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GLOBAL FUND IS MAKING PROGRESS IN IMPROVING CONSULTANT MANAGEMENT PROCESSES: OIG

The Secretariat has made progress in improving consultant management processes, particularly over the last year and half. Consultant costs, as a percentage of total staff costs, have gone down from 35% in 2015 to 19% in 2016. Processes and compliance have improved. The Secretariat is aware of several outstanding weaknesses and has various ongoing initiatives to remediate them.

These were among the findings of an audit on the planning and management of consultants conducted by the Office of the Inspector General (OIG). A [report](#) on the audit was released on 2 August 2017.

In 2016, the OIG said, the Secretariat initiated consultant procurement planning and zero-based budgeting. The first annual consultants' procurement plan was completed in 2017. However, the OIG noted that the Global Fund has not yet developed robust strategic workforce planning processes; and that the pros and cons of engaging employees as opposed to long-term consultants are generally not analyzed. Currently, about 60% of the individual consultants are contracted for a period of more than one year. In some cases, the OIG said, long-term consultants were used after staff positions were denied due to an upper limit on staff costs.

The consultant planning and management cycle involves different units of the Secretariat, such as human resource management, budgeting and legal. The processes and controls for consultant management vary considerably across these units. The OIG said that a lack of clearly defined roles and accountability has limited the effectiveness of controls related to consultant management. It added that there is a need for increased institutional guidance and standardized controls.

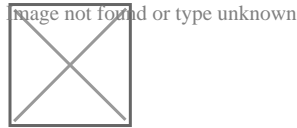
The financial system used for managing consultant expenditures has strong controls, the OIG reported.

However, this system is not designed to cover additional management information needs, which are therefore being addressed through manual processes. On the human resources side, the OIG said, a system is not yet in place to provide easy and reliable access to key information on consultants for effective strategic planning and operational decision-making. The OIG noted that software improvements are currently being designed which will address these gaps.

With respect to contracting and performance management of consultants, the OIG stated that ongoing initiatives have led to adequate on-boarding guidance for consultants, improved integrity checks, and generally well-defined scope of work. However, the OIG said, improvements are needed in the areas of compliance with contractual requirements, reference checks of consultants, and tracking and recording of performance.

In summary, the table below lists the four aspects of consultant management examined by the OIG in this audit, and the OIG's rating for each one.

Table: Aspects of consultant management, showing the rating for each



There are four tiers in the OIG's rating scheme: "effective"; "partially effective"; "needs significant improvement"; and "ineffective."

Agreed management actions

In response to the OIG's findings, the Secretariat agreed to incorporate detailed guidance to its various units on the use of consultants; to define roles and responsibilities for key aspects of consultant management; and to enhance controls on contractual compliance, reference checking and performance tracking. The Secretariat will also analyze the costs, benefits and risks for existing long-term consultants against staffing options.

Previously identified issues

The OIG audit report on the Global Fund Procurement and Supply Chain Management in 2015 (GF-OIG-15-008) covered the recruitment and selection of consultants. Significant gaps were identified; for example, 74% of non-health procurements sampled, including consultants, were selected using the "exception to competition" option. The audit also confirmed earlier findings from a European Commission audit of the Global Fund, about material weaknesses in procurement-related systems, controls, rules and procedures.

Subsequent OIG reports (GF-OIG-16-016 and GF-OIG-16-026) covering consultant selection highlighted similar weaknesses. Other selection weaknesses were also noted, including missing critical bid evaluation details in the bidding documents; arbitrary use of different evaluation methods in selection which were not pre-defined; failure to prepare technical evaluation reports; evaluation committee members not declaring potential conflicts of interest; and non-competitive determination of consulting fee rates.

In response to these various findings on the selection processes, the Secretariat is currently revising all procurement regulations under an ongoing Procurement Improvement Plan, a joint initiative of the finance and sourcing teams. This plan is incorporating strengthened controls in the consultant selection processes, including stricter rules on the use of "exceptions to competition," approval thresholds, and conflict of interest declarations. The improvements also include clear definitions of compliance roles, accountabilities and reporting mechanisms. The revisions are captured in the agreed management actions from the earlier OIG reports, with target dates of June 2017.

All OIG reports are available on the [audit and investigations page](#) of the OIG section of the Global Fund's website.

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