



Independent observer  
of the Global Fund

## AUDIT OF GLOBAL FUND GRANTS TO MALI REVEALS SIGNIFICANT PROGRESS IN FINANCIAL MANAGEMENT AND QUALITY OF SERVICES

Mali has made significant progress in the fight against the three diseases despite facing a challenging operating environment. The quality of program data and services has improved. Financial systems and processes generally function effectively. However, there are problems with drug expiries and stock-outs; delays in the supply chain; data inconsistencies; non-adherence to treatment guidelines; and delays or non-provision of testing and treatment.

These are the main conclusions of an audit of Global Fund grants to Mali conducted by the Office of the Inspector General (OIG). A [report](#) on the audit was released on 20 November. The audit covered the period January 2016 to June 2017.

Mali, a low-income country with a population of 17.6 million, is one of the 25 poorest countries in the world. Due to ongoing civil wars in the northern regions, Mali is designated as a challenging operating environment by the Global Fund, and it operates under the Fund's Additional Safeguard Policy.

There are four active grants to Mali: an HIV grant managed by the UNDP; another HIV grant managed by Plan International; a malaria grant for which the principal recipient (PR) is Populations Services International (PSI); and a TB grant, managed by Catholic Relief Services. Half of the budgets of the grants goes to procurement of medicines.

The table lists the three areas assessed in the audit, and the OIG’s ratings and summary comments for each area.

Table: Mali audit findings at-a-glance

AREA 1: Effectiveness of the supply chain internal control systems and assurance mechanisms     Rating: Partially Effective  
to deliver and account for medicines.

OIG comments: The roll-out of automated inventory and logistics information systems, as well as supply and demand management systems, have improved the supply chain of drugs. However, recurring stock-outs and data inaccuracies continue to exist, leading to emergency orders and testing and treatment disruptions. Useful information generated by the automated systems is not fully analyzed and used effectively for pre-empting supply chain issues.

AREA 2: Effectiveness of the program supervision and other internal controls in providing     Rating: Partially Effective  
accurate program data and appropriate services to the patients.

OIG comments: The assurance and supervision mechanisms have successfully identified the issues of material weaknesses in primary data records and registers, health facilities and treatment center reports, and national disease statistics. However, weak follow-up of supervision findings, there is limited effectiveness in rectifying the identified weaknesses. The lack of codification of HIV patients adds to the risk of data inaccuracies. Treatment facilities for both malaria and HIV are limited, while treatment protocols and guidelines have also been developed and are widely disseminated. However, stock-outs of drugs or equipment breakdowns have also resulted in instances of non-adherence to treatment protocols, treatment delays, and failure to treat.

AREA 3: Design of financial controls and assurances in identifying and treating financial issues.     Rating: Effective

OIG comments: Due to the change in grant implementation arrangements and the introduction of additional safeguards, financial management and procurement processes and controls for both grant recipients are generally effective. No operational financial issues identified during the audit, or reported through other assurance arrangements.

The OIG has a four-tiered rating scheme, as follows: Effective; partially effective; needs significant improvement; ineffective.

Achievements and good practices

Mali has made good progress in reducing disease burdens, the OIG said. Malaria deaths decreased from 20 per 100,000 in 2010 to less than 10 per 100,000 in 2015. Antiretroviral (ARV) treatment coverage increased from 40% in 2014 to 58% in 2016.

The PRs put in place for the HIV and TB grants after financial irregularities were uncovered in 2010 have generally effective financial management and procurement processes and controls, the OIG stated. This includes advances, bank reconciliations, segregation of duties, automated procurement and payment systems, and approvals on price revisions. The PRs also properly document and archive financial data. (Editor's note: This area was rated "effective" by the OIG; we cannot remember the last time the OIG handed out an "effective" rating.)

Measures are underway to improve the supply chain and the quality of data and services, the OIG stated. New information systems have improved the quality and timeliness of data from health facilities and from the regions, with some gains experienced in reducing stock-outs, drug expiries, treatment disruptions and compliance with treatment guidelines. Sufficient storage capacity, cleanliness and good distribution arrangements generally exist in the supply chain, the OIG said. Also, assurance mechanisms have been generally effective in identifying challenges in programmatic data and quality of services.

### Key issues and risks

The audit identified concerns mainly in two areas:

- effective follow-up and remediation are needed to address known data and service quality weaknesses; and
- further improvements are needed in the supply chain.

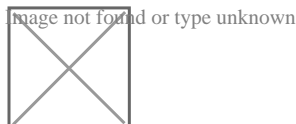
### Data and service quality weaknesses

Material data deficiencies were identified throughout the reporting chain, the audit found, including at the national data level, and in primary health care record and monthly reports from health facilities. Due to the lack of systematic follow-up, the OIG said, supervision visits have limited effectiveness in resolving the identified data issues. The lack of (a) quality assurance on data submissions and (b) a national codification of HIV patients also contributes to data issues.

The OIG said that it had observed cases of malaria treatment without proper testing, cases of HIV treatment without CD4 or viral load testing, and instances of failure to provide treatment because testing could not be performed. Stock-outs of essential health commodities and breakdowns of testing equipment contribute to these gaps, the OIG stated.

The auditors found testing and treatment gaps for both the malaria and HIV programs. For example, in the health facility in Waferma region, 161 cases were treated with artemisinin combination therapy without rapid diagnosis tests or microscopy in February and March 2017. In a health facility in Kalebougou region, on the other hand, patients with fever were not tested or treated.

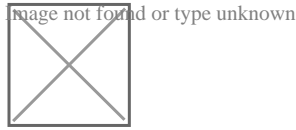
For HIV, patients from a main hospital which covers 5% of national treatment, and other care centers outside Bamako, could not carry out the CD4 and viral load tests required by the treatment protocol. Furthermore, weaknesses were found in the patient referral system. For example, patients were found to have been referred to the main hospitals, particularly in complicated and emergency cases, with a simple referral letter which did not include relevant and comprehensive patient history.



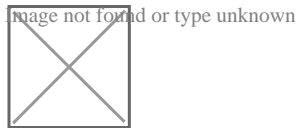
## Supply chain

National quantification and forecasting for HIV drugs should be more systematic, and should include regular meetings with all stakeholders, the OIG stated. “This is necessary to avoid emergency orders of antiretroviral drugs, as noted in 2017, and to include supplies from partners like UNICEF.” Furthermore, the OIG said, quantification and inventory management should include all levels, not just the central warehouses, to avoid the risk of health commodity over-stocking or over-budgeting.

(We have used illustrations to summarize some of the OIG’s findings in this area:)



The automated inventory and Logistics Management Information System (LMIS), known as OSPSanté, presents a significant opportunity to address many of the issues noted above, the OIG observed. While inventory data for most malaria and some HIV commodities is already available in this system, it is not yet being aggregated into national inventory positions. “Nor is it being analyzed for effective decision-making,” the OIG stated. “This could help prevent stock-outs or over-stocking.”



## Previously identified issues

An OIG audit of the Mali portfolio started in 2010. However, due to extensive financial irregularities, the audit was canceled and replaced by an investigation. The investigation identified banking fraud, misappropriation of funds, expenditure fraud, procurement irregularities and a lack of oversight. The OIG stated that the issues were largely attributable to weaknesses in the financial management capacities of the national disease programs, which were serving as PRs for the grants. Subsequently, new PRs were engaged, with the national programs continuing to implement the health services while functioning as sub-recipients (SRs). The Global Fund also instituted mitigation measures, such as a zero-cash policy, at the SR level. This has subsequently evolved into low cash use by SRs, the OIG said; under these arrangements, the PRs make most of the payments to suppliers.

GFO provided extensive coverage of these developments (see, for example, [here](#), [here](#) and [here](#)).

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