



Independent observer  
of the Global Fund

## Third OIG country audit of Uganda highlights concerns about oversight, internal controls and traceability of products

In the third audit of Global Fund grants to Uganda over the 16 years of grants to the country, the Office of the Inspector General concluded that while Uganda is demonstrating a number of good practices, including 'last-mile' distribution to health facilities and effective coordination of stock monitoring among stakeholders, "significant issues" remain.

At a central level, these issues include inadequate controls at the National Medical Stores (NMS) and Ministry of Health (MOH), and a failure to detect errors in the NMS inventory management system as a result of manual data entry. At the health facility level, issues include low traceability of commodities (especially for malaria and TB) due to incomplete record keeping and infrequent physical inventory counts. Other issues the OIG identified included significant stock-outs of HIV rapid tests and TB first-line drugs, progress required in TB case detection and treatment, and the need to strengthen community case management.

The OIG report, which was published on 26 September 2019, rated the adequacy and effectiveness of controls to ensure the quality of services, and of design, oversight and internal controls over financial management as 'partially effective,' while rating the effectiveness and efficiency of procurement and supply chain arrangements for health products as 'need[ing] significant improvement'. (The OIG uses a four-tier rating: ineffective, need significant improvement, partially effective, and effective.)

Summary of audit report including key achievements and key issues

Regarding each of the three diseases, the OIG found many factors to commend: the HIV program "has matured" and made good advances in the fight against HIV. The OIG praised the implementation of the differentiated service-delivery model, the use of electronic management to monitor patients on antiretroviral treatment, and the fact that Uganda is close to reaching two of the three [UNAIDS 90-90-90 targets](#), with 81% of people living with HIV who know their status, and viral load suppression among

people living with HIV (PLWH) on ART at 78%.

For malaria, Uganda has exceeded its target of 85% bednet coverage (the 2016/2017 distribution of bednets campaign achieved 98% coverage), and malaria commodities were continuously available in 2018. (The OIG also noted continuous availability of ARVs for HIV.) The OIG said, though, that the quality of case management at community level varies across the country.

Regarding TB, Uganda's program is underperforming, the OIG noted, with 47% of missing TB cases (the global target is 10%) and treatment success rates consistently below 80%. The OIG said the causes for this included ineffective community case management, non-availability of tools and guidelines at health facilities, and lack of supervision and training.

The OIG notes that Uganda's financial oversight has "evolved", after responsibilities were transferred from the MOH's Fund Coordination Unit (FCU) to the Ministry of Finance, Planning and Economic Development (MoFPED). Remaining issues include lack of clarity on roles and responsibilities (including on payment and disbursement processes) between the MOH and the MoFPED FCU, the FCU's insufficient review of payments and budget monitoring, and weakness in monitoring advances, some of which are outstanding up to 721 days (the limit is 60 days).

Despite the apparently poor ratings against the objectives of the audit, Uganda's Global Fund grants are performing well against the targets set in the performance framework, with its 2018 achievement rates across the three diseases at 'close to target' (between 80 to 99%) or 'meets or exceeds target'.

#### Scope

The audit covered the PRs of the 'new funding model' (NFM) grants in Uganda – the seven grants of NFM1, which all ended in December 2017 and amounted to \$447.7 million, and the five currently active grants of NFM2 (see Table 1 below), which run from January 2018 to December 2020 and amount to \$478 million. The auditors visited 30 health facilities at central and sub-national levels, and the head office of the National Medical Stores (NMS), which does 'last-mile' drug deliveries to health facilities.

#### Currently active Global Fund grants in Uganda (NFM2)

Grant	Grant Component	Principal Recipient	Grant period	Signed amount (US\$)
UGA-H-MoFPED	HIV/AIDS	Ministry of Finance, Planning and Economic Development	1 Jan 2018 - 31 Dec 2020	248,212,125
UGA-T-MoFPED	Tuberculosis	Ministry of Finance, Planning and Economic Development	1 Jan 2018 – 31 Dec 2020	18,445,026
UGA-M-MoFPED	Malaria	Ministry of Finance, Planning and Economic Development	1 Jan 2018 – 31 Dec 2020	175,310,366
UGA-C-TASO	Multi	The AIDS Support Organisation (Uganda) Limited	1 Jan 2018 – 31 Dec 2020	21,106,146
UGA-M-TASAO	Malaria	The AIDS Support Organisation (Uganda) Limited	1 Jan 2018 – 31 Dec 2020	14,969,534
Total NFM2				478,043,197

Source: OIG audit report GF-OIG-19-017

## Country context

Uganda is considered a ‘high impact’ Global Fund country (very large portfolio, mission-critical disease burden), in which the Global Fund has invested \$1.5 billion since 2003 in the three diseases and health system strengthening. Uganda has a population of 40.8 million, is a low-income country, and is ranked 162 out of 189 countries in the UNDP’s 2018 Human Development Index.

In recent years Uganda has reduced its per capita health expenditure, from 9% of GDP in 2011/2012 to 6% of GDP – despite an increase in the Ministry of Health’s budget between the financial years of 2014/2015 and 2017/2018 from \$358 million to \$498 million. The country has a critical shortage of healthcare workers, with 0.1 doctors and 0.6 nurses per 1,000 people, which is far below the WHO recommended minimum of 2.3 doctors, nurses and midwives per 1,000 people. In 2015, overall staffing levels at public health facilities were at 75%, with major gaps at health-center level (47%) and general hospitals (32%).

## Main findings and Agreed Management Actions

The OIG described three main findings from its audit:

- The traceability and availability of key health products require improvement
- Ministry of Health oversight and community-related activities need to be strengthened
- Oversight by the Principal Recipient and internal controls at the Ministry of Health need strengthening

We describe some of the detail related to each of these below, along with the associated Agreed Management Actions (AMAs).

#### 4.1 The traceability and availability of key health products require improvement

Given that 90% of the Global Fund grants to Uganda covered by this audit are allocated to commodities and supply chain management costs, this finding carries even more weight than usual compared to less commoditized grants. Though the OIG notes that since the 2015 audit Uganda has made “significant progress on drug traceability, drug availability and supply chain efficiency,” some aspects of the supply chain still require attention.

In summary, the OIG said, inadequate internal controls at the central level (for example, no reconciliation of batch numbers of health product deliveries) and poor record keeping at the health facility level prevent full traceability and accountability of health products. Also, while availability for malaria products and antiretroviral drugs has significantly improved, other health products still face significant stock-outs and shortages. Further, despite exceeding the country target for LLIN distribution, the OIG found inefficiencies in this area in 2017/2018, including an overstatement by 20% of the number of households and population served, which resulted in the distribution of two million unneeded nets.

AMA 1: The Secretariat will support the PR to strengthen overall controls around supply chain distribution, including improving data input and distribution, increasing oversight by the PR, and extending the scope of review of the Fiduciary Agent ([see page 21 of the report for the full 'Table of Agreed Actions'](#)). Due by 31 December 2020, owned by Head of Grant Management.

#### 4.2 Ministry of Health oversight and community-related activities need to be strengthened

The OIG identified a range of factors contributing to the underperformance of the TB program, the need for strengthening certain aspects of the malaria program, and for achieving more programmatic efficiencies in the HIV program. These include, for:

TB: Ineffective supervision (the MOH does not have an integrated supervision framework across the three diseases); training not consistently provided to health workers (specifically on GeneXpert machines used to confirm TB cases, and on Isoniazid Preventive Therapy); lack of guidelines and tools at service delivery facilities (the TB diagnosis guideline was unavailable or outdated in most health facilities visited by the audit team; half of health facilities had no TB defaulter tracking tool, making it difficult to track patients on the path to cure); ineffective TB community case management

Malaria: Unequal maturity of integrated community case management (ICCM), which has been unevenly implemented across the four regions in the country; concretely this means that community health workers provide difference services in different regions, with no linkages between health facilities and village health teams (VHTs) and poor supervision or documentation of VHTs' work. In addition, the OIG noted insufficient coordination of supervision: despite reports of having received supervision, there was limited evidence to support this claim, and while some health facilities received no supervision, others received regular supervision missions from the MOH as well as implementing partners. The OIG identified lack of defined roles and responsibilities as one cause.

HIV: Refinements to Uganda's testing are already underway, as Uganda began using differentiated HIV screening in September 2018. Mass testing in 2017 and 2018 resulted in HIV positive rates (2.8% and 3.2%, respectively) well below the national average (5.9%), which is to be expected the OIG says, as Uganda get closer to its 90% target (currently 81% of people know their status).

AMA2: The Secretariat will request the MoFPED and the MOH to strengthen oversight of Global Fund grants by updating the MOH's supervision framework, analysing VHT and CHWs programs, developing and action plan to roll out updated case finding and treatment guidelines (full details of the AMAs on page 21 of [the report](#)). Due 31 December 2020; owned by Head of Grant Management.

### 4.3 Oversight by the Principal Recipient and internal controls at the Ministry of Health need strengthening

In the context of progress made against gaps identified in the 2015 OIG audit, the OIG recommends strengthening of MOH oversight and internal controls in three areas.

- Fund coordination unit's role and responsibilities need to be reviewed and enhanced in order to be aligned to its mandate. The OIG said that there is not enough clarity on the defined roles and responsibilities for the new FCU (established under the MoFPED to oversee Global Fund grant implementation) and the MOH – this is especially the case in the areas of program management, monitoring and evaluation, disbursements, among many others of equal importance. The result is that FCU oversight is limited.
- Inadequate management of advances resulting in advances that have been outstanding for an average of 471 days, instead of 'retired' within 60 days after the completion of activities for which funds have been advanced. There are still advances totalling \$250,000 that are outstanding from NFM1 grants (to be reimbursed by three sub-recipients, who have requested MOH guidance on how to reimburse, which they have not received).
- In-country fund absorption remains low. The OIG notes that funds absorption was good (75% and above, notably 97% for HIV) for four grants under the MOH in NFM1 (2015-2017). However, the absorption rate was low for malaria (57%) and TB (58%) grants, which affection program activities such as delays in mass screening for TB in prisons, non-implementation of some activities due to no detailed implementation plans accompanying disbursements to districts, and delayed construction of Drop-in Centres.

AMA 3: The Secretariat will work with MoFPED to strengthen the FCU's oversight, including updating terms of reference so that FCU oversight is complementary to MOH and Ministry of Local Government oversight (see page 21 of [the report](#) for the full table of AMAs).

Further reading:

- - This audit report, [Global Fund Grants in the Republic of Uganda](#), 26 September 2019 (GF-OIG-19-017)
  - [Global Fund Grants to the Republic of Uganda](#), 26 February 2016 (GF-OIG-16-005)
  - [Follow-up review of the Global Fund grants to Uganda](#), 9 September 2009 (TGF-OIG-09-005)

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