



Independent observer  
of the Global Fund

## OIG SEEKS TO ADDRESS NEWLY EMERGING THEMES WHICH ARE CAUSE FOR CONCERN THIS YEAR

As reported in the last GF0 issue # 300 [here](#), the OIG's Progress report mentioned challenges it faced in 2016. The report also mentions some other issues which have emerged in the latter part of 2016 which if not addressed, could pose problems in achieving its operational objectives and targets into 2017.

Instances of non-compliance with policies and procedures

One of these issues happens to be instances of non-compliance. A review of processes followed to procure services regarding the [wambo.org](#) platform revealed a degree of non-compliance. No evidence of deliberate wrongdoing was uncovered however, auditors found instances of non-competitive procurement, non-compliance with procurement rules, and informal management of perceived conflicts of interest.

An investigation into an instance of supplier fraud also identified non-compliance with procurement guidelines by Fund staff. Such weaknesses have called into question the extent to which, in the specific cases involved, the Global Fund had achieved core objectives of value-for-money, efficiency, transparency and accountability in the use of organizational resources.

The progress report also stated that sourcing was not the only area in which inconsistencies were found. Similar issues were identified in previous OIG audits. For example, a follow-up review of grant closure processes found a lack of routine monitoring and accountability for compliance to stated procedures which means that a significant number of grants that should be closed, remain open. That particular audit found that 65% of grants due for closure between 2013-2015 had still not been closed at the time of the audit.

Challenges remain in IT security with regard to compliance. A recent review of the OIG's IT security

revealed that laptops managed by the Secretariat's IT department were vulnerable to breaches of security. Following the OIG IT audits, the Global Fund has taken measures to strengthen its IT policies, procedures and security.

#### Fraudulent behavior still an issue

There has also been instance of financial malfeasance as a result of non-compliance with grant agreements or an absence of policies and procedures. In Angola, the lack of a procedure to declare conflicts of interest was one of the factors that contributed to the unnoticed embezzlement of grant funds by two senior implementing officials through firms that they owned. In this instance, two grant implementers stole more than \$4 million between them, which is currently being recovered by the Global Fund.

Also, in Pakistan, senior management of a sub-recipient breached the Code of Conduct for Recipients and the Global Fund Whistle-blowing Policy and Procedures when they retaliated against a whistle-blower by ending their employment contract. The Principal Recipient, supposed to oversee sub-recipient compliance, was aware of the matter.

#### Decline in Secretariat reporting to the OIG

The progress report states that routine business reporting from the Secretariat to the OIG of actual or potential wrongdoing in programs has decreased by 41% year to date compared with last year. In the first eight months of 2015, the OIG received 34 referrals from the Grant Management Division compared to 20 such cases in 2016. The proportion of referrals from the Secretariat that have been converted into cases for investigation by the OIG has also gone down in 2016. 35% (seven cases) of Secretariat referrals in 2016 year to date have become investigation cases compared with 44% (13 cases) for the same period in 2015. Aidsplan has learned however, that since the report was prepared in October, Secretariat reporting has gone up and numbers are now more or less in-line with last year's.

#### Poor service delivery trends

2016 saw significant progress made by the Fund in achieving programmatic impact in countries such as India, Malawi and in highly challenging operating environments such as DRC. However, audit reporting has noted a trend of poor service delivery quality.

In Zimbabwe, treatment scale-up has not been accompanied by similar achievements in the quality of service delivery. A substantial increase in people on antiretroviral therapy and almost universal diagnosis of malaria cases before treatment are commendable achievements in the country, however, tests to confirm HIV positive status are still often not carried out, delays in testing infants who have potentially been exposed to HIV, patients lost to follow up, and a lack of an effective response to malaria outbreaks, remain issues.

While progress has been made in the fight against the three diseases, important components of activities funded by both the Global Fund and the United States President's Emergency Plan for AIDS Relief (PEPFAR) in Malawi, have not been implemented. This has affected the availability and quality of key services to beneficiaries.

The report states that in India, the OIG observed significant delays in the diagnosis and referral for treatment of new HIV patients including a large percentage of patients sampled that were detected and put on treatment late, indicate general ineffectiveness of detection, advocacy and awareness mechanisms.

Despite these emerging themes, the OIG found that improved coordination between partners is improving in some countries (e.g., the Democratic Republic of Congo and Zimbabwe), and progress on some of the

more complex themes that have emerged, will take longer to see.

The information in this article comes from the Board paper GF/B36/11, presented at the 36<sup>th</sup> meeting of the Global Fund Board on 16-17 November 2016 in Montreux, Switzerland. This document should be available shortly at [www.theglobalfund.org/en/board/meetings/36](http://www.theglobalfund.org/en/board/meetings/36).

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