

## **Terms of Reference for INP+: Review and verification of overhead / management fees**

### **1. Background**

Indian Network for People living with HIV (INP+) is a non-profit, community based, national level organization representing People Living with HIV/AIDS (PLHIV) across the country. It is a sub-recipient (SR) to Population Foundation of India (Principal Recipient or PR) of the Global Fund Round-4 and Round-6 grants in states of Maharashtra, Andhra Pradesh, Karnataka, Tamil Nadu, Nagaland, Manipur, Uttar Pradesh, Madhya Pradesh and Rajasthan. Round 4 (Access to Care and Treatment) and Round 6, (Promoting Access to Care and Treatment (not covered under Round 4), integrates all treatment, care and support services across the country in alignment with NACP III. Period covered by Round 4 program and Round 6 program was 2005-10 and 2007-10 respectively.

### **2. Context**

Grants were received by INP+ (SR) on the basis of approved budgets that included overhead / management fees at the flat rate of 8%. During the period from April 2005 to March 2010 PFI released and INP+ received grants including 8% overhead/management fee to conduct the approved program.

INP+ is reported to have transferred funds out of the 8% overhead/management fee received from PFI to another organization called Positive Support Fund (PSF). INP+ has claimed that a part of overhead amount was actually spent by INP+ for organizational expenditure and has quantified the amount spent for organizational expenditure from the overhead charged from PFI. INP+ also has paid some amounts to PSF for carrying out specific activities on behalf of INP+.

A fiduciary review of the INP+ head office and nine of the state level networks (SLN) was carried out by the firm KPMG report (October 2010), which reported that of the total amount transferred to PSF by INP+ a significant portion could be sourced to The Global Fund project. Though this could not be quantified it is confirmed that money was transferred from bank accounts being used by INP+ for The Global Fund project.

### **3. Period of Review:**

From 1 April 2005 to 31 March 2010 - five years period.

### **4. Objective of the Assignment:**

#### **A. Determination of the total amount of management fees / overhead charged by INP+.**

Determination of the total amount of 8% management fees / overhead charged by INP+ to the Round 4 and Round 6 grants funded by The Global Fund. INP+ has stated that an amount of Rs.2,91,62,424 has been charged as overhead / management fees by INP+ during this period.

#### **B. Verification of the amount spent from management fees/overhead amount as identified by INP+.**

To verify the expenditures incurred from overhead / management fees received from PFI under Round 4 and Round 6 program of the Global Fund and the eligibility of the identified expenditure items to be charged under overheads/management fee. INP+ has indicated an amount of

Rs.1,58,96,659/- was incurred on various cost items towards its overhead cost and capacity building of PLHIV in the five years up to March 2010.

**C. Determination of unspent amount remaining with INP+ and the bank accounts where unspent overhead amount is held.**

To verify and determine the balance, after the expenses incurred as per their claim in **A** and **B** above, lying with INP+ as unspent overhead on 31<sup>st</sup> March 2010. Also, INP+ has stated in January 2011 that it has a total amount of Rs.3,43,24,814/- as bank or cash balance as on 31<sup>st</sup> March 2010. The auditor should also verify actual balance available with INP+ as on date.

**D. Verification and quantification of amount transferred to PSF from INP+**

As per KPMG report (mentioned above) a total amount of Rs.4,91,02,139/- was transferred by INP+ to Positive Support Fund (PSF) till 2010. To determine and quantify the amounts transferred to PSF from all the bank accounts maintained by INP+ and also to determine and quantify the amount, out of total amount transferred to PSF that can be sourced to Global Funds received from PFI under Round 4 and Round 6 program. Auditor shall determine breakdown by source and amount of funds transferred to PSF. It may be noted that Rs.1,60,00,000 has been transferred back from PSF to INP+ in April 2011 and that is to be held without interference, till further instructions from the Global Fund.

**E. Identification and quantification of amount spent by INP+ and confirmation that the purpose of amounts spent was indeed consistent with administrative and programmatic expenditures of the Grant Agreement**

Funds were received by INP+ for carrying out program activities in accordance with the grant agreement (the copy of Grant Agreement may be obtained from PFI or INP+). The auditor should identify and quantify the amount, if any, based on concrete evidence, incurred/transferred by INP+ in violation of the grant agreement.

**6. Duration of service contract**

This contract shall be remain valid for 30 days from date of signing of service contract. The audit team should consist of at least two professionals having experience in forensic audit as well as experience in conducting audit for not-for profit organizations.

**7. Deliverables**

The draft report shall be submitted to Mr Sunil Kumar, Grants Manager, Population Foundation of India (PFI) within 25 days from date of signing of this agreement and copy to Mr Abraham, General Secretary, INP+

Sunil Kumar: [s.kumar@populationfoundation.in](mailto:s.kumar@populationfoundation.in)

KK Abraham: [kkabraham@hotmail.com](mailto:kkabraham@hotmail.com), [kkabraham@inplus.net](mailto:kkabraham@inplus.net)

PFI and INP+ will share their comments within 3 days from date of receipt of draft report.

After discussions with PFI, final report with complete findings and conclusions shall be submitted to PFI within 2 days from date of receipt of comments/ discussions from PFI with a copy to KK Abraham, INP+.

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