



Independent observer
of the Global Fund

THE GLOBAL FUND REACHES THE 'EMBEDDED' LEVEL OF MATURITY ON THE OIG MATURITY SCALE, THE INSPECTOR GENERAL REPORTS TO BOARD

The Global Fund's Inspector General Mouhamadou Diagne, in his 2019 annual report to the Global Fund Board, commended the Global Fund's significant impact in accelerating the end of AIDS, tuberculosis (TB) and malaria. The Office of the Inspector General's (OIG's) work in 2019 established that the Global Fund investments have helped decrease mortality and infection rates across the three diseases. The Inspector General presented the annual report at the Global Fund's 43rd Board meeting, which was held virtually on 13 and 14 May.

He also noted that the Global Fund's overall control environment and risk management processes continued to improve in 2019 and finally reached an embedded stage of maturity (which will be discussed in more detail later in this article).

The Inspector General, however, warned that this new level of maturity is 'not a destination, but only a milestone in a journey that needs to continue.' The only real destination, he added, is the end of the three diseases. He then emphasized the need for the Global Fund to continuously evolve and adapt its governance, risk management and internal controls to meet changing needs and a shifting risk profile. The Inspector General also recommended consistent execution of the new risk management and control processes, a proactive approach to managing risks and increasing internal accountability.

As is the norm every year, the Inspector General also highlighted thematic issues that the Global Fund needs to address in order to achieve the expected impact. These issues include gaps in HIV prevention and data quality, defaults on domestic commitments for health, weak implementation arrangements and a

dynamic fraud landscape (which will be described in more detail later in this article).

Focus of the article

This article focuses mainly on the strategic themes identified by the OIG, maturity of key business processes, feedback from the Board constituencies and the impact of COVID-19 on the OIG's work plan. Each strategic theme offers several examples of countries that illustrate specific assertions – due to space constraints, individual examples are omitted from this article. The report also includes a summary of reports published in 2019, and an annexure explaining the hierarchy of 'organizational maturity', which are not highlighted in this article.

Significant strategic themes

Each year, the OIG identifies thematic areas that the Global Fund needs to address to achieve the expected impact. The 2019 themes are as follows:

01 Improving the design, implementation and monitoring of HIV prevention programs: The report raises concerns on the effectiveness of HIV prevention programs. The OIG acknowledged that Global Fund HIV grants had decreased rates of death and incidence. However, the rate at which new infections have decreased is slower than the decrease in the mortality rate. The OIG also noted that by the end of 2019, countries had only spent \$200 million of the \$1.3 billion available for HIV prevention programs targeting key populations, such as men who have sex with men (MSM) and sex workers.

The OIG called for the design and execution of programs that significantly reduce infection rates, particularly amongst key populations, and adolescent girls and young women (AGYW). The OIG specifically highlighted the need for a timely design and roll-out of HIV prevention activities, increased efficiency in implementation of HIV prevention programs and a greater link between diagnosis and treatment. The OIG also noted the need to improve monitoring of the performance and impact of programs aimed at prevention.

02 Challenges persist around data availability and quality: The OIG noted that most high impact and core countries were either using or piloting the District Health Information System (DHIS2), thereby improving the availability of data within countries. However, the OIG's work in 2019 identified significant challenges around data quality and completeness. For instance, the data in the DHIS2 varied with underlying records; the data reported in health management information systems was incomplete; and data integrity controls were weak. The OIG attributed the gaps in data completeness and quality mostly to the limited human resources at the service delivery level, limited Global Fund assurance over in-country data, and ineffective supervision by implementers.

The OIG said that these data quality issues reflect the low maturity of health systems in the countries where the Global Fund operates. The OIG, therefore, proposed coordinated effort from the Global Fund, governments and partners to invest in and support human resources, supervision mechanisms and provide assurance over nationally reported results, rather than sole investments in DHIS2.

03 Defaults on domestic commitments are weakening grant programs: The Global Fund grants complement investments by recipient countries, which have the primary responsibility of health care delivery, said the OIG. Therefore, grant success is heavily dependent on governments fulfilling their domestic funding commitments. The OIG noted that recipient countries are meeting the minimum co-financing thresholds stipulated in the [co-financing policy](#). However, recipient countries, in large part, are defaulting on their broader commitments thus affecting effectiveness of Global Fund investments in those countries. Delays in or non-fulfillment of domestic funding commitments by recipient governments have led to stock-outs and an increased number of emergency procurements.

The OIG noted that the Secretariat has limited processes and guidelines to accurately measure specific domestic funding commitments, to ensure consistent reporting on these commitments and to identify defaults. It therefore proposed that the Secretariat explores options for holding countries accountable for honoring their domestic investments.

04 Need to adapt grant implementation arrangements: In 2019, OIG audits and reviews revealed issues with regard to implementation arrangements in countries where the Global Fund invests. These issues include delays in the selection of sub-recipients, limited engagement of the private sector, failure to adapt arrangements for implementation for decentralized structures, and failure to align the role of national structures to their core mandates. The OIG acknowledged that the Global Fund has no control over countries' institutional arrangements or their administrative structures. Generally, Country Coordinating Mechanisms (CCMs) nominate the Principal Recipients (PRs), while the PRs select the sub-recipients (SRs). However, the OIG called on the Global Fund to consider the impact of these arrangements, anticipate the related risks and make the necessary adjustments.

05 Responding to a dynamic fraud landscape: The OIG Investigation's Unit's work in 2019 continued to reveal how the threats to Global Fund grants from wrongdoing continue to evolve. (The OIG had highlighted the [changing fraud risk profile](#) in its 2018 Annual Report.) The Global Fund investigated its first-ever case of phishing, in Senegal. The OIG also noted an increase in allegations of salary-related fraud and abuse, such as staff being required to pay regular kickbacks or not receiving full salaries. The OIG carried out a proactive review of the salary-related fraud to identify the systemic root cause and preventative control measures to mitigate risks. As a result of this work, the Global Fund plans to enhance its guidelines to prohibit implementers and CCMs from soliciting payments or requesting contributions to support operational expenditure from staff.

Maturity of key business processes

In 2019, the Global Fund's overall control environment and risk management processes reached the embedded level of maturity on the OIG maturity scale. The levels of classification are, from the lowest: non-existent, ad hoc, initiated, embedded, actively managed and formalized, and optimized. The embedded level of maturity signifies that the Global Fund incorporates internal controls, governance and risk management processes in everyday practices, but there is insufficient supervision or active management of these processes.

COVID-19 impact on 2020 work plan

COVID-19 has had a disruptive effect on the OIG work plan. In a presentation to the Board, the Inspector General noted that his office had deferred all country audit fieldwork and internal audits to the second half of the year, in light of the pandemic. COVID-19 has called for a change in how the OIG works. The OIG is considering three scenarios for the deployment of its resources in the COVID-19 context. It can offer real-time assurance by auditing processes and activities as they are deployed. Or, 'wait and see' till the processes and activities have settled and only then conduct the audits. Or lastly, be 'proactive' and offer

real-time support to the Secretariat through temporary secondment of OIG staff.

Overall, the OIG is monitoring risks within the COVID-19 response while remaining flexible to redeploy resources to conduct assurance work, quickly, if needed. The OIG will take stock of the impact of the pandemic post COVID-19 and update its risk assessment as the crisis may change the risk landscape, in either the short or long term. The presentation called for the Board's input and guidance on critical assurance needs to inform the updates of the risk assessment.

Feedback from Board constituencies

Some Board constituencies commented on the OIG 2019 annual report. Overall, the constituencies welcomed the findings in the report and referred to the report as an 'excellent resource' in the development of the new strategy. The constituencies echoed the findings, especially around the five strategic themes and reiterated the OIG's calls for the Secretariat to address the issues. Some constituencies also raised concerns about the disruptions to the OIG's work caused by COVID-19, how the OIG will mitigate these, and the accountability for COVID-19 funds. They supported the OIG's proactive approach to advise and support the Global Fund's COVID-19 response, especially as reports of misused COVID-19 funds emerge from across the globe.

The constituencies also offered some suggestions. For instance, they called for the Global Fund to collaborate with supreme audit institutions (SAIs) of countries to ensure that Global Fund resources are used only for the intended objectives with enhanced accountability. SAIs have the constitutional mandate to scrutinize the use of public resources and, therefore, play a critical role ensuring that Global Fund state recipients account for the use of funds. They present their reports to the highest levels of authority, including Parliament or the President. The OIG has been working with SAIs in Anglophone Africa, depending on the SAI's independence and capability, by collaborating with them in the OIG's audits.

Editor's note: Aidspace, [in collaboration with the Global Fund Secretariat and OIG](#), has been working with [Supreme Audit Institutions \(SAIs\)](#) in eight Anglophone and [Francophone](#) countries to improve their readiness to audit Global Fund grants in their countries. This work is supported by the GIZ BACKUP Health.

Board Document GF-B43/02 (The Office of the Inspector General 2019 Annual Report and Opinion on Governance, Risk Management and Internal Controls) should be available shortly at <https://www.theglobalfund.org/en/board/meetings/43/>.

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