



Independent observer
of the Global Fund

UPDATE ON AMAS FROM 2016 AUDIT ON GRANTS TO NIGERIA

A 2016 audit report on grants to Nigeria spelled out seven agreed management actions, or AMAs, which the Secretariat agreed to undertake to address the problems highlighted by the Office of the Inspector General (OIG). Recently, Aidspan received an update on the status of the AMAs from Mark Edington, Head of the Grant Management Division (GMD) and his colleagues.

Nigeria has the world's largest malaria burden, the highest number of people living with HIV (after South Africa), and has the second highest number of active TB cases. Nigeria has been allocated more money from the Global Fund than any other country – \$1.1 billion in 2014-2016 (of which \$668 million was new funding) and \$661 million for 2017-2019.

In its report on the audit of grants to Nigeria, released on 3 May 2016, the OIG found that despite efforts made by the Secretariat, there were still major deficiencies in the Nigeria portfolio's internal controls, affecting procurement and supply chain management, financial management and program management. The OIG rated performance in all three areas as “ineffective,” the lowest of five possible ratings. (See [GFO article](#).)

There was a lot of interest in this audit report. It had been scheduled to be released about four weeks earlier, but when it was circulated to Board members in late March, they had a lot of questions. The discussion continued in the corridors of the Board meeting on 26-27 April (see [GFO article](#)).

In the update on the status of AMAs provided to Aidspan, Mr Edington said that Nigeria “is a pivotal country for ending the three epidemics. Only with success in Nigeria, can the Global Fund hope to deliver on its 2017-2022 Strategy targets.” Progress is being made with significant drops in deaths from malaria, HIV and TB since 2000, Mr Edington said. “However, Nigeria is lagging behind in many areas of health, including the three diseases.”

Mr Edington’s colleagues told Aidspan that the Global Fund has completed a comprehensive transformation of the implementation arrangements for its Nigeria portfolio. “The extent and speed of the changes were difficult, challenging and, as one can expect, created tensions,” they said.

The GMD officials provided a summary of the main developments, as follows:

- The Nigeria country team has doubled in size to 19 people and so is now in a position to provide far greater support.
- The Global Fund has signed a grant with the State of Lagos. This is the first time the Fund has awarded a grant at the state level in Nigeria. (See [GFO article](#).) There are plans to use this approach with other high disease burden Nigerian states.
- The responsibilities of the existing principal recipients (PRs) – the National Agency for the Control of AIDS (NACA) and the National Malaria Elimination Program ((NMEP) – have been adjusted to allow them to focus more narrowly on their core mandates; and two new civil society PRs have been selected for the malaria and HIV grants. The new PRs are FHI 360 (a non-profit human development organization) for HIV, and Catholic Relief Services for malaria (the latter is pending Board approval of a grant). The new PRs were selected via a competitive international tender process.
- Supply chain management arrangements for warehousing and distribution have been out-sourced to Chemonics International, a private international development company, thus providing greater assurance with respect to the management of Global Fund–financed health products for malaria and HIV.
- The Risk and Assurance Framework for the grant portfolio has been updated, informed by comprehensive reviews that were completed across three internal control areas: procurement and supply chain management; financial and fiduciary management; and program management. In the process, the terms of reference (TOR) of the Fund’s fiduciary agent have been expanded. They now cover the civil society PRs; they call for enhanced expertise to work with PRs in the prevention, detection and response to potential mismanagement or fraud; and they require improved coordination and alignment between the work and roles of the external auditors, the LFA and the fiscal agent.

In addition, in September 2016, the Minister of Finance formally committed the Government of Nigeria to repay \$5,798,831 to the Global Fund. This is equal to the full recoverable amount determined by the Fund. The amount includes \$971,416 in recoverables identified in the OIG audit; the recoverable amount from a separate OIG investigation into a sub-recipient, the Department of Health Planning, Research & Statistics (report published May 2016; see [GFO article](#)); plus other outstanding amounts due.

Finally, the Global Fund and its partners have conducted joint advocacy with the President of Nigeria concerning the need to improve health outcomes, financing and leadership. There has been a change of leadership in five government agencies, one of which is NACA.

The GMD officials pointed out that the programmatic focus and the mix of interventions financed by the Global Fund in Nigeria were not questioned in the OIG audit. “The priority interventions to fight HIV, TB and malaria remain clear; our collective challenge remains how to optimize the interventions for effectiveness and impact.”

According to the GMD, of the seven AMAs, six have been certified as completed by the OIG. The seventh AMA should be certified complete once the Board approves a grant with the new malaria PR, Catholic Relief Services, expected in March or April of 2017.

In addition to providing a summary of main developments, the GMD provided an update on the implementation of each AMA. Below, we list two AMAs where the response from the GMD provides information that is not covered in the summary. (The AMAs and the responses from GMD have been edited for clarity or space reasons.)

AMA #3 – The Secretariat (i.e. Grant Management in collaboration with Finance and Risk Management) will conduct a capacity assessment relating to the Government of Nigeria PRs.

Response from the GMD: In July 2016, the Secretariat performed a capacity assessment of the two Government of Nigeria PRs (NACA and NMEP). The assessment included the evaluation of the following functional areas: cross-functional structures and planning, coordination, sub-recipient oversight, financial capacity, procurement and supply chain, and M&E capacity.

AMA #5 – In conjunction with the Risk Management Department, the Grant Management Division will develop and implement a consolidated risk and assurance plan for the Nigeria portfolio. This plan will at a minimum (a) include a holistic view of the grant objectives and the associated risks to the achievement of those objectives, provide an analysis of the current controls in place, and evaluate the need for additional controls; (b) detail the current and the desired level of assurance by the country team and outsourced assurance providers to monitor the risks; and (c) rank these risks in terms of materiality (qualitative and quantitative) against the grant objectives.

Response from the GMD: The country team completed a consolidated risk and assurance matrix in conjunction with the Risk Management Department. This document was approved by the relevant Secretariat risk owners. For each risk, the matrix shows: risk category; key risks; root cause; mitigation actions; responsible actor; timeline for action – plus assurance activities; responsible actor; and timeline for assurance. The risk matrixes are frequently discussed with implementers and key partners, but are not available online.

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