several reminders from FMTA. Project Manager status was unclear until March/no contract, management expected her to continue but she did not come to office anymore or respond to work orders. However, the Project Manager still approved payment in March, without verification from the acting FM. This indicated very poor financial control whereby unauthorized person signed payment and payment was paid without proper documents and proper verification by the acting FM. 								
	PUDR PUDR preparation and submission	<ul style="list-style-type: none"> FMTA assisted PR to prepare timeline for PUDR submission and monitored its progress from time to time. On 6 February, a reminder email was sent to PR management and coordinator to start preparation of PUDR by compiling various financial data with specific timeline. However, PR was not able to meet the short-term target. One of the reasons was that during that week (second week of Feb) all ICs conducted supervision visit to closing SR and this was only known by the TA consultant after they left. On 12 and 13 February, reminders were sent to all concerned staff since there was no progress update of PUDR work from 6-13 February. 								

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
		<ul style="list-style-type: none"> ▪ On 15 Feb, the TA consultant found that the program budget per SR was still not available and requested to program unit to provide it. ▪ During 15-22 Feb, staff were asked to provide complete data to be fed to PUDR for further discussion but until TWG meeting, several data were not ready. Variance analysis was performed by program unit together with finance unit on 25 February 2018. ▪ On 15 February, the senior finance officer sent draft SUF with 16 out 28 SR's financial data that were still not balanced. The following 2 weeks, finance staff were struggling to reconcile the SRs' financial reports. On 27 Feb, all 2018 data were reconciled. However, on 27 Feb 2018 all coordinators and senior finance officer who were supposed to be fully working on PUDR, were called for a meeting to review CAT and management improvement plan. Since first draft of PUDR was not even available, the TA consultant immediately called for a meeting on 28 February 2018 to directly work together to finalize the PUDR but without the presence of Program and Project Managers. There was no sufficient time for the TA consultant to conduct proper review on the PUDR because the first draft was only ready by the time PUDR had to be submitted to CCM and GF. ▪ In summary, the delay in preparation of PUDR was due to the following reasons: 								

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
		<ul style="list-style-type: none"> ○ SR reports were of very low quality. There were mistakes in journal entries and not all reports from SR submitted to PR were balanced. ○ SR reports were not checked in details regular enough so mistakes were spotted only at the time of annual consolidation. ○ Heavy workload in manually compiling financial data for one year and time consuming to detect any errors. ○ Delay in preparing consolidation/report consolidation was not done in a timely manner. Consolidated 2017 reports were only done in February. ○ PUDR was not prioritized over other assignments. Too many meetings on other matters during preparation of PUDR, staff on mission, on leave, etc. ○ Lack of initiative and leadership in PUDR preparation. ○ PR staff was not used to following short term target. ○ Potential problems were not detected and informed earlier. ▪ PUDR finalization included PUDR meeting with TWG, internal meeting to prepare PUDR and management improvement plan, meeting with SOP consultant, meeting with software vendor Fina, meeting with AS on several pending issues and development of root cause analysis. 								
	Accounting Records and Process Observation about deviations from the approved manual	<ul style="list-style-type: none"> ▪ Verification was not always performed prior to payment. Ex post approval was very common. 								

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
		<ul style="list-style-type: none"> ▪ IC staff were not fully performing controller function, but just compiling reports due to manual accounting process. Supporting documents from SR and SSR were not checked, they were used for filing only. ▪ Lack of initiative to monitor and follow up on pending advances, even big advances such as YKI, PR was not aware of contractual and reporting requirement from YKI. This was flagged by TA consultant during the cash balance report review. Data reconciliation between PR and vendor was also not conducted. ▪ PR and SR staff had different level of understanding of SOP and related guidelines. All staff were not aware that PIM had been endorsed by CCM in May 2017 until UNDP confirmed with CCM about the endorsement. ▪ Payment of salaries without counter-signed contract. ▪ Payment was made before complete signatures were obtained. Documents were not checked before payment and only signed on paper after payment. ▪ Payment of salaries without counter-signed contract. ▪ Medical claim was paid based on reimbursement but no clear rules. Staff was not covered by medical insurance policy since Oct 2017. ▪ One office vehicle was not covered by insurance. ▪ Payment of transport costs of auditor not yet invoiced → should be recorded as receivables not expense. ▪ Consolidated financial report 2017 as per PSAK45 (trial balance, balance sheet, income statement) were not ready by the time external auditor visited. 								

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
		<ul style="list-style-type: none"> ▪ Requests for additional funds from several SRs only came in early March while the SRs already ran out of funds to pay Feb salaries. These requests were not signed by SRs. ▪ Budget referred to SBU 2017 but no memorandum or written information from authorized official on update of SBU. ▪ Payment for petrol without logbook. 								
	Audit	<p>FMTA supported PR to conduct audit in Jan – Dec 2017. PR provided the supporting documents as requested and was expected to follow the schedule:</p> <ul style="list-style-type: none"> ○ Draft report on Jul 20, 2018 ○ PR responses on Jul 21 – 27, 2018 ○ Closing meeting on Aug 3, 2018 								
	Output 3 – Improved procurement and asset management system of PR									
	Financial Management Assessment Observation on deviations from the approved manual	<ul style="list-style-type: none"> ▪ Procurement function was not running well because the staff was not experienced in procurement and the staff was expected to deal with admin, asset, and HR work as well. ▪ Procurement unit was not fully functioning, only purchase but was not involved fully in the whole procurement process. No coordination with finance unit to record expense when goods or services were received. As a result, advances remain as advance in the financial report, although services had been received. ▪ FMTA consultant also supervised PSM staff because she did not have experience in procurement. During the 								

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
		process from selection of software until contract signature, the TA consultant provided step by step guidance to PSM staff to ensure the procurement process was carried out in compliance with PR and GF regulations.								
	Accounting Software	<ul style="list-style-type: none"> ▪ Greasoft purchasing: <ul style="list-style-type: none"> ○ The TA consultant participated in several meetings with IT software vendor and noted that progress was very slow. The software vendor was asked to perform data migration for Jan-Jun 2016 and reconcile the data with PR and SR accounting records. Until 25 January 2017, data migration had been carried out but several databases were not reconciled with PR records. Furthermore, the real data entry had not been performed, to test that the system was working from journal entry to producing reports. PR staff, particularly users also did not show interest in the new software and were not keen when asked to perform the software testing. First and second payments to software vendor had been made, a total of 50% or IDR127,500,000 were disbursed. The second instalment should be paid after software installation. PR considered installation of Prasika in SSR as final installation, therefore, second payment was released. In summary, vendor was not able to complete the software named Sika for PR and SR but provided Prasika to be used by SSR and they were still using it. There was no clause in the agreement regarding breach of contract. However, according to a 								

No.	Activities	Progress and Result	Timelines						
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018
		<p>statement signed by the vendor, the fund should be returned if software was not delivered as per order. PR verbally decided to stop the contract because the vendor could not deliver as per deadline, but this was not formally informed to the vendor. The consequences of contract termination was that PR could not use all the products developed by the vendor, including Prasika which was still in use. On the other hand, PR did initiate a procurement procedure for the replacement.</p> <ul style="list-style-type: none"> ○ First and second payments to software vendor had been made and according to GF it should be refunded as the contract was cancelled. The consultant assisted PR to ensure payment details were submitted to GF on time. PR was required to refund the money by 31 March 2018. PR verbally decided to stop the contract because the vendor could not deliver as per deadline, but this was not formally informed to the vendor. The TA consultant reminded PR several times to send formal letter to Greasoft on termination of contract and start the negotiation process to refund the money. However, due to other priorities, this was not followed up in February. ○ The TA consultant advised the procurement staff to initiate a meeting with Greasoft whose contract was terminated by PR verbally. PR was required to refund the money by 31 March 2018. PR had not formally informed the vendor of the termination, but the negotiation process started and the vendor indicated 							

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
		<p>their willingness to refund 50% of the paid amount. PR was going to write to GF to provide justification and expected GF to waive 100% or at least 50% of the paid amount.</p> <ul style="list-style-type: none"> ▪ Gopei procurement process: <ul style="list-style-type: none"> ○ PR already started to search for a new vendor to develop the accounting software. ToR which was developed by PR with input from the TA consultant, was shared with the potential vendors and also submitted to GF. Procurement process was carried out. The software vendor candidates invited for presentations were Abipro, Gopei and Fina which were used by other PRs. The vendors were required to submit their offers by 1 March 2018. ○ Procurement process was ongoing. The three vendors submitted proposals on time as per PR deadline. Based on evaluation of procurement team, there was one winner with whom PR negotiated the price to IDR 245,000,000. This was the software used by other PR and web based and seemed to meet GF standards. Contract was signed according to a deadline set by GF on 15 March 2018. ▪ 3rd software procurement process: <ul style="list-style-type: none"> ○ Due to Gopei cancellation, PR started to search 3 vendors: Sage 300, Zahir and Sleek Accounting. FMTA consultant contacted vendors for MYOB, Accurate Accounting and Quickbook Pro, however, since the 								

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
		<p>software could not be customized and accommodate PR's ToR, they were not invited.</p> <ul style="list-style-type: none"> ○ The software demos were held on May 21 for Sage 300 and Zahir and May 24 for Sleek Accounting. ○ Based on the bid evaluation, Sage 300 was the winner, since two vendors did not submit the proposal. However, there was a challenge at SRs level in terms of the staff capacity in using the software. ○ Therefore, PR reinvited Zahir (plus technical team) to answer/accommodate the ToR. The presentation was held on Jun 25, 2018. ○ Based on Kamran's email, it was advised to have TomPro as accounting software for PR. PR and FMTA project discussed the issues and prepared the comparison of the software. 								
	Asset Management Observation about deviations from the approved manual	<ul style="list-style-type: none"> ▪ No PIC on asset management. Assets were not updated or checked regularly, both at PR and SR levels. Some information about assets were lacking such as price, condition and tagging. ▪ No one at the PR office was assigned formally to oversee assets. ▪ Asset handover plan was still not finalized. Updated asset report was not yet complete. PR asset was not updated and checked regularly. 								
	Output 4- Improved coordination among PRs, partners and CCM									
	Coordination	<ul style="list-style-type: none"> ▪ The FMTA consultant met with PR on preparation of Country Team (CT) presentation and participated in CT 								

No.	Activities	Progress and Result	Timelines							
			Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
		<p>meeting, prepared timeline for PUDR and coordinated with PR team on new grant BL, drafted assessment report and listed SOP revision points.</p> <ul style="list-style-type: none"> ▪ The FMTA consultant provided inputs to the software ToR, drafted assessment report, attended coordination meeting with UNDP finance team, met with PR on PUDR and management action plan and provided advice to procurement staff on the procedure for accounting software selection. ▪ The FMTA team was invited by CCM and TB TWG to present the technical assistance updates. 								

Nadia Roswita

From: Arry Lesmana Putra
Sent: Monday, April 15, 2019 4:00 PM
To: Alawiyah Tuti
Cc: Tomas Hatem; Rohimi Zam Zam; Ridwan Muhammad; Ninik Annisa; John Mcharo; Christa Wallace; Siprianus Bate Soro; Nadia Roswita; Nadine Hassan
Subject: RE: Laporan UNDP TA Management Aisyiyah
Attachments: Final Report Nov 17- June 2018_PR Aisyiyah_rev.pdf; UNDP letter for Aisyiyah .pdf

Dear Ibu Tuti,

I am sorry for delay response for your emails, please kindly find attached files on UNDP final report and formal letter, my team now work with finance unit at UNDP Indonesia for clearance and transfer process for the remaining funds to Aisyiyah. I will inform you later the updates once we get transfer time schedule from Finance Unit of UNDP Indonesia.

Regards,

Arry

From: Alawiyah Tuti [mailto:alawiyah@pr-tbaisyiyah.or.id]
Sent: Tuesday, April 9, 2019 7:16 PM
To: Arry Lesmana Putra <arry.putra@undp.org>
Cc: Tomas Hatem <Tomas.Hatem@theglobalfund.org>; Rohimi Zam Zam <emi_zamzam@yahoo.com>; Ridwan Muhammad <ridwan@pr-tbaisyiyah.or.id>; Ninik Annisa <ninik@pr-tbaisyiyah.or.id>; John Mcharo <John.Mcharo@theglobalfund.org>; Christa Wallace <Christa.Wallace@theglobalfund.org>
Subject: Fwd: Laporan UNDP TA Management Aisyiyah

Dear Pak Arry,

Hope this email finds you well.

Per your email below, may I know when we should expect to receive the letter and financial statement from the UNDP?

Please note that we have informed the GF on the remaining fund of USD 66,472.91 as noted in the below email. Per our conversation with Tomas in Jakarta on March 15th, he agreed that the remaining fund can be directly transferred to PR Aisyiyah's account.

Thanks and we look forward to hearing back.

Best regards,

Tuti

----- Forwarded message -----

From: Arry Lesmana Putra <arry.putra@undp.org>
Date: Mon, Feb 25, 2019 at 12:20 PM
Subject: RE: Laporan UNDP TA Management Aisyiyah

To: Alawiyah Tuti <alawiyah@pr-tbaisiyah.or.id>

Cc: Ridwan Muhammad <ridwan@pr-tbaisiyah.or.id>, Rohimi Zam Zam <emi_zamzam@yahoo.com>

Dear Ibu Tuti,

Terima kasih sudah berkenan menunggu untuk mendapat update laporan keuangan dana GF untuk Aisyiyah.

Karena proses penyusunan laporan keuangan UNDP cukup panjang, maka kami baru saja mendapat laporan keuangan dari bagian keuangan UNDP pusat minggu lalu, saat ini kami sedang melakukan clearance laporan dan menyiapkan surat untuk Aisyiyah dari UNDP Indonesia.

Sebagai informasi, sisa anggaran yang akan UNDP kembalikan adalah USD 66,472.91

Salam,

Arry

From: Alawiyah Tuti [mailto:alawiyah@pr-tbaisiyah.or.id]

Sent: Thursday, February 14, 2019 3:32 PM

To: Arry Lesmana Putra <arry.putra@undp.org>

Cc: Ridwan Muhammad <ridwan@pr-tbaisiyah.or.id>; Rohimi Zam Zam <emi_zamzam@yahoo.com>

Subject: Laporan UNDP TA Management Aisyiyah

Dear Mas Arry,

Apa kabar Mas?

Semoga dalam keadaan baik.

Oh ya, apakah Laporan UNDP ke GF sudah dikirimkan terkait TA dengan Aisyiyah Mas? Kalau sudah, apakah kami bisa dikirim laporan termasuk laporan keuangannya?

Terima kasih,

Tuti Alawiyah, Ph.D

Program Manager

Principal Recipient

TB-HIV 'Aisyiyah-Global Fund

Jl. Tebet Timur Dalam Raya No. 63 Jakarta

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