



Independent observer  
of the Global Fund

## Global Fund Secretariat and OIG report steady progress in the implementation of AMAs, but improvement still needed

The Global Fund has continued to make good progress in the implementation of Agreed Management Actions (AMAs), the jointly reached, time-bound 'next steps' that follow a country audit or investigation by the Office of the Inspector General (OIG). For the second year in a row, the Global Fund has reported an all-time low number of open and overdue AMAs, according to a joint progress report by the Global Fund Secretariat and the OIG. However, some of the AMAs remain overdue years after their original due date, with one going as far back as 2015.

The report, prepared for the Board meeting held on 15-16 May 2019 in Geneva, provided the status, the number and type of open and long-outstanding AMAs as of 31 January 2019 (with some updates only due by March 2019). This article highlights the report's most important points.

Agreed management actions (AMAs) are actions decided jointly by the Secretariat and the OIG to remedy a root cause of a dysfunction or challenge identified in the course of an audit or an investigation by the OIG. The OIG always assigns a completion deadline and a responsible official/department to oversee the implementation of each AMA.

The OIG labels AMAs as "open" if they are yet to be implemented or "overdue" if the AMA is still open after its due date. If the overdue AMAs are more than 90 days late, they become "long-outstanding". 'Very long overdue' refers to AMAs that are more than 180 days late. The AMAs remain open past their due date when some or all the activities underpinning the AMAs are incomplete.

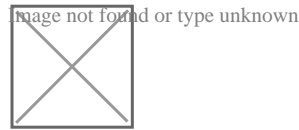
The report, on which this article is based on, highlights only specific AMAs that the Secretariat considers to be more appropriate or relevant to the Board. They include long-outstanding AMAs that warrant specific

Board consideration and AMAs that are not yet due or long overdue but which the Secretariat highlights to signal their importance. The selection of the AMAs included in the report follows basic principles of materiality, risk and impact.

The [previous report](#) to the Board had indicated that 68 AMAs were open and 22 overdue (15 of which were long-outstanding) as of August 2018. Between August 2018 and the end of January 2019, the Secretariat had closed 35 AMAs. The number of open AMAs decreased to 62 from 68 – the lowest it has ever been since 2014 – while the number of overdue AMAs remained constant at 22. The long-outstanding AMAs (+90 days) decreased slightly from 15 to 13. The very long overdue AMAs (+180 days) decreased by five from 13 to eight.

(In a March update, overdue AMAs had risen to 27 while the long-outstanding AMAs had increased to 19. Open AMAs had also increased to 79.)

Figure 1: Age of the overdue AMAs



Source: Joint Agreed Management Actions (AMAs) Progress Report (GF/B41/09)

Of the 13 long-outstanding AMAs, seven were related to internal Secretariat processes while the other six were related to in-country operations.

Of the seven Secretariat-related AMAs, three AMAs focused on sourcing processes, two on management of high-risk operating environments, one on IT controls effectiveness, and the last one on assurance over in-country activities. The IT controls effectiveness AMA has since been closed, according to a March update included in the report.

Of the 6 country-related AMAs, two focused on improvements to in-country supply chain and four on the quality of services.

Below is a detailed description of the long-outstanding AMAs and the current AMAs presented to the Board for consideration.

#### Country-related long-outstanding AMAs

##### In-country supply chain

The Secretariat had agreed to develop a comprehensive strategy that would address all the significant supply-chain health-system issues identified in the [audit of the Global Fund's in-country supply chain processes](#). The report indicated that the strategy was still under development. As a result, the overall direction and plans to strengthen supply-chain systems remain unclear, as indicated in the report.

The Secretariat had also agreed to restructure the Sourcing and Supply Chain Teams and to define the oversight arrangements for procurement and supply chain management. The report indicated that activities to support this action started early 2019; it was originally due on 30 June 2018. (Editor's note: the new Head of Sourcing and Supply Chain only took office in October 2018.)

##### Quality of services

Quality of services remains a major challenge in the implementation of grants; the OIG has noted

persistent challenges related to the quality of services across the different portfolios.

The four long-outstanding AMAs target three countries – Ethiopia, Tanzania and Zambia – and mainly relate to gaps in:

- Information systems and data reliability challenges (Zambia and Ethiopia)
- Monitoring and evaluation systems, and establishing integrated and effective supervision at various tiers (Zambia and Ethiopia)
- Timely and effective risk and assurance planning (Ethiopia)
- Quality of services including access by key populations (Tanzania and Ethiopia)

#### Secretariat-related long-outstanding AMAs

##### Sourcing processes

The three long-outstanding AMAs seek to improve processes related to forecasting and strategic initiatives such as wambo.org. Of the three, one AMA relates to an automated platform to aggregate the individual drugs forecasts for the three diseases. This is the oldest AMA and has been overdue since 30 September 2015. (Editor's note: The Secretariat had not responded to the GFO's request for comment by the time of publication.)

Another AMA focused on the development of a wambo.org implementation plan, while the last AMA sought to strengthen controls and data systems for consultant management.

Most of the activities under these AMAs are contingent on the reorganization of the Sourcing and Supply Chain department of the Global Fund. The reorganization aims to clarify the roles, responsibilities and accountabilities for all involved in the Sourcing and Supply Chain function. The Secretariat planned the reorganization for the first quarter of 2019.

##### Management of high-risk operating environments

As an AMA, the Secretariat has developed an Operational Policy Note (OPN) for the Additional Safeguards Policy (ASP) that clarifies the process for classification of countries as Challenging Operating environments (COEs). They have also developed a system to track countries under the ASP, among others. This Operational Policy Note came after the OIG noted that the Secretariat lacks consistency in how it classifies or identifies high-risk countries. It also lacks systems to track and monitor countries with additional safeguards and to transition countries from the ASP. A [2017 OIG audit](#) of grant management in high-risk environments revealed that only two countries have transitioned from the Additional Safeguard Policy (ASP) since 2004.

The Secretariat still needs to revise the existing OPN to reflect changes in the Global Fund's risk management approach:

##### Assurance over in-country activities

According to the report, current external audit arrangements do not provide reasonable assurance on the adequacy and operational effectiveness of the internal controls of Principal Recipients (PRs). The Secretariat had agreed to revise the auditing guidelines to strengthen the review of internal controls as part of the external audit by the end of September 2018. However, the Secretariat is yet to finalize the guidelines; as of January 2019, the guidelines were undergoing internal review.

##### Challenges to timely AMA implementation

The report indicated that the Secretariat implemented only 31% of AMAs on time between 1 January 2017 and 31 December 2018 (though 86% of AMAs were ultimately completed, on time or later).

AMAs may become overdue for various reasons, including:

- Changing political environment in the affected countries: for instance, in Tanzania, the Global Fund deferred an evaluation of key and vulnerable population programs due to heightened tensions in the country with respect to key populations;
- Some of the AMAs are beyond the control of the Global Fund: for instance, delays in the implementation of an AMA in Zambia were due to significant structural and staffing changes at the Ministry of Health;
- Developments at the Global Fund: e.g. recent changes in the Global Fund's approach to risk management have delayed the revision of the Operational Policy Note on the Additional Safeguards Policy (ASP);
- Some AMAs turn out to be more complicated than originally envisioned.

Current AMAs for special consideration by the Board

Current AMAs reported to the Board for special consideration focused on:

Program quality

Program quality is a key risk in the organizational risk register and is also one of the three grant-facing risks that the Global Fund has prioritized to reduce the risk appetite framework. The report includes four AMAs related to program quality that target three countries: Kenya (2 AMAs), Mozambique (1) and Zambia (1).

Monitoring and evaluation systems (M&E), data availability, quality and use

Data quality is also one of the key grant-facing risks prioritized in the organizational risk appetite framework. The report includes two AMAs related to the quality of data, which aim to strengthen M&E systems in Mali.

Grant-related fraud and fiduciary controls

Strong financial management systems and controls are key for effective grant implementation. The report includes two AMAs for Nigeria and Papua New Guinea (one each) that seek to address gaps in the financial management systems and controls.

Quality of health products

The report includes a single AMA assigned to the Secretariat that seeks to address weaknesses in the quality assurance processes for health products.

Transition

The Secretariat agreed to reinforce its approach of monitoring transition grants by providing formal guidance to Country teams. The Grant Management Unit is in charge of the implementation of this AMA.

Internal operations

The single AMA related to the internal operations addresses improvements in Secretariat processes related to data governance, accountability and ownership for data quality.

Integrated grant policies, processes, systems and data

The Secretariat-owned single AMA seeks to tailor internal resources and processes for focused portfolios to maximize impact.

#### Risk management and internal controls

The single AMA, assigned to the Secretariat, aims to identify and prioritize the key controls within the Global Fund policies and procedures and to develop a mechanism for measuring and reporting on their compliance.

Board Document GF/B41/09, Joint Agreed Management Actions (AMAs) Progress Report, should be available shortly at [www.theglobalfund.org/en/board/meetings/41](http://www.theglobalfund.org/en/board/meetings/41)

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