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OIG Releases Latest Progress Report

Audit reports are now being issued more quickly, the Office of the Inspector General (OIG) says. The average number of days taken to release an audit report – from the last day of fieldwork to the date of release – has gone from 162 days in 2011 to 48 days in 2012.

This information was contained in the OIG's Progress Report for the period April–October 2012, which was presented to the Global Fund Board at its 28th meeting in Geneva in November. This article provides highlights from the progress report. (See also [separate article](#) on the OIG's plans to streamline future audits.)

According to the OIG, reports on audits in Chad and Kazakhstan were scheduled to be released in November 2012. In addition, audits or diagnostic reviews are underway in Congo, Guatemala, India, Thailand and Zimbabwe.

One audit (Guinea) was cancelled because the initial risk assessment resulted in an immediate referral to the OIG's Investigations Unit (meaning that fraud or other misappropriation of funds is suspected). And two audits (Yemen and Pakistan) were deferred to 2013 due to ongoing security concerns.

Since the last OIG Progress Report (released in May 2012), advisory engagements on two topics – voluntary pooled procurement and disbursements were completed. (“Advisory engagements” are assessments performed by the OIG at the request of the Global Fund Secretariat. Reports on these engagements are not made public.)

Two planned initiatives were cancelled: an internal review on the Affordable Medicines Facility–malaria (AMFm) and a multi-country audit of bednet procurement. With respect to the AMFm, the planned review was simply overtaken by events (the external evaluation of the AMFm and recent Board decisions on the

future of the AMFm). In the case of the bednet procurement, the OIG said that investigation findings showed that an audit would have been superfluous.

The OIG Progress Report identified a number of “recurrent key risks” that the OIG said are not being sufficiently mitigated in grant management practice. See the table below for details.

Table: Key risks identified by the OIG’s Audit Unit in 2011–2012

Category	Risk
Governance, Oversight and Management	CCM oversight not sufficiently effective
	Secretariat and/or LFA oversight not sufficiently effective
	Internal or external audit arrangements unsatisfactory
	Coordination with development partners inadequate
	Inadequate management and monitoring of SRs by the PR
Programmatic and Performance	Failure to comply with diagnostic / treatment protocols
	Inadequate data
	Targets not achieved / achievable
	Shortcomings in the grant performance framework
	Challenges in sustainability
Financial and Fiduciary	Evidence of mismanagement or fraud
	Ineligible and undocumented expenditures
	Inadequate control environment leading to Global Fund assets or objectives at risk
	Inadequate record keeping / unreliable books of account / weak budget reporting
	Inappropriate budgeting and budget monitoring
	Poor value for money achieved
Health Services and Products	Poor quality of service
	Inadequate coverage of at-risk populations
	Evidence of avoidable stock-outs and delays, or shortcomings in forecasting
	Evidence of procurement fraud or theft
	Inadequate procurement procedures used
	Deficiencies in quality assurance

The OIG said that it is currently investigating 39 cases involving counterfeit and stolen health products, and that there are a further 20 such cases that it does not have the capacity to investigate.

The OIG reported that in June 2012, the Secretariat and the OIG collaborated on a control risk self-assessment workshop in Uganda as part of the Secretariat’s Operational Risk Management Framework. Participants identified risks that are likely to impact the successful outcome of grants as well as the appropriate measures to mitigate such risk. As a result of the workshop, an action plan was developed that listed actions involving all stakeholders, with firm deadlines and a mechanism for monitoring and reporting performance. Similar work was done in the Democratic People’s Republic of Korea.

The OIG said that it has been working with the Secretariat to begin clearing the very large number of outstanding recommendations from OIG audits and investigations. About 300 recommendations were validated as completed in the two months prior to the preparation of the Progress Report. The OIG said that it is working with the Secretariat’s IT department to design a tool, to be integrated in existing grant management software, which will facilitate the follow-up and validation of recommendations.

The OIG said that its Investigation Unit has prepared reports on three internal cases involving two Secretariat staff and a member of a country coordinating mechanism who were accused of violating the

rules, regulations, policies or procedures of the Global Fund. In one of these cases, the General Manager agreed with the OIG findings and summarily dismissed the staff member. In the second, the General Manager dismissed the complaint as lacking merit. In the third, the matter is under advisement by the Audit and Ethics Committee of the Board. In one of the cases, a financial loss was suffered, in the amount of at least \$55,000, with the victim being the Global Fund's health insurer. The OIG does not make these types of reports public.

The OIG's Progress Report for the period April–October 2012 is available at www.theglobalfund.org/en/board/meetings/twentyeighth/documents. See Document GF/B28/07.

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