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PROGRESS IN ASSURANCE AND RISK MANAGEMENT TOO SLOW: OIG

According to the Office of the Inspector General, insufficient progress has been made in assurance and risk management.

In its semi-annual progress report to the Board, the OIG said that its audit work has revealed that despite Global Fund investments in this area, assurance measures have had limited effectiveness and are still not being tailored to the country context.

The OIG said that despite having been identified as a corporate priority, the Risk and Assurance Project has not made significant progress. This initiative includes developing assurance plans at the grant level based on risk and capacity assessments; increased reliance on implementer assurance mechanisms; and differentiating the scope and depth of assurance activities based on risk and significance.

The OIG said that pilots initiated to test the new assurance approach in a number of countries have yet to show tangible progress. The OIG believes that progress in this area – including the roll out of the Fund's new assurance model – depends on several factors: (a) a clear formulation of the vision; (b) strong buy-in and accountability from all key stakeholders (including both the Chief Risk Office and the risk owners); (c) strong project management; and (d) a strong push from the executive level.

("Risk owners" refers to the staff in the Secretariat that have been given responsibility for managing the different risks.)

The OIG said that the recent country audits in [South Sudan](#), [Ghana](#) and Indonesia have uncovered issues around how risks are identified, assessed, and mitigated by the Secretariat. Although risk management

tools have been put in place, the OIG said, more work is required to embed risk management in grant decision-making and, in particular, to identify and record risks consistently to allow country teams to more proactively mitigate portfolio-level risks.

According to the OIG, the application by the Secretariat of the Global Fund operational risk management framework (QUART) for Ghana has had limited effectiveness in identifying strategic risks beyond the core functional areas – particularly funding gaps or sustainability risks. The South Sudan audit found that even for high risk countries (such as those subject to the additional safeguards policy), the QUART risk assessment was not being prepared consistently.

In addition, the OIG said that in countries where health services have been devolved to lower levels of government, its reviews have highlighted a number of weaknesses in grant implementation arrangements that pose unmitigated risks to program effectiveness. In Kenya, where health services have been devolved to the county level, and in Pakistan, where they have been devolved to the provinces, the OIG found that failure to tailor implementation arrangements gave rise to issues of accountability, sustainability, oversight, and impact.

The OIG's progress report, Board Document GF-B34-06, should be available shortly at www.theglobalfund.org/en/board/meetings/34.

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