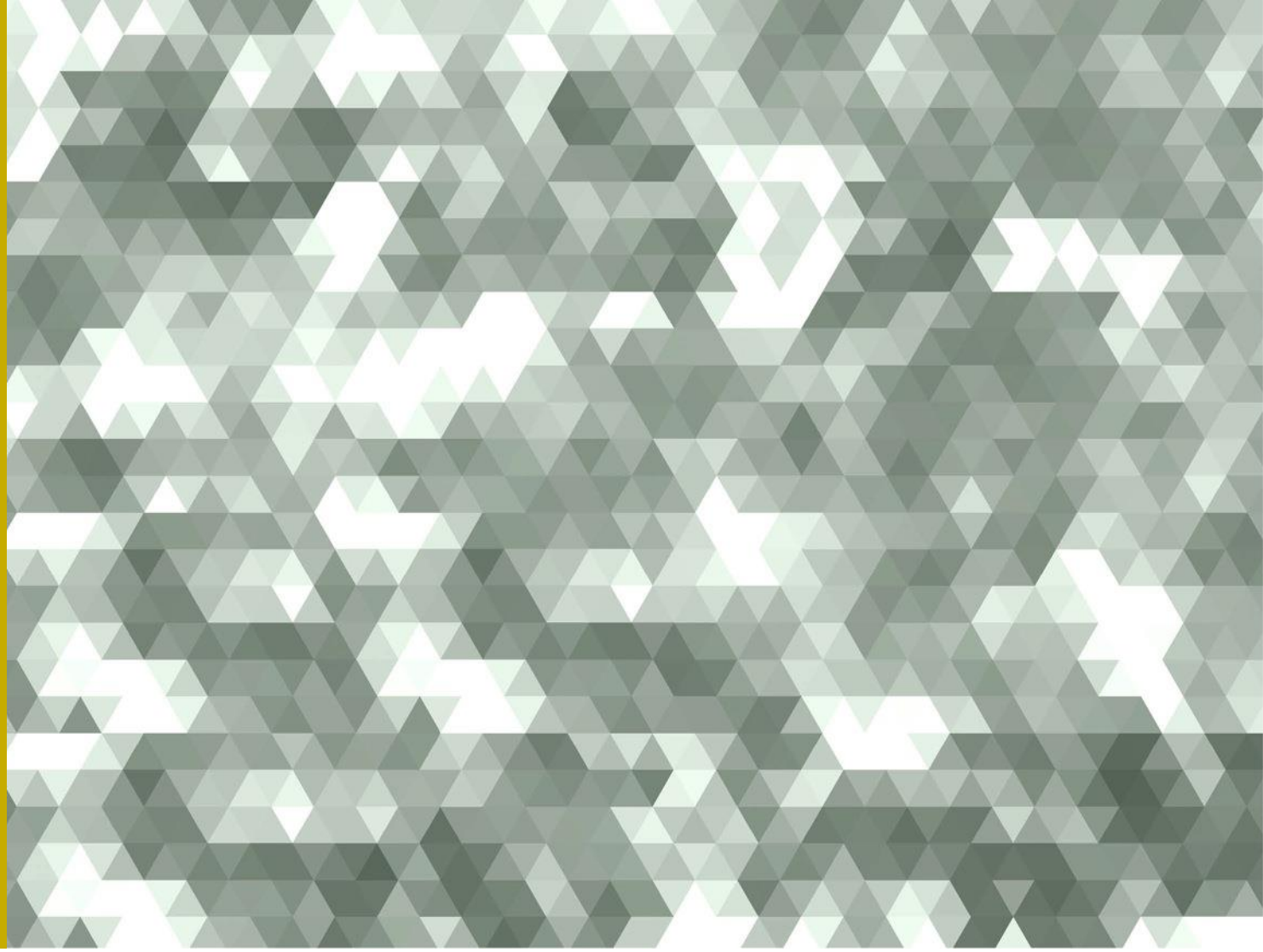

Audit Report

Global Fund Grants to the Republic of Uganda

GF-OIG-16-005
26 February 2016
Geneva, Switzerland

The Global Fund
Office of the Inspector General

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I. Background

Uganda is one of the members of the East Africa Community. The country has a population of approximately 34.9 million and has one of the highest population growth rates in the world at 3.03%.[1] Approximately 82% of the population lives in the rural areas. The country has sustained one of the world's fastest economic growth rates of the last two decades, averaging over 6% per annum[2]. However, Uganda remains one of the least developed countries in the world with a gross national income per capita of USD 680 in 2014.[3] Poverty levels remain high with half of the population subsisting on less than USD 1.25 per day.

The country was ranked 164th out of the 187 countries in the United Nations Development Program (UNDP) Human Development Index (HDI) report for 2014. Transparency International's 2014 Corruption Perception Index ranks Uganda as number 142 out of 175.[4] The country's total health expenditure per capita has continued to increase marginally from USD 53 in 2011, USD 57 in 2012 and USD 59 at the end of 2013[5].

The health system in Uganda is composed of the public, private-not-for-profit and private-for-profit providers as well as traditional practitioners. Fifty two per cent of all the hospitals and health facilities in the country are public, 41% are private not for profit and 7% are private for profit.[6] Uganda runs a decentralized health system with national and district levels. Considerable disparities exist in the quality and coverage of health services across the districts. The lowest rung of the district-based health system consists of level 1 health services. The next levels are Health Center II-IV which progressively service a larger number of people.

The three diseases in Uganda

HIV

Uganda accounts for 5 percent of the global HIV burden. The country has a generalized epidemic with 1.5 million people living with HIV and an estimated prevalence rate of 7.3%.[7] The country has made great headway in the control and treatment of HIV/AIDS as demonstrated below:

- reduction in new infections from 140,000 in 2010 to less than 100,000 at the end of 2014;
- sustained decline in HIV/AIDS mortality from 50,000 in 2010 to 33,000 in 2014;
- increase in the proportion of adults and children receiving antiretroviral therapy from 21% in 2010 (260,866) to 50% in 2014 (749, 308);
- decline in the proportion of infants born to HIV infected mothers who become HIV infected from 10.6% in 2012 to 7.1% in 2014; and
- retention of people on antiretroviral therapy after 12 month of initiation on treatment has increased from 70% in 2011 to 85% at the end of 2014.[8]
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At the time of the audit, the country was planning to undertake an HIV impact assessment to gain better insight on HIV incidence as well as prevalence.

Tuberculosis

Uganda accounts for 1 % of tuberculosis (TB) global burden and ranks 20th among the 22 high burden countries. Available World Health Organization estimates indicate that Uganda has experienced a decline in TB incidence, prevalence and mortality and is one of the 7 amongst the 22 high burden countries that attained Millennium Development Goal 6.[9] However, it is also widely acknowledged that the uncertainty around the estimates, a weak surveillance system coupled with lack of vital

[1] National Population and Housing Census 2014- Republic of Uganda
[2] IMF Article IV consultation report June 2015
[3] World Bank Uganda pages summary
[4] Transparency International 2014 index
[5] World Bank Uganda pages summary
[6] National TB SP 2014-2018
[7] GAPR 2014/15
[8] GAPR 2014/15
[9] This relates to halting and reversing the incidence of TB and the STOP TB partnership target of halving the prevalence and mortality of TB relative to 1990 levels

registration, limit the country's ability to make firm conclusions regarding observed trends. At the time of the audit, the country was finalizing its TB prevalence survey, which is expected to provide an updated picture of the TB burden in Uganda.

Malaria

Ugandans are the fifth largest population at risk of malaria in the world and the country accounts for 4% of the global burden. The country is ranked 3rd out of the 18 countries that account for 90% of *P. falciparum* infections in Sub-Saharan Africa.[10] Uganda has made significant progress in reducing malaria burden as shown by:

- malaria prevalence in under 5 children decreasing from 42 percent in 2009 to 19 percent in 2014/15; and
- increase in household ownership of at least one bed net from 47% in 2009 to 90% in 2014/15. Bed net usage among children under 5 increased from 33% in 2009 to 74% in 2014/15.

However, malaria remains a major public health problem accounting for 30%-50% of the outpatient cases, 15-20% of admissions and 9-14% of inpatient deaths in Uganda.[11]

The Global Fund support in Uganda

Since its inception in Uganda in 2002, the Global Fund has signed a total of 20 grants amounting to USD 1 billion, USD 623 million of which had been disbursed to the country at the time of the audit. The active grants at the time of the audit were:

Component	Signed USD in million	Committed USD in million	Disbursed USD in million	Undisbursed USD in million
HIV	183	112	22	161
Malaria	149	132	16	133
Tuberculosis	37	21	17	20
HSS	22	15	1	21
Grand Total	**391**	**280**	**56**	**336**

The grants are implemented by two Principal Recipients, The Ministry of Finance Planning and Economic Development and The AIDS Support Organization (TASO). The Ministry of Finance has delegated responsibilities with respect to implementation of the grants to the Ministry of Health.

Approximately 90% of Global Fund grants to Uganda are spent on the procurement of medicines and health products. The Secretariat's Pooled Procurement Mechanism procures all health commodities with the exception of tuberculosis drugs which are procured by the Global Drug Facility.

[10] WHO 2014 World Malaria report
[11] MIS 2014-2015

II. Scope and Rating

Scope

This audit was undertaken according to the Office of Inspector General (OIG)'s risk-based audit plan for 2015. The OIG through this audit seeks to provide independent assurance to the Board on the adequacy and effectiveness of current grant implementation arrangements in ensuring that:

(i) the supply chain system delivers and accounts for quality assured medicines and health products in a timely manner;
(ii) accurate and timely data is available to support decision making and quality of service; and
(iii) internal controls result in economic, efficient and effective use of grant funds.

The audit covered:

- the current arrangements in place for all grants to Uganda including the private and public sector;
- arrangements for future grants implementation in Uganda under the New Funding Model;
- the seven grants implemented by the Ministry of Finance, Planning and Economic Development, The AIDS Support Organisation (TASO) and their Sub Recipients and Sub Sub Recipients from January 2013 to June 2015. However, findings from our visit to the implementation sites include observations noted as of the time of our visit (November 2015); and
- Visits to four sub recipients and sub-sub recipients, field visits to 50 hospitals and health facilities, National Medical Store, Joint Medical Store, and District Medical Offices. The 50 health facilities comprised of 40 public and 10 private sector facilities.

Rating[12]

Operational Risks	Rating	Reference to findings
Programmatic and Performance: accurate and timely data is available to support decision making and quality of service	Partial Plan to Become Effective	IV.1, IV.2, IV. 4
Financial and Fiduciary: available grant funds are spent in an economic, efficient and effective manner	Partial Plan to Become Effective	IV. 5
Health Services and Products: Ability of the supply chain to deliver and account for quality assured medicines and health products in a timely manner	Ineffective	IV.1, IV 3
Governance, Oversight and Management: adequacy and effectiveness of current grant implementation arrangements	Ineffective	IV.2, IV.3, IV.5

[12] See Annex A for the rating definitions

III. Executive Summary

The Global Fund has signed a total of 20 grants amounting to USD 1 billion, USD 623 million of which has been disbursed to the Republic of Uganda since 2002. The audit of grants in Uganda, sought to provide independent assurance to the Board on the adequacy and effectiveness of current grant implementation arrangements in ensuring that:

<u>The supply chain system delivers and accounts for quality assured medicines and health products in a timely manner:</u>

Approximately 90% of grant funds are spent on the procurement, storage and distribution of health commodities. The Global Fund's Pooled Procurement Mechanism buys the majority of the medicines and health products on behalf of the country, which has significantly improved procurement timelines and reduced commodity prices. [13]

Uganda has made progress in the control and treatment of HIV, tuberculosis and malaria with a reduction in new infections and/or incidence. However, if unaddressed, pervasive stock-outs of key medicines at all levels will result in treatment disruption for patients. Seventy per cent of the 50 health facilities visited during the audit reported stock-outs of at least one critical medicine, with HIV drugs being the most affected of the three diseases. Furthermore, 54% of the health facilities visited had accumulated expired medicines, partly funded by Global Fund.

The country's supply chain management system has supported the scale-up of interventions across the three diseases. However, the supply chain system remains ineffective in distributing and accounting for medicines and commodities received from the Global Fund. There were reported cases of theft of commodities including 40 cartons of artemisinin-based combination therapies delivered to the national referral hospital in October 2015. The audit also noted unexplained stock differences at different levels of the supply chain. For example:

- Differences of USD 21.4 million were noted between book and actual stocks at the National Medical Stores for 15 commodity types procured by the government and the Global Fund. The audit could not apportion the variance between the government and the Global Fund since the stores' inventory system does not segregate physical stocks by source. The Principal Recipient has attributed this to errors in the inventory management system which could not be verified by the audit team. Therefore, the case has been referred to the Office of the Inspector General's Investigations unit for further review.
- Unexplained stock differences amounting to USD 1.9 million were noted between commodities received and dispensed to patients in the period January 2014 to June 2015 in eight high-volume facilities visited.

Rationalization of the supply chain also remains sub-optimal resulting in transfers by Joint Medical Stores[14] to National Medical stores, sometimes with a very short shelf life. The audit also noted that contrary to the grant agreement:

- 16.5 million condoms that should have been distributed for free were sold through social marketing. The funds generated from the sales (USD 0.2 million) remain unaccounted for.
- Anti-malaria medicines that were distributed under the private sector Co-Payment Mechanism[15] are sold at prices higher than recommended that is UGX 5,000 instead of UGX 3,500[16].

While procurement and supply chain management is critical to the success of the funded program, the Secretariat has not prioritized its assurance work to identify and mitigate risks that deter the programs from achieving their objectives. The Health Services and Products area is therefore rated as **ineffective**.

[13] Medicines for tuberculosis are procured through the Global Drug Facility
[14] The Joint Medical Stores is responsible for warehousing and distribution of commodities to private sector health facilities
[15] The Co-payment Mechanism is a financing model used by the Global Fund, to expand access to artemisinin-based combination therapies (ACTs), in the private sector
[16] The USD:UGX exchange rate of 1:3,300

Accurate and timely data is available to support decision making and quality of service

The OIG noted three issues affecting availability of accurate and timely data and quality of services. The Global Fund and other partners rely on the health management information system for HIV and malaria routine data. The data reporting rate increased from 5.8% in 2012 to 81.5% in 2014 for HIV and malaria. However, data quality remains a challenge due to the shortage of data collection tools at all levels, and inaccuracies and incomplete data reported by health facilities. For example, the OIG noted that 30% of facilities visited had either under or over-reported results related to malaria case management indicators within the health management information system.

The country's change of HIV treatment policy and scale up plans have increased the number of patients eligible for treatment without a corresponding increase in government funding. This will result in a treatment funding gap of at least USD 90 million in 2016 if not addressed. Consequently, the Global Fund is 'front-loading' commodities planned for 2016/17 to 2015 to address medicine shortages. If unaddressed, this funding gap will result in treatment disruption and will affect the gains made in the HIV program.

The country also has limitations in operationalizing diagnosis, treatment guidelines and policies for the three diseases. This has affected patients' access to quality treatment:

- The deployment of Gene-Xpert machines has increased diagnosis of both TB and Multi-Drug Resistant-TB. However, their utilization remains low with only 32 out of the 102 purchased machines in use. The 32 functional machines had an average utilization rate of 5% in the third quarter of 2015.
- Twelve per cent out of the 50 facilities visited were performing HIV tests with expired test kits and, contrary to national guidelines, 14% of facilities visited did not perform confirmatory tests on clients diagnosed as HIV positive. This raises the risk of clients getting false HIV results.
- Contrary to the national malaria treatment policies, 43% of patients were treated for malaria without confirmed diagnosis and/or with negative results.

The data and quality of service issues are primarily caused by gaps in existing human resources and inadequate supervision. With regard to human resources, there is inadequate training of relevant personnel and delays in recruitment of budgeted positions. Supervision arrangements are inadequate due to lack of funding and ineffective coordination by relevant stakeholders. It was expected that savings by government and other partners from the commoditization of Global Fund grants would go towards other essential program activities and inputs for example training and supervision. However, this funding has not materialized to date.

The Secretariat, in collaboration with the Ministry of Health, has introduced data quality assessments. Vacant positions are to be filled to address the data related issues. However, funding for tools, training and supervision remains a challenge. Therefore, a **partial plan to become effective** is in place to manage programmatic and performance-related risk.

Internal controls result in economic, efficient and effective use of grant funds

The OIG's assessment of the effectiveness of internal controls in safeguarding grant funds showed that issues identified in past reviews initiated by the Secretariat still remained pervasive and persistent. The installation of an accounting software has been pending since 2011. There was also weak management of advances with some remaining outstanding for over 20 months. Value added taxes amounting to USD 0.3 million had also not been refunded to the programs. The audit identified expenses for which there was not adequate supporting documentation, amounting to USD 3.9 million. [17]

While the country lacks adequate funding to cover key activities, it has a low absorption of the limited grant funds that are sent to the country. The OIG noted that only 46% of funds disbursed to the Ministry of Finance between January 2013 and June 2015 had been spent at the time of the audit. The low absorption rate was attributed to protracted procurement and recruitment processes for example the procurement of condoms and food packages.

[17] USD 3.8 million relates to fees of National Drug Authority without evidence of tests performed, USD 46,985 relates to implementers under the Ministry of Health (that is Malaria Consortium Uganda) while USD 46,415 relates to implementers under TASO (that is Church of Uganda and PACE)

The Secretariat has introduced several measures including commoditization of the grants and increased financial spot checks to lower the financial risks on the grant portfolio. While these measures have reduced the magnitude of unsupported and ineligible expenses, in-country financial management systems remain inadequate in effectively accounting for program funds. There is therefore a **partial plan to become effective** in managing financial and fiduciary related risks.

Adequacy and effectiveness of current grant implementation arrangements

The Country Coordinating Mechanism provides the required oversight to funded programs. However, the audit noted lapses in Principal Recipient oversight over their sub-recipients. The Ministry of Finance is a pass-through Principal Recipient and has delegated most of its role to the Ministry of Health. However, the Ministry of Health has not instituted effective mechanisms to perform assigned responsibilities.

The OIG noted that recommendations from numerous prior reviews initiated by the Secretariat and the Country Coordinating Mechanism have not been implemented by the Ministry of Health. There is also inadequate resolution of known implementation challenges to funded programs such as the delayed procurement and recruitment processes.

The recurring nature of the issues also raises questions about the level of oversight provided by the senior management of the Ministry of Health in ensuring that activities are effectively implemented. The level of oversight by senior management of the Ministry was not commensurate with investment as evidenced by their limited focus on Global Fund funded activities. The audit noted that Ministry of Health senior management do not regularly attend the Country Coordinating Mechanism meetings where grant-related issues are extensively discussed.

The Ministry of Health had not embedded structures put in place to support the implementation of the funded programs, such as the focal coordination office and the regional performance monitoring teams. The governance, oversight, and management is therefore rated as **ineffective**.

IV. Findings and Agreed Actions

IV.1	*Treatment disruption affecting the achievement of impact across the three diseases*	Country Team Level	

Limited funding for the three diseases, coupled with ineffective planning and coordination, creates medicine shortages and treatment disruptions

The Government of Uganda, alongside its development partners, has committed to making medicines available to patients. To this end, Global Fund grants to Uganda are heavily commoditized with almost 90% of the funded programs going towards the procurement of medicines and health products. The audit noted that shortages of relevant medicines have resulted in or are raising the risk of treatment disruption across the three diseases. Unless addressed, this may curtail the gains registered against the three diseases.

Pervasive stock-outs: There are pervasive stock-outs of key medicines at all levels across the three diseases. For instance at the time of the audit, some anti-retroviral medicines[18] had run out for periods of up to three months across all levels. Seventy per cent of the 50 health facilities visited during the audit reported stock-outs of at least one tracer medicine, with HIV being the most affected of the three diseases:

- 70% of the health facilities reported stock-outs of anti-retroviral medicines and HIV test kits of between three weeks and four months ;
- 68% of facilities reported stock outs of anti-malaria medicines and test kits in the previous six-month period; and
- 64% of the facilities reported stock-outs of TB medicines of between one week and three months.

This pervasive occurrence of stock-outs is caused by the following factors:

i. Inadequate planning and coordination of the response: The funding gaps raise questions about the effectiveness of planning for scale-ups prior to changing treatment policies, for example, the Ministry of Finance is sometimes not aware of the financial implications of changes to treatment protocols. The Ministry of Health and the Country Coordinating Mechanism have also had limited effectiveness in coordinating government and development partners' responses to the three diseases. Several committees are in place but their effectiveness is affected by the lack of accurate and timely information to aid decision-making. This was seen with the stock-out of anti-retroviral medicines at the time of the audit.

   With regard to malaria, there is an anticipated stock-out of anti-malaria commodities due to an outbreak of malaria arising from inadequate phasing out of indoor spraying in northern districts of Uganda where it was being implemented.[19] The epidemic has resulted in available anti-malaria commodities under the grant being 'front-loaded' and unless additional funding for medicines is secured, this is likely to result in national stock-outs of anti-malarial medicines in the medium term.

ii. Use of medicines to treat other diseases: The audit noted that 32% of the 50 facilities visited treated 1,254 Hepatitis B patients with anti-retroviral medicines. The quantification of anti-retroviral medicines does not take into consideration their use for the treatment for Hepatitis B patients. This has contributed to stock-outs of anti-retroviral medicines for HIV patients who are the primary target of these medicines.

Inadequate funding to cover the scale up: The OIG noted that Uganda has aligned its anti-retroviral therapy policies to the diagnosis and treatment guidance from the World Health Organization (WHO) and UNAIDS with the exception of the 2015 WHO guidelines on HIV treatment related to the universal coverage or test and treat of HIV clients.[20] This and in country scale up plans have not only increased the number of

[18] The anti-retroviral medicines that were out of stock are TLE and EFV 600, ATV/r, ABC/3TC and pediatric AZT/3TC while Tuberculosis medicines such as Isoniazid 100mg & 300 mg and Capreomycin were stock out

[19] The universal bed net campaign undertaken in 2014 in the districts that benefited from IRS was not complemented with behavior change communication interventions to emphasize the shift of focus from spraying to use of bed nets as the primary vector control measure. Funds earmarked by government to cover the transition from indoor spraying were used for other purposes

[20] The country's guidelines were changed in 2013

people qualifying for HIV treatment (estimated to increase by 260,000 by the year 2016) but also resulted in a marked increase in the funding gap to support the scale-up. At the time of the audit, the documented annual funding gap for HIV and TB was USD 92[21] and 9[22] million respectively.

Because the additional funding is not readily available, the Global Fund has had to front-load the provision of anti-retroviral medicines in order to cover treatment gaps. At the time of the audit, the country was in advanced stages of setting up an AIDS Trust Fund. However, this fund is unlikely to fill the funding gap in the short term. This raises the risk of treatment disruption in the medium to long term if the gaps are not filled.

The underlying causes for the funding gap include inadequate government funding. The government committed to contribute UGX 100 billion (approximately USD 30 million at current exchange rate) towards the procurement of tracer medicines. However, the commitment has been drastically reduced by:

- The depreciating UGX shilling. (Medicines are purchased in foreign currency and the UGX has depreciated by 40% between the years 2013 – 2015).[23]
- Procurement of anti-retroviral medicines are at relatively higher prices locally than those obtained through the Pooled Procurement Mechanism (on average 36% higher after considering freight and other related costs). [24]

Agreed management action 1:

The Secretariat working in concert with partners will support the government to organize a meeting and agree on:
• the projected numbers of people to be treated and the related funding gaps for HIV and Tuberculosis; and
• a mechanism that will track and follow up on funding commitments and aim to mobilize additional funding to cover the gaps.

Owner: Head of Grant Management
Due date: 30 September 2016

[21] Ministry of Health, AIDS Control Programme Public sector gap for ARV July 2016-June 2017
[22] National TB strategic plan
[23] The Government has committed to allocate additional resources to reduce the effect of the depreciation of the local currency
[24] The Government has attributed the cost of local procurements to limited economies of scale enjoyed by the local producer

IV.2	*Suboptimal implementation of some activities under the funded programs*	Country Team Level	

Activities critical to the overall success of funded programs not effectively implemented thereby affecting quality of service to patients

Although Global Fund grants in Uganda have contributed to the scaling up of key interventions with significant gains registered across the three disease programs, some components essential to the success of funded programs have not been implemented as designed. This has affected the availability and quality of key services to patients, and the effectiveness of implemented program activities in achieving the desired impact.

Gaps in the implementation of critical TB interventions affecting case notification, rates and quality of services to patients:

- The country has not been implementing intensified case finding and as a result has not met its case notification targets for the last three consecutive years. The audit noted that:
  - Mechanisms to screen prisoners were inadequate. While only 34 out of the 109 prison facilities have the capacity to screen inmates for TB, there has not been effective referral mechanism to neighboring health facilities to ensure the other prison facilities submit samples for screening. In the 34 facilities, 1 in 5 inmates were not screened for TB at the time of entry into the prison.
  - The country has developed required tools and guidelines for identification and testing of people that had contact with people infected with multi-drug resistant tuberculosis (that is contact tracing). However, implementation of the contact tracing has been sub-optimal. Only one third of patients diagnosed with multi-drug resistant TB had documented contact tracing at June 2015.
  - While the deployment of Gene-Xpert machines[25] has increased diagnosis of both TB and multi-drug resistant TB, utilization of the machines has remained low. The national TB program routinely reports data from only 32 out of the 102 functional machines. The 32 machines operated at an average utilization rate of 5% based on the program data available for the third quarter of 2015.
- The country has failed to procure food packages under the multi-drug resistant program since 2012. Patients have to leave treatment facilities to procure food and this has severe implications for infection control.
- The audit noted that only 5 out of the 15 multi-drug tuberculosis facilities had implemented the infection control measures recommended by the Global Drug Facility in January 2015.[26]
- The policy to treat patients infected by HIV with isoniazid in order to prevent them from contracting TB had not been fully implemented at the time of the audit due to limited supplies of isoniazid. Implementation so far has primarily focused on children under 5 and newly diagnosed HIV positive patients who show no symptom of TB.

***Gaps in HIV counselling and testing practices*:** The OIG noted that diagnosis of HIV was not always in compliance with the country's policies. The audit noted that contrary to the country relevant guidelines:

- Twelve per cent out of the 50 facilities visited were performing HIV tests with expired test kits, which raises the risk of false negative or positive results and contravenes the national guidelines. Six of these facilities were high volume sites that counselled and tested 161,396 people between January 2014 and June 2015[27].
- Contrary to national guidelines, 14% of the facilities visited did not perform confirmatory tests on clients diagnosed as HIV positive. [28] The failure to undertake confirmatory tests raises the risk of clients having false HIV positive results.
- Machines required for monitoring effectiveness of HIV treatment were not functional in four high volume facilities visited, compromising treatment monitoring for the 7,217 patients on anti-retroviral treatment at these sites.

[25] These are machines used for diagnosis of TB
[26] These sites are however implementing WHO infection control guidelines for TB
[27] DHIS2 data extracts for the period 1 January 2014 to 30 June 2015
[28] All patients who test positive from the first algorithm should undergo confirmatory test

Inadequate and ineffective condom procurement and distribution processes: Delays in the procurement and lapses in distribution arrangements of condoms under funded programs have affected the availability of condoms. The audit noted that:

- Condoms that should have been received in country in 2011 were only received in late 2013 due to a protracted procurement processes. At the time of the audit, the procurement of condoms through the Pooled Procurement Mechanism was also delayed by six months due to protracted negotiations on condom specifications between the supplier and the country.
- While the Ministry of Health's policy is to distribute most of its condoms through different channels, the majority of condoms under the grant have been distributed through health facilities. The country's assessments (including the 2011 AIDS Indicator Survey) show that only 5-10% of the condom users access condom through health facilities.[29]
- Contrary to the grant agreement, 16.5 million condoms that should have been distributed to users for free were provided to Marie Stopes Uganda, a contractor, by the Ministry of Health and sold through a social marketing mechanism.

***Treatment of malaria without confirmed diagnosis*:** The OIG found that national treatment guidelines for malaria have not been consistently enforced, resulting in patients receiving treatment for malaria without confirmatory diagnosis.[30] This not only raises the risk of development of drug resistance but represents an inefficient use of available medicines:

- According to data from the Ministry of Health's management information system, 43% of patients are treated without confirmatory testing for malaria (despite availability of malaria test kits and microscopes) and/or after negative laboratory results. A 2015 Malaria Indicator Survey indicates that only 30% of children under 5 who reported fever cases were tested before treatment.
- Data collected from 50 facilities visited during the audit showed that 63% of patients are treated with antimalarial medicines without testing and/or with negative results.
- The sale of antimalarial medicines through the private sector's Co-Payment Mechanism[31] without testing of prospective clients also encourages the treatment of malaria without proper diagnosis. The existing in-country treatment protocols do not allow medicine outlets to test patients before dispensing of medicines. The country has initiated steps in revising the policy to allow testing using rapid diagnostics kits at these outlets.

Subsidized antimalarial medicines not accessible and affordable: Components critical to the effective implementation of the private sector Co-Payment Mechanism were not implemented in supporting the achievement of its objectives: availability, accessibility and affordability of subsidized antimalarial medicines in private health facilities, pharmacies and medicine outlets. The audit noted that:

- Since January 2014, the mass communication and private sector provider training to create awareness as well as quarterly price monitoring and tracking had not been implemented by the Ministry of Health. Consequently, medicines are sold above the recommended price that is UGX 5,000 and not UGX 3,500.[32]
- While the country's assessment of first line buyers included their ability to distribute commodities nationwide, there is no instituted mechanism to ensure that the subsidized medicines are distributed outside the big cities to malaria endemic areas. This would ensure that the medicines are available and accessible in the areas of greatest need.

In seeking to understand the underlying causes of the issues noted above, the audit noted the following:

i. ***Inadequate overall coordination and ineffective management of the funded programs:*** Mechanisms to ensure that overall coordination of the disease response and effective implementation of funded program activities at Principal and Sub-Recipient levels have been inadequate in ensuring that planned activities are implemented in a timely manner. This has been partly attributed to the lack of human resource capacity within the programs and the Ministry of Health at large. For example:

[29] Condoms will be distributed through hot spots under the new funding model
[30] The test and treat policy was rolled out three years ago and has not been fully implemented
[31] The Co-payment Mechanism is a financing model used by the Global Fund to expand access to artemisinin-based combination therapies, in the private sector
[32] This is equivalent to USD 1.5 against the prescribed USD 1

- The national malaria and TB programs have not had substantive program managers for the past three years.
- Fifty per cent of government-funded positions within the malaria and tuberculosis programs have remained vacant since 2012.
- Key positions budgeted for under the Global Fund grants also remained vacant: for example, 17 out of the 43 pharmacists and HIV, TB and malaria focal points for the regional performance monitoring teams were not at post during the audit.[33]

ii. ***Ineffective quality improvement programs at national, district and facility level*** in supporting the translation of policy into practice and ensuring quality service delivery. Global Fund grants have been commoditized with the expectation that resultant savings by government and partners are to be available for other essential program activities/inputs. The audit noted that:

- While no formal assessment has been undertaken to confirm that savings are being channeled towards other essential program activities, it is evident that there is inadequate funding for training and programmatic technical supervision. The Quality Assurance Department of the Ministry of Health has only been able to visit 16% of the facilities in the past year. The regional performance monitoring team established under the Global Fund grant have also only visited 20% of the districts in the past twelve months.
- The country has developed supervision guidelines and tools but there is no routine integrated supervision arrangements in place across the health sector. This has resulted in multiple and uncoordinated supervision visits by the Ministry of Health, national programs, regional performance monitoring teams and district personnel. Only 8%, 54% and 56% of the 50 facilities visited by the OIG reported that they had received supervision visits related to tuberculosis, malaria and HIV, respectively, in the past six months. Limited feedback is provided to facilities and where so, there is no effective follow up of issues noted during subsequent visits.
- Limited funding has been provided for training and available funds for training under the funded programs were yet to be fully utilized at the time of the audit. For instance, there has been limited training related to malaria case management under the funded programs. Only 18%, 25% and 52% of the facilities visited reported that they had received training in diagnosis or case management for HIV, TB and malaria respectively.

iii. ***Inadequate design and implementation arrangements for the Co-Payment Mechanism***: Although the co-payment mechanism targets the private sector, it is managed under the public sector through the National Malaria Control Program and the latter has inadequate ownership of the mechanism. There is a gap in the day-to-day management of this intervention since responsibility for its implementation has been delegated to a task force[34] whose role should be principally one of oversight.

Agreed management action 2:

The Secretariat will request the Ministry of Health to develop an action plan that addresses the implementation issues noted in the report. Specifically, this plan will include the:
- Recruitment of key Ministry of Health staff responsible for implementing the funded programs;
- Operationalization of key aspects of interventions including (i) use of Gene-Xpert machines; (ii) confirmatory testing for malaria diagnosis; and (iii) use of machines to monitor effectiveness of HIV treatment; and
- Implementation and oversight mechanism within the Ministry of Health for the Co-Payment Mechanism.

Owner: Head of Grant Management
Due date: 31 December 2016

[33] Recruitment is the responsibility of the Health Service Commission and positions were advertised in August 2015 with staff expected to report to work in January 2016
[34] Comprising civil society organizations, fist line buyer representatives and the National Malaria Control Program manager

IV.3	Inadequate management of commodities across the supply chain management system	Country Team Level	

Limitations in the country's supply chain management system's ability to effectively store and account for commodities received.

The Global Fund's Pooled Procurement Mechanism procures most of the health commodities which account for approximately 90% of the Global Fund grants to Uganda. The country's supply chain management system is sub-optimal in distributing, storing and effectively accounting for available commodities.

Unexplained stock differences throughout the supply chain. The audit identified that stock differences of varying magnitudes are prevalent at the different levels of the supply chain which exposes commodities to the risk of theft or abuse. The table below summarizes the stock differences noted during the audit based on our sample:

Stock differences	Details
Between commodities supplied from the Global Fund's Pooled Procurement Mechanism and stocks recorded as received by the central warehouse.	Antimalarial medicines, malaria test kits, condoms and antiretroviral medicines valued at USD 2.71 million in the period under audit (2013-2015). This happened at the National Medical Store.
Between expected quantities based on the inventory management system and actual stock at the national medical stores.	Based on a sample of fifteen commodities supported by the Global Fund, the OIG noted an unexplained variance of USD 21.40 million between the expected and actual stocks at the National Medical Store relating to commodities procured by Global Fund and the government. The OIG could not estimate what percentage of the variance relates to commodities procured by the Global Fund because the existing inventory system could not disaggregate the physical stocks by source.
Between Global Fund commodities issued by national Medical Stores and received by health facilities	The National Medical Stores inventory system indicated that 3.7 million test kits had been issued to a facility, but the facility recorded a receipt of only 3,000 kits. While the National Medical Stores indicated that the variance amounting to USD 2.41 million may be due to errors in the inventory management system, this could not be verified by the OIG auditors. The variance also affects the closing quantities based on the inventory management system and actual stock at the national medical stores.
Between the Global Fund stocks received at the facility and what is recorded as dispensed to patients.	• From the 50 facilities visited, the audit noted that eight high volume sites did not maintain records of commodities received and dispensed to patients between January 2014 and June 2015 amounting to USD 1.9 million. • While the remaining 42 facilities maintained records of commodities received from the central warehouse, there was on average differences of about 50% between stocks received at facility level and quantities dispensed/used by patients or remaining in inventory for test kits. Some facilities visited had differences of up to 100% of stock received.
Reported theft of commodities	• There were reported cases of theft of commodities in some facilities visited. For instance, 40 cartons of ACTs delivered to the national referral hospital in October 2015 were reported stolen. [35] At the same hospital, medicines had been issued from

[35] Made up of 27 boxes each with 30 blisters per box

Stock differences	Details
	the main store to a sub-pharmacy that had been closed a year before. [36] • In another facility, 4,500 doses of anti-malaria medicines were issued to in-patient department within a facility with 170 patients.

Sub-optimal distribution arrangements: The National and Joint Medical Stores are responsible for warehousing and distribution of the health commodities to the public and private sector respectively. While the country, together with partners, have instituted measures to rationalize distribution arrangements, planning and coordination have been sub optimal. The OIG found that:

- Commodities are transferred from the Joint Medical Stores to the National Medical stores with a short shelf life. For instance, during the period under audit, approximately 50,000 anti-retroviral packs were transferred to the National Medical Stores with a remaining shelf life of less than 6 months.[37]
- While commodities are distributed to facilities in line with agreed timelines, the OIG could not ascertain the order filling rate of the two stores since records of orders placed were not readily available at the stores and facilities visited.

Expiry of health commodities: Expired health commodities were noted at the different levels of the supply chain. The OIG noted that 54% facilities visited had accumulated expired medicines and commodities, partly funded by Global Fund. The magnitude of the expiries could not be ascertained due to the lack of effective systems to track and record expired commodities throughout the supply chain. The expiry of medicines and test kits have been partly attributed to the National/Joint Medical Stores supplying commodities not ordered by facilities and/or supplying commodities with short shelf lives. For example, the Joint Medical Stores delivered test kits to some facilities with two months of shelf life.

Sub-optimal storage conditions: The audit noted that while limited storage capacity was being addressed at the central level, storage conditions at facilities level, especially at the referral hospitals, remained inadequate. The OIG noted that 75% of facilities visited have sub optimal storage conditions.[38]

In-country quality assurance of medicines: The National Drug Authority charges 2% (amounting to USD 3.8 million from January 2013 to June 2015)[39] of the "free on board" value of medicines and pharmaceutical products for in-country quality assurance. While bed nets and condoms had been tested, there was no evidence that medicines (including anti-malaria and anti-retroviral) supplied by the Global Fund were tested by the Authority. The National Drug Authority indicated that a risk-based approach is used in testing of medicines, however, no evidence has been provided by the Authority to confirm that any medicine procured under the grants were tested.

The root causes of the above issues in the supply chain are:

i. ***Inadequate ownership, oversight and/or accountability for health commodities*** by the Principal and Sub-Recipients in ensuring that commodities reach intended beneficiaries and are accounted for throughout the supply chain. The roles of the different stakeholders in storing, distributing, dispensing and accounting for health commodities are defined but not effectively executed. Staff are not held accountable for lapses in their roles, for example the lack of evidence of testing of medicines by the National Drug Authority.

ii. ***Inefficient and ineffective logistics management information systems*** in accounting for stock and supporting logistics management: There is no integrated ordering and distribution system between the medical stores and facilities. The National Medical Store's inventory management system has had reported incidences of system errors and interruptions. [40] The country together with the

[36] The hospital indicated after the field work that the sub-pharmacy has been located
[37] These were subsequently distributed to facilities and the audit could not confirm if they were consumed or were part of the expired commodities found
[38] Common storage gaps include medicines kept on floors instead of shelves, non-medical items stored together with medicines in the same room, no thermometers and leakage of roof/ceiling of stores
[39] The estimated amount from 2012 to 2015 is USD 6.6 million
[40] The National Medical Stores acknowledged after the audit field work that they cannot validate the integrity of the warehouse management data after persistent system failure

Global Fund and partners have initiated steps to replace the logistics management information system.

Agreed management action 3:

Recognizing that the overall improvements of commodities' flow through the supply chain are critical for improved service delivery, an operational plan will be developed and agreed upon between the Secretariat, the government and partners with a view of improving the overall accountability throughout the supply chain.

Owner: Head of Grant Management
Due date: 31 December 2016

IV.4	*Limited quality data to aid decision making*	Country Team Level	

Limitations in the accuracy and completeness of reports from facilities affect the availability of quality data for decision making.

The Global Fund and other partners rely on the national Health Management Information System (HMIS) for HIV and Malaria routine data incorporated in the District Health Information System. [41] Despite the significant increase in coverage of the District health information system (increase from 5.8% in 2012 to 81.5% in 2014 for HIV and malaria data), challenges remain with regard to the limited availability of reporting tools to capture data as well as accuracy and completeness of data collected.

***Pervasive and persistent unavailability of data collection tools at all levels in the health system*:** The OIG noted that there were stock-outs at all levels of the reporting tools used to generate the underlying data recorded in district health information system. The unavailability of the tools has been noted in recent in-country reviews including a data quality review and the Country Coordinating Mechanism's oversight visits to facilities, The OIG found that 52% of facilities had reported stock-outs of the registers for the past 12 months. Some facilities visited had resorted to recording data in personal note books. The lack of data collection and reporting tools is attributed to lack of funding due to the Ministry of Health failing to allocate funds in the 2014/2015 annual budget towards the printing and distribution of tools. [42]

***Limited accuracy and completeness of data reported in the district health information system*:** The audit noted that data from some health facilities was not recorded in the district health information system and/or data reported did not correspond to the underlying registers at the facilities:

- While some facilities visited by the OIG provided services to patients with data available at the facility, corresponding data could not be located in the district health information system. This was because either the facilities had not been registered in the system or the information submitted by the facilities was not captured in the system at the district level.
- As was noted in the Secretariat initiated data quality audit, the OIG found that 30% of facilities visited had either under or over-reported results related to malaria case management indicators.[43] The National Malaria Control Program has not undertaken data quality audits of malaria programme for the past 36 months.

The data management issues identified are yet to be fully addressed due to *limitations in supervision arrangements* as was reported under section IV.2 as well as:

i. ***Gaps in the existing human resources*** due to delays in the recruitment of budgeted positions. At the time of the audit, none of the positions funded by the Global Fund to support data collection within the TB program and Resource Centre had been filled. Fifty-eight per cent of the Monitoring and Evaluation focal persons within the Regional Performance Monitoring Team had resigned and their replacements were yet to be recruited. Similarly, 41% of the biostatisticians at the district levels supported by the local governments were yet to be recruited; and

ii. ***Revision of tools without commensurate training of staff*:** The country regularly revises its data collection tools to respond to changes in treatment protocol and reporting guidelines. However, there has been limited training of staff in using the new tools. For example, at the time of the audit, facilities visited had not been trained in the tools that had been revised 11 months earlier.[44]

Agreed management action 4:

[41] Tuberculosis indicators are not fully integrated in DHIS2

[42] The US Government through the Monitoring and Evaluation Technical Support (METS) program is currently supporting the production and dissemination of 44 out of the 217 HMIS reporting tools

[43] Depending on the HIV and TB indicators assessed, the draft HIV/TB DQA indicates that 23 – 44% of facilities over reported results by more than 10%, while 18 – 38% under reported by more than 10%

[44] A national Health Management Information System training had been initiated at the time of the audit

The Government has committed to fund the human resources and tools required to strengthen data quality. The Secretariat will monitor government commitments related to relevant key program inputs including training and supervision.

Owner: Head of Grant Management
Due date: 31 March 2017

IV.5	Program funds not adequately accounted for	Country Team Level	

Inadequate financial management systems affecting implementation and proper accountability at implementers' level.

The Global Fund introduced measures including commoditization of the grants and increased financial spot checks by the Local Fund Agent to lower the financial risks on the grant portfolio. While these measures have reduced the magnitude of unsupported and ineligible expenses, in-country financial management systems remain inadequate in effectively accounting for program funds.

Inadequate financial management and internal control systems to ensure proper accountability: The Local Fund Agent reviewed transactions for two years and identified transactions worth USD 1.5 million that were ineligible or unsupported. While this amount has been refunded by the country, the OIG's assessment of the effectiveness of internal controls through a limited review of expenses showed that issues identified in the past remained pervasive and persistent (for example weak advance management, unsupported and ineligible expenses remain same).

Although the Ministry of Health uses an integrated financial management system, transactions for the funded programs are not reported through this system. The Ministry has failed to install an accounting software to process funded program transactions since the commencement of grants in 2011.[45] Transactions were recorded and processed in excel spread sheets which are prone to human errors and not secure. The manual system has also been unable to effectively support processes such as budget monitoring, advance management and tracking of value-added taxes paid with grant funds. For example, Principal Recipients were unable to identify and follow up supervision and monitoring costs that were above budget (for example USD 148,839 (15%) and USD 87,958 (21%) for the AIDS Support Organization and Ministry of Health respectively).

Questionable value for money: The OIG's review of a sample of payments resulted in questionable costs:

- Charges of USD 3.8 million (from January 2013 to June 2015) by the National Drug Authority for testing of medicines, for which there is no evidence that testing actually happened. [46]
- Cancellation of an order for the purchase of HIV test kits under the Pooled Procurement Mechanism which has resulted in a loss of USD 427,500. The manufacturer has indicated that the commodities have already been manufactured and cannot be supplied to any other country due to level of customization requested by the Ministry of Health. [47]
- Payments amounting to USD 254,921 related to value added taxes that has not been refunded by government. While the Government has earmarked resources to refund value added taxes paid under the Global Fund grants, the reimbursements are not made on time.
- The implementers incurred ineligible payments amounting to USD 93,400. These related to payments for activities not included in the approved grant budget, or excess payments to service providers. [48]

Program income not accounted for: Contrary to the Global Fund's expectation that grant- supported condoms would be distributed to end-users for free, the audit noted that 16.5 million condoms were provided by the Ministry of Health to Marie Stopes Uganda, a contractor, and sold through social marketing. There was no documentation to show how the service provider had been selected by the Ministry of Health. There was also no formal contract or agreement between the Ministry of Health and the service provider. Program income from the sale of condoms was not tracked and there was also no evidence that funds raised were used for program related purposes (estimated at USD 156,000).

[45] The accounting system was installed during the audit(November 2015) but yet to be used
[46] The estimated amount from 2012 to 2015 is USD 6.6 million
[47] Subsequent to the audit, the country decided to reinstate the procurement and have the commodities delivered to the country in 2017
[48] USD 46,985 relates to implementers under the Ministry of Health (that is Malaria Consortium Uganda) while USD 46,415 relates to implementers under TASO (that is Church of Uganda and PACE)

Inadequate management of advances: At the time of the audit, staff and implementer advances amounting to USD 1.29 million had not been accounted for (98% relates to sub-recipients to The AIDS Support Organization):

- Advances were not retired in accordance with the country's financial regulations i.e. within 60 days of completion of the activity. Unspent advances are also not refunded on time. At the time of the audit (November 2015), 11 Ministry of Health staff had not accounted for advances taken in March 2014. Similarly, advances paid to implementers by the second principal recipient were outstanding for over a year.
- The Ministry of Health does not have an effective mechanism for tracking advances. Advances made out to different staff were recorded under one staff member's name. The audit also noted that some retired advances had not been recorded on the ledger and others recorded as accounted for had actually not been retired in the ledger.

Low absorption of grant funds: The OIG noted that only 46% of funds disbursed to the Ministry of Finance between January 2013 and June 2015 had been spent at the time of the audit.[49] The low absorption rate was attributed to protracted in country procurement and recruitment processes including:

- delays in procurement processes (for example TB food vouchers for drug resistant TB (since 2012);
- delayed implementation of the various elements of the co-payment mechanism (since January 2015); and
- recruitment of key program staff recruitment (cross cutting since 2013). The vacancies were advertised in national newspapers in August 2015.

The issues in this report raise questions around the adequacy and effectiveness of the two Principal Recipients in overseeing their sub recipients and ensuring recommendations from the Secretariat are implemented on time. Recommendations made from numerous reviews were often repeated because prior agreed management actions were not implemented by the Ministry of Health (14 out of 22 based on sample management letters). There is also inadequate resolution of known program implementation challenges such as the delayed procurement and recruitment processes.

The recurring nature of the issues also raises questions about the level of oversight provided by senior management of the Ministry of Health in ensuring that activities are effectively implemented. For instance, the audit noted that:

- Level of oversight by Ministry senior management was not commensurate with investment as evidenced by their limited focus on Global Fund-funded activities. The Ministry senior management do not regularly attend the Country Coordinating Mechanism meetings where grant related issues are extensively discussed. Senior management at the Ministry of Health was not aware of known key program challenges.
- The Ministry of Health had not embedded structures put in place to support the implementation of the funded programs for example the focal coordination office and the regional performance monitoring teams. These structures could therefore not be held accountable within Ministry structure.

The audit also noted that while the Ministry of Finance has delegated most of its roles to the Ministry of Health, it remains ultimately responsible for the grants. However, the Ministry of Finance had not put effective mechanisms to oversee and hold the Ministry of Health accountable for the responsibilities that were assigned to it. The Ministry of Finance through the Health Desk remains inadequately resourced to provide the required oversight over the Ministry of Health.

Agreed management action 5:

The Secretariat will request the Country Coordinating Mechanism to prepare a time bound action plan showing how the country's implementation arrangements will be streamlined and strengthened in order to support the effective implementation of funded programs. This will include and not be limited to strengthening:

[49] The absorption rate relates to the USD 32 million available in-country during the period

• The capacity of the Principal Recipients to effectively execute its mandate;
• Oversight of the delegated authority to sub-recipients (especially Ministry of Health); and
• The Principal Recipients' risk management and oversight of the funded programs.

Owner: Head of Grant Management
Due date: 30 June 2016

Agreed management action 6:

The Secretariat will review the findings relating to loss of assets and funds not accounted for and make proposals to the Recoveries Committee on a way forward.

Owner: Head of Grant Management
Due date: 30 June 2016

V. Table of Agreed Actions

No.	Category	Agreed Action	Target date and owner
1	Treatment disruption affecting achievement of impact across the three diseases	The Secretariat working in concert with partners will support the government to organize a meeting and agree on: • The projected numbers of people to be treated and the related funding gaps for HIV and Tuberculosis; and A mechanism that will track and follow up on funding commitments and aim to mobilize additional funding to cover the gaps.	Head of Grant Management 30 September 2016
2	Suboptimal implementation of some activities under the funded programs	The Secretariat will request the Ministry of Health to develop an action plan that addresses the implementation issues noted in the report. Specifically, this plan will include the: • Recruitment of key Ministry of Health staff responsible for implementing the funded programs; • Operationalization of key aspects of interventions including (i) use of Gene-Xpert machines; (ii) confirmatory testing for malaria diagnosis; and (iii) use of machines to monitor effectiveness of HIV treatment; and • An implementation and oversight mechanism within the Ministry of Health for the Co-Payment Mechanism.	Head of Grant Management 31 December 2016
3	Inadequate management of commodities across the supply chain management system	Recognizing that the overall improvements of commodities' flow through the supply chain are critical for improved service delivery, an operational plan will be developed and agreed upon between the Secretariat, the government and partners with a view of improving the overall accountability throughout the supply chain.	Head of Grant Management 31 December 2016
4	Limited quality of data available to aid decision making	The Government has committed to fund the human resources and tools required to strengthen data quality. The Secretariat will monitor government commitments related to relevant key program inputs including training and supervision.	Head of Grant Management 31 March 2017
5	Program funds not adequately accounted for	The Secretariat will request the Country Coordinating Mechanism to prepare a time bound action plan showing how the country's implementation arrangements will be streamlined and strengthened in order to support the effective implementation of funded programs. This will include and not be limited to strengthening: • The capacity of the Principal Recipients to effectively execute its mandate; • Oversight of the delegated authority to sub-recipients (especially Ministry of Health); and • The Principal Recipients' risk management and oversight of the funded programs.	Head of Grant Management 30 June 2016

6	Program funds not adequately accounted for	The Secretariat will review the findings relating to loss of assets and funds not accounted for and make proposals to the Recoveries Committee on a way forward.	Head of Grant Management 30 June 2016

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.