Audit of Global Fund Grants to Rwanda

The Global Fund

Office of the Inspector General

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I. Background.

The Republic of Rwanda is a landlocked central/east-African country with a population of 11.8 million. It is classified by the World Bank as a low-income country; 45% of its population currently live below the poverty line. Global development indicators show sustained progress: the 2013 Corruption Perception Index ranks Rwanda 49 out of 175, third in Africa, and in the World Bank's Worldwide Governance Indicators for Control of Corruption, it achieved a score of 73 out of a possible 100.

Rwanda has a proven track record of success in fighting HIV/AIDS, tuberculosis and malaria:

- The HIV epidemic in Rwanda has stabilized at a prevalence of 3 percent, largely as a result of a strong national response to control the spread of HIV. It is estimated that around 80 percent of those eligible to receive treatment are on anti-retroviral therapy (ART) treatment, equivalent to 130,000 people. The country is on track to meet the Millennium Development Goal of a declining trend in HIV death rates by 2015.
- Largely funded by Global Fund grants, 11 million nets have been distributed to the population, and malaria related mortality decreased by 74% between 2005 and 2012.
- Rwanda has met international targets of a 50% reduction in tuberculosis prevalence and death rates, and is on track to meet the Millennium Development Goal of a declining trend in tuberculosis incidence by 2015.

The Rwandan Control Environment
'Control environment' refers to the overall tone of an entity, organization or government ministry, which provides a foundation for all other components of internal control, including its ethical values, the philosophy of senior management and the assignment of authority and responsibility. In Rwanda, the control environment is manifested in a number of public safeguards that exist at both a government and at a community level. At a government level, public servants are held to account with regards to performance and transparency, including:

- All government officials are obliged to sign *imihigo*, multipage contracts that spell out specific and measureable personal targets.
- Since 2004, officials have been required to publish a declaration of assets, which are subsequently verified by the national Office of the Ombudsman.
- Every year, the National Dialogue Council, known as *umushyikirano* and enshrined in the constitution, brings together representatives of local councils and civil society to debate issues relating to the state of the nation. Proceedings are debated live on television and radio, and the general public participates actively through social media.

There are also institutional safeguards in place, such as the Rwanda Governance Board and the Office of the Auditor General of State Finances that regulate and supervise the activities and spending of all ministries.

At the community level, a number of initiatives are in place. These include:

- *Gacaca*, local traditional courts that played an important reconciliation role after the 1994 genocide;
- *Abunzi*, free local mediation committees designed to decentralize the justice system; and
- *Umuganda*, meetings in which the whole community comes together to work on a variety of infrastructure or environmental projects on the last Saturday of every month.

The Ministry of Health within the wider control environment in Rwanda
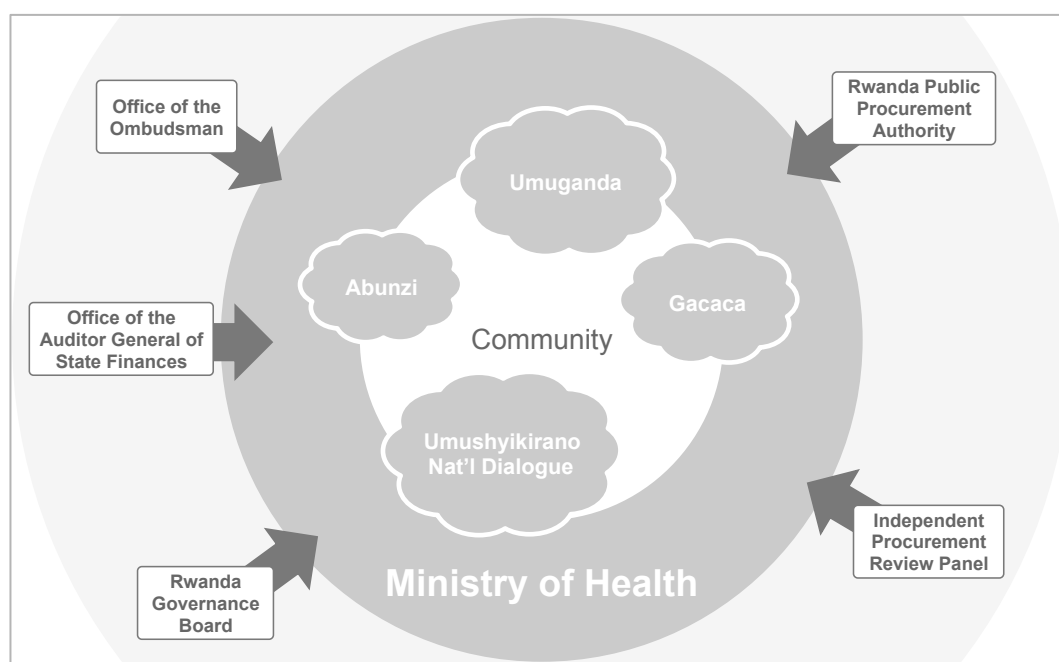
Rwanda and the Global Fund

Rwanda was one of the first countries to receive funds from the Global Fund in 2003. In March 2014, the Global Fund Board approved a total allocation for Rwanda for 2014-2016 of USD 396 million. Including existing funding amounts, the allocation is split across the diseases as follows: USD 295 million for HIV, USD 65 million for malaria and USD 36 million for tuberculosis. This brings the total amount awarded to Rwanda to USD 1.2 billion.

National Strategy Financing

As a result of its successful track record in tackling the three diseases, the Global Fund selected Rwanda to be the first country to pilot a new financing approach called Results-Based Financing. This approach is designed to achieve better results, streamline grant management processes and oversight, and better rely on in-country mechanisms. In Rwanda, the Results-Based Financing approach has been implemented for the HIV grant under a model called National Strategy Financing.

In this model, the country pools its HIV funding from the Global Fund and other sources in the Rwandan HIV and AIDS National Strategic Plan. The plan is underpinned by clear strategic objectives, and is in turn supported by a costed operational plan which lists all activities, budget lines and source of funding, as agreed with partners. Although the Ministry of Health continues to be responsible for overseeing program implementation, disbursement proceeds through the Treasury, providing an additional layer of national oversight.

The overall budget 2013-15 for the HIV National Strategic Plan is USD 452 million, of which the Global Fund contributes USD 204 million. The remaining budget is provided by the Rwanda Government (USD 34 million), the U.S. Government (estimated at USD 178 million) and other partners, including UN agencies (USD 35 million).

A Joint Assessment of the Rwanda National Strategic Plan for HIV was performed in November 2013 and concluded that the National Strategic Plan was "well-structured in terms of intervention logic, from output to outcome, to impact' and that targets and intervention areas were "well-articulated, measurable and evidence-based, and have a strategic focus on key populations." As long as Rwanda can show strong results based on pre-agreed indicators, this model allows the flexible use of funds, which allows health authorities to reinvest savings to best achieve agreed outcomes. So far the National Strategy Financing model has been

implemented for the HIV grants; other grants in Rwanda are being considered for this approach by the Global Fund.

The Global Fund HIV grant is based on six outcome and impact indicators including:
1. Percent of infants born to HIV-infected mothers who are infected by 18 months.
2. Percent of adults and children with HIV known to be on treatment 12 months after initiation of antiretroviral therapy.
3. Percent of eligible adults and children currently receiving antiretroviral therapy.
4. Percent of Men having Sex with Men reporting use of condom during last time they had anal sex with a male partner.
5. Percent of Female Sex Workers reporting the use of condom during penetrative sex with their most recent client.
6. Percent of HIV/TB co-infected patients receiving both HIV and TB treatment.

Data for indicators 4 and 5 will be collected through surveys; for the remaining indicators, data will be sourced from the routine health management information system in Rwanda.

The Secretariat has proposed an assurance framework over the RBF grant objectives that focuses on detailed testing of financial and programmatic data. This includes substantive verification of programmatic data by the Local Fund Agent, with extensive testing in 58 sites, a sample that is much wider than normally required for grants under the existing Global Fund performance-based methodology, which requires testing in six sites.

II. Scope and Rating

Scope

The OIG assessed the rigor and robustness of processes in place at the Global Fund Secretariat for piloting a new results-based financing model in Rwanda. Specifically, the audit focused on answering three key questions relating to the decision to pilot the "National Strategy Financing" model:

1. Did the Global Fund Secretariat perform sufficient due diligence prior to choosing Rwanda as the pilot for the National Strategy Financing model?
2. Has the Secretariat proposed an assurance framework for Rwanda that gives it sufficient assurance over the ongoing suitability of the National Strategy Financing model?
3. Are the systems of internal control in Rwanda sufficiently robust to allow for the roll-out of the National Strategy Financing model, in particular with regard to reliance on data from the Health Management Information System?

With respect to Question 3, the OIG reviewed the adequacy and effectiveness of the internal control environment in place over Global Fund grants in Rwanda, with a particular emphasis on fiduciary and financial arrangements, the national procurement and supply chain, and national performance data collection and reporting. As part of this, the OIG reviewed controls over information technology, which underpin the entire system of internal controls.

This audit was selected in accordance with the OIG's risk-based audit plan for 2014. It covered the period from 1 January 2013 to June 2014, and focused on the three existing grants, all managed by the Ministry of Health of Rwanda. The OIG team looked at the systems in place at the time of the audit but noted that a number of people, process and technology changes were in the pipeline.

The audit included visits to 26 health centers, seven district pharmacies, three prisons, two referral hospitals and eleven district hospitals, covering all five of Rwanda's provinces. This sample of about 10% of health facilities was partly randomized to optimize the disease burden coverage. As a result, the audit effectively covered 15% of the tuberculosis disease burden, 18% of malaria and 25% of HIV and AIDS.

Rating[1]

Operational Risk	Rating	Reference to findings
Governance, Oversight and Management Risks	Partial Plan to Become Effective	IV.1
		IV.2
Financial and Fiduciary Risks	Generally Effective	IV.3
Health Services and Products Risks		
Programmatic and Performance Risks		

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[1] See Annex A for the rating definitions.

III. Executive Summary

Rwanda is one of the largest and longest-standing recipients of Global Fund support, and has shown significant progress in fighting the three diseases. Largely due to its successful track record, the Global Fund selected Rwanda as the first country in which to pilot a new results-based model, called "National Strategy Financing." Using this model, the Secretariat will directly finance the national strategic plan for HIV/AIDS as a whole, without attributing Global Fund financing to specific interventions or activities. This approach brings about better alignment with national systems, as well as with other development partners funding the same plan, but relies heavily on robust national systems for financial management and for generating data on outcomes and impact.

Given this context, the audit undertaken by the OIG focused on three key questions:

1. Did the Global Fund Secretariat perform sufficient due diligence prior to choosing Rwanda as the pilot for the National Strategy Financing model?
2. Has the Secretariat proposed an assurance framework for Rwanda that gives it sufficient assurance over the ongoing suitability of the National Strategy Financing model?
3. Are the systems of internal control in Rwanda sufficiently robust to allow for the roll-out of the National Strategy Financing model, in particular with regards to reliance on data from the Health Management Information System?[2]

1. Due diligence over the Rwanda National Strategy Financing pilot
Due diligence, based on a thorough assessment of existing systems of internal control, is critical for major operational decisions such as piloting a new funding model, and a prerequisite for extending the model to other countries. A number of steps were taken by the Country Team for Rwanda as part of their due diligence: Before signing the grant, the Country Team led a collaborative exercise in Kigali to determine the implementation arrangements. This included input and active involvement from relevant Global Fund stakeholders, technical partners. However, the Secretariat did not undertake testing of the systems of control that produce and control programmatic and financial data before the grant was signed and had not developed an in-depth understanding of the strengths and weaknesses of the control systems in place in Rwanda.

Prior to the audit, the Secretariat had a **partial plan to become effective** in defining stricter criteria for rolling out Results Based Financing initiatives. Going forward, the Secretariat will assess the validity of the National Strategy Financing model on a case-by-case basis to determine if other countries meet the standard for similar financing.

2. The assurance framework for grants to Rwanda
Due in part to the incomplete due diligence and understanding of the key controls at national level, the Secretariat proposed an assurance framework designed to substantively test raw programmatic data, rather than testing the system of internal controls. This approach is insufficiently tailored to the National Strategy Financing context, and resulted in significantly more substantive testing than would normally be required for grants under the performance-based financing methodology. Prior to the audit, the Secretariat had already recognized these gaps and had developed a **full plan to become effective**, which includes developing a deeper understanding of the system of internal controls that produce and verify the reported results, and ensuring that the system is regularly tested.

3. Systems of internal control in Rwanda
A strong internal control environment exists in Rwanda, which is underpinned by strong leadership and accountability. This has resulted in an environment in which regular and comprehensive feedback on performance is available to management, who learn from prior mistakes and take corrective action.

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[2] The OIG audit included a review of controls relating to finances, health services/products, program performance, and the underlying IT controls.

The OIG audited the controls in place in Rwanda that would ensure that Global Fund grants have the most impact. The audit team looked at critical supervision and oversight activities, weaknesses and vulnerabilities in the implementation of grants by SPIU, the Principal Recipient and RBC, the main Sub-recipient. The OIG reviewed both the mechanisms in place to check the results, as well as checking the results themselves.

The mechanisms to manage financial risk in Rwanda are **generally effective**. The Ministry of Health and the Ministry of Finance and Economic Planning effectively supervise SPIU's and RBC's operations. There is a strong overall control environment over grant budgeting, payments, cash, bank accounts and financial reporting. The approval mechanisms are effective, meaning that senior managers are directly involved in the approval and oversight of the majority of purchases and expenditure. There are effective assurance mechanisms in place over financial risk, in the shape of an internal audit function at the SPIU, as well as independent fiduciary oversight by the Office of the Auditor General. A well-designed, government-wide financial accounting system has been implemented for the HIV grant. However, information technology improvements are required, particularly around user access, for the system which records grant expenditures for the tuberculosis and malaria grants.

The OIG team found that controls over procurement and supply chain management are **generally effective**. Medicines and health products arrive on time and undergo rigorous quality testing. Controls over stocks, storage conditions, and expiry of medicines were found to be effective, as were controls over ensuring that medicines and other health products were procured based on patient needs. There were no stock-outs of essential medicines during the period under review. The logistics management platform, which is being rolled out across the country, will automate much of the information that is currently collated manually. Improvements are required to better secure physical access to information technology infrastructure.

Accurate and reliable data are essential for National Strategy Financing to be effective. A **generally effective** data quality and performance environment exists all levels in the health sector in Rwanda: although currently manual, the tools to collect data are effective, and the processes that ensure that correct data are submitted are robust. The audit team noted that primary sources of information, such as patient files and case registers, are thoroughly checked. Correct and diligent reporting is incentivized, and mistakes or errors are promptly identified and corrected.

There is, however, room for maturing supervision over data collection, validation, monitoring and evaluation as well as for improving the automation of data collection. Whilst the Principal Recipient has developed extensive controls over rechecking primary data, these controls are duplicated, and therefore not cost-effective or sustainable in the long term. The controls, which are currently under review by the Principal Recipient, should aim at mitigating the root causes of any errors, as well as correcting mistakes. A number of manual controls over data are currently in place, meaning that the system is susceptible to human error. There is room for improvement around user access and continuity in key health information data systems.

The Country Team has agreed to work with the grant recipients to improve the quality and effectiveness of the supervisory controls over data collection and reporting, as well as improving controls over IT systems in order to further the automation of data collection and reporting.

Looking forward
The OIG is pleased to note that the Ministry of Health in Rwanda is looking to further strengthen internal controls. A number of changes related to people, processes and technology were in the pipeline at the time of the audit. The Principal Recipient, SPIU, and the main sub-recipient, RBC, will in future be more closely integrated. Work is underway to improve the supervision over data collection and reporting. The current accountability structure is being decentralized with more authority delegated to mayors, districts, and provinces. Other process and technology changes include the pending implementation of guidelines on how to correct data errors, the transition to a new information system to monitor HIV data, the integration of HIV data into the main Health Management Information Systems, and full implementation of eLMIS, a Logistics Management Information System.

IV. Findings and agreed actions.

IV.1	The Secretariat's due diligence prior to implementing a new initiative in Rwanda	Executive level	Partial plan to become effective

The Secretariat performed a high-level assessment of the Rwandan internal control environment prior to signing the National Strategy Financing grant agreement. However, this assessment did not clearly articulate the criteria used for selecting Rwanda for the pilot, or explain why it was chosen above other countries. There was no end-to-end assessment or analysis of the internal controls in place over grant funds. Instead, the Secretariat relied heavily on external reviews and past grant performance in making the decision to pilot the results-based financing approach in Rwanda. In addition, the Secretariat had not performed a substantive analysis of potential weaknesses in the IT control environment (see IV.3 below). Given the absence of due diligence, it is difficult for the Secretariat to fully justify why it allowed more flexible use of funds under the National Strategy Financing model and the subsequent reduction in levels of oversight in Rwanda.

Although the Global Fund Secretariat had not fully articulated the rationale behind its decision to pilot the model in Rwanda, the OIG audit found evidence that showed the overall decision to have been justifiable. The audit team concluded that the control environment surrounding Rwanda's health system embeds multiple checks and balances that identify issues at an early stage to prevent bigger problems further down the line, and ensure accountability across all levels, which is critical for National Strategy Financing to succeed. As this report shows, controls over financial management, procurement and supply management and programmatic data are generally robust.

In the future, as the Secretariat tailors National Strategy Financing to other countries, it will need to draw up clearer criteria for deciding on particular models, understand better the system of controls that exist around grant funds at the country level and how they can be relied upon, and better articulate the justification for selecting specific countries.

Agreed management action 1: With immediate effect, the Secretariat will assess the validity of pursuing National Strategy Financing on a case-by-case basis; this justification will be approved by the Executive Grant Management Committee or equivalent before grant signing and should include as a minimum:
- A full articulation of the rationale used to determine that a particular country is suitable.
- A description of the system of internal controls in place, including critical controls, weaknesses and vulnerabilities.
- Evidence that the system of internal controls has been independently and thoroughly tested and that there is a remedial action plan in place to address key weaknesses.

Owner: Head of Grant Management
Target Date: 30 June 2015

IV.2	The Secretariat's assurance framework over the National Strategy Financing grant	Country Team level	Full plan to become effective

The OIG found that the Secretariat's proposed assurance framework for National Strategy Financing in Rwanda does not provide the most effective or efficient assurance over the control environment for the project to succeed. As disbursements are directly linked to results under the National Strategy Financing grant, the Global Fund needs to be sure that the data are accurate.

Currently, the assurance framework proposed consists mainly of an annual financial audit by the Office of the Auditor General of Rwanda and a substantive verification of programmatic data by the Local Fund Agent. The extent of testing over programmatic information (in 58 out of 533 sites, i.e. more than ten percent of sites) is significantly wider than normally required for grants under the existing Global Fund performance-based methodology. This is paradoxical for a pilot designed to rely less on substantive testing of the results and more on the systems that produce the results.

Agreed management action 2: The Secretariat will develop an assurance plan to test the key controls relied upon under the National Strategy Financing in Rwanda. In particular, they will require the Local Fund Agent to assess the internal control environment in Rwanda to ensure that the systems that manage grant funds are, and remain, robust.

Owner: Head of Grant Management
Target Date: 31 December 2015

IV.3	Systems of internal control in Rwanda	Country Team level	Generally effective

The internal control environment in Rwanda is underpinned by strong leadership and accountability. This has resulted in an environment in which reported data have a low margin of error, regular and comprehensive feedback on performance is available to management, and managers learn from prior mistakes and take corrective action. Overall the systems of internal control in Rwanda are generally effective. Improvements in supervision and in the IT systems underlying data would further strengthen the systems of internal control.

Supervisory controls over programmatic data

Given the emphasis on programmatic results under the National Strategy Financing model, data quality is particularly important, since the funding level depends on achieving agreed targets against specific indicators. The OIG found that the data collected at all levels were accurately reported from local health facilities to the Ministry of Health and on to the Global Fund.

OIG testing showed that the Ministry of Health's systems for collecting and reporting data at an aggregated level are reliable. Errors were noted at some facilities; however, these were not material:

- Three indicators (both TB indicators tested, and one HIV) were found to be 100% accurate.
- The other HIV indicator tested was on average over-reported by 5%. This was due to the complex way in which the indicator is recorded and the difficulties experienced by staff in interpreting the guidelines.
- Two malaria indicators were tested: one was over-reported by 2% and the second was under-reported by 3%. The discrepancies were mainly due to the labor-intensive manual methods used to collect and verify data.

The OIG audit team noted that checks and balances exist to ensure that data from primary sources (patient files and case registers) are reported accurately. However, there are limited supervisory or oversight controls over data collection and reporting. Although some supportive supervision is performed to ensure that errors are identified, the bulk of this consists of rechecking data, rather than ensuring that controls over data collection and reporting are working. The checking of the functioning of controls is critical in ensuring a more extensive scrutiny of the system; this would also allow the system to 'self-correct' on a regular basis. The OIG found that the results of the supervisory activities were not followed up on a timely basis, with staff more concerned with correcting the data errors than understanding and mitigating the root causes of the errors.

Information technology controls

The Government of Rwanda has made considerable investments in technology across the public sector, including cross-departmental systems to ensure smooth data flow between government ministries. Some of these systems are still being embedded.

Global Fund grants in Rwanda are implemented using four main IT systems:

i. A Health Management Information System (HMIS) that includes records of patient files, morbidity and mortality rates.
ii. A Logistics Management Information System (eLMIS), which tracks the flow of medical drugs and commodities from the port of entry to the end user.
iii. SMART FMS, the accounting system of the Ministry of Finance and Economic Planning, currently used by the grant sub-recipient RBC, which will become the future system for the National Strategy Financing grant.
iv. TomPro, the accounting system currently used by the Principal Recipient to record expenditure for the malaria and tuberculosis grants, which is currently being upgraded.

The OIG team assessed the risk inherent in these IT systems by looking at four key enterprise risks: availability, access, accuracy and agility.

- *Access*: The auditors found that user access controls for TomPro, eLMIS, SMART FMS and HMIS were not strong enough to prevent unauthorized access. Although strict password policies were in place, they were not enforced. Weak passwords mean that systems can be more easily accessed by unauthorized users. Furthermore, the physical servers for three of the systems were vulnerable, as they were not held in optimally secure conditions. The auditors were unable to assess the vulnerabilities of the eLMIS as the server is located outside Rwanda.
- *Availability*: Backup and restoration of critical information is a key IT security and control feature. The auditors found that some systems did not perform automatic backups. Where automated backups were performed, they had not been tested to ensure that data could be restored if necessary.
- *Agility*: Most change management controls were satisfactory. Change requests were properly approved and system changes were appropriately tested. Change management policies were in place for eLMIS and TomPro, but not for HMIS or SMART FMS. The ability to migrate IT changes from the testing to the "live" production environment was not sufficiently limited and included "super user groups" who were not always well controlled. This issue was particularly acute in LMIS which was still under development at the date of testing.
- *Accuracy*: Newer systems, such as SMART FMS, had strong inbuilt controls to validate data. There are still, however, a number of manual controls in eLMIS and HMIS, which means that they are more susceptible to human errors.

Agreed management action 3: The Secretariat will ensure that the Principal Recipient improves the quality and effectiveness of the supervisory controls around data collection and reporting, and to minimize redundant elements. In particular, supervisory activity will:

- investigate the reasons that errors occur, rather than solely correcting errors;
- focus on the methods used to identify issues, and not solely re-performing data checks;
- be risk-based in terms of coverage and frequency;
- track remedial actions;
- ensure that data corrections are logged and performed in a transparent manner;
- ensure that corrective action is taken in a timely manner.

Owner: Head of Grant Management
Target Date: 31 December 2015

Agreed management action 4: The Secretariat will ensure that the Principal Recipient improves the controls over IT systems; in particular:

- minimizing the number of manual calculations required, and automating calculations where possible;
- securing access for users and to physical servers;
- ensuring automated back-ups are performed, and that these are routinely tested;
- restricting super-user access to a minimum.

Owner: Head of Grant Management
Target Date: 31 December 2015

V. Table of Agreed Actions

No.	Category	Agreed action	Target date
1	Governance, Oversight and Management	With immediate effect, the Secretariat will assess the validity of pursuing National Strategy Financing on a case-by-case basis; this justification will be approved by the Executive Grant Management Committee or equivalent before grant signing and should include as a minimum: • A full articulation of the rationale used to determine that a particular country is suitable. • A description of the system of internal controls in place, including critical controls, weaknesses and vulnerabilities. • Evidence that the system of internal controls has been independently and thoroughly tested and that there is a remedial action plan in place to address key weaknesses.	30 June 2015
2	Governance, Oversight and Management	The Secretariat will develop an assurance plan to test the key controls relied upon under the National Strategy Financing in Rwanda. In particular, they will require the Local Fund Agent to assess the internal control environment in Rwanda to ensure that the systems that manage grant funds are, and remain, robust.	31 December 2015
3	Programmatic and Performance Risks	The Secretariat will ensure that the Principal Recipient improves the quality and effectiveness of the supervisory controls around data collection and reporting, and to minimize redundant elements. In particular, supervisory activity will: • investigate the reasons that errors occur, rather than solely correcting errors; • focus on the methods used to identify issues, and not solely re-performing data checks; • be risk-based in terms of coverage and frequency; • track remedial actions; • ensure that data corrections are logged and performed in a transparent manner; • ensure that corrective action is taken in a timely manner.	31 December 2015
4	All	The Secretariat will ensure that the Principal Recipient improves the controls over IT systems; in particular: • minimizing the number of manual calculations required, and automating calculations where possible; • securing access for users and to physical servers; • ensuring automated back-ups are performed, and that these are routinely tested; • restricting super-user access to a minimum.	31 December 2015

Annex A: General Audit Rating Classification

Highly Effective	**No significant issues noted**. Internal controls, governance and risk management processes were adequate, appropriate, and effective to provide assurance that objectives should be met.
Generally Effective	**Some significant issues noted but not material to the overall achievement of the strategic objective within the audited environment.** Generally, internal controls, governance and risk management processes were adequate, appropriate, and effective. However, there is room to improve.
Full Plan to Become Effective	**Multiple significant and/or (a) material issue(s) noted. However, a full SMART (*Specific, Measurable, Achievable, Realistic* and *Time-bound)* plan to address the issues was in place** at the time audit Terms of Reference were shared with the auditee. If implemented, this plan should ensure adequate, appropriate, and effective internal controls, governance and risk management processes.
Partial Plan to Become Effective	**Multiple significant and/or (a) material issue(s) noted. However, a partial SMART plan to address the issues was in place** at the time audit Terms of Reference were shared with the auditee. If implemented, this plan should improve internal controls, governance and risk management processes.
Ineffective	**Multiple significant and/or (a) material issue(s) noted.** Internal controls, governance and risk management processes were not adequate, appropriate, or effective. They do not provide assurance that objectives will be met. **No plan to address the issues was in place** at the time audit Terms of Reference were shared with the auditee.

Annex B: Methodology

The Office of the Inspector General (OIG) performs its audits in accordance with the global Institute of Internal Auditors' (IIA) definition of internal auditing, international standards for the professional practice of internal auditing (Standards) and code of ethics. These Standards help ensure the quality and professionalism of the OIG's work.

The principles and details of the OIG's audit approach are described in its Charter, Audit Manual, Code of Conduct and specific terms of reference for each engagement. These help our auditors to provide high quality professional work, and to operate efficiently and effectively. They also help safeguard the independence of the OIG's auditors and the integrity of their work. The OIG's Audit Manual contains detailed instructions for carrying out its audits, in line with the appropriate standards and expected quality.

The scope of OIG audits may be specific or broad, depending on the context, and covers risk management, governance and internal controls. Audits test and evaluate supervisory and control systems to determine whether risk is managed appropriately. Detailed testing takes place across the Global Fund as well as of grant recipients, and is used to provide specific assessments of the different areas of the organization's' activities. Other sources of evidence, such as the work of other auditors/assurance providers, are also used to support the conclusions.

OIG audits typically involve an examination of programs, operations, management systems and procedures of bodies and institutions that manage Global Fund funds, to assess whether they are achieving economy, efficiency and effectiveness in the use of those resources. They may include a review of inputs (financial, human, material, organizational or regulatory means needed for the implementation of the program), outputs (deliverables of the program), results (immediate effects of the program on beneficiaries) and impacts (long-term changes in society that are attributable to Global Fund support).

Audits cover a wide range of topics with a particular focus on issues related to the impact of Global Fund investments, procurement and supply chain management, change management, and key financial and fiduciary controls.