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## Global Fund Secretariat Responds to OIG Reports

The Global Fund Secretariat acknowledges that it has not done all it could have done to systematically tackle issues related to its grant-management processes raised by the Office of the Inspector General (OIG). But it says that it has acted quickly and decisively whenever Global Fund monies were at risk.

This information is contained in “Secretariat Follow-Up on Inspector General Findings and Recommendations,” a report prepared for the Global Fund Board meeting in April 2010. The report was written in response to concerns raised by the OIG about the low implementation rate of OIG recommendations, about the Secretariat’s commitments to improving its processes and approaches, and about weaknesses in the Global Fund model.

In the report, the Secretariat said that the low implementation rate of OIG recommendations

“should not be misread for Secretariat acceptance of unmitigated risk. Where OIG recommendations have touched upon immediate risk for Global Fund resources (as was the case recently in the Philippines, Mauritania, or Mali), the Secretariat has put in place immediate and comprehensive measures to safeguard its assets and protect patients’ access to treatment.”

The Secretariat, which said that it is caught in a “constant fire-fighting mode,” added that its “rate of delivery against OIG recommendations is in direct relation to the nature of the threat identified – adequate when the situation to be addressed poses an immediate threat to funding and programs, but not satisfactory when longer-term but nevertheless critical improvements are at stake.”

## Country-focused recommendations

When it prepared its report on lessons learned from country audits and reviews, in September 2009, the OIG said that only 48% of its 66 “in-country” recommendations had been fully implemented. In its report to the Board, the Secretariat said that by February 2010, the implementation rate had gone up to 73%. However, the Secretariat added, by the beginning of that same month, seven new reports, with a total of 357 recommendations, had been issued by the OIG.

The Secretariat said that, in each country, the PR is responsible for developing and implementing an action plan addressing the OIG’s recommendations, with support and oversight from the CCM and the Fund Portfolio Manager. The Secretariat acknowledged that it has not focused sufficiently on the CCM’s role with respect to OIG reports, but added that this is now being addressed.

### Recommendations addressed to the Secretariat

In its report, the Secretariat said that by September 2009, the OIG had issued three reports focusing on the Secretariat, but that only 14% of the 76 recommendations in these reports had been implemented by February 2010. The Secretariat added that another 78% were on track to be implemented “within the next three to six months.”

The Secretariat said that, in a number of areas, it and the Board were already well aware of deficiencies in key functions of the grant model, including CCM oversight of implementation,

sub-optimal use of technical assistance, variable quality of LFA services, variable quality of PR and

SR reporting – and of challenges within the Global Fund model caused by total reliance on the PR for

oversight of SRs. However, the Secretariat said, it is vital that it now “take the lead in defining those areas where improvements are needed – rather than letting the schedule of improvements be

exclusively driven by the outcomes of audits,” and that it was ready to do so.

The report said that Office of the Executive Director has now assumed direct responsibility for

“transforming the way in which the Secretariat prioritizes and carries forward OIG recommendations

and findings; and, more generally, organizes itself to identify strategic gaps in its grant operations

and implement improvements.” Three specific initiatives are underway: (1) the establishment of three cross-Secretariat task forces to work on improved processes for disbursements and signing, and on a more systematic approach to prioritising and implementing OIG recommendations; (2) the drafting of two protocols between the Secretariat and the OIG; and (3) reinforcement of the “Country Team” approach.

One of the protocols defines the working relationship between the OIG and the Secretariat for country audits; the other protocol outlines the coordinated approach that the Secretariat and the OIG will adopt when allegations of wrongdoing have been made and the OIG decides to investigate.

The Country Team approach, originally set up to improve the effectiveness of the grant

negotiations process, brings together all Secretariat actors involved in grant operations to promote

a culture of team work and accountability across clusters and units. The Secretariat said that it will develop terms of reference and detailed workplans for the country teams, including a clear definition of

roles and work processes in relation to the OIG.

## Tanzania audit

An audit of Tanzania grants from the early rounds of funding was conducted in early 2009. The audit identified serious problems, particularly with respect to supply chain management and financial and programmatic reporting. GFO reported on the results of the audit in [GFO 108](#).

In its report, the Secretariat said that a number of steps have been taken to address problems with these grants. The report said that both the Global Fund Secretariat and the OIG consider that the response to the Tanzania audit findings represents an example of best practice in the joint country-Secretariat response to OIG recommendations.

When the results of the audit were released, the Government of Tanzania, with support from USAID, hired a consulting firm to help build capacity at the programme's procurement management unit; the Medical Stores Department procured a new IT system; and storage capacity was enhanced. In addition, a recently-signed Round 8 HIV grant contained requirements to ensure that the PR develops a comprehensive plan of action to strengthen supply chain management, enhance storage and distribution, instil better forecasting, and ensure better inventory control and stock management.

The report said that in the area of financial and programme management, coordination and financial reporting capacity for the HIV Program was being strengthened at the Ministry of Finance (a PR), the Tanzania Commission for AIDS (TACAIDS, an SR), and the district government offices; and that a programme management unit was being set up at the Ministry to ensure improved oversight. In addition, under the Round 8 grant, TACAIDS will hire additional staff, including accountants and 21 regional coordinator positions, to facilitate better management and quality control at regional and district levels.

In the M&E area, the national HIV management information system was being strengthened; and satellite monitoring stations at district level have been established to enhance the quality and timeliness of data.

The Secretariat said that a "quick and comprehensive" response was achieved because the regional team in the Secretariat maintained close working relationships with the OIG and with country players; because the CCM and in-country partners were actively involved in the response; because the role of the LFA was enhanced; and because of good follow-up and coordination of feedback.

"Secretariat Follow-Up on Inspector General Findings and Recommendations," is available as Document GF/B21/12 at [www.theglobalfund.org/en/board/meetings/twentyfirst](http://www.theglobalfund.org/en/board/meetings/twentyfirst). GFO 128 contains an interview with John Parsons, the Global Fund's Inspector General. Recently, GFO has written about the reports issued by the OIG in GFO 127, 126, 125, 119, 116, 115, 113, 108 and 107. All issues of GFO are available at [www.aidspace.org/gfo](http://www.aidspace.org/gfo).

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