Aidspan
Independent observer of the Global Fund

OIG REPORT ON ZIMBABWE IDENTIFIES WEAKNESSES IN GRANT MANAGEMENT

The success of programmes financed by Round 5 Global Fund grants to Zimbabwe is threatened by a lack of comprehensive financial policies and procedures, and a lack of effective management on the part of the country's principal recipients (PRs). This is one of the conclusions of a country audit conducted in 2008 by the Global Fund's Office of the Inspector General (OIG), the results of which were made public in March 2009.

The audit covered four Round 5 grants, for which there were three PRs: the National AIDS Council (NAC); the Ministry of Health and Child Welfare (MOHCW); and the Zimbabwe Association of Church Related Hospitals (ZACH). The purpose of the audit was to assess the adequacy of the internal control and programmatic systems in managing the Global Fund grants in Zimbabwe.

The OIG said that, at the time of its audit:

- none of the PRs had undertaken their own audits of the programmes funded by the grants, which is in breach of the conditions in the grant agreements;
- two PRs had used money from the Global Fund to purchase fuel that was not used for Global Fund-related activities, which also contravenes the grant agreements;
- two PRs established rates for administrative charges (i.e., overhead), but failed to provide justification for the rates;
- none of the PRs had completed monitoring and evaluation plans, as required in the grant agreements;
- all three PRs experienced delays in disbursing funds to sub-recipients (SRs), some of which was due to the particularly challenging environment in Zimbabwe; and

- there were serious weaknesses in the collection, processing and reporting of data on grant performance.

With respect to ZACH, in particular, the audit found that ZACH's capacity to manage grants was constrained by the lack of middle management and expertise to manage the programmes. In addition, the OIG said that it has doubts about the legitimacy of approximately $193,000 in costs under the TB and HIV programmes administered by ZACH. Finally, approximately $84,000 was used to pay additional allowances to ZACH's senior executives, which contravenes the grant agreement. The OIG said that there funds need to be recovered.

(In November 2008, the Global Fund announced that Zimbabwe would be subject to the Fund's Additional Safeguard Policy, which requires that special measures be put in place to protect the Global Fund's investment. These measures include more rigorous assessments by the local fund agent [LFA].)

The country audit also covered the CCM and the LFA. With respect to the CCM, the OIG said that it did not see any evidence that the non-government members on the CCM had been selected by their own constituencies, as is required by the Global Fund. The OIG also observed that although instances of conflict of interest had been noted, the CCM Secretariat had not received any conflict of interest statements. In addition, the OIG said that there was a lack of understanding among stakeholders of the mandate of the CCM Secretariat. Finally, the OIG said that the CCM normally operated at half-strength; that there was a lack of consistency of people attending the meetings; and that discussion at the meetings focused on operational issues at the expense of policy issues.

With respect to the LFA, the OIG said that some of the members of the LFA team had inadequate experience in public sector development work. The OIG also said that, in a country like Zimbabwe, with its challenging environment, the Global Fund should not be using its standard LFA terms of reference template, as it was doing at the time of the audit. Instead, specific terms of reference that take into account the unique situation of the country should be developed.

This article is based on the OIG's "Country Audit of the Round 5 Global Fund Grants to Zimbabwe," available at www.theglobalfund.org/en/oig/reports.

Read More
