

AUDIT REPORT

# Follow-up Audit of Global Fund Grants to the Republic of Sierra Leone

GF-OIG-23-004  
27 March 2023  
Geneva, Switzerland

 **THE GLOBAL FUND**  
Office of the Inspector General

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The Office of the Inspector General (OIG) safeguards the assets, investments, reputation, and sustainability of the Global Fund by ensuring that it takes the right action to end the epidemics of AIDS, tuberculosis, and malaria. Through audits, investigations, and advisory work, it promotes good practice, enhances risk management and reports fully and transparently on abuse.

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# 1. Executive Summary

## 1.1 Opinion

The Global Fund's audit of Sierra Leone in 2018 highlighted the "implementation and assurance arrangements" and "in-country supply chain mechanism" as areas that needed significant improvement. Subsequently in April 2020, the OIG published an investigation report on fraudulent procurement payments and overcharging in Global Fund grants. In December 2022, the OIG published an investigation report on fraudulent and collusive procurements surrounding a training course. The Global Fund Secretariat allocated US\$255 million in grants and put significant effort to address the agreed management actions from these audits during allocation 2017-2022.

Several mechanisms were introduced in NFM3 (2020-2022) to strengthen fund accountability and mitigate fraud risks. However, the capacity of the Project Management Unit (PMU) to monitor grant implementation remains limited. The Fiscal Agent role has been strengthened, but expertise gaps were noted for procurement and fraud risk management. The Secretariat's actions in 2022 to address PMU staffing gaps include the approval of additional finance experts and salary adjustments. However, in an inherently risky environment, constant attention is needed to strengthen fiduciary controls and to mitigate the risk of opportunistic fraud. Therefore, the effectiveness of the PMU in implementing Global Fund grants and managing emerging risks and the role of the Fiscal Agent in mitigating fraud risks **need significant improvement**.

While the 2018 OIG audit rated "the program management and monitoring processes" as partially effective, the audit also highlighted the need for Principal Recipients to analyze the community health worker (CHW) program and to develop a plan to improve access to services for the three diseases. The follow-up audit observed significant achievements in Sierra Leone's efforts to implement integrated CHW interventions, including establishing and implementing a CHW strategy and completing 50% of intended training activities. The OIG noted challenges during the roll-out of CHW training that resulted in delayed implementation. The absence of a transition plan also disrupted CHW services. Therefore, the design and effectiveness of key program interventions, with a particular focus on CHW, are **partially effective**.

Supply chain information systems have improved in Sierra Leone through the "m-supply" system and District Health Information System 2 (DHIS2). The supply chain, however, still could not ensure the availability of drugs to patients and effective use of Global Fund funded commodities. Frequent stock-outs were noted at all levels, as well as significant quantities of expired commodities. Therefore, the design and effectiveness of in-country supply chain arrangements to ensure continuous availability of commodities and accountability at all levels **need significant improvement**.

## 1.2 Key Achievements and Good Practice

### **Proactive action was taken in NFM3 to strengthen assurance and fraud risk management mechanisms**

Following the previous OIG audit and investigation, the Global Fund Secretariat implemented several mechanisms to improve accountability in Global Fund grants and to establish mechanisms for reducing fraud risk. A cashless payment system was adopted using mobile payments for allowances and community health workers, and GPS trackers were installed in all Global Fund procured vehicles to monitor movement for official travel. Procurement plans were developed to monitor the procurement process, and the Local Fund Agent and Fiscal Agent exercised oversight over the procurement process and deliverables. In September 2022, the Global Fund, through a third party, completed a fraud risk assessment for Sierra Leone to proactively identify and propose mitigation measures to prevent fraud and corruption. This assessment confirmed the effectiveness of the introduced controls and proposed recommendations.

## **Donor collaboration through a joint Project Management Unit under IHPAU**

The Project Management Unit (PMU) is managed under the Integrated Health Project Administration Unit (IHPAU), a country initiative to optimize financial management and administration for all donors. This mechanism is expected to improve donor collaboration and to mitigate the risk of overlapping donor activities. This could be a good model for other Global Fund programs to strengthen grant oversight and donor collaboration.

## **Implementation of the integrated community health worker intervention**

Sierra Leone has taken advanced steps towards community interventions, in line with the Global Fund's new strategy for 2023-2028 and the 2018 OIG agreed management action for improving access to service. The integrated community health worker intervention has been rolled out beyond the HIV, tuberculosis (TB) and malaria programs. More than half of the over 8,000 intended number of CHWs have undergone training, with the remaining trained in October-November 2022.

## **1.3 Key Issues and Risks**

### **The PMU's inadequate capacity to monitor grant implementation impacts grant absorption**

The Project Management Unit (IHPAU) under MOHS has gaps in capacity for planning and monitoring activities. This has resulted in critical grant activities not being implemented, disruption of services, poor performance indicators, and low absorption capacity for the first year of NFM3.

Internal controls remain weak in areas considered high-risk following previously reported red flags and investigations such as in contract management, procurement, staff capacity, segregation of duties and vendor management. For example, while the procurement plan was available, it was not used effectively due to inaccurate data, inadequately tracked advance payments to Sub-Recipients, no mechanism to evaluate supplier performance and no updated pre-approved supplier schedule. Some of these gaps have contributed to the 2022 OIG investigation.

### **Delayed implementation of the data quality improvement plan leads to persistent data quality issues**

Despite the significant Global fund investment in DHIS2, only 35% of the data quality improvement plan has been implemented within the agreed 2020-2022 timeline. The delay is due to inadequate planning and poor coordination and oversight. This has contributed to stock-out of facility-level reporting tools and low reporting.

### **Limited capacity of the Fiscal Agent to mitigate fraud and procurement risk**

The involvement of the Fiscal Agent in the tendering and procurement process has improved fraud mitigation and is documented through the fraud and red flags trackers. At the time of the audit, however, the Fiscal Agent did not have procurement and fraud specialists to ensure effective execution of its roles, including providing capacity-building to the Project Management Unit staff on procurement and fraud risk mitigation. The Fiscal Agent staff are expected to have a fraud certification by 2023. The Fiscal Agent rejected transaction rate remains high, and fraud risk trackers are not followed up in a timely fashion. There is also weak documentation of Fiscal Agent activity in contract monitoring and advance payment liquidation.

### **Inadequate transition plan to ensure continuity of services in the community intervention program**

The OIG recognizes the ambitious targets and current achievements of the integrated community intervention program. Preparations were inadequate, however, to ensure continuity of service during strategy implementation (selection, training and equipping CHWs, etc.). During the planning and training phase, for instance, community health worker activity stopped for almost one year and this impacted programmatic performance.

### **Supply chain arrangements require improvement to ensure the availability and effective use of drugs**

The Global Fund's investment in supply chain arrangements have improved the availability and quality of data from the country's logistics management information system (LMIS). Despite this, Sierra Leone has yet to achieve effective use of data for decision making to ensure adequate and timely availability of health commodities to patients. Frequent stock-outs at all levels have impacted the quality of services. The expiry of HIV commodities, particularly HIV testing

kits, has impacted testing for key populations. Various factors contributed to these gaps including quantification and forecasting challenges, weak coordination of roles, inadequate distribution processes and prolonged clearance delays at ports.

## 1.4 Objectives, Ratings and Scope

The overall objective of the follow-up audit is to provide reasonable assurance to the Global Fund Board on the adequacy and effectiveness of previous audit and investigation corrective actions. This audit assessed whether additional measures were instituted to identify and mitigate challenges that have emerged since the last review. Specifically, the audit assessed the objectives below. Details about the general audit rating classification can be found in **Annex A** of this report.

Objective	Rating	Scope
The effectiveness of the Project Management Unit in implementing Global Fund grants and addressing emerging risks, and the role of the Fiscal Agent in mitigating fraud risks.	<b>Needs Significant Improvement</b>	<b>Audit period</b> July 2018 to June 2022  <b>Grants and implementers</b> The audit covered the Principal Recipients and Sub-Recipients of Global Fund supported programs.  <b>Scope exclusion</b> The audit did not review the national HIV/AIDS Secretariat due to the change of implementation arrangement in NFM3.
The design and effectiveness of key program interventions, with a particular focus on community health worker program interventions.	<b>Partially Effective</b>	
The design and effectiveness of the in-country supply chain arrangements to ensure continuous availability of commodities and accountability at all levels.	<b>Needs Significant Improvement</b>	

The OIG team visited nine of the more than 900 peripheral health units (PHUs) in the country, three of the country's 80 hospitals and seven of the 231 community health centers in three districts. These health facilities account for 20% of TB notified cases, 27% of patients under antiretroviral (ARV) therapy and 17% of malaria cases. The team also visited one warehouse at the central level (NMSA) and district medical stores (DMS).

## 2. Background and Context

### 2.1 Overall Context

Sierra Leone is categorized as a low-income country, with more than 50% of the population living below the poverty line. The country has experienced several natural disasters and suffered an Ebola outbreak in 2014 that impacted grant performance. It continues to deal with the impact of COVID-19. The Global Fund Secretariat manages these risks by categorizing Sierra Leone as a challenging operating environment and providing significant support to strengthen the health system overall.

With a population of less than 9 million, the country's GDP is ranked 163 of 173 countries, and is positioned at 181 out of 195 countries in the UNDP's Human Development Index. While its economy depends on agriculture, growth in recent years has been driven by mineral exports.

The national health system operates at 16 district levels. Each district has a health management team and an average of 50 peripheral health units (PHU) and more than 100 technical staff. In 2018, the government launched a social health system insurance program. Challenges facing the health system include underfunding, a heavy disease burden, an inadequate number of health workers and insufficient healthcare skills.

Country data <sup>1</sup>	
Population	8.14 million
GDP per capita	US\$ 515.9
Transparency International Corruption	115 of 180
UNDP Human Development Index	181 of 195
Government spending allocated to health expenditure (% of GDP)	8.75% (2019)



### 2.2 COVID-19 Situation

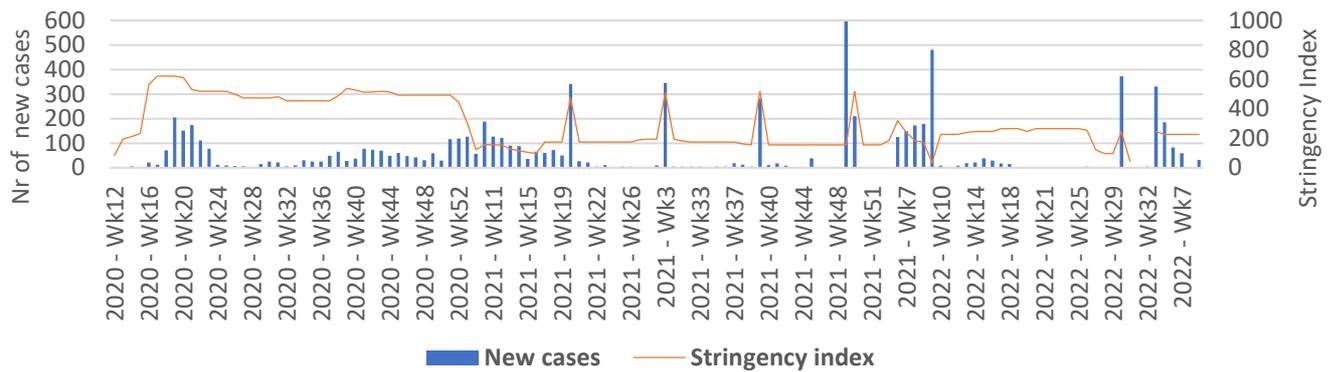
Since 31 March 2020, Sierra Leone has taken stringent containment measures to slow the spread of the virus, including lockdowns and curfews. Cumulatively, from the start of the pandemic until 2 November 2022, the case fatality rate has been 1.6%, which is relatively low for Africa (2.1%) but high compared to worldwide rates (1.1%).

#### COVID-19 statistics (2 November 2022)

- Cases – 7,754
- Active cases – 0
- Recovered – 7,628
- Deaths – 126

<sup>1</sup> Sources: population, GDP from [data.worldbank.org/country](https://data.worldbank.org/country); transparency corruption index from [TICP 2021](https://www.transparency.org/en/ticp-2021); health expenditure from [The Global Economy 2021](https://www.euro.who.int/en/health-topics/communicable-diseases/news/news/2022/03/global-health-expenditure); all accessed 26 October 2022

Figure 1: Weekly COVID-19 cases and stringency index in Sierra Leone<sup>2</sup>

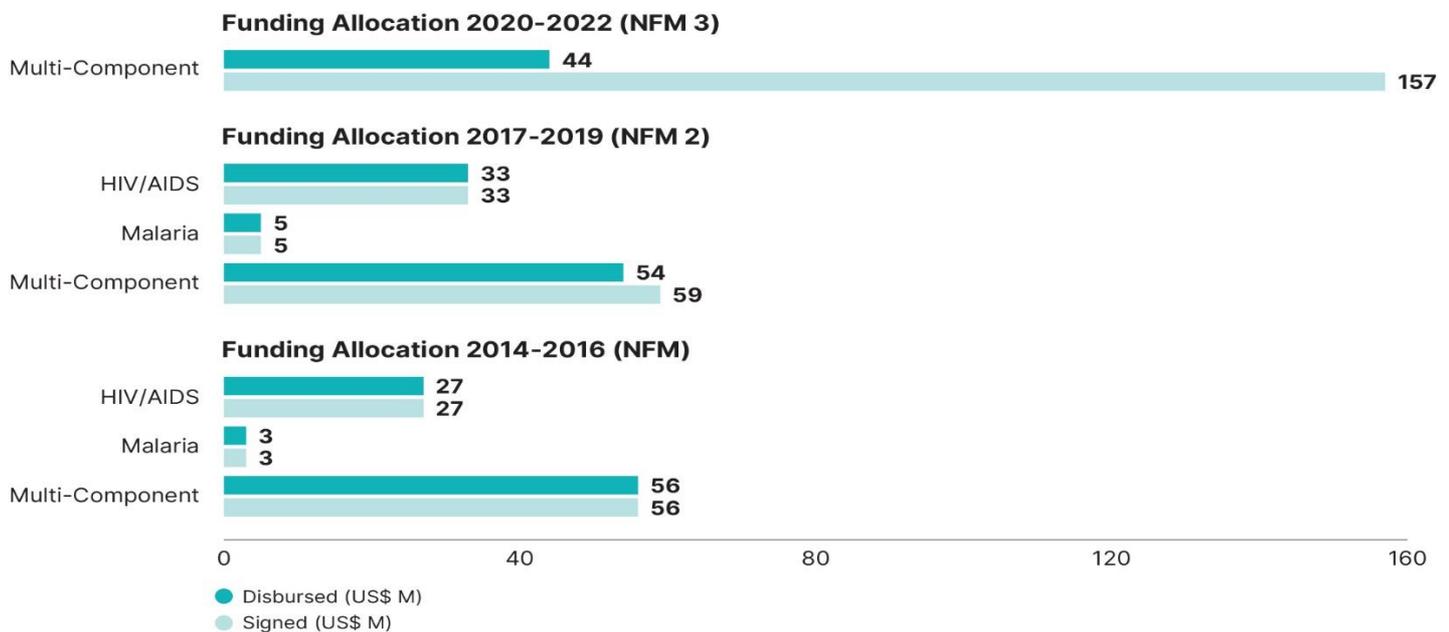


### 2.3 Global Fund Grants in Sierra Leone

Since 2006, the Global Fund has signed over US\$507 million and disbursed over US\$389 million to Sierra Leone. Active grants total US\$157 million for the 2020-2022 funding allocation (June 2021 to June 2024 implementation period), of which 28% has been disbursed. The “ [Global Fund's Data Explorer](#) ” provides the full details for the grants.

For funding allocation 2017-2019, the Ministry of Health and Sanitation (MOHS) was a multi-grant<sup>3</sup> Principal Recipient for TB and malaria, the National HIV/AIDS Secretariat (NAS) was the Principal Recipient of an HIV grant and Catholic Relief Services (CRS) was the Principal Recipient for malaria. The change of implementation arrangement in funding allocation 2020-2022 replaced NAS as the HIV Principal Recipient. Therefore, both CRS and MOHS are Principal Recipients for the multi-grants.

Figure 2: Funding allocations, prior and current funding cycles (as of June 2022, in a million US\$)<sup>4</sup>



<sup>2</sup> University of Oxford [Our world in data](#) Accessed on 2 November 2022

<sup>3</sup> The multi-grant was designed to build on lessons learned from the previous grant, primarily focusing on scaling-up and continuing its high-impact interventions.

<sup>4</sup> <https://data.theglobalfund.org/location/SLE/signed/treemap>

## 2.4 The Three Diseases

<b>HIV / AIDS</b> 	<b>TUBERCULOSIS (TB)</b> 	<b>MALARIA</b> 
<p><b>An estimated 76,000 people are living with HIV</b>, of whom 62% (48,000) know their status. Among identified people living with HIV (PLHIV), 96% were on ARV treatment and 27% on ARVs were virally suppressed. In comparison, the UNAIDS cascade for the African region is 81%, 64% and 52%.</p> <p><b>Annual new infections decreased by 42% since 2010</b>, from 6,700 newly infected people to 3,900 in 2020.</p> <p><b>AIDS-related deaths reduced by 38%</b> from 4,850 in 2010 to 3,000 in 2020.</p> <p><b>It has a mixed and generalized HIV epidemic</b> with a prevalence of 1.7% and a higher prevalence in key populations (11.8% among sex workers, 4.2% among transgender, and 4.2% among people who inject drugs and 3.7 among prisoners).</p> <p>Source: <a href="#">UNAIDS Sierra Leone</a></p>	<p>Sierra Leone is among the <b>30 high-TB burden countries and one of the six countries</b> that achieved the 2020 milestone for TB mortality reduction. The total estimated cases are 24,000 of which 65% are notified.</p> <p><b>TB incidence has reduced by 6% since 2010</b>, from 318 to 298 per 100,000 people in 2020.</p> <p><b>97% of TB patients are tested for HIV</b>. Of the 14% co-infected patients, 95% are enrolled in ARV treatment.</p> <p><b>TB treatment success rate</b> is at 87%, putting it marginally below the 2025 national target of 90%.</p> <p>In 2020, 640 <b>MDR/RR-TB</b> were reported.</p> <p>Source: <a href="#">WHO TB Report 2021</a></p>	<p>Sierra Leone is the <b>26<sup>th</sup> largest contributor</b> to global malaria cases and ranks <b>20<sup>th</sup> for total deaths</b> globally.</p> <p>Sierra Leone carries <b>1.1%</b> of the <b>global malaria burden</b> and <b>1.3%</b> of the mortality rate.</p> <p>There were <b>2.62 million</b> estimated malaria cases in 2020 (<b>-9% since 2010</b>).</p> <p>Estimated <b>malaria-related deaths dropped by 37%</b>, from 16,300 in 2010 to 10,300 in 2020.</p> <p>Source: <a href="#">World malaria report 2021</a></p>

### 3. Portfolio Risk and Performance Snapshot and Status of AMAs

#### 3.1 Portfolio Performance

Performance and grant ratings are shown below for NFM2 allocation (2017-2019) and NFM3 allocation (2020-2022).<sup>5</sup>

##### Funding allocation 2017-2019 (NFM2)

Grant No.	Principal Recipient	Grant component	Grant Start Date	Grant End Date	Signed amount (USD)	Grant ratings									
						Jun 18	Dec 18	Jun 19	Dec 19	Jun 20	Dec 20	Jun 21	Dec 21	Jun 22	
SLE-H-NAS	National HIV/AIDS Secretariat	HIV	1/1/2018	30/06/2021	33,418,543	B1	B1	B1	B1	B1	B1	B1			
SLE-M-CRS	Catholic Relief Services - United States Conference Catholic Bishops	Malaria	1/7/2018	30/06/2021	5,152,662	NA	A2	A1	A1	B1	B1	B1			NA (2)
SLE-Z-MOHS	Ministry of Health and Sanitation of Sierra Leone	Multi (TB, Malaria, RSSH)	1/7/2018	30/06/2021	59,080,526	NA	B1	B1	B1	B1	B2	B2			
<b>Total</b>					<b>97,651,731</b>										

##### Funding allocation 2020-2022 (NFM3)

Grant No.	Principal Recipient	Grant component	Grant Start Date	Grant End Date	Signed amount (USD)	Grant ratings										
						Jun 18	Dec 18	Jun 19	Dec 19	Jun 20	Dec 20	Jun 21	Dec 21	Jun 22		
SLE-Z-CRS	Catholic Relief Services - United States Conference Catholic Bishops	Multi (TB, Malaria, HIV)	1/7/2021	30/06/2024	15,597,645										D5	D5
SLE-Z-MOHS	Ministry of Health and Sanitation of Sierra Leone	Multi (TB, Malaria, HIV, RSSH)	1/7/2021	30/06/2024	141,598,573										C5	C5
<b>Total</b>					<b>157,196,218</b>											

<sup>5</sup> The Global Fund new Grant and Principal Recipient performance rating was introduced in 2022. The programmatic rating scales from A to E (high to low) and the financial rating scale from 1 to 5 (high to low). N/A is due to start of NFM2 CRS and MOHS grants from July 2018. The NA (1) reflects that the grant started only in NFM3, and the N/A (2) is due to the grant ending.

## 3.2 Risk Appetite

The OIG compared the Secretariat's aggregated assessed risk levels of the key risk categories – covered in the audit objectives for the Sierra Leone portfolio – with the residual risk that exists based on the OIG's assessment, mapping risks to specific audit findings.

Audit area	Risk category	Secretariat aggregated assessed risk level (July 2021)	Assessed residual risk based on audit results	Relevant audit issues
Program quality	HIV	High	High	Finding 4.3
	Malaria	Moderate	Moderate	Finding 4.3
	TB	Moderate	Moderate	Finding 4.3
M&E	M&E	High	High	Finding 4.1
In-country governance	In-country governance	Moderate	Moderate	Finding 4.1
Procurement and supply chain management	In-country supply chain	High	High	Finding 4.4
Financial assurance framework and mechanism	Grant-related fraud and fiduciary risks	High	High	Finding 4.2
	Accounting and financial reporting	Moderate	Moderate	Finding 4.1

Overall, the updated Secretariat risk levels assessment is aligned with the OIG audit assessment. The full risk appetite methodology and explanation of differences are detailed in **Annex B** of this report.

## 3.3 Status of Previous OIG Agreed Management Actions

Within the audit period, the OIG issued four audit and four investigation agreed management actions (AMAs). Since then, all AMAs have been implemented. But residual risk remains in three audit AMAs and requires further monitoring. While initiatives for these AMAs have been taken, they are not yet fully effective. The areas that still need improvement are described below.

AMA 1 from the 2018 audit requested the Principal Recipient to develop:

- (a) a procurement plan for the Global Fund grants
- (b) a work plan for key activities under the Global Fund grants
- (c) an activity-level donor map for all funding received by IHPAU for the current grant cycle
- (d) an approved supplier list based on a well-documented selection process

While a work plan for key activities has been designed, follow-up and monitoring is not yet effective, contributing to low grant absorption. Similarly, the procurement plan and vendor database were prepared but not effectively used to monitor progress and mitigate procurement and fraud risk. The donor mapping has not been fully completed, which poses a risk for duplicated activities.

AMA 3 from the 2018 audit required the Principal Recipients to work with the National Quantification Technical Working Group to ensure the use of data to inform decision-making for the management of Global Fund products. In particular, attention should have been paid to the reporting rate of LMIS tools from health facilities to districts and from communities to the central level, and to the use of the information derived from these tools to inform forecasting. While the working groups are in place, they are not effective as noted in finding 4.3 due to remaining data quality gaps that affect national quantification.

AMA 4 consists of the 2018 audit calls for Principal Recipients to develop a comprehensive data quality improvement plan. The plan was established but the OIG noted gaps in implementation. This has created residual risks for the quality of country data overall as noted in finding 4.1.

## 4. Findings

### 4.1 In-country implementation and oversight mechanisms require further strengthening to ensure effectiveness

The OIG assessed the design of the Project Management Unit (PMU) as adequate under the Ministry of Health and Sanitation. Several mechanisms were introduced in NFM3 to strengthen fund accountability and to mitigate fraud risk. Challenges remain, however, around the PMU's capacity to ensure smooth program implementation, absorb funding adequately and conduct monitoring over program activities.

The 2018 OIG audit identified weaknesses in implementation and oversight arrangements that affected the execution of key activities, as well as grant effectiveness and efficiency. As per the agreed management action, the Secretariat worked with the Integrated Health Projects Administration Unit (IHPAU) – which acts as the Program Management Unit (PMU) under the Ministry of Health and Sanitation (MOHS) – to develop a workplan for key activities. Furthermore, the AMA required the Secretariat to develop a comprehensive data quality improvement plan. While these plans have been developed, the OIG noted recurring or persistent implementation issues.

#### **Weak planning, monitoring and capacity lead to implementation delays and poor grant absorption**

Although activity workplans were developed to improve implementation, the IHPAU has no mechanism in place to prioritize activities and monitor their status. As a result, several key interventions and critical grant activities were not implemented, undermining grant performance. For instance, 21 of 27 coverage indicators were not met as of June 2022 and poor monitoring of the workplan led to low absorption compared to the budget (18% on the NFM3 grant after one year of implementation and 3.5% on the COVID-19 Response Mechanism, C19RM, grant).

Several significant delays in processing finance and procurement transactions were noted, limiting grant implementation and leading to service interruptions. For instance, incentives for community health workers for June 2021 were paid with a nine-month delay, while payments to the national medical store were delayed by three months. Likewise, funds amounting to US\$1.2 million were disbursed to seven out of 21 Sub-Recipients as long as three months after the implementation period.

While the IHPAU has a clear reporting structure with direct oversight from the Chief Medical Officer of MOHS, and clear terms of reference, there were no established key performance indicators for the IHPAU. As a result, it is difficult to measure effectiveness and performance at a strategic level. The individual appraisals performed are not robust enough to link performance to job descriptions. There were also no memorandums of understanding (MoUs) between the IHPAU as the Project Management Unit and Sub-Recipients, some of which are departments within the Ministry of Health and Sanitation. As a result, roles and responsibilities of these various stakeholders remain undefined, which makes ensuring stakeholder accountability for service delivery difficult.

The IHPAU has several committees to enhance oversight and governance, but they are not effective in following up on agreed actions. While spot checks are performed as part of financial and programmatic monitoring, they are *ad hoc* and lack planning and risk-based methodology.

Staffing challenges and delays in the staff recruitment process at the IHPAU have affected implementation capacity. IHPAU-managed funds increased by 145% between NFM2 and NFM3, with the number of Sub-Recipients increasing from 12 to 20, as well as an additional 16 Sub-Recipients for the C19RM grant. The total staff remained at 17-18 staff members between 2018 and 2022. An assessment of staff needs and capacity to manage this increased workload was completed, but only for the finance department. The number of critical staff in finance and procurement remained the same. The Country Team has approved two additional finance staff, however, by the time of this audit (16 months into the grant period), recruitment was not finalized. In addition, no staff at the IHPAU have been designated for monitoring and evaluation, oversight, or coordination.

The OIG noted high turnover of procurement staff with poor handover processes. Staff motivation also decreased owing to an effective reduction in staff compensation from currency devaluation (over 100%) and change of contract terms that increased employee taxation levels. The Global Fund approved salary adjustments, but these are yet to be implemented.

### **Donor mapping remains in an initial stage, limiting the MOHS's ability to track overlapping activities**

AMA 1 from the 2018 audit required a donor mapping to respond to the risk of duplication or activities financed from various donors. The Ministry of Planning and Economic Development and the Ministry of Health and Sanitation (MOHS) have collaborated to undertake this activity with support from the Global Fund and the World Bank. At the time of the audit, the donor mapping was still in an initial stage. So far, a list of MOHS donors and NGOs from between 2017 and 2018 has been developed. But the mapping still lacks a consolidated budget and workplan for all donors differentiated by regions, programs and activities. Consequently, there is still no adequate mechanism to track duplication or overlapping activities or to review cross-cutting issues – a risk identified in the previous audit.

### **Delays in implementing the data quality improvement plan limits data for decision making**

The 2018 audit concluded that there were weaknesses in the accuracy, timeliness, and completeness of programmatic data at the service delivery level, despite a US\$1.5 million investment to strengthen the District Health Information System 2 (DHIS2). Since the last audit the OIG noted some improvements with data accuracy, timeliness, and completeness. Today, 131 private facilities and 28 faith-based facilities are currently enrolled onto DHIS2, and all Report, Request, and Issue Voucher (RRIV) forms are fully integrated into DHIS2 for both peripheral health units and hospitals. Currently, a total of 1,400 health facilities are reporting through DHIS2, and seven Global Fund indicators are tracked through this system.

Responding to the last audit AMA, the country has developed a data quality improvement plan (DQIP) for the period 2020-2022 with an overall budget of US\$2.1 million. While the OIG found that the plan was generally properly designed, some improvements are needed to better define timelines, expected impact and outcome of each action, as well as key accountabilities. Significant delays were also noted in implementation.

While the plan indicated that an M&E framework would be put in place to monitor its execution, evaluate results, and update the DHIS2 operational plan, this framework was never developed. Similarly, a mid-term evaluation of the DQIP was supposed to be conducted but was not undertaken. Although DQIP implementation was anticipated for the period 2020 to 2022, only approximately 35% of actions were implemented at the time of audit fieldwork in October 2022. Critical activities such as the development of the TB patient tracker, and interoperability with m-supply, remain unimplemented and delays in other activities were noted.

Most delays and implementation challenges were attributed to weak planning and poor coordination. There was no mechanism to track progress of planned activities. The IHPAU did not assign responsibility for implementation of those activities and were not represented at Technical Working Group meetings. Poor contract management in the IHPAU and the Directorate of Policy, Planning, and information (DPPI) led to the discontinuation of cloud hosting services and a shutdown of DHIS2 for almost two months. At the time of the audit, a catch-up plan had been prepared although it did not provide timelines for implementation and was not yet approved.

The OIG identified stock-outs of reporting tools at the facility level due to delays in design, printing, and distribution of new tools and delays in procuring computers for the Division of Health Management Teams (DHMTs) at hospital and national levels. While 131 out of 147 private facilities were enrolled onto DHIS2 by September 2022, their reporting rates remain low. Especially for TB, for which only 25% of facilities had reported treatment outcomes, and for HIV, for which only 49% of facilities reported on HIV indicators. Overall, the DHIS2 data is not yet reliable since reporting rates remain low, especially at the hospital level. Reporting from community health centers (CHC) and maternal and child health primary services (MCHPS) is between 3% and 38%. Timelines of monthly facility reporting also remain inadequate with the percentage of reports received on time at 26%, which is well below the target of 82% as of June 2022.

Agreed Management Action 1:

The Global Fund Secretariat will collaborate with the Principal Recipient MOHS to enhance the IPHAU-PMU oversight mechanism. Specifically:

A. Establishing performance targets which measure IHPAU-PMU performance against expected deliverables and assessment of staffing need.

B. The operationalization of performance monitoring mechanism.

OWNER: Head of Grant Management Division

DUE DATE:

Part A Due date: 31 December 2023

Part B Due date: 31 August 2024



## 4.2 While the overall fiduciary assurance framework has improved, Principal Recipient and Fiscal Agent oversight on fraud and procurement management needs strengthening

Although the PMU and Fiscal Agent introduced additional measures for financial assurance and identification of fraud risk, the Fiscal Agent's capacity to identify and mitigate fraud risk needs strengthening. Procurement management is yet to be effective in driving timely implementation of activities and managing fraud.

During implementation of the 2020 Agreed Management Actions (AMAs), the scope of the Fiscal Agent's terms of reference with the Global Fund were updated to include identifying and reporting prohibited practices to the Global Fund. AMA 1 from the 2018 audit also required the Project Management Unit (PMU) to strengthen procurement management by developing a procurement plan and a well-documented approved supplier list.

Since NFM3, the Global Fund Secretariat has implemented control measures to reduce the risk of fraud associated with procurement procedures. The Local Fund Agent and Fiscal Agent now review procurement transactions before a contract award and a "no objection" must be obtained from the National Public Procurement Authority (NPPA) for all single-source procurements. The Fiscal Agent introduced additional measures to enhance financial and procurement assurance, such as a step review of procurements above Sierra Leonean Leone (SLL) 30 million, as well as fraud and red flag trackers. Mobile money payment for daily subsistence allowances (DSA) were introduced and the Fiscal Agent also acts as the second signatory for payments. Lastly, GPS tracking was implemented for all vehicles to confirm travel activities.

While these mitigation measures are well designed, improvement is needed. In particular, the Fiscal Agent's capacity to mitigate fraud risk and to ensure effectiveness needs further strengthening. Improvement in the PMU's procurement management capacity is also critically needed to ensure smooth implementation.

### **Fiscal Agent capacity in procurement and fraud risk management can be improved to better safeguard grant funds**

The continued occurrence of opportunistic fraud in the Sierra Leone portfolio illustrates the Fiscal Agent's limited capacity to manage fraud risk effectively. Fiscal Agent team members do not have fraud certifications or professional experience in proper procurement management. Instead, the staff rely on their financial management expertise. This can help to explain the team's inability to adequately identify procurement and fraud risks, and the slow progress in building the Project Management Unit's capacity in these areas.

As part of the enhanced measures to mitigate fraud risk, the Fiscal Agent reported 12 red flags in the fraud and red flag trackers submitted to the Global Fund. Significant red flags were related to procurement. Yet out of the 12 red flags reported between 2020 and 2022, eight red flags are yet to be investigated and resolved at the time of the audit. Some of the red flags also lie at the level of the local authority follow up process.

While the Fiscal Agent performs some controls, the OIG found that not all are properly documented. The Fiscal Agent follows up with the Project Management Unit on matters of contract management and extension, however, the Fiscal Agent does not document its activities in a comprehensive contract management tracker.

The terms of reference clearly define the Fiscal Agent's role to strengthen the Project Management Unit's capacity. The Fiscal Agent has undertaken some capacity-building activities as a part of on-the-job training for Principal Recipient staff. However, the Fiscal Agent has not yet developed a comprehensive capacity-building training plan to ensure sustainable oversight.

## Weaknesses in PMU financial management controls, rendering the program vulnerable to fraud

The Principal Recipient issued advances of Sierra Leonean Leones 27,488 million (US\$2.3 million) to 11 implementers and Sub-Recipients, between July 2021 and June 2022, for the NFM3 grant. But the finance division in the Project Management Unit did not maintain a consolidated advance and liquidation tracker. The audit noted pending mobile money liquidation of approximately US\$167,000 from the mobile money reconciliation statement of August 2022, which relates to daily subsistence allowances (DSA) from January to June 2022. Additionally, advances of US\$1 million issued to Sub-Recipients in December 2021 were not liquidated at the time of the audit. The OIG also noted duplications in transaction reference numbers (approximately 8% of financial transactions in NFM3) that lead to increased fraud risk. Although the Fiscal Agent occasionally follows up with Principal Recipients regarding liquidation of advances for implementers and Sub-Recipients, there is no standard frequency or process (i.e., sharing the list of pending liquidations for action). These unliquidated advances increase risk for misuse of grant funds. The financial software SunSystems is currently under procurement process to enhance financial recording process.

## Various procurement processes need strengthening to ensure timely delivery of activities

The OIG noted inadequate monitoring of the procurement plan, leading to procurement delays. While a procurement plan was properly designed, it was not effectively used as a tool to execute procurements on time. The IHPAU did not update the procurement plan with the status/dates of procurements to monitor progress and the tracking tool maintained is not linked to the procurement plan. Consequently, the OIG noted unplanned procurements, as well as procurement delays that affected activities. Although the Fiscal Agent's role was expanded to include monitoring of procurement procedures, it is still not effective.

Weak controls over contract management have also led to the cancellation of critical services, such as hosting and maintenance for DHIS2. The IHPAU does not maintain an adequate contract management tracker. A quarterly procurement process status update sheet is maintained which includes the contract amount, supplier name, payment processing status, etc. However, it does not include critical information such as payment terms, signing date, renewal date, invoicing date, and date of expected completion of deliverables. As a result, the OIG noted significant delays in contractual payments, execution of contract amendments, contract amendment after the expiry of the contract (lead time approximately six months), and the discontinuation of critical services in some instances. For example, the DHIS2 server hosting provider canceled services, which led to the shutdown of the Health Management Information System in May 2022. The GPS tracking service was also cancelled in August 2022.

Finally, insufficient progress has been made to enhance vendor management. Although the OIG noted an initiative to develop a vendor list, the Principal Recipient needs to enhance its quality and use. For example, the 2021 vendor list did not categorize vendors based on items supplied to ease selection processes. There is no vendor rating system and as a result, no mechanism to classify vendors based on performance or to sanction suppliers involved in fraud or with unsatisfactory performance.

### Agreed Management Action 2:

Building on the existing risk assurance plan, the Secretariat will support the Principal Recipient – Ministry of Health and Sanitation (MOHS) with:

- i. Implementation of road map (risk assurance plan) which incorporates the outcomes of completed the fraud risk assessment and updated where relevant on the areas identified in the OIG follow up audit, in particular improvement and monitoring of liquidation of advances, and procurement gaps.
- ii. addressing the weaknesses identified by the OIG follow up audit related to procurement processes to improve timely delivery of activities.

OWNER: Head of Grant Management Division

DUE DATE: 30 June 2024

### 4.3 Ensuring a robust community health worker program requires continued support and refresher trainings

Although Sierra Leone implemented the new integrated community health worker program, there was a missed opportunity to ensure continuity of services during the first phase of implementation.

Sierra Leone has developed and rolled out an integrated community health worker program in line with AMA 2 from the 2018 audit. The integration reduced the total number of community health workers from 18,000 to 8,700 and the program is now fully donor funded (GFATM 60%, GAVI 20% and USAID 20%). An integrated curriculum has been developed with national programs for the three diseases in consultation with UNICEF, USAID and other stakeholders.

Training of community health workers and peer supervisors in eight districts was completed in the new program. Training for the remaining eight districts started in October 2022. A community Health Information System (CHIS) was developed with technical assistance from UNICEF and is currently being integrated into DHIS2.<sup>6</sup>

While the new community health worker program was properly designed and has potential to improve access to services, the OIG identified various challenges.

#### **Delays in transitioning to full implementation of the new CHWP policy has affected service delivery**

The new Community Health Worker Policy (CHWP) was meant for launch in July 2021 once training was complete. However, training began nearly a year later between May and June 2022. This was due to COVID-19 related delays in accessing funds and planning with mobile companies for fund transfers. There was also a six-month gap between identifying community health workers and training due to changes in selection requirements, which led to dropouts.

These delays contributed to service disruptions at the community level that the OIG saw reflected in program performance. TB cases notified by community health workers, for instance, declined to 4% from a peak of 34%. A similar trend was noted in the malaria program, which saw the number of suspected malaria cases tested and treated at the community level fall from 122,011 in June 2021 to 44,035 in December 2021 and to 30,880 by June 2022. Similarly, testing and treatment of malaria cases declined for the same reporting period.<sup>7</sup>

#### **Community health workers are not fully equipped to deliver on their mandate**

At the time of the audit, community mapping and household listing work had begun in eight districts with trained community health workers. Out of the 19 workers that the OIG interviewed during field visits, eight were first time workers in the program and needed effective supportive supervision. And while they had access to tools and forms to record data for malaria, they lacked reporting tools for TB and HIV.

The MoU signed between community health workers and the peripheral health units (PHUs) in charge did not specify the monthly incentive amount. Therefore, none of the community health workers had received any incentive payment up to the date of the audit, despite completing training in June 2022 and having started work on mapping and household listing due to delays in submission of deliverables. Moreover, community health workers had not received any medicines or supplies for Integrated Community Case Management (ICCM). Community health workers also reported mobility challenges in remote areas, especially during the rainy seasons that impacted their mobility.

<sup>6</sup> District Health Information Software 2 (DHIS2) is an open source, web based HMIS platform. Core software development is managed by the HISP at the University of Oslo.

<sup>7</sup> Declines in malaria testing: 86,332 to 32,578 to 20,776. Declines in malaria treatment: 57,800 to 16398 to 10522.

## 4.4 The design and implementation of supply chain arrangements remains weak, impacting the availability of drugs to patients

The Global Fund has continued to support supply chain improvement in Sierra Leone by investing in infrastructure and developing the logistics management information system, mSupply. Yet supply chain arrangements remain weak with frequent stock-outs at all levels and drug expiries. The OIG attributes this weakness to gaps in quality data for supply chain planning, weak distribution arrangements and ineffective stock management. All together these issues undermine the quality of service for patients in the fight against the three diseases.

Sierra Leone has improved some aspects of its supply chain management as part of AMA 3 in the 2018 OIG audit. The National Quantification Committee (NQC) and Technical Working Groups (TWGs) were revamped with updated terms of reference and meetings are now held regularly. This has strengthened coordination across the multiple stakeholders involved in HIV and malaria programs. Visibility on supply chain data has been enhanced up to district warehouses and hospital pharmacies with coverage of mSupply,<sup>8</sup> the logistics management information system, in 13 of 16 districts.

Despite these advances, the OIG found that significant gaps remain in supply chain management that led to stock-out of key HIV, TB and anti-malaria health products at all levels, impacting quality of services for patients. The principal recipient attributed stock-out for HIV testing kits as a key factor in its inability to meet HIV testing targets for the period January-June 2022 with only 30% of the targeted sex workers and 34% of men who have sex with men having been tested.

The regions visited by OIG represent 27% of HIV patients under ART treatment, 17% of malaria cases and 20% of TB cases.<sup>9</sup> The table below shows an overview of stock-outs that the OIG identified during the audit.

ITEM	NMSA (Central)		DMS (District)		PHU (Facilities) – 9 visited	
	No. of Stock-outs	Duration of Stock-outs (Days)	No. of Stock-outs	Duration of Stock-outs (Days)	No. of PHUs with Stock-outs	Duration of Stock-outs (Days)
<b>HIV</b>						
Abacavir & Lamivudine 120mg/60mg	1	10	2	80 – 240	1/9	26
HIV 1 & 2 Rapid Test Kit, Determine, Pcs	1	37	10	14 – 244	3/9	28 – 147
TLD 300mg & 300mg & 50mg	1	-	5	2 – 61	3/9	13-58
TLE 300mg & 300mg & 400mg	-	-	1	132	3/9	8 – 72
<b>Malaria</b>						
ACT – Infant 6 Tabs	3	36 – 209	13	1 – 282	6/9	9 – 57
ACT – Adult 24 Tabs	4	29 – 208	11	8 – 209	8/9	3 – 88
Artesunate 60mg/ml, Inj, Vial	4	11 – 36	6	2 – 136	5/9	11 – 130
Malaria Rapid Diagnostic Test (RDT) Kit	1	104	7	5 – 209	7/9	6 – 38
<b>TB</b>						
RHZE (150/75/400/275mg)	3	1 – 169	9	13 – 280	3/9	20 – 92

There were significant expiries of health products worth over US\$900,000, comprising mostly HIV health products at the central level, and at two out of nine health facilities visited. Expired test kits led to the low number of people who

<sup>8</sup> mSupply is an electronic inventory management system used at NMSA, district medical stores and large hospitals

<sup>9</sup> See Annex 1: Frequency and duration of stock-outs of selected HIV, TB and malaria commodities

inject drugs being tested. The percentage of people who inject drugs reached with HIV prevention programs, between January and June 2022, was 27% against a target of 50%.

The OIG attributes the frequent stock-outs at all levels to inadequate data to support forecasting and quantification, ineffective inventory management controls and significant delays in custom clearance.

### **Inadequate LMIS data to support forecasting and quantification and delays in custom clearance affect drug availability at all levels**

Logistics management information system (LMIS) data is available in mSupply, the warehouse inventory management system, and RRIVs (report, request and issue vouchers) are reported in DHIS2. Yet quantification is limited by a lack of reliable data. This is due to suboptimal reporting rates and poor data quality in the two systems. Reporting rates from hospitals averaged 28% with poor timeliness of submission for both peripheral health units (average 23%) and hospitals (average 6%) over the audit period. The OIG also found that mSupply had not been rolled out in 13 of 16 districts. In the districts where the roll-out is complete, the data available is not always accessible or used by the procurement and supply management (PSM) team.

While meetings of the National Quantification Technical Committee were held regularly for HIV and malaria programs, this was not the case for TB programs (only one of the expected 14 meetings was held). These meetings are necessary to effectively coordinate stakeholders involved in supply chain activities that minimize stock-outs and expiry risk. Despite meeting regularly, the effectiveness of PSM monitoring remains weak as meetings are not informed by quality data and no significant plans exist to address the gaps identified. Quality consumption data from health facilities to ensure accurate quantification and forecasting was not available. Consequently, the HIV and TB programs used morbidity data-driven quantification methods, while the malaria program – which incorporated triangulation of consumption estimates against projected client numbers – still relied on demographic data. This has led to inaccurate quantification and forecasting of health commodities, leading to significant stock-outs and expiries.

The OIG noted inadequate arrangements for waiver processing and customs clearance for Global Fund commodities with delays up to nine months, making these commodities unavailable for distribution. Since the safety stock is maintained for three months, a nine-month delay can significantly affect drug availability.

### **Weak inventory management controls affect accountability at all levels**

There were frequent, unsupported adjustments of stock available (balances) in mSupply amounting to US\$2.88 million (of positive adjustments) and US\$1.84 million (of negative adjustments).<sup>10</sup> Previous stock counts performed have revealed differences, and the adjustments made were neither justified nor documented. The OIG's stock count for selected products at the central warehouse established variances related to actual counts amounting to US\$70,804 (representing approximately 4% of stock counted). This was partly due to incomplete product details (such as batch number and expiry dates), locations in the store (products not found in the designated location) and duplicate entries in the system.<sup>11</sup>

Similarly, physical counts at sampled health facilities and district medical stores established that stock control records, where available, were not always up to date. The high-level reconciliation of stock movements between July 2020 and June 2022 for 11 selected health commodities at the central level returned a variance of US\$279,816. This represents 2% of the total value of target products received during the review period that could not be accounted for.<sup>12</sup> These variances can be attributed to gaps in the existing standard operating procedures (SOP) for logistic management at central, district and service delivery points.

In addition to weak controls over inventory management, storage conditions in the nine warehouses visited were not ideal. In one warehouse, the store was above tolerable levels throughout the periods when stock counts were conducted. Staff were also not provided any protective gear while on the warehouse floor and there were lax

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<sup>10</sup> Positive adjustments are done for stock added to inventory, while negative adjustments are done to remove stock from inventory. There is higher risk on unexplained negative stock adjustments.

<sup>11</sup> Stock count at Fawaz Warehouse conducted on October 12, 2022.

<sup>12</sup> Auditors reconciled stock received, issued out for distribution, positive and negative adjustments to calculate expected stock at the end of June 2022 against the stock reflected in mSupply at NMSA on the same day.

procedures for security checks at entry and exit. A theft of 500 HIV test kits worth approximately US\$50,000 from the central warehouse was reported by NMSA and was under investigation by local authorities at the time of the audit. Conditions were equally poor at all the nine health facilities visited, increasing the risk of poor quality of drugs available for beneficiaries.

Agreed Management Action 3:

Building on the newly developed National Health Supply Chain Strategy (NHSCH) 2023-2027, the Global Fund Secretariat will support the MOHS, by providing gap funding alignment across the partners and operational assistance to:

- i. improve the efficacy of the TB Forecasting and Technical Working group through defining roles and responsibilities and establishing oversight of Working Group operations,
- ii. finalize the deployment of Logistics Management Information System (LMIS) data management systems and processes integrated with distribution and supply planning processes, strategically phasing in the digitalization and automation of data capture, reporting and analysis tools at service delivery points.
- iii. address weak inventory Management controls at central level, specifically ERP data quality and oversight.

OWNER: Head of Grant Management Division

DUE DATE: 30 June 2025

## Annex A: Audit Rating Classification and Methodology

<b>Effective</b>	<b>No issues or few minor issues noted.</b> Internal controls, governance and risk management processes are adequately designed, consistently well implemented, and effective to provide reasonable assurance that the objectives will be met.
<b>Partially Effective</b>	<b>Moderate issues noted.</b> Internal controls, governance and risk management practices are adequately designed, generally well implemented, but one or a limited number of issues were identified that may present a moderate risk to the achievement of the objectives.
<b>Needs significant improvement</b>	<b>One or few significant issues noted.</b> Internal controls, governance and risk management practices have some weaknesses in design or operating effectiveness such that, until they are addressed, there is not yet reasonable assurance that the objectives are likely to be met.
<b>Ineffective</b>	<b>Multiple significant and/or (a) material issue(s) noted.</b> Internal controls, governance and risk management processes are not adequately designed and/or are not generally effective. The nature of these issues is such that the achievement of objectives is seriously compromised.

The OIG audits in accordance with the Global Institute of Internal Auditors' definition of internal auditing, international standards for the professional practice of internal auditing 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 documents help safeguard the independence of the OIG's auditors and the integrity of its work.

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 is used to provide specific assessments of these different areas. 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, supply chain management, change management and key financial and fiduciary controls.

## Annex B: Risk Appetite and Risk Ratings

In 2018, the Global Fund operationalized a Risk Appetite Framework, setting recommended risk appetite levels for eight key risks affecting Global Fund grants, formed by aggregating 20 sub-risks. Each sub-risk is rated for each grant in a country using a standardized set of root causes and combining likelihood and severity scores to rate the risk as Very High, High, Moderate or Low. Individual grant risk ratings are weighted by the grant signed amounts to yield an aggregate Current Risk Level for a country portfolio. A cut-off methodology on high risks is applied (the riskiest 50% of grants are selected) to arrive at a country risk rating.

OIG incorporates risk appetite considerations into its assurance model. Key audit objectives are generally calibrated at broad grant or program levels, but OIG ratings also consider the extent to which individual risks are effectively assessed and mitigated.

Assessed residual risks are compared against the Secretariat's assessed risk levels at an aggregate level in the eight key risk areas that fall within the audit's scope. In addition, a narrative explanation is provided every time the OIG and the Secretariat's sub-risk ratings differ. For risk categories where there is no set formal risk appetite or levels, OIG opines on the design and effectiveness of the Secretariat's overall processes for assessing and managing those risks.

### **Global Fund grants in Sierra Leone: Comparison of OIG and Secretariat risk levels**

Overall, the updated Secretariat risk levels assessment is aligned with the OIG audit assessment.

## Annex C: HIV, malaria commodities held in customs for >2 months at time of audit

ITEM DESCRIPTION	BL NO	ARRIVAL DATE AT PORT	DURATION AT THE PORT (days)
<b>HIV</b>			
Water Base Lubricants 5mls/Sachets	214616925	29-Dec-21	288
Cotrimoxazole 480 mg Tab	MEDUM 2314802	24-Feb-22	231
SD Bioline HIV Test Kits	217743640	28-Jun-22	107
TLD 300/300/50mg	COPO238536	29-Jun-22	106
TLD 300/300/50mg	AMC1817096	4-Jul-22	101
Disinfecting Swab and water for injection 5mls	219069273	21-Jul-22	84
Cotrimoxazole 480mg Tablets	219456888	7-Aug-22	67
<b>MALARIA</b>			
Artemether/Lumefantrine 20/120mg 24 tab	914431472	23-Aug-22	51
Artemether/Lumefantrine 20/120mg 6 tab	914389010	8-Aug-22	66
Pyrimethamine/Sulfadoxine 25/500mg 3 tab	COP0238174	18-Jun-22	117
Pyrimethamine/Sulfadoxine 25/500mg 3 tab	SHZ4904677	20-Jun-22	115