

10<sup>th</sup> October 2014

Professor Dr. Somkiat Wattanasirichaigoon  
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Dear Dr. Somkiat,

At the outset, we would like to thank you for the immense support and assistance you provided in accommodating our assessment visit during a very busy time for HSRI. Although HSRI officials, especially finance team members were busy with year-end closure processes, they took the time to meet with IDRC team and provided all information required for a successful assessment.

Please note below the highlights of our assessment report and our recommendations to improve IDRC funded project administration:-

Overall, it was found that HSRI has good procedures and internal control systems in place. However, based on HSRI ex-Director's letter dated 15<sup>th</sup> July 2008, which was shared with us, all IDRC funded grants were exempt from following HSRI's policies and procedures. Hence, in our assessment, it was established that this exemption resulted in an increased risk of mismanagement of IDRC project funds. Due to little involvement of HR, Finance and Internal Audit, administration of all project processes are quite opaque and done on an ad-hoc basis. There is no transparency in the project transactions, hence there is an urgent need for IDRC projects to follow HSRI's policies and procedures.

The following recommendation are to be implemented immediately, for IDRC supported projects:-

- Hire a full time English speaking Finance Officer from the indirect cost provided to the projects. The Finance Officer will assume the responsibility of managing finance and administration of all IDRC funded projects. This would include; preparation of financial reports, maintenance of the bank utilization account, bank reconciliation, maintenance of advances, expenses, revision and compilation of third party financial reports and other related activities in addition to integrating all the financial information in the report submitted to IDRC. In addition, the finance officer is expected to pay visits to the third party institutions and ensure that the financial information submitted are accurate.
- All financial reports prepared by the Finance Officer should be reviewed by the Internal Audit team of HSRI.



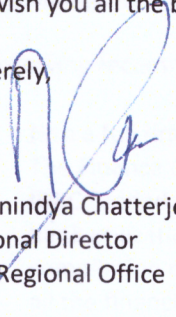
- Payments to third parties must be made after the Finance Officer reviews the financial report submitted by the third parties and transfer of next tranche of funds should be based on actual funds' requirement for the following period.
- All recruitments of project staff should follow the HSRI HR process and the pay scale of the project staff should follow HSRI's scale.
- Prior approval from IDRC Program Officer should be taken in case of reallocations of funds from one budget line to the other.
- A semi-annual financial reports to IDRC must be reviewed and certified by the internal auditors and also signed by the Project Leader and Director of HSRI.
- All expenses of the Project Leader should be routed through the finance team for validation and are to be approved by the Director. Approval of expenses should be done every single time rather than accumulating them together.
- One of the authorized signatories for withdrawal of funds from the utilization account should necessarily be from the finance team (Head of Support Unit) or the Director himself.

We believe that implementation of the above listed recommendations will significantly improve project financial and administrative performance and bring in the much-needed transparency. We appreciate your expressed willingness to implement the above listed recommendations at the earliest and look forward to your written confirmation that the recommendations are fully implemented.

Unfortunately, and until we receive confirmation that all the above recommendations are implemented, payments to all IDRC projects will be suspended.

We wish you all the best in your endeavors.

Sincerely,

  
Dr. Anindya Chatterjee  
Regional Director  
Asia Regional Office

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cc: Dr. Arlyne Beeche, Senior Program Officer, Ecosystems and Human Health  
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