

# Supreme Audit Institutions (SAIs) involvement in Global Fund grants

Report on the roundtable meeting organized  
by Aidspace 14-15 December 2017



*Group photo at the official opening of the roundtable meeting held on 14-15 December 2017 in Kigali, Rwanda.*



**Authors:** Nathan Mugume, Djesika D. Amendah

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## Abbreviations

CM: Country Coordinating Mechanism

Global Fund: Global Fund

OIG: Office of the Inspector General

PR: Principal Recipient

SR: Sub Recipient

SAI: Supreme Audit Institution

TB: Tuberculosis

HIV: Human Immunodeficiency Virus

ED: Executive Director

WHO: World Health Organization

## Executive Summary

Aidspan convened a two-day roundtable meeting on Supreme Audit Institutions (SAIs) involvement in Global Fund grants based on a multi-country case-study in Cameroon, Malawi and Rwanda. Participants were representatives of Supreme Audit Institutions (SAIs) and their umbrella organization (AFROSAIe), implementers, Country Coordinating Mechanisms (CCMs) and civil society partners of Cameroon, Kenya, Malawi, Rwanda and Zambia, as well as those from the Global Fund Office of the Inspector General, the Secretariat. Participants discussed the situation in the five countries represented and identified challenges and opportunities of the SAI involvements in the Global Fund grants audit.

Participants emphasized the importance that SAIs be involved in the audit of Global Fund grants provided the SAIs meet established criteria and standards especially those required by the Global Fund. Such involvement would promote capacity strengthening of the SAI, improve accountability of the implementers, better visibility of the grants and offer information for decision makers.

## A. Introduction

1. Aidspan, the independent observer of the Global Fund held a roundtable on 14th-15th December 2017 on the involvement of the Supreme Audit Institutions (SAIs) in the Global Fund grants. The round-table evolved from a multi-country case-study first focusing on Cameroon, Malawi and Rwanda. Later, the scope of the study increased to encompass Kenya and Zambia as well.
2. The objectives of the roundtable were:
  - Sharing experiences of the in-country partners, Office of the Inspector General (OIG) and the Global Fund Secretariat of the involvement of the Supreme Audit Institutions in the Global Fund grants;
  - Discuss a framework for collaboration between CCM, PRs and national audit offices based on the findings and discussions.
3. Participants were representatives of Supreme Audit Institutions (SAIs) and their umbrella organization (AFROSAIe), implementers, Country Coordinating Mechanisms (CCMs) and civil society partners of Cameroon, Kenya, Malawi, Rwanda and Zambia, as well as those from the Global Fund Office of the Inspector General, the Secretariat.
4. This report highlights the main presentations, the issues discussed and the recommendations. The agenda of the meeting is in Annex 1

## B. Presentations



5. The meeting started with welcoming remarks from Aidspan Executive Director who introduced the Auditor General of Rwanda and highlighted the objectives of the meeting.

### Aidspan and the Global Fund

6. Then, Djesika Amendah from Aidspan presented the organization, its mission, its financial and editorial independence from the Global Fund. In its watchdog role and in order to avoid conflict of interests and maintain its credibility, Aidspan does not receive any funding from the Global Fund. Aidspan is funded by donor government who fund the Global Fund as well as by some private foundations.

7. Then Dr. Daniel Ngamije, the facilitator, highlighted the mission of the Global Fund, its principles, its core structures, its composition and mandate using slides prepared by the Fund Secretariat. He also presented the different organs of the Global Fund and their interactions with the Principal Recipient and the SAI.

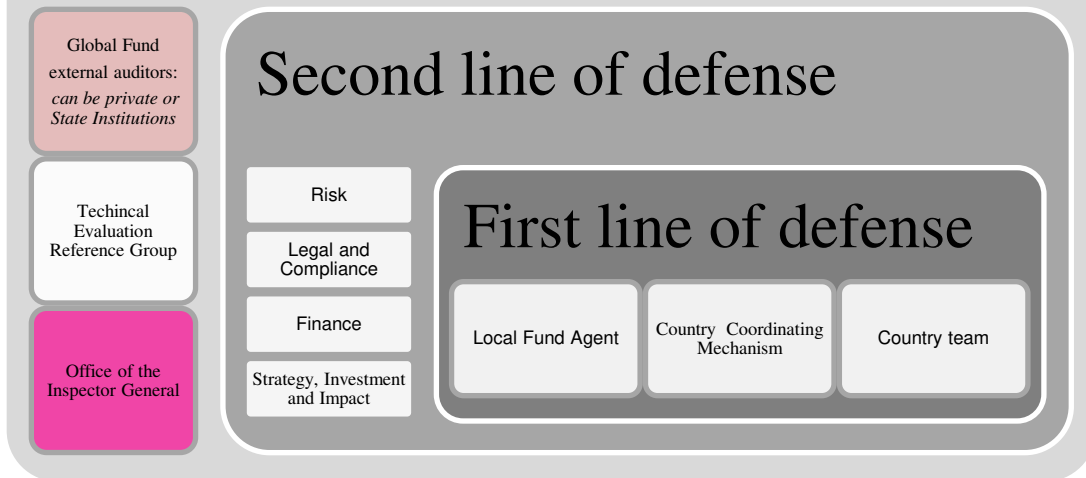
## Multi-country case-study of the involvement of the Supreme Audit Institutions in Global Fund grants

8. Ann Ithibu from Aidspace presented the results of the multi-country case-study which focused on the involvement of Supreme Audit Institutions in Global Fund grants in Cameroon, Malawi, and Rwanda. The study found mixed results: in Rwanda where the State is the only Principal Recipient (PR), the SAI audits the Global Fund grants; in contrast, in Malawi and Cameroon, private firms conduct the audits for both State and non-State implementers.
9. It is noteworthy that in those countries, the SAIs are mandated to audit public institutions that received funds from or on behalf of the State and report to parliament, and other government agencies. This audit and reporting mechanism increases visibility, promotes the culture of accountability and transparency. Indeed, other state institutions like the Judiciary and other government agencies can be involved when needed.
10. Thus, SAIs auditing the Global Fund grants can promote country ownership and sustainability.
11. The major requirements for SAIs to qualify to audit Global Fund grants include independence, capacity in terms of adequate qualified personal and other financial resources, and high level of integrity.
12. The study recommended that the Global Fund works with SAIs that meet requirements because failure to do so deprives the Global Fund from available resources.

## The Office of the Inspector General (OIG) of the Global Fund

13. **Mr. Collins ACHEAMPONG**- from the OIG presented the institution as part of the Global Fund but independent from the Secretariat. The OIG responds to the Board of the Global Fund. The OIG is the third line of defense in the Global Fund assurance framework. The first line of composed of the Local Funding Agency, Country Coordinating Mechanism, and the Secretariat Country Team.

# Third line of defense



14. Mr. Acheampong then explained the OIG process of selection of country and grants to audit, the type of audit or investigation to conduct, and collaboration with SAI offices. The audit process starts from the annual planning phase and goes through the engagement cycle with in-country partners (CCM, PR, SAI, etc.); it ends with the agreed management actions. According to the OIG 2016 -2018 plan, most of the audits will be conducted in the African countries, considering that the highest proportion of the Global Fund monies are invested in the continent and risk scores are not negligible.
15. On corruption and fraud, the OIG representative explained that, corruption and fraud still exists in all corners of portfolios though the forms appear to change. For instance, new fraud technics have been seen recently; for example, through the supply chain by drug thefts, failure to observe procurement processes and procedures.
16. Counter fraud activities have been established including increased trainings for the auditors. The Global Fund-OIG has different units that conduct investigation activities, inspections, investigations and counter fraud.

## Rwanda experience in auditing the Global Fund Grant

17. The Auditor General of Rwanda, **Mr. Obadiah BIRARO** shared the experience of the Office of the Auditor General (OAG) Rwanda as a SAI that is currently auditing Global Fund grants. The OAG Rwanda conducts more than financial or value for money audits. Indeed, the OAG Rwanda looks into the impact of the grants in the lives of the beneficiaries. He emphasized the importance of delivering timely reports to the Global Fund as an important requirement that SAIs should comply with. He also insisted on the importance of reading and analyzing reports



The Auditor General of Rwanda, Mr. Obadiah BIRARO

especially the status of the implementation of the previous audit report recommendations.

18. The **Director of Audit / OAG Rwanda, Ms. Sofie NZABANANIMANA**, detailed the process of audit the Global Fund grants, shared practical experience and key audit findings. Rwanda has moved from the project model to the Result-Based Financing (RBF) model for all three grants HIV, TB, and Malaria in 2014.
19. The OAG as a SAI has conducted three audits as of December 2017. The audit reports are finalized and sent to the stakeholders by 31<sup>st</sup> December.
  - The OAG develops annual audit plan including the Global Fund ones and establishes a process that ensures almost all the implementers—Principal Recipient and Sub Recipients are audited.
  - At the end of the exercise, the audit report is shared with the Principal Recipient and other stakeholders including the Global Fund, and submitted to the Parliament.
  - The Public Accounts Committee (PAC) of the Parliament assesses the report and organizes a hearing of the Principal Recipient and Sub Recipients budget managers, programmatic experts and other technicians.
20. In Rwanda, the key benefits of the SAI auditing Global Fund grants include the alignment of Global Fund grants to the national strategy. Indeed, the National Strategic Plan underpins the Result-Based Financing model which reduces wasteful expenditures related to vertical programming. A side benefit is the good working relationship between the OAG and the Global Fund-OIG.
21. Common key findings of the audits are:
  - lack of some supporting documents,
  - delays in submission of the accountability reports from Sub Recipients to Principal Recipient, delay in disbursement of funds, in contract execution (construction of laboratory, and maternity wards), recovery of VAT from Rwanda Revenue Authority,
  - low absorption of funds,
  - poor management of drugs at Sub Recipient level

## Malawi and Cameroon audits and other collaborations

22. Participants from the different countries presented the audit process in their country. In Malawi and Cameroon the SAIs do not audit the Global Fund grants; both state and non-state PRs grants are audited by a reputable private audit firm chosen by the PR with guidance from the country team.

23. Nevertheless, the OIG collaborates with some country institutions. In Malawi, for



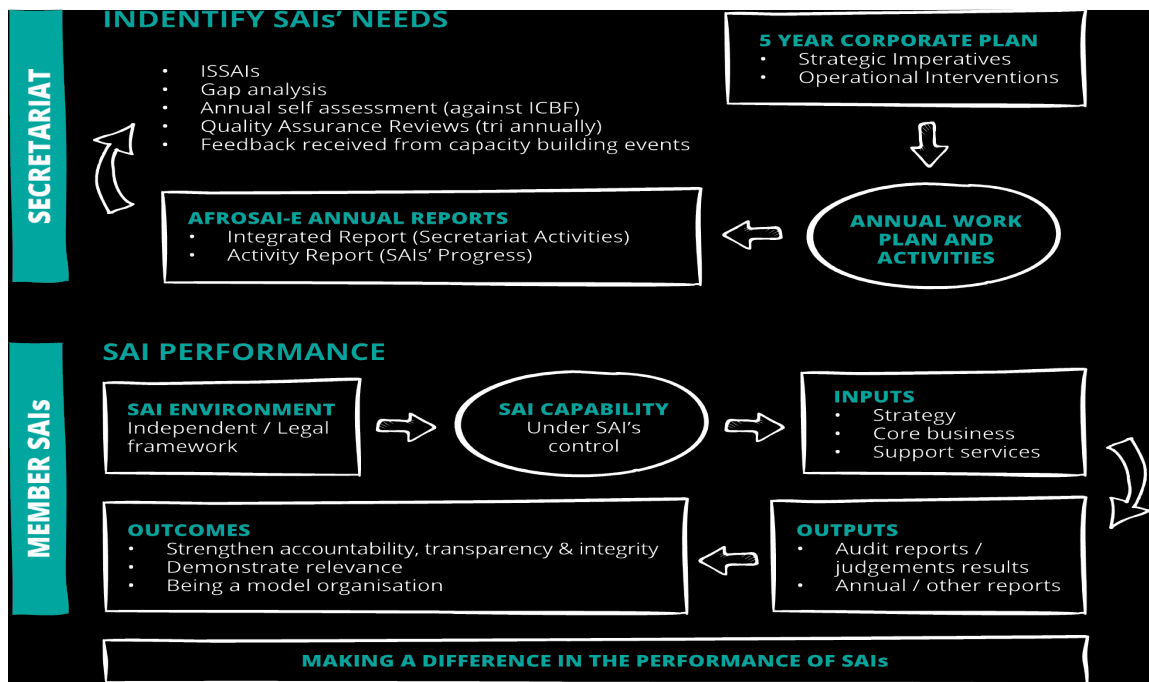
The Auditor General of Malawi Stephenson Kamphasa and the Executive Secretary of the Country Coordinating Mechanism Cuthbert Nyirenda



instance, the OIG organized “Speak out Campaign” against malaria medication thefts in public facilities in collaboration with the Anti-Corruption Bureau, the Ministry of Health, and other Malawi stakeholders. Messages were developed in local languages and took into account the local settings. The campaign was successful and presented as an example of the best practice: all those arrested were prosecuted and convicted as a result of the “Speak out Campaign”; the campaign also raised awareness in the population so that patients started asking for their free medications in public facilities, making thefts of medication more visible and consequential.

## AFROSAIe

24. The AFROSAIe is the umbrella organization of the English speaking SAIs. AFROSAIe representative Nikeziwe Kanyile expanded on the potential mutual benefits of collaboration between the SAIs and the Global Fund and how AFROSAIe can help. The presentation highlighted the importance of improving oversight and assurance over Global Fund activities implemented by national Governments and the need to develop stronger relations between Global Fund-OIG and SAI’s on joint work and fulfill each other’s mandates.



## The Global Fund Secretariat on working with SAI, AFROSAIe

25. The Secretariat through Adda Faye weighed in the debate by providing information on current and projected collaboration with SAIs in Africa. Indeed, the grants are currently audited by SAIs in seven countries. The plan is to increase this number to 15 by 2022. Such an increase would require the SAI to have the capacity to audit performance targets and comply with international (donor) agreements. It would also require collaboration

with other partners such as the World Bank who would help evaluate the quality of the audit of the SAIs.

26. SAI auditing the grants would require additional capacity building or strengthening in
- fraud risk assessment and investigations,
  - performance based auditing specific to health
  - certain areas such as IT audits etc. i.e. auditing accounting systems on an IT platform to counter such emerging risk

## **C. Discussions**

27. Presentations and panel discussions generated substantive comments and suggestions presented below by theme.

### **Replicating the Global Fund grants alignment with country disease strategies like in Rwanda**

28. The example of Rwanda as a ‘best practice’ was held as an example for other countries like Cameroon and Malawi.
29. Alignment was possible in Rwanda because the Rwanda Fiduciary and Programmatic Systems Review conducted by the OIG in 2014 found them reliable despite some areas for improvement. Rwanda subsequently has put in place different mechanisms to ensure that recommendations of the OIG are implemented. From 2014, Global Fund and Rwanda agreed in the Grant Confirmation that the OAG audits the grants and submits the report.
30. Alignment of the grant with the country strategy is a challenge in most countries for several reasons including:
- Weak or perceived weakness of the country internal structures and control systems. Indeed, alignment like that in Rwanda is a lengthy process that requires thorough assessment, and confidence in the national internal structures and controls by the Global Fund and other donors;
  - Weak disease strategies that do not meet the World Health Organization (WHO) standards and donor requirements.

### **Challenges facing SAIs involvement in country grant audits**

31. Feedback from the group work session indicated the following challenges as impediments to the involvement of SAIs in country grant audits:
- Lack of communication, especially among the different stakeholders and structures already involved in the Global Fund grant
  - Limited or no involvement of SAIs in planning and preparation of the grant audit cycle

- Lack of adequate human resources in the SAIs:
    - Some participants disputed this notion, offering the opposing view that in many countries the SAIs' capacity increased, making them valuable partners whose involvement may help cut grants audit costs, improve the grant management and thus increase country ownership. However, the increased capacity is not always recognized. But holder of this view acknowledged that oftentimes the SAIs lack of Global-Fund specific knowledge and training.
    - Other participants raised the idea of SAIs being in charge of the audit but subcontracting it to independent private audit firms to mitigate shortage human resources in both number and expertise. But the discussion stated that implementing this idea may still be challenging as the SAI would then own a report while it may not have been fully involved in the audit process.
32. In Francophone Africa, there is little visibility of the umbrella organization for the French Speaking SAIs and no involvement of the SAI in the grant. Participants discussed likely reasons and offered recommendations.

## D. Recommendations

### Communication

- 33. Clear, specific communication between the Global Fund, PRs, CCM on one hand and the SAIs on the other with regards to the Global Fund funding cycle;
- 34. Consistent stakeholder consultation amongst PR, Global Fund, OIG and SAIs throughout the audit cycle;
- 35. Strong Aidspan advocacy for the implementation of recommendations made to Global Fund/OIG and publication of detailed analyses on program implementation and challenges.

### Co-operation

- 36. Strengthening relationships among CCM, SAIs and PRs during the implementation of Global Fund grants
- 37. Strengthening and encouraging exchange of best practices between INTOSAI sub regional groups such as AFROSAI-E and AFROSAI-F to help SAIs in the audit of Global Fund grants. In addition, the OIG and Global Fund Secretariat can engage dialogue with PRs and AFROSAI-F to identify and address challenges for involving Francophone SAIs for the audit of Global Fund Grants.

## Capacity building

38. Establish and communicate SAI maturity levels, as per the Global Fund requirements (Global Fund, AFROSAI, SAIs);
39. Involve of all mature SAIs that meet requirements and standards in the audits of Global Fund funds within their countries;
40. Initiate capacity building of all SAIs that do not meet the requirements and standards; the INTOSAI sub regional groups such as AFROSAI-E should increase the number training/ experience sharing sessions within all SAIs that are conducting the audit of Global Fund (Global Fund, AFROSAI, SAIs, AIDSPAN);
41. The SAIs should retain the responsibility to oversee private audit firms performing Global Fund audits.

## Appendix 1: Agenda of the workshop

<b>SESSION AGENDA: DAY 1 Thursday 14/12/2017</b>		
<b>TIME</b>	<b>SESSION</b>	<b>PRESENTERS AND PANELISTS</b>
07.30- 08.30		
08.30-09.00	Workshop opening	Ida Hakizinka Host Country OAG Daniel Ngamije
09.00-09.15	About AIDSPAN	Ida/Djesika
09.15-09.45	Brief introduction to the Global Fund systems and PR grants auditing mechanism Gov/INGO/UN	Daniel Ngamije
09.45-10.15	OIG Audit – of the Global Fund grants Overview and collaboration with country SAI offices	OIG Office- Collins Acheampong
10.15-10.30	Group photo	Hotel to check
<b>TEA/COFFEE BREAK (10.30-10.50)</b>		
11.00-11.30	Project presentation – Country findings	Country partners and Aidspan team- Ann Ithibu and Djesika Amendah
11.30-12.30	Panel discussion: Country experiences - Rwanda - Kenya - Zambia	- Rwanda (NAO) - Kenya (Treasury/NAO)
<b>LUNCH BREAK (12.30-1.45)</b>		
<b>TIME</b>	<b>SESSION</b>	<b>PRESENTERS AND PANELISTS</b>
2.00-2.45	Panel discussion: NAO's with other donors - Malawi - Cameroon	- Malawi (NAO) - Cameroon
2.45-3.45	Group work per country : -Rwanda and Cameroun -Kenya , Malawi and Zambia	Country group chairs
<b>TEA/COFFEE BREAK (3.45-4.10)</b>		
4:20-5.00	Group work presentations	Country group spokesperson

<b>SESSION AGENDA: DAY 2</b>		
08.30-08.45	Recap	
08.45- 09.15	<ul style="list-style-type: none"> <li>– Experience of and potential support by AFROSAI</li> <li>– Important role the AFROSAI can play in the management of GF grants</li> </ul>	AFROSAI Spokesperson- Edmond Shoko /Nikeziwe Khanyile  Remote intervention by Secretariat
09.15-09.30	Experiences by the Global Fund Secretariat/On line	GF Secretariat Financial Team
09.30-09.45	Experiences by the OIG	OIG spokesperson: Collins Acheampong
09.45-10.30	Group work per country: -Rwanda and Cameroun -Kenya , Malawi and Zambia	Country group discussions
<b>TEA/COFFEE BREAK (10.15-10.30)</b>		
11.00 – 12.00	Group work presentation	Country group spokesperson
12.00-12.30	Wrapping up, workshop evaluation and closure	
<b>LUNCH (12.30-2.00)</b>		