



Independent observer
of the Global Fund

African organization of 'supreme audit institutions' and OIG collaborate to improve grant performance and oversight

The African Organization of English-speaking Supreme Audit Institutions (AFROSAI-E) and the Global Fund's Office of the Inspector General (OIG) signed a memorandum of understanding in February 2017 to improve the oversight over Global Fund grants implemented by state Principal Recipients (PRs), and to strengthen relationships between the OIG and the supreme audit institutions (SAIs). One year after that signature, Aidspan analyzes the context in which the Global Fund grants are audited, and changes that have occurred as a result of this collaboration.

Aidspan found that the OIG has piloted, in Zambia, a new model of collaboration with SAIs to audit grants. The OIG has used the lessons learned in Zambia for subsequent audits conducted in Kenya and Sierra Leone. These examples show that this kind of collaboration benefits both the OIG and the SAIs, and has the potential to improve grant performance.

Information for this article comes from documents obtained from the OIG and AFROSAI-E, statements made by Collins Acheampong, an Audit Manager in the OIG, and Edmond Shoko, a Regularity Audit Manager from AFROSAI-E, during a roundtable discussion convened by Aidspan on the involvement of SAIs in Global Fund grants, as well as from a phone interview with Meisie Nkai, the CEO of AFROSAI-E.

External Audits of Principal Recipients are required by the Global Fund

The Secretariat requires PRs to conduct annual audits of Global Fund grants' financial statements. In January 2014, the Secretariat published [guidelines](#) requiring PRs to select an external auditor, subject to approval by the Secretariat, to audit the grant, and to submit timely reports to the Secretariat. The guidelines also offered a standard Terms of Reference, direction on selection of auditors, content of audit

report, and roles and responsibilities of involved parties including the Secretariat itself, the CCM, the PRs, and the Auditors.

When the grant country's laws require that government institutions be audited by the SAI (each country has just one; in Kenya, Rwanda or Malawi, for example, it is the Office of the Auditor General) the Secretariat may seek the independent advice of a regulatory or representative body as to the SAI's suitability, such as the International Organization of Supreme Audit Institutions (INTOSAI). AFROSAI-E is one of the regional subgroups of INTOSAI composed of 26 English-speaking countries in sub-Saharan Africa.

In addition to the annual audit, the OIG also periodically conducts country audits. (The annual audit report is sent to the Secretariat but the OIG report is sent to the Board.)

Few SAIs currently audit Global Fund grants in Africa

In Africa, external audits are mostly conducted by private firms even when a governmental institution like the Ministry of Health or the Treasury (Ministry of Finance) is a Principal Recipient. The reasons for this vary: some sources close to the Global Fund mentioned a lack of independence, capacity or personnel within the SAIs. Other sources close to the SAIs offered an alternative explanation: A lack of engagement on the part of Global Fund Principal Recipients or CCMs. These discussions have been summarized in two reports published by Aidsplan, on [the involvement of SAIs in Global Fund grant oversight](#), and [a multi-country case study](#) looking at SAIs in Cameroon, Malawi, and Rwanda.

Currently, SAIs conduct audits of Global Fund grants in eight countries (Botswana, Ethiopia, Ghana, Kenya, Rwanda, Tanzania [& Zanzibar], Uganda, Zimbabwe), with plans to increase that number to 15 in the next four years, according to the Secretariat. These plans would benefit from the collaboration of AFROSAI-E in terms of contacts, evaluation of the SAIs' maturity on a scale based on international standards, and capacity strengthening.

This planned expansion is in line with the Global Fund's strategic objective to strengthen health systems in countries. Audits conducted by the SAIs have the potential to bring about more transparency, visibility and stronger country ownership, given that the reports by SAIs are discussed in parliament, unlike those conducted by private auditing firms. In addition, there are more opportunities for post-audit follow-up: SAIs are national institutions with permanent in-country staff, a longer-term view, and greater institutional memory than private firms, which often use short-term staff for the duration of the audit.

AFROSAI-E aims to improve the audit performance of 26 SAIs in Africa

AFROSAI-E helps improve the audit performance of its members, share resources in the region, and promote relations with national, regional and international institutions specializing in issues affecting the audit of public resources, according to its [statutes](#). Collaboration with the Global Fund falls within the mandate of AFROSAI-E. English-speaking countries in sub-Saharan Africa whose SAIs are members of AFROSAI-E receive about 55% of all Global Fund monies.

Every three years, AFROSAI-E requires its members to perform a self-assessment in five areas considered essential for an effective [SAI](#): 1) Independence and Legal Framework, 2) Organization and Management, 3) Human Resources, 4) Audit Standards and Methodology, and 5) Communication and Stakeholder Management. Based on the assessment and the SAI's request for support, AFROSAI-E can then intervene on a specific issue. For instance, to support a country where the SAI lacked independence, AFROSAI-E sent representatives to meet with parliamentarians and advocate for changes in the law.

Collaboration between AFROSAI-E, SAIs and the Global Fund aims to yield mutual benefits

AFROSAI-E can facilitate good working relationships between the OIG and a member SAI. While the OIG is known to the implementers and CCMs in most countries, the same is not true for the SAIs, especially in countries where those SAIs do not audit Global Fund grants.

This form of collaboration was piloted in 2017 in Zambia, resulting in an OIG [audit](#) conducted with the full participation of the member SAI (the Office of the Auditor General or its equivalent). The Office of the Auditor General provided five staff members who, together with the OIG's representatives, conducted three weeks of field work, visiting 30 facilities and a sample of district health offices.

This kind of collaboration evidently benefits both the OIG and the country SAI.

Among the benefits for the OIG are the increased visibility of key issues at national level, access to a pool of qualified national auditors with knowledge of local context, and the opportunity to leverage partnerships for post-audit follow-up. The benefits for Zambia, in this case, include accountability for a significant proportion of all the foreign funds coming into the Ministry of Health, cross-pollination between audit staff and technical experts (e.g. health programs, procurement, supply chain systems), exposure of the SAI team to tools and methodologies used by the OIG, and the possibility to leverage this audit to increase other donors' confidence in the SAIs.

For both the OIG and the SAIs, lessons have been learned that have already resulted in new measures taken for subsequent audits. For instance, the OIG has learned to engage with the SAIs early in its process, and involve them in all phases of an audit. In the later audits conducted in Sierra Leone and in Kenya, in the first half of 2018, the OIG collaborated with the respective Office of the Auditor General during the planning of the audit, the fieldwork, and the debrief of stakeholders at all stages of the engagements. The Office of the Auditors General supported the OIG audit team with an average of four staff members during the field work. The reports for Sierra Leone and Kenya are yet to be published.

Based on these lessons learned, the OIG and AFROSAI-E have developed a model terms of reference for OIG-SAI collaboration in 2018. AFROSAI-E and the OIG will evaluate the outcome of the collaborations in Kenya and Sierra Leone to inform subsequent engagements and capacity building. The OIG has planned to collaborate on audits with the SAIs of Ghana, Rwanda, and Sudan by the end of the year 2018.

As a sign that the collaboration between the OIG and AFROSAI-E is bearing fruit, in April 2018, AFROSAI-E signed a second memorandum of understanding with the Secretariat. The shared expectation is that this will result in more SAIs participating in or completing the audit in their countries, and in contributing to improved grant performance.

For more information, see www.afrosai.org.

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