



Independent observer
of the Global Fund

GLOBAL FUND SHOWS SIGNIFICANT PROGRESS IN REDUCING FINANCIAL RISKS, BUT CHALLENGES REMAIN IN IMPLEMENTING SOME KEY INTERVENTIONS, OIG SAYS

Audits conducted by the Office of the Inspector General (OIG) to date in 2017 reveal steady improvements in the Global Fund, both at the Secretariat and country levels, and also continuing challenges in some areas. This is the central theme of the OIG's progress report prepared for the Board meeting just concluded in Geneva.

In the Secretariat, major initiatives to improve grant management processes or supply chain management are underway, and progress is being made in implementation, the OIG observed. At the country level, the OIG noted significant improvements in areas that have presented high risks to the organization in the past, such as financial and fiduciary risks. In addition, the OIG said, there were commendable programmatic achievements in most of the countries it reviewed.

While substantial progress is made on these fronts, the OIG said, the Global Fund is facing ongoing problems in the effective implementation of critical interventions, such as investments in resilient and sustainable systems for health (RSSH); striking the right balance between fiduciary and programmatic risk; monitoring the performance of the grant portfolio; and tackling persistent supply chain challenges.

In this article, we report briefly on what the OIG said in each of these areas. We also provide information on the OIG's 2018 work plan, and on the update the OIG provided on agreed management actions.

Implement RSSH grants effectively

Although these grants generally target the right areas, implementation remains a challenge, the OIG said.

It noted recurring implementation delays in all three countries it reviewed:

- In Cambodia, halfway into the grant cycle, only 25% of the key interventions have been implemented.
- In Burkina Faso, critical activities, such as the recruitment of community-based organizations and equipping community health workers with health kits have been delayed. The grant received a “C” rating.
- In Ethiopia, grant activities had to be significantly revised midway through implementation; 60% of the new activities cannot be completed within the grant period, which ends in December 2017.

Significant factors contributing to implementation challenges include the limited capacity of implementers to oversee sometimes complex RSSH arrangements; fragmented execution across multiple implementers without effective coordination mechanisms; insufficient definition of key budgeted activities; and, sometimes, a lack of clear performance metrics and indicators of success.

Striking the right balance

The OIG observed that additional safeguard measures implemented by the Secretariat have mitigated financial and fiduciary risk in several countries that have a history of high risks in this area. But now the challenge is how to strike the right balance between safeguarding funds and reducing bottlenecks in program implementation, the OIG said. In Cambodia, for example, challenges in operationalizing the added controls have resulted in significant delays in the implementation of critical malaria community activities to support a malaria elimination strategy.

There is still limited assurance over programmatic data and quality of services, the OIG said. There are multiple challenges in strengthening programmatic assurance, including gaps in systems to collect quality data (South Africa, Cambodia and Zambia audits); weak monitoring and evaluation frameworks in many countries (Zambia, South Africa and Guinea audits); and insufficient program oversight on the part of implementers (Cambodia and Guinea audits).

Grant performance

Although program achievements have been significant, the OIG said, improvements are required in some key areas, such as HIV early infant diagnosis and monitoring HIV patients on treatment.

The Global Fund has continuously refined how its grants are managed and monitored, the OIG stated. The Secretariat is in the process of integrating several systems related to grant management into one grant management operating system (Project AIM). The project is expected to be completed by the end of this year. The OIG said that the new system will provide visibility over the full grant lifecycle, and drive organizational alignment and collaboration through simplified and integrated data-related processes. The OIG also noted that the Secretariat has revised a number of operational policies; has developed comprehensive guidelines for the grant performance framework; and has updated its Grant Revisions Policy.

However, the OIG said, a recent audit on grant monitoring has highlighted several gaps in the current performance review process, including a lack of clarity in policies and procedures; missing process controls around the annual funding decision; insufficient delineation of roles and responsibilities in the internal review and oversight process; and inadequate oversight of grant revisions made by country teams (see [GFO article](#)).

Supply chain

The OIG noted that the Global Fund has taken many steps to address supply chain management issues. A supply chain implementation plan has been developed. A supply chain transformation project is

underway in Nigeria, Ghana and Malawi, and 12 more countries were being added in 2017. In addition, supply chain catalytic funding has been allocated to 19 more countries to improve their capacity in managing supply chain processes.

The OIG said that sustainable progress in this area require long term planning, beyond the horizon of the lifecycle of a grant. The Global Fund is moving in the right direction, the OIG said, but it will take time for the initiatives underway to be implemented and for the benefits to fully materialize. In the meantime, OIG audits continue to highlight significant weaknesses in supply chains.

In Zambia. For example, 77% of the health facilities visited by the OIG had discrepancies between commodities recorded as issued by the central level and the quantities received at health facilities and lower levels. In Ethiopia, the OIG identified difficulties in tracing medicines due to gaps in record-keeping, the multiplicity of systems and weak inventory management practices.

OIG 2018 workplan

In October, the Audit and Finance Committee approved the OIG’s workplan for 2018. The following is a snapshot:

Advisory engagements	Follow-up audits	Internal audits	Country audits	Reactive investigations	Proactive investigations	Inve
4	4	5	11	36	4	

Country audits are planned for the following 10 countries: Kenya, Myanmar, Ghana, Sudan, Vietnam, Sierra Leone, Niger, Chad, Madagascar and Benin. The “11th country” is actual four countries: Audits focusing specifically on grant oversight will be performed in these focus countries: El Salvador, Bolivia, Dominican Republic and Sri Lanka.

In addition, follow-up audits are planned for Rwanda and the Democratic Republic of Congo.

The five internal audits planned will focus on the following topics:

- whether and how RSSH activities are being designed, monitored and evaluated effectively;
- the effectiveness of the Secretariat’s project management framework;
- the design and effectiveness of transition planning and monitoring processes;
- the design, management and monitoring of regional grants; and
- human resources strategy and implementation.

The OIG’s investigations Unit expects to screen 180 allegations in 2018. The conversion rate of allegations is estimated at 22%.

Agreed management actions (AMAs)

As of the end of September, there were 84 open AMAs. Year to date, the Secretariat has closed 58 AMAs.

Thirty-five AMAs were overdue, of which 31 were long overdue (90 days or more). Of the 31, 19 were overdue 180 days or longer.

See also the comments on AMAs by Marjorie Wijnroks in the [separate article](#) in this issue on the Report of the Interim Executive Director.

Board Documents GF-B38-09 (OIG Progress Report Year to Date [January to September 2017]) and GF-B38-10 (OIG Agreed Management Actions Progress Report Year to Date [January to September 2017])

should be available shortly at www.theglobalfund.org/en/board/meetings/38.

[Read More](#)
