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OIG AUDIT OF PUBLIC SECTOR GRANTS TO TANZANIA UNCOVERS MANY OF THE SAME PROBLEMS THAT WERE IDENTIFIED IN A 2009 AUDIT

In an audit of how public sector grants to Tanzania have been managed, the Office of the Inspector General handed out poor grades across the board. The OIG also said that many of the problems it uncovered had already been identified in an earlier audit in 2009.

The OIG released a [report](#) on the audit on 8 February. This article provides a brief summary of the OIG's findings. We provide more details in a separate, [longer article](#). The latter includes information on actions the Secretariat plans to implement in response to the audit findings.

The audit covered four grants for which the Ministry of Finance was principal recipient. The funds are managed by two program management units within the MOF and the Ministry of Health.

Governance, oversight and management

The OIG said that its findings raise questions concerning the adequacy and effectiveness of the MOF in executing its mandate as PR. Among the findings:

- delayed disbursement of funds from The Global Fund due to unfulfilled conditions precedent to disbursement, late submission of reports to the Fund, and tardy resolution of management actions;
- delayed disbursement of funds to implementers due to lengthy government processes for disbursing program funds;
- inadequate implementation arrangements; and
- limited effectiveness of assurance mechanisms in identifying and mitigating key risks to effective

program implementation.

The OIG said its findings raise questions about the effectiveness of the country coordinating mechanism in mobilizing funds; coordinating government and development partners' responses to the three diseases; prioritizing resources; and ensuring effective utilization of available resources. It also said that the CCM has yet to provide effective oversight over the PR.

Health services and products management

The OIG said that Tanzania's supply chain management system was ineffective in delivering health products to patients and in accounting for commodities. The audit identified stock-outs of health products of varying magnitudes at different levels of the supply chain. Among the findings:

- The Medical Stores Department's system generates inaccurate data, including negative stock balances.
- Only half of the facilities visited maintained stock records for antimalarial medicines and test kits.
- The Medical Stores Department takes an average of 65 days (versus the 21-day target) to distribute antiretrovirals and opportunistic infection medicines and laboratory commodities after a request is received.

With respect to the separate grant for health systems strengthening, the audit found that funded programs were not implemented as proposed, and that planning critical to the success of the grant was inadequate. The OIG said that its findings point to two systemic weaknesses:

1. The Global Fund has not defined its priorities with regard to funding health system strengthening and therefore lacks effective guidance on what interventions it considers critical for its achievement of impact.
2. The Secretariat lacks effective guidance on the unique risks and challenges that HSS activities present, such as the management of construction projects under HSS.

Financial and fiduciary management

The audit identified unsupported expenditures amounting to \$9.6 million. In addition, the audit revealed significant delays in the procurement of non-health commodities. Further, the audit identified lapses in fiduciary controls over procurement, the management of advances, and contract management.

Programmatic and performance management

The OIG said that the increase in the number of HIV patients on treatment will result in a treatment funding gap of at least \$232 million by 2017. That number rises to \$328 million if treatment is initiated when the CD4 count falls below 500 (which is the current World Health Organization recommendation). If the funding gap is not filled, the OIG said, this will result in commodity shortages and treatment disruptions by as early as mid-2016.

The OIG said that the government has not met its commitment to purchase antiretroviral medicines in 2014-2015 and that the government's plans to raise additional funding are unlikely to yield results in the short term. The audit also found that no consideration has been given to the additional funding required to prepare health systems to treat the increased number of patients.

The audit revealed that programs are facing challenges in enforcing HIV treatment guidelines, retaining patients on treatment, and regulating funded program interventions so that they reach intended beneficiaries.

The OIG said that the national treatment guidelines for malaria have not been consistently enforced, resulting in patients being treated for malaria without confirmatory diagnosis.

The audit found that controls over the private sector co-payment mechanism were inadequate to support the achievement of its objectives with regard to the availability, affordability and accessibility of subsidized antimalarial medicines in private health facilities, pharmacies, and drug outlets.

Finally, the audit found that data quality issues have not received adequate attention

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