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## First OIG audit of Liberia's Global Fund grants highlights that financial management arrangements need 'significant improvement'

While acknowledging several areas of progress made against AIDS, tuberculosis and malaria in this civil war-torn and Ebola-wracked country, the Office of the Inspector General's first country audit of Global Fund grants to Liberia highlights inadequate financial management arrangements – including major deficiencies in oversight of sub-recipients – and deficiencies in recording and tracking grant assets, as well as gaps in linkages to HIV and TB services, and weak supply chain structures, process and systems. These are some of the issues that may threaten Liberia's reaching its 2020 grant targets, the audit report said.

The OIG report, published on 14 October 2019, did highlight three categories of key achievements in Liberia, which are noteworthy especially against the backdrop of the country's recent Ebola epidemic.

The audit covered the period from January 2017 to December 2018, therefore included both active and inactive grants (see table below). The four active grants will all end on 31 December 2020.

Geographically, the audit covered all three of the country's counties (visiting 25 health facilities and two drop-in centers), as well as the Central Medical Store and regional stores in the three counties.

Global Fund grants in Liberia covered by this audit (2016-2021)

Grant No.	Grant Component	Principal Recipient	Grant period	Signed amount (US\$)
Funding cycle 2016-2017/18				

LBR-M-MOH	Malaria	Ministry of Health and Social Welfare	July 2016 – June 2018	26,452,112
LBR-M-PH	Malaria	Plan International, Inc.	July 2016 – June 2018	12,167,590
LBR-C-MOH	HIV/TB	Ministry of Health and Social Welfare	April 2016 – Dec 2017	27,343,285
LBR-H-PSI	HIV	Population Services International	April 2016 – Dec 2017	9,584,091
Total				75,547,078
Funding cycle 2018-2020				
LBR-M-MOH	Malaria	Ministry of Health and Social Welfare	July 2018 – June 2021	23,291,765
LBR-M-PH	Malaria	Plan International, Inc.	July 2018 – June 2021	12,976,384
LBR-C-MOH	HIV/TB	Ministry of Health and Social Welfare	Jan 2018 – Dec 2020	23,480,099
LBR-H-PSI	HIV	Population Services International	Jan 2018 – Dec 2020	6,000,000
Total				65,748,248

#### Key achievements and key issues

The report notes that, first, Liberia has made “strong progress” in the fight against AIDS, TB and malaria since the end of the Ebola epidemic in 2016, with a 71% increase in HIV ‘test and treat’ (from 8,100 in 2016 to 13,880 in 2018); a mother-to-mother peer program established with 93% prevention of mother-to-child transmission coverage by 2018; and good results on malaria ‘test and treat’ with a 47% reduction in malaria deaths between 2010 and 2017 (and a 34% reduction in suspected cases).

Second, increased investment in Liberia’s supply chain has resulted in good progress, the OIG said, with a clear strategic vision articulated in a national ‘master plan’, and health products consolidated at the central level in one warehouse jointly funded by the Global Fund, the United States, and other donors (as well as other ongoing work through a supply chain transformation plan).

Finally, the Global Fund has supported increased investment in improving “the control environment” at the MoH to strengthen financial systems and structures, notably through the Program Coordination Unit, and through installation and training on a new financial accounting and reporting system.

However, issues and risks specified by the OIG include sub-optimal financial management and oversight over sub-recipients and grant assets; ineffective linkages to care, which are impacting the provision of quality HIV and TB services to intended beneficiaries; limited engagement of the private sector to achieve malaria grant objectives despite in-principle agreements for greater involvement; improvements needed in the design and implementation of interventions for key affected populations; and weak supply chain governance and leadership, which is affecting the timely availability of quality-assured commodities. (See Main Findings, 4.1 to 4.5, below, for further detail on these.)

#### Country context

Liberia was deeply affected by civil war from 1989 to 1996 and again from 1999 to 2003, which had a devastating impact on economic development. Then, the Ebola outbreak from 2014 to 2016 further

undermined the country's efforts to recover and develop. In the health sector alone, 3.4% of workers became infected with Ebola, almost half of whom died.

With a population of 4.9 million people, Liberia suffers from a scarcity of human resources for health, with 1.14 doctors, nurses and midwives per 1,000 population, compared to the WHO target of 2.3 per 1,000. About a third (31%, or 3,929 positions) of Liberia's healthcare workers were supported by donors in 2018. The country ranks 181 out of 189 countries in UNDP's Human Development Index.

Since 2004, the Global Fund has signed grants with Liberia of over \$309 million and disbursed over \$248 million so far. Current active grants amount to \$65.7 million. In addition, Liberia has \$2.1 million from catalytic investment matching funds for integrated service delivery and Human Resources for Health, as well as a \$500,000 investment from Strategic Initiative funding to address supply chain challenges.

Liberia is considered a 'core' Global Fund country (larger portfolio, higher disease burden, higher risk) and is also designated a Challenging Operating Environment.

### Ratings and portfolio performance

The OIG rated the three objectives of the Liberia audit as follows:

1. The design and adequacy of financial management arrangements in supporting the achievement of grant objectives and safeguarding of grant assets 'needs significant improvement'.
2. The effectiveness of program processes and controls in ensuring linkages to care and delivery of quality services to beneficiaries, including key affected populations, is rated 'partially effective'.
3. The efficiency and effectiveness of supply chain structures, processes and systems to ensure the timely availability of quality-assured medicines and commodities is rated 'partially effective'.

### Main findings and Agreed Management Actions

The OIG described five main findings from its audit, which expand on 'key issues'. We highlight here the first finding, then summarize the remaining findings' points and sub-points (see pages 14-24 of the report for full details). Associated Agreed Management Actions (AMAs) follow each finding.

#### 4.1 Sub-optimal financial management and oversight over sub-recipients and grant assets

The OIG highlighted a fundamental issue which will be critical to the future success of all Global Fund grants in Liberia, that of serious deficiencies in sub-recipient (SR) management and oversight, and lack of clarity around accountability for SR management.

Four international and local NGOs were selected as sub-recipients in Liberia, but there were "significant issues" with their contracting, management, and oversight, the OIG said. Main contributing factors to this were lengthy tendering processes at the Ministry of Health (MoH), and extended budget negotiations with NGOs, which also pointed to "significant shortcomings in the overall grant-making process," the OIG said. In addition, the MoH has no management policies in place to guide SR oversight and management, with the result that the Program Coordination Unit (PCU), national disease programs and the Office of Financial Management have no clearly defined roles and responsibilities vis à vis SRs.

The OIG identified other issues in the area of financial management including long-outstanding cash advances to SRs (some since 2017), inadequate oversight by the appointed Fiscal Agent (no reconciliations or review of final account entries made by the MoH) contributing to further gaps in this area, or instances of the fiscal agent's review being disregarded by the MoH. The OIG said that weak

oversight by the Fiscal Agent's own headquarters, as well as "insufficient performance monitoring at the Global Fund Secretariat" compounded these gaps in fiscal agent effectiveness.

AMA 1: The Secretariat will support the capacity development of the Ministry of Health in grant management, including supporting development of a sub-recipient policy manual, and a physical grant asset verification (owner Mark Edington, Head of Grant Management; due 31 October 2020).

AMA 2: The Secretariat will strengthen oversight of the Fiscal Agent's functions, including reviewing the terms of reference (to incorporate oversight of the MoH's fixed asset and SR financial management systems), and implementing a quality assurance and monitoring system that specifies the Fiscal Agent's oversight activities (owner Jacques Le Pape, Chief Financial Officer; due 30 September 2020).

#### 4.2 Ineffective linkage to care impacts provision of quality HIV and TB services

The report remarked upon the "significant scale-up" of HIV and TB services since the end of Liberia's Ebola epidemic, while at the same time pointed out challenges in linking patients to diagnostic and treatment services. The report also said that though the country has achieved grant-level targets for key populations, achieving its broader grant targets on HIV, TB/HIV and MDR-TB testing and treatment will necessitate improvements. In 2018, HIV testing performance was 71%, 49% of patients initiated on ART at the 25 health facilities the OIG visited were lost to follow-up, and Liberia achieved only 50% of its target for MDR-TB notification.

The OIG identified the underlying causes of ineffective linkages to care as: gaps in supervision and training; limited community engagement for TB and HIV, which impacts access to services; lack of policies and implemented strategies to inform HIV and TB testing, diagnosis and treatment (mainly lack of updated guidelines, e.g. national TB guidelines last updated in 2012).

AMA 3: The Secretariat will support the MoH and other stakeholders to finalize the update of the Community Health Strategy, including procedures and referencing tools for identifying TB and HIV cases, and tracking patients lost to follow-up (owner Mark Edington, Head of Grant Management; due 31 October 2020).

#### 4.3 Limited engagement of the private sector to achieve malaria grant objectives

The private sector plays an important role in Liberia's health system, with private-sector facilities making up 84% of health facilities supported by the National Malaria Program in Montserrado county, where a third of the country's population resides. Despite the Global Fund providing free health commodities to these facilities in order to improve access to services and reduce financial barriers to medical care, the OIG says, these facilities account for only 7% of reported malaria tests.

Poor levels of reporting (as above) and the lack of a comprehensive strategy for private sector engagement leading to the lack of a formalized structure (for example, with MOUs specifying modes of engagement and reporting) were key elements the OIG identified in the lack of clarity on private sector engagement.

AMA 4: The Secretariat will work with the MoH to develop a strategy to scale up malaria case management in the private sector, including training, supervision, and reporting (owner Mark Edington, Head of Grant Management; due 31 October 2020).

#### 4.4 Improvements needed in the design and implementation of interventions for Key Affected Populations

The currently active PSI-led HIV grant, which funds activities targeted for key populations (and is the first grant to have this focus in Liberia), began in 2016 and has since been strengthened. Nonetheless, the

grant, which supports peer-led HIV testing in the community and has established ‘safe space’ Drop-In Centers (DICs), has design and implementation issues which negatively impact its delivery of services, the OIG says. These issues include:

- Sub-optimal design of the HIV prevention grant targeting key affected populations (lack of key targets and indicators);
- Challenges in implementing interventions for key affected populations (prevention services provided by PSI but condoms and medications by MoH, leading to inconsistent availability of STI medicines for patients, plus only 2 out of 4 DICs functioning in 2016 and 2017, which the OIG linked to the issues relating to poor management of SRs);
- Poor donor coordination negatively impacting community-led HIV testing (implementation overlaps caused by “a lack of leadership” from the MoH and the Liberia Coordinating Mechanism).

AMA 3 (see above) includes strengthening community-based activities and key populations interventions, under the Community Health Strategy.

#### 4.5 Weak supply chain governance and leadership is affecting the timely availability of quality-assured commodities

The Global Fund and partners including USAID have jointly supported the construction of a central warehouse for health and non-health commodities in the capital, Monrovia; and use of the pooled procurement mechanism ensures that the Global Fund provides medicines and other commodities when Liberia’s MoH requests them. In 2017 a transformation plan was developed following a diagnostic review (supported by Catalytic Investments funding), which identified certain challenges.

The OIG nonetheless noted gaps in inventory management at the central level: no inventory management system is in use at the central warehouse, and no routine inventory counts have been conducted, resulting in stockouts of key commodities for all three diseases in 20 out of the 25 facilities visited by the auditors, despite adequate stock at the central warehouse.

The OIG report also mentioned, among other issues such as a high level of expired HIV test kits (36%), that a reconciliation of stock movements between August 2018 and April 2019 resulted in a discrepancy of \$1.4 million between the expected and actual stock balances. But given inadequate inventory records, it is unclear whether this is a result of incorrect records or misappropriation; this has been referred to the OIG’s investigations unit.

Further, an inadequate laboratory supply chain – specifically weakness in the storage, recording and distribution of laboratory-related equipment and commodities – contributes to poor programmatic performance for diagnostics in the TB and HIV programs, the OIG said. In addition, there is a lack of defined operational roles and responsibilities over the supply chain, in the absence of clear terms of reference with the MoH.

AMA 5: The Secretariat will work with the MoH and other in-country stakeholders on updating supply chain terms of reference, developing a framework of roles and responsibilities of the relevant MoH units, Central Medical Store and others involved in the in-country supply chain, and addressing the inventory management control gaps (owner Philippe Francoise, Head of Sourcing and Supply Chain; due 31 December 2020).

This audit report is called [Global Fund Grants in the Republic of Liberia](#), 14 October 2019 2019 (GF-OIG-19-019).

