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of the Global Fund

OIG Releases Reports on Audits in Three Countries

The Office of the Inspector General has issued reports on audits conducted on Global Fund grants in Central African Republic (CAR), Viet Nam and Tajikistan.

Central Africa Republic

The CAR audit, which was conducted in May–July 2012, covered three grants from Rounds 7–9 with a total value of \$40.5 million, of which \$19.3 million had been disbursed at the time of the audit. The audit included a financial review of the last year (2009) of two Round 4 grants, following the transfer of principal recipient (PR) from the United Nations Development Programme (UNDP) to a national entity.

The audited PRs were the National AIDS Committee and the Ministry of Public Health, Population and Fight Against HIV/AIDS.

The audit identified unbudgeted and unsupported expenditures of \$938,014. The OIG said that the Global Fund Secretariat should decide whether some or all of this amount should be recovered.

The audit found that the management and implementation of Global Fund grants in CAR were not satisfactory. Considerable weaknesses were identified in financial management, reporting systems, procurement and supply management, and oversight.

The report on the CAR audit acknowledged the difficulties of operating in a country with an extremely weak infrastructure and a heightened security situation. The OIG said that the audit findings raise questions about trying to practice performance-based funding in such an environment.

(See also next article in this issue.)

Viet Nam

The Viet Nam audit, which was conducted in May–June 2012, covered seven grants from Rounds 6–10 with a total value of \$144 million, of which \$96 million had been disbursed at the time of the audit. The PR for all of the grants was the Ministry of Health.

The audit concluded that the programmes supported by the Global Fund have generally achieved targets and have been well managed, but that internal controls require some strengthening.

The report said that the audit identified “some issues” that have been referred to the OIG’s Investigation Unit. This means that the OIG uncovered evidence of possible misappropriation of grant funds.

The audit made nine recommendations, one of which it categorised as “very high” priority. It concerned the need to increase the coverage and quality of HIV prevention interventions among most-at-risk populations.

The OIG said that all findings and recommendations from the audit had been accepted by the CCM; and that the CCM, the PR, the LFA and the Global Fund Secretariat had committed to take action to mitigate the risks identified. The audit report listed several actions that had already been implemented.

Tajikistan

The Tajikistan audit, which was conducted in August–September 2012, covered three Round 8 grants and a Round 3 TB rolling continuation channel grant with a combined value of \$94.2 million, of which \$54.2 million had been disbursed at the time of the audit.

UNDP was the PR for the Round 8 grants; Project HOPE was the PR for the Round 3 grant. The audit focused primarily on the grant for which Project HOPE was the PR. Only about 12% of the expenditures for the UNDP grants were audited; these were expenditures by sub-recipients. (In all audits where the UNDP is a PR, the OIG does not review the UNDP’s direct expenditures; the Global Fund respects the United Nations’ single-audit principle, and so relies instead on audits conducted by UN bodies.)

The audit concluded that major improvements are required in the management and implementation of the Project HOPE grant. The OIG said there were fundamental weaknesses in Project HOPE’s financial and procurement management. The highest priority, the OIG said, was the need to strengthen cash management.

The OIG said that during the audit, two instances of fraud were identified, involving expenditures of \$6,800. Both cases related to training expenses and involved cash payments to staff. The OIG said that Project HOPE management acknowledged that these instances of fraud had occurred and stated that they would take remedial action. The cases have been referred to the OIG’s Investigations Unit for follow up.

As it did for the Viet Nam audit, the OIG said that the grants in Tajikistan need to give greater priority to interventions targeting most-at-risk populations.

The OIG said it was concerned about the sustainability of HIV, TB and malaria programming in Tajikistan, given that 85% of the funding for these programmes comes from external donors.

Finally, the OIG said that all of its recommendations had been accepted by the Global Fund Secretariat and relevant stakeholders, and that some mitigating actions had already been implemented.

The reports on the audits in Central African Republic (CAR), Viet Nam and Tajikistan are available on the Global Fund website [here](#). Other OIG audit reports are available on the same site.

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