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OIG PUBLISHES NEWS UPDATES ABOUT LIBERIA AND TANZANIA INVESTIGATIONS

On January 28, the Global Fund's Office of the Inspector General (OIG) published two news updates on the Global Fund website, relating to follow-up investigations by the OIG in Liberia and Tanzania. The investigations aimed to examine more fully issues identified in previous country audits performed in the two countries in 2019 (Liberia) and 2017 (Tanzania). The updates said the OIG was not able to publish a full report for Tanzania, because of a lack of available data in-country, and the lack of concrete proof of fraud. In Liberia, the OIG did not conduct a full investigation as the stock reconciliation differences to be investigated were found to be a result of poor record-keeping.

The OIG's statement about this in the updates said: "The OIG only publishes investigation reports when conclusive findings of fraud and abuse have been made, in line with the applicable professional guidelines. The investigation has therefore been closed without a formal report."

Below we summarize the issues the OIG set out to investigate.

TANZANIA

In the OIG's 2018 country [audit in Tanzania](#) (the audit was performed in 2017 but the report was published in 2018), the OIG identified an unreconciled variance of 4.7 million treatments or 'blisters' of anti-malarial drugs (artemisinin-based combination therapy, or ACTs). The variance was found during a comparison of data on ACTs supplied by the country's Medical Store Department (MSD) to health facilities throughout Tanzania over the period of one year (from October 2016 to September 2017), with data from the District Health Information System (DHIS2) that reported those facilities' consumption of ACT treatments over the same period.

MSD recorded having supplied 15.8 million ACT treatments, but the district health system recorded having dispensed only 11.1 million such treatments.

The 2018 OIG audit report attributed the variances in these numbers to three potential issues: the under-reporting of malaria treatments in the district health information system, health facilities' not reporting expiries of some of the anti-malarial drugs, or potential drugs leakages.

Further explanation by the OIG on these three identified causes includes:

1. The National Malaria Control Program (NMCP) erroneously inflates the quantities of ACTs dispensed: The "vast majority" of health facilities did not report data through the district health information system (DHIS2) during the audited period. The NMCP took this into account when quantifying (or estimating) the number of ACT blisters dispensed, and adjusted the reported number from 5.9 million to 11.1 million. However, this did not take into account several other factors negatively affecting ACT consumption data, including reports that used the wrong units of measurement – individual tablets instead of blister packs that can contain 6-24 tablets (see the news release for further detail).
2. Drug expiries are not properly reported: Aggregated data on expired ACTs was not available to the OIG, which meant that the OIG could not estimate the total quantity of expired ACTs during the audited period. After the investigation, the MSD told the OIG that no ACTs had expired during that period, despite information from the Local Fund Agent (LFA) regarding the previous six months, which showed that 12% of ACTs expired in that time at 18% of the health facilities reviewed by the LFA.
3. Possibility of leakages of ACTs from health facilities: The same LFA review revealed that one third (32%) of the health facilities they reviewed had dispensed less than half of the ACTs they had received from the MSD (almost 30,000 ACT blister packs, valued at nearly \$16,000). In September 2019, OIG investigators found, through a market survey in north-west Tanzania, that Global Fund-financed ACTs were on sale at 8 out of 56 points of sale reviewed (14%).

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In addition, the grant's lead implementer, the Ministry of Health, Community Development, Gender, Elderly and Children (MoHCDEC), could not fully account for more than 2.6 million ACT blister packs of the 15.8 million total supplied by the MSD. The MSD, in turn, had no evidence of how consumption of any of the total volume of ACTs was accounted for. The risks of this type of data gap (or of over-supply of medicines) include the risk of diversion of medicines into parallel markets and the risk of large volumes of drugs expiring. The Secretariat has undertaken to further trace the unaccounted-for ACTs.

The follow-up investigation by the OIG, which was finalized in December 2019, could not quantify the extent to which the ACTs were (or are) being diverted, nor the specific people or entities involved, the OIG said, because of "persistent weaknesses of data management in supply chain operations". In addition, the investigation pointed out "a series of weaknesses" in Tanzania's Global Fund-financed ACT supply and consumption data; these weaknesses, the OIG news update said, "continue to negatively impact the Global Fund's malaria grant in Tanzania".

The OIG recommends, based on the findings of this investigation, continued follow-up on the implementation of the holistic supply chain review action plan, which was a result of 2015 OIG audit of grants to Tanzania. This involves working with the Ministry of Finance and Planning, the Principal Recipient, the MoHCDEC and the Tanzania National Coordinating Mechanism.

LIBERIA

In a 2019 country audit of Liberia, the OIG had identified a discrepancy in stocks for health products, valued at \$1.4 million. Because there were no clear inventory records, the OIG performed a reconciliation of stock movements over a nine-month period, from August 2018 to April 2019. The reconciliation resulted in a difference of \$1.4 million between the expected and the actual stock balance. The OIG update says that given the lack of inventory records, the audit had not been able to determine whether the discrepancy identified was the result of incorrect or inaccurate recording of stock movements or transfers, or of misappropriation.

The follow-up assessment by the OIG of this discrepancy found “no evidence of systemic diversion of health products”. The OIG said a reporting error due to an incorrect measurement used during stock counts of vials of Artesunate was the most likely conclusion (Liberia’s Central Warehouse had reported 1.2 million vials in stock, but the OIG follow-up investigation found that it could have had a maximum of 42,652 Global Fund-financed vials in stock). The OIG also found a more minor discrepancy (6,510 vials not accounted for) within the 42,652 Global Fund-financed vials.

The OIG Liberia country audit had found “significant weaknesses in stock management and record keeping” and some “internal control deficiencies”, but because the investigation found no systemic diversion problem, the OIG decided to close the case. The Secretariat will continue to work with Liberia’s Ministry of Health to improve supply chain management.

Further reading:

- The original Liberia audit report: [Global Fund Grants in the Republic of Liberia](#), 14 October 2019 (GF-OIG-19-019).
- [‘First OIG audit of Liberia’s grants highlights that financial management arrangements ‘need significant improvement’](#), GFO 367, 6 November 2019
- The original Tanzania audit report: [Global Fund Grants to Tanzania \(mainland\) – follow-up report](#), 21 March 2018 (GF-OIG-18-006)

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