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Cameroon Audit Documents Financial Control Weaknesses in Governmental PRs

There are (or were) a number of significant deficiencies in the financial management control framework of Ministry of Public Health (MOPH) principal recipients (PRs) and sub-recipients (SRs). This is the main conclusion of an audit conducted by the Global Fund's Office of the Inspector General (OIG) in 2009 on six Global Fund grants in Cameroon. Many of the OIG's recommendations for remedial action have already been implemented or are currently being implemented.

MOPH was the PR for five of the six grants, covering all three diseases, although there were three separate programme management units (PMUs) within the MPOH to manage the grants (one for each disease). The PR for the sixth grant was Care Cameroon. The OIG found that the internal control environment at Care Cameroon was "strong," and made only minor recommendations.

The OIG found that there were inadequate financial management guidelines in all three PMUs. Proper books of accounts were not maintained; bank reconciliations were not prepared on a timely basis; none of the programmes had up-to-date financial data; and the filing systems were in disarray, thus making it impossible for the OIG to obtain all the documentation it requested to support payments. Furthermore, no reconciliations were prepared with the suppliers, which resulted in overpayments; and the PMUs did not follow up on the recovery of long-outstanding advances.

The audit revealed that the accounting software was not able to consolidate the accounts of the regional offices, which meant that all accounts were maintained by the Head Office. There were no backups of the accounting system. In one instance, the system crashed, which resulted in all the information having to be re-entered.

The OIG said that there were weak controls over assets as evidenced by the inability of the PMUs to reconcile their records to stock balances at the end of the year, a lack of comprehensive asset registers, and assets not being marked with unique numbers.

The OIG identified two irregularities which were common to all MOPH grants:

- Interest income earned on the programme bank accounts was retained by the bank, contrary to the grant agreement, which stipulates that such income should be recorded and used for programme activities.
- Top-up salaries were paid to staff without the approval of the Global Fund Secretariat (which is required).

Specifically with respect to the malaria grants, the OIG noted that the procurement of mosquito nets did not follow international bidding, but instead was done through national bidding and at higher prices than necessary. Proper records were not maintained; at the time of the audit, the PMU could not provide a breakdown of nets procured and distributed, and stock on hand. In addition, the OIG noted several conflicts of interest that were not disclosed.

Concerning the HIV grants, the OIG found an overpayment of about \$3.4 million which resulted from the procurement agent invoicing at prices higher than the prices it had paid for the drugs. (This amount is in the process of being recovered.)

As part of its commitment to HIV/AIDS, since 2007 the Government of Cameroon had subsidised tests for patients by reimbursing the costs to the hospitals or treatment centres. The OIG noted that in August 2008, the reimbursements to hospitals stopped. The outstanding amounts due to hospitals was about \$1.8 million. As a result, the hospitals had stopped providing subsidised tests – which impacted the programme, since many patients could not afford to pay for tests. These costs were subsequently paid after a new disbursement was received from the Global Fund at the end of the audit.

The OIG report contains a number of recommendations to address the deficiencies uncovered by the audit. The PRs responded in a comprehensive fashion to the OIG's recommendations; the response is contained in the report. The PRs accepted most of the recommendations, reported on what actions had already been taken, and indicated what additional actions were planned.

In an appendix to the OIG report, the Global Fund Secretariat said:

“The Secretariat has been aware of many of the weaknesses related to financial management as well as monitoring and evaluation and procurement system weaknesses in the Cameroon portfolio. This report provides more definition and detail and will greatly assist the Secretariat in addressing these weaknesses and further reducing risk in this environment. The Secretariat has found the review at the PR level particularly useful.”

The OIG audit also covered the CCM and the LFA. With respect to the CCM, the OIG said that the CCM was not effectively discharging its oversight role; that there was limited participation of NGOs in the development of the Round 9 proposals; and that the selection process for PRs for Round 9 was not properly managed.

The OIG noted that the CCM had not been awarded an HIV grant since Round 4 due to major shortcomings in its proposals. The OIG said that “the country is in dire need of the funds [given its] economic situation and the increase in the numbers of patients.”

Concerning the LFA, PricewaterhouseCoopers (PwC), the OIG said that it had concerns about the

quality of its work. The report provides several examples of what the OIG calls a “disconnect” between the audit findings and the “generally positive” assessments of the work of the PR made by the LFA.

The information for this article was taken from “Country Audit of Global Fund Grants to Cameroon,” 5 October 2010, available at www.theglobalfund.org/en/oig/reports.

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