# ECUADOR AND RWANDA AUDITS SHOW MIXED RESULTS

Reports on audits of grants in Rwanda and Ecuador were released by the Office of the Inspector General (OIG) at the end of December.

Rwanda

The audit of Rwanda's three grants concluded that risk management is generally effective across three areas: financial and fiduciary; health services and products; and program performance. Some improvements are required in governance, oversight and management. All three grants are managed by the Ministry of Health.

The audit covered an HIV, a TB and a malaria grant. The HIV grant is part of a results-based financing pilot, now referred to as a "national financing strategy model." The TB and malaria grants are also being considered for this approach. The audit, covering the period 1 January 2013 to June 2014, focused as much on the planning and execution of the pilot as on controls in place for the three grants.

The pilot emphasizes the achievement of targets for outcome and impact indicators. Detailed testing of financial and programmatic data includes substantive verification of programmatic data by the local fund agent (LFA), which performs extensive testing in 58 sites: a much wider sample than the six sites normally required under the performance-based methodology.

The OIG said the Secretariat had failed to test controls over programmatic and financial data before the HIV grant was signed, and had not developed an in-depth understanding of the strengths and weaknesses of these controls. A plan was put in place before the audit to address these gaps.

While the Secretariat failed to fully articulate the rationale for piloting this model in Rwanda, the audit determined it was justifiable. However, “as the Secretariat tailors national strategy financing to other countries, it will need to draw up clearer criteria for deciding on particular models, understand better the system of controls that exist around grant funds at the country level and how they can be relied upon, and better articulate the justification for selecting specific countries,” the audit concluded.

Oversight over data collection and reporting remains limited, despite checks and balances in place to ensure that data from primary sources, such as patient files and case registries, are reported accurately. The audit found that “staff are more concerned with correcting the data errors than understanding and mitigating the root causes of the errors”.

Ecuador

The audit of two HIV grants in Ecuador found that fiduciary and financial controls were generally effective but that performance and controls were unsatisfactory in two areas: health services and products,  and programs. The audit also found problems with governance, oversight and management, but said they were being addressed.

Field work for the audit was carried out in June 2014, of principal recipients the Ministry of Health (MoH) and the Corporación Kimirina, an NGO.

Problems with the implementation of the MoH grant were identified well in advance of the audit. Consequently when the two grants entered Phase 2 in 2012, MoH responsibilities including the procurement of condoms were re-assigned to Kimirina. This strained the NGO’s resources.

The Secretariat was aware of Kimirina’s limited capacity and experience in procurement, and took steps to mitigate procurement risk, but failed to conduct an external assessment of its procurement and supply chain management capacity or implement a capacity-building plan.

Kimirina’s inability to obtain a tax exemption for their purchase of condoms and lubricants was one of the main obstacles to its successful implementation of several grant-supported activities. This delay meant that only only one quarter of prevention kits distributed between July 2013 and March 2014 contained condoms.

Interventions on the NGO’s behalf with the MoH and partners by the Secretariat to encourage action by the national authorities yielded results at the end of 2014. A first shipment of tax-exempt products for the NGO is expected in February 2015.

Analysis of programmatic risk was acceptable but has yet to result in noticeable improvement in program performance, the report concluded. High staff turnover in government and rapid public policy change are among the reasons for this, alongside the Secretariat’s failure to propose actions to mitigate risk that were specific and measurable.

Key program activities by the MoH also showed limited progress at the time of the audit. None of the 11 performance indicators in this grant could be measured accurately, the OIG said, either because they were not reported in the ministry’s management information system or they were not subject to quality control. No disbursements under the HIV grant have been made to the MoH since January 2011.

While Kimirina was implementing the bulk of activities under its grant, the OIG said, its performance was affected by delays in the development of a strategy for sub-recipients to reach key populations.

The findings reveal a gap in oversight by the Secretariat, the OIG said. There is no formal mechanism to escalate to senior management the risk that a grant may not achieve its expected impact or procurehealth products successfully.

The audit also raises questions about the sustainability of HIV prevention activities as Ecuador continues to transition out of eligibility for Global Fund support. The country is no longer eligible for malaria or TB funding.

A new plan is now in place to guide improved implementation by the MoH, and the Secretariat has committed to ensuring the development by the country coordinating mechanism of a sustainability plan.

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