



Independent observer
of the Global Fund

OIG Rates Management of Grants in Republic of Congo As “Not Satisfactory”

The management and implementation of Global Fund grants in the Republic of the Congo is “not satisfactory.” This is the main conclusion of an audit of five grants to the Republic of Congo undertaken by the Office of the Inspector General (OIG).

A rating of “not satisfactory” by the OIG means that “controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and the Global Fund’s strategic objectives should be met.”

The audit focused on five grants implemented by three principal recipients (PRs): the Secrétariat exécutif permanent du Conseil national de lutte contre le VIH et le SIDA (SEP/CNLS) (HIV, Rounds 5 and 9); the Ministry of Health and Population of the Republic of the Congo (MOHP) (Round 8 TB and Round 8 malaria); and Médecins d’Afrique (Round 8 malaria).

The total value of the five grants was \$82.2 million, of which \$47.9 million had been disbursed at the time of the review. Field work for the review was conducted between 5 November and 14 December 2012.

As it has done in other recent audits, the OIG applied a rating for each of four functional areas reviewed in the audit. The table below shows the ratings for the Republic of Congo audit, along with the OIG’s summary observations.

Table: OIG ratings and comments by functional area

Functional area	OIG rating	OIG comments
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Oversight and governance	Major improvement needed	There is a need to improve governance and oversight, particularly in enhancing the make-up of the CCM's oversight committee and improving management of conflict of interest.
Grant management	Major improvement needed	Significant weaknesses in financial controls, particularly at sub-recipients, have led to high levels of undocumented expenses.
Programme implementation	Major improvement needed	Both national HIV and TB programs have performed adequately in terms of care and treatment; however, improvements are required in training and implementation for HIV/TB collaborative activities. There is a need to adopt a more strategic public health approach (targeting key interventions and populations) to maximize the impact on all diseases.
Procurement and supply chain management	Not satisfactory	Weaknesses in health procurement and supply chain management were identified in all PRs audited. Improvement is required on quality assurance, documentation and compliance with national rules and the WHO's Model Quality Assurance System. The coordination of procurement between the Global Fund and the government requires significant improvement. For non-health procurement, controls evaluated were not adequate, appropriate, or effective, and this exposes the grants to the risk of fraud and corruption.

The audit identified \$3.7 million in expenditures for which there was insufficient documentation. Of this amount, \$1 million concerned direct expenditures by the three PRs, and \$2.7 million involved expenditures by sub-recipients under the Round 5 HIV grant managed by SEP/CNLS. The OIG said that it is up to the Global Fund Secretariat to determine whether some or all of these amounts should be repaid.

The OIG said that weaknesses in procurement led to a lack of competition and transparency in non-health procurements worth \$1.4 million. The OIG added that these issues have been referred to the OIG's Investigations Unit for follow up. This means that the OIG suspects that some funds may have been misappropriated.

The OIG put forward 11 recommendations, two of which were rated "very high" priority. The very high priority recommendations were as follows:

- The National Malaria Control Program should work with technical partners to establish a National Strategic Plan for 2013–2017 to incorporate strategic measures to maximize impact.
- The PRs should work with the national programs and WHO to establish a "Medicines Committee." This committee should oversee the establishment of a national quantification and forecasting process and ensure coordination between the government, Global Fund-supported programs, implementing partners and the Central Medical Stores. The committee should facilitate the sharing of consumption, distribution and morbidity data, and support efforts to conduct joint forecasting and procurement planning.

A summary of the audit findings and recommendations was presented to stakeholders in December 2012. When the Global Fund approved Phase 2 funding for the Round 8 TB grant, it attached a condition that a national strategic plan for TB must be developed by the end of 2013.

In the OIG's report, the Global Fund Secretariat noted that on 22 February, the Grant Renewals Panel issued a No-Go intent for the two Round 8 malaria grants to the Republic of the Congo (see [GFO article](#)). According to the Secretariat, the CCM was due to have submitted a response to the Panel's concerns, and the Grant Approvals Committee (GAC) – which has replaced the Grant Renewals Panel – was to have reviewed the response on 1 May. The Secretariat said that a final decision on this matter was expected by 20 May. GFO has not seen any indication that a final decision has been made.

The OIG's report on its audit of grants to the Republic of Congo is available on the Global Fund website [here](#).

The OIG also recently released a report on its diagnostic review of grants to Thailand (see [GFO article](#)).

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