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OIG RELEASES REPORTS ON THREE AUDITS AND FOUR DIAGNOSTIC REVIEWS

In the first week of August, the Office of the Inspector General (OIG) released seven new reports covering audits conducted in Burundi, Malawi and Ukraine; and diagnostic reviews undertaken in Eritrea, Gambia, Georgia and Peru.

Audits

The OIG found no evidence of funds having been misappropriated in any of the audits. In the Malawi audit, the OIG identified expenditures of \$4 million that it said were ineligible or unsupported and should be repaid. In the Burundi audit, the OIG identified a small amount (\$30,724) that it said should be repaid. The OIG said most of this amount constituted over-payments of invoices or claims, many of which were related to travel per diems. The OIG did not identify any amounts that should be repaid in the Ukraine audit.

Of the \$4.0 million in ineligible and unsupported expenditures in the Malawi audit, \$3.8 million was attributed to the National AIDS Commission and \$0.2 million to the Ministry of Health. These were the two principal recipients (PRs) for the seven grants awarded to Malawi. Malawi has agreed to refund \$3.3 million. The country has submitted additional documentation to support the remaining expenditures that the OIG deemed to be ineligible and unsupported. Depending on the outcome of the review of this additional documentation, Malawi may agree to repay more.

As it has in almost all audit reports, the OIG noted that while the programmes supported by Global Fund grants in Burundi, Malawi and Ukraine had achieved some notable successes, there were significant weaknesses in financial, procurement and sub-recipient management.

The OIG noted that in the case of Malawi, the Global Fund Secretariat, the PRs and the CCM had developed action plans to address the shortcomings identified in the audit, and had started implementing these plans.

With respect to Ukraine, the OIG report said that the CCM and the PRs have shown strong commitment to take action to address the weaknesses revealed in the audit. The audit report listed a number of actions already taken by the International HIV/AIDS Alliance in Ukraine (Alliance-Ukraine) and the All Ukrainian Network of People Living with HIV/AIDS, the two PRs currently managing grants in that country.

Finally, regarding Burundi, the audit report indicated that the four PRs – SEP-CNLS, PNLT, RBP+ and CED-CARITAS – have already implemented a number of the recommendations made by the OIG.

GFO will report in more detail on the three audit reports in the near future.

Diagnostic reviews

A diagnostic review is different from a country audit. Audits take an historical perspective; they comprehensively review grant implementation over time to substantiate whether grant funds have been used for the purpose intended. Diagnostic reviews look at the grants at a given point in time to identify the key risks to which grant programmes are exposed. In addition, in a diagnostic review, no overall opinions are provided and no assurance is provided regarding how grant funds were spent.

For the four diagnostic reviews carried out in Eritrea, Gambia, Georgia and Peru, the OIG said that the purpose of the reviews was to identify and share good practices, identify key risks to which grant programmes were exposed, and make recommendations for risk mitigation where weaknesses and gaps were found.

In all four reviews, the OIG found evidence of successful national responses and good practices. However, the OIG also identified weaknesses in the management of the grants and risks that could impede successful outcomes of the programmes supported by the grants.

The report on the diagnostic review in Eritrea contains a list of actions that the PR, the Ministry of Health, has agreed to implement in response to the review's findings. Similarly, the Gambia report contains a list of actions that the CCM and the PRs have said they would implement. There are six PRs in Gambia: the National AIDS Secretariat, the National Malaria Control Programme, the National Tuberculosis and Leprosy Control Programme, the Medical Research Council, Catholic Relief Services and ActionAid International.

The report on the diagnostic review in Peru contains a list of actions that grant implementers have agreed to take in response to the OIG's findings. The PRs for the grants in Peru are CARE Peru, Pathfinder and Parsalud.

In a letter included in the report on the diagnostic review in Georgia, Global Fund General Manager Gabriel Jaramillo said that the CCM and the PR (the Global Projects Implementation Center) have taken steps to address the OIG's recommendations and have also adopted interim mitigation measures (which will be in place until the most important recommendations are fully implemented).

We will report in more detail on the four diagnostic reviews in future issues of GFO.

The OIG reports on the audits and diagnostic reviews are available on the Global Fund website [here](#).

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