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OIG and Secretariat Say They Have Found “Improved Ways of Collaborating”

The two entities have had a rocky relationship

Country pages on Global Fund website will contain information on OIG findings

The Global Fund Secretariat and the Office of the Inspector General (OIG) have issued a “Joint Communication on Inspector General Matters.” The Joint Communication, which was released just prior to the December 2010 Board meeting, reads like a peace treaty. (The two entities had been making rumbling noises about each other for some time).

In the Joint Communication, the Secretariat and the OIG said that they “have sought new and improved ways of collaborating.” They said that they will work together to “systematically strengthen efforts to prevent fraud.” The Secretariat declared its commitment to take immediate and decisive action when fraud or misappropriation is identified; to collaborate with the OIG in achieving restitution and repayment of losses; to intensify joint work with the OIG aimed at anticipating and preventing the recurrence of known patterns of fraud; to assist the OIG in identifying those responsible for instances of fraud or abuse and ensuring that they are held to account; and to take action against entities found to have committed fraud or abuse.

The Secretariat has said it will ensure that the country pages on its website will show OIG findings for each country (where applicable), including the nature and extent of any fraud, misuse or unsupported costs that has been identified, as well as the status of actions taken in response to these findings.

The Joint Communication said that the Secretariat and the OIG agree that the OIG’s findings in particular

cases should not be used to draw general conclusions across all grant programmes. The OIG stressed that the fraud it is identifying is not unique to Global Fund grants. The two entities believe that the Global Fund has the potential to be a leader among international organisations in addressing risk and fraud.

The Secretariat said that when fraud or misappropriation has been identified and a grant has been suspended as a result, resumption of funding will be conditional upon a full commitment to continued cooperation with OIG audits and investigations and a credible commitment to repay misappropriated sums. The Secretariat added that it is taking measures to strengthen the role of the LFA in the identification of fraud and corruption (see next article).

Finally, the Joint Communication said that “the question of Secretariat-OIG relations and interactions around programs under OIG scrutiny may require further clarifications.”

The Global Fund Secretariat and the OIG have had a somewhat rocky relationship. It is the OIG’s job to audit the implementation of grants at country level, as well as the systems put in place by the Secretariat to manage and support grant implementation. In the course of conducting its audits, the OIG identifies problems that it believes need to be addressed, and it provides recommendations to the Secretariat (and to other entities) concerning how best to address the problems. The OIG operates independently of the Secretariat. Both entities report directly to the Board; the OIG does so through the Finance and Audit Committee (FAC).

The Secretariat has, at times, felt overwhelmed by the sheer volume of the recommendations from the OIG. As well, the Secretariat has suggested that the OIG may not be concentrating its efforts in the right places. On the other hand, the OIG has been critical of the Secretariat, particularly for what it considers to be a slow response to many of the OIG’s recommendations. Prior to the Joint Communication, the tensions between the two entities were evident in almost every progress report issued by the OIG and every report issued by the Secretariat in response. (These reports come out twice a year, around the time of Board meetings.)

Meanwhile, the Global Fund is initiating a review to clarify the roles and responsibilities of the OIG, the Secretariat, and the Technical Evaluation Reference Group (TERG), their inter-linkages and how they fit into the Global Fund’s governance structure. The review will be conducted by two Board committees, the Policy and Strategy Committee and the Finance and Audit Committee. The review will include examining the practices of other international institutions.

The “Secretariat Response to the Findings of the OIG and Joint Communication on Inspector General Matters,” Document GF/22/8, is available at www.theglobalfund.org/en/board/meetings/twentysecond/documents. Information for this article was also taken from the Report of the Finance and Audit Sub-Committee Regarding OIG Matters, Document GF/B22/7, which should be available shortly at the same site.

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