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Progress Report Describes Significant Changes in the Approach of the OIG

In what it describes as a “sea-change,” the Office of the Inspector General (OIG) said that it is moving away from its historical emphasis on country level grants towards “consulting engagements” focusing more on reviewing internal Secretariat processes and the work of other assurance providers.

The OIG also said that it has revised the approach of its Investigation Unit to move away from exhaustively identifying and quantifying fraud and misuse in a given portfolio. The new approach involves discrete investigation and fact finding to ascertain whether an allegation received is valid. The idea is to be able to reach a conclusion and report on the matter in a timely fashion.

This information was contained in the OIG’s latest progress report, which was provided to the Global Fund Board at its meeting in Sri Lanka. The report covered several topics; this article provides a summary.

Consulting engagements. The OIG said that its current consulting work includes (a) producing reports synthesising findings from audits related to public health programme implementation and procurement and supply management (PSM); (b) a review of the Technical Evaluation Reference Group; (c) an assessment of the adequacy and effectiveness of controls to ensure that funding is performance-based; (d) an assessment of the effectiveness of process for recovering misused grant funds; and (e) an assessment of the effectiveness of Global Fund’s communications strategy.

The reports on the first item listed above – PSM and public health programmes – were expected to be released around the time of the Board meeting in Sri Lanka. Other reports to be released around the same time include the following: (a) the practice of embedding specialists in country teams; (b) grant closure procedures; and (c) the use by countries of external auditors.

With respect to recoverables, the OIG said that this assessment is designed to evaluate the effectiveness of the processes and controls currently in place to recover funds. The OIG said that it will review the status of the recovery efforts – including proposed amounts for recovery, amounts actually recovered, amounts deemed to be unrecoverable, amounts written-off, and amounts deemed recoverable but still outstanding.

In-country reviews. The OIG said that its 2013 audit plan includes two in-country diagnostic reviews, an audit of the grants to Pakistan (postponed from 2012) and an audit of a multi-country grant portfolio. In addition, the OIG said, three countries will be selected for financial and procurement audits to test the models used by the Secretariat and the OIG in ranking risk in grant portfolios.

OIG-Secretariat relations. The OIG said that it has received positive feedback from the Secretariat concerning improvements in the relationship between the two bodies. The OIG provided three examples of how the relationship has improved. First, an OIG-Secretariat working group was established to combat counterfeiting of artemisinin combination therapies.

Second, the OIG is providing the Secretariat with advice in a number of areas. For instance, in the first quarter of 2013, the OIG provided advice on (a) risk management tools; (b) minimum standards required from grant recipients; (c) analysis of improvements that should be considered for country coordinating mechanisms; and (d) the local fund agent model.

Third, The OIG recently completed a consulting engagement in the Democratic Republic of the Congo, under a cost-sharing arrangement with the Secretariat, which allowed the OIG to support the Secretariat in improving risk management of four high-risk and potentially high-impact principal recipients.

Investigations. The OIG provided data on the caseload in its Investigations Unit. Currently there are 56 active cases, of which 13 are under investigation, 30 under assessment, two under monitoring with national authorities, and 11 in the report-writing stage. The OIG said that 21 cases are awaiting allocation to an investigator or are on hold due to the current workload.

The OIG said that so far in 2013, it has received 36 new allegations, of which 31 came through the whistleblower hotline. After screening these allegations, the OIG said, it decided that 15 would be further assessed for investigative merit. The OIG said that it is working with Communications Unit of the Secretariat to revise the “reporting fraud” link on the Global Fund website.

The OIG said that several reports on investigations will be released shortly “either to the Board or to the investigation subjects or to the Secretariat.” The list includes investigations in Nigeria, Mali, Burkina Faso, Kazakhstan, Papua New Guinea and Bangladesh.

An external review of the Investigation Unit is planned for the last quarter of 2013.

Terminology. The OIG said that it has produced a new lexicon to ensure consistency in reports of the language it uses to describe wrongdoing. The OIG said that it has also developed a list of categories to label various expenses identified as problematic, both for audits and investigations.

Items for consideration by the Board. One section of the OIG report was devoted to bringing certain matters to the attention of the Board. First, the OIG said that the Global Fund has not yet determined how

much risk it is prepared to take in the pursuit of its objectives. Second, the OIG said that despite having committed to do so in 2008, the Secretariat has not yet developed an accountability framework for the various stakeholders in the Global Fund model.

Lastly, the OIG said that one of the recurring themes in its internal audits this year is the perceived high workload of the Grant Management Division, particularly in the high-impact units. In a survey that the OIG conducted as part of its audit of country teams, one respondent in three said that this situation was likely to lead to staff burnout.

Information for this article was taken from the OIG Progress Report (December 2012–May 2013), Board Document GF-B29-04, which should be available shortly on the Global Fund website at www.theglobalfund.org/en/board/meetings/twenty ninth.

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