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## OIG Country Audit in Nepal Indicates Some Weaknesse

A country audit in Nepal by the Global Fund's Office of the Inspector General (OIG) has revealed some weaknesses in the management of Global Fund grants. However, the weaknesses are not as significant as those found in some other recent audits (e.g., Democratic Republic of Congo, and Philippines). A report on the Nepal audit was recently released by the OIG.

The purpose of the audit was to assess the adequacy of the internal control systems in managing Global Fund grants in Nepal. (There were 11 grants in Nepal from Rounds 2 to 7.) The audit looked at all five PRs in Nepal; one of them, the Ministry of Health and Populations (MoHP), has separate units managing its HIV, TB and malaria grants. The audit also looked at the performance of the CCM and the LFA.

The following table provides some examples of the audit's finding concerning principal recipients (PRs).

Table: Examples of audit findings for PRs in Nepal

Principal Recipient	Examples of specific findings
MoHP: Epidemiology and Disease Control Department	<ul style="list-style-type: none"><li>• Proper books of accounts not maintained,</li><li>• Records of bank transactions incomplete.</li><li>• Drug management at district levels sub-optimal.</li></ul>

## Principal Recipient

## Examples of specific findings

MoHP: National TB Centre	<ul style="list-style-type: none"><li>• No functional system for monitoring SRs.</li><li>• No system to track advances.</li><li>• Bureaucratic mechanisms for funds disbursement.</li></ul>
MoHP: National Centre for HIV and STI Control	<ul style="list-style-type: none"><li>• Cumbersome system for approving activities.</li><li>• Several staff positions unfilled for long periods of time.</li></ul>
UNDP	<ul style="list-style-type: none"><li>• Delays in disbursements and in distributing medical supplies.</li><li>• Promised capacity building not undertaken.</li></ul>
Population Services International – Nepal	<ul style="list-style-type: none"><li>• Significant lapses in compliance with requirements of the grant agreement and the laws of Nepal.</li><li>• High overhead fees.</li></ul>
Family Planning Association of Nepal	<ul style="list-style-type: none"><li>• Weak oversight by senior management.</li><li>• Significant capacity weaknesses in internal audit.</li><li>• Several commitments in grant agreement not yet met.</li></ul>
Save the Children USA	<ul style="list-style-type: none"><li>• Inadequately staffed internal audit department.</li><li>• Inadequate computer systems for recording financial transactions.</li></ul>

The OIG pointed out that project management units (PMUs) were established in two of the MoHP departments – Epidemiology and Disease Control Department, and the National TB Centre – and that there were no plans in place to transition from the PMUs to mainstream ministry structures. According to the OIG, PMUs should only be used as a stop-gap measure.

With respect to the Nepal CCM, the OIG said that the CCM was not doing any oversight of grant implementation; and that there was no evidence that the CCM was facilitating technical assistance for Global Fund programmes implemented by the MoHP.

The OIG said that the performance of the LFA (CSC & Co., associated with PricewaterhouseCoopers) was generally sound, but it noted a few problems, including the fact that the LFA's capacity assessment of one of the nominated PRs overlooked significant issues.

The 160-page “Audit Report on Global Fund Grants to Nepal” is available at [www.theglobalfund.org/en/oig/reports](http://www.theglobalfund.org/en/oig/reports).

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