



Independent observer  
of the Global Fund

## Global Fund grants achieving substantial impact while financial controls continue to improve, OIG says

The Office of the Inspector General (OIG) says that its work to date in 2018 has found that “the Global Fund partnership has achieved substantial results across all three diseases, with material increases in particular in the coverage of services.”

The OIG also says that the enhancement of financial controls over the years has significantly contributed to a decrease in large cases of fraud and unsupported transactions. However, the Global Fund still faces a number of challenges, the OIG states, including finding missing cases of TB, improving the quality of services and managing the process at country level of transitioning away from Global Fund support.

The OIG makes these observations in a progress report provided to the Audit and Finance Committee (AFC) and to the Board prior to the Board’s meeting in Geneva on 14–15 November.

In his presentation delivered at the Board meeting, Inspector General Mouhamadou Diagne affirmed that “the high-level picture is good on the programmatic side,” while also acknowledging the challenges identified in the Board document.

This article reports on the contents of the progress report, including (a) strategic themes identified by the OIG; (b) progress on the OIG’s 2018 work plan; and (c) the OIG’s 2019 work plan and budget. (The GFO will provide a full update on the agreed management actions emanating from OIG audits and investigations in a subsequent issue.)

Strategic themes

The OIG said that its work so far in 2018 has identified four strategic themes:

- Global Fund grants are achieving substantial impact;
- Finding the missing TB cases remains challenging;
- Managing the transition from the Fund is difficult; and
- There is a continuing focus on improving financial controls.

Below, we briefly examine each theme.

### Substantial impact

The OIG said that the Global Fund partnership has achieved substantial results across all three diseases in the countries reviewed so far in 2018. Antiretroviral treatment coverage has significantly increased; similar progress has been achieved in reducing the malaria burden; and TB programs continue to have satisfactory treatment success rates in most of the countries.

At the same time, the OIG said that programs have not been as successful in addressing some of the recurring challenges in the quality of services; and that these challenges constitute a risk to the Global Fund's goal of sustaining gains already achieved.

For instance, the OIG said, its reviews have found that HIV diagnosis is not consistently performed in line with national guidelines. Example: In Myanmar, less than 45% of people who inject drugs who were reached by prevention programs were tested for HIV — despite an extremely high prevalence in this population.

Retention of patients on antiretroviral treatment remains a challenge, the OIG stated. Example: In Niger, about 40% of the patients initiated on treatment were being lost to follow-up in six of the 10 sites visited by the OIG.

### Missing TB cases

The OIG said that although its audits continue to see improvements in TB success rates, most high-burden countries face significant challenges finding missing TB and MDR-TB cases. Example: Preliminary findings from Bangladesh's latest TB prevalence survey showed estimated detection rates of 62% and 53%, respectively, of incidence and prevalence cases, with a large proportion of cases detected at advanced stages of the disease.

### Transitions

Transitions are primarily a country-led process rather than a Global Fund process, the OIG said. Successful transition requires focused engagement on the part of all stakeholders, including governments, the Global Fund Secretariat, the Board, partners, donors and civil society organizations.

The OIG said that although the Secretariat has tailored and enhanced key processes underlying transition, including early planning, it needs to improve monitoring of grant components involved in transition. Standard grant indicators alone are not sufficient, the OIG noted.

Some countries that are not yet transitioning have proactively assumed responsibility for activities previously financed by the Global Fund, the OIG said. However, it added, there are significant risks associated with such changes that have not always been assessed and mitigated. Example: In Ukraine, the Ministry of Health has begun to assume roles previously executed by civil society organizations;

however, the risks related to respecting patients' rights and access to services by key populations are not being adequately managed.

[See GFO 342 article on [the OIG's report on transition management processes.](#)]

## Financial controls

The OIG said that its audits so far in 2018 continue to highlight previously reported trends towards improvements in Global Fund processes and controls to manage financial and fiduciary risks. Example: In Vietnam, despite the high intrinsic risks associated with material amounts of cash payments at provincial and district levels, the overall financial controls over Global Fund grants have proved effective and the programs have generally experienced good absorption rates.

## 2018 work plan

The OIG reported that it is making good progress on its 2018 work plan. For example, all internal audits and 12 of its 13 country audits are either in progress or have been completed.

The OIG said that so far in 2018, its investigation unit has received 140 allegations of potential wrongdoing, about the same number as for the same period last year. Table 1 shows how the 140 allegations have been processed.

Table 1: Processing of the 140 allegations received to date in 2018

Number	%	Processing
40	29%	Retained for information
35	25%	Referral to Secretariat for information/action
30	21%	Open for OIG assessment/investigation
16	11%	No further action
13	9%	Currently undergoing screening
4	3%	Merge with an existing case
1	1%	Referral to external agency
1	1%	Referral to the OIG's Audit Division

Source: OIG Progress Report

The OIG's progress report mentioned that when an implementing partner informs the OIG of suspected low-level wrongdoing, and the entity has proven investigative capacity, the OIG may choose to oversee the implementer's investigation rather than conduct its own. These are known as "oversight assessments." Similarly, if the Secretariat advises the OIG that it is commissioning the local fund agent to follow-up on a potential fraud risk, the OIG will open an oversight assessment to track the progress and outcomes. In 2018 to date, the OIG has opened 12 oversight assessments and closed two.

The OIG revealed that at the request of the Executive Director, it is currently undertaking an advisory review of grant implementation in West and Central Africa, focusing on challenges and opportunities for maximizing impact.

## 2019 work plan and budget

In October, the Audit and Finance Committee (AFC) approved the OIG’s workplan for 2019. Table 2 provides a thumbnail sketch of the plan.

Table 2: Snapshot of the OIG’s 2019 work plan

Country audits	Internal audits	Advisory reviews	Complaint-led investigations (projected)	Proactive investigations (projected)	Investigations carried over from 2018
13	6	4	19	4	6

### Country audits

The 13 country audits planned for 2019 include six high-impact countries and seven core countries. Table 3 provides details.

Table 3: Country audits planned for 2019

High-impact countries	2017–2019 allocation (\$ million)	Core countries	2017–2019 allocation (\$ million)
Zimbabwe	484	South Sudan	87
Uganda	465	Liberia	66
Malawi	450	Lesotho	66
Indonesia	284	Togo	65
Côte d’Ivoire	213	Angola	58
Pakistan	204	Papua New Guinea	43
		Nepal	42

Source: OIG Progress Report

The 13 audits will cover 24% of the 2017–2019 allocations. Over the three years from 2017 to 2019, the OIG will have covered 37 countries accounting for 75% of total allocations for that period. The 37 countries account for 76%, 74% and 46%, respectively, of the disease burdens for HIV, malaria and TB.

### Internal audits

The six internal audits planned for 2019 will cover the following topics:

- Ethics framework: This audit will assess the adequacy and effectiveness of the Secretariat’s framework for managing ethical issues at the Secretariat and at country level.
- Project and change management: This audit will examine the effectiveness of the Secretariat’s project management framework.
- Value for money: This audit will assess the efficiency, economy and effectiveness in grants of (a) the provision of technical assistance and (b) capacity-building activities.

- Grant Operating System: This audit will explore the adequacy and effectiveness of the Secretariat's new Grant Operating System.
- Special initiatives implemented by partners: This audit will examine the effectiveness of the Secretariat's processes for managing special initiatives implemented by partners.
- Global Health Campus: This audit is designed to provide assurance concerning the delivery of the new campus and to assess the adequacy and effectiveness of the processes to manage related shared services. This audit will be closely coordinated with Gavi.

### Advisory reviews

The OIG's advisory reviews are conducted at the request of the Board or the Secretariat. The topics of the four advisory reviews planned for 2019 will be determined with the relevant sponsors during the course of the year.

The OIG said that two topics under consideration for 2019 are (a) Debt-to-Health; and (b) utilization of GeneXpert machines (deferred from 2018).

### Investigations

The OIG expects to receive 180 allegations of wrongdoing in 2019, which is in line with the experience of previous years. The OIG expects that 54 allegations will be formally assessed and 19 investigations undertaken.

In addition, the OIG expects to launch four proactive investigations in 2019. These investigations are intended to identify, prevent or disrupt wrongdoing without waiting for a complaint to be received.

### 2019 operating budget

To support its 2019 work plan, the OIG proposed a budget of \$15.59 million, a 2% reduction from its 2018 budget of \$15.90 million. The AFC recommended the proposed budget to the Board and the Board approved it (see [GFO article in this issue](#) on operating expenses).

### OIG key performance indicators

The OIG has its own set of key performance indicators (KPIs), which are separate from the Global Fund's KPIs, and are approved by the AFC.

The OIG progress report includes information on progress to date against the OIG's 2018 KPIs as well as proposed KPIs for 2019.

Board Document GF-B40-05, Office of the Inspector General Operational Progress Report (January to September 2018), should be available shortly at <http://www.theglobalfund.org/en/board/meetings/40>.

Editor's note: This article is dated 15 November, which is when this article was uploaded into our automated system. The article was not published until 16 November, the day following the Board meeting. This respects our agreement with the Global Fund concerning when we publish articles that are based on the content of the Board papers.

