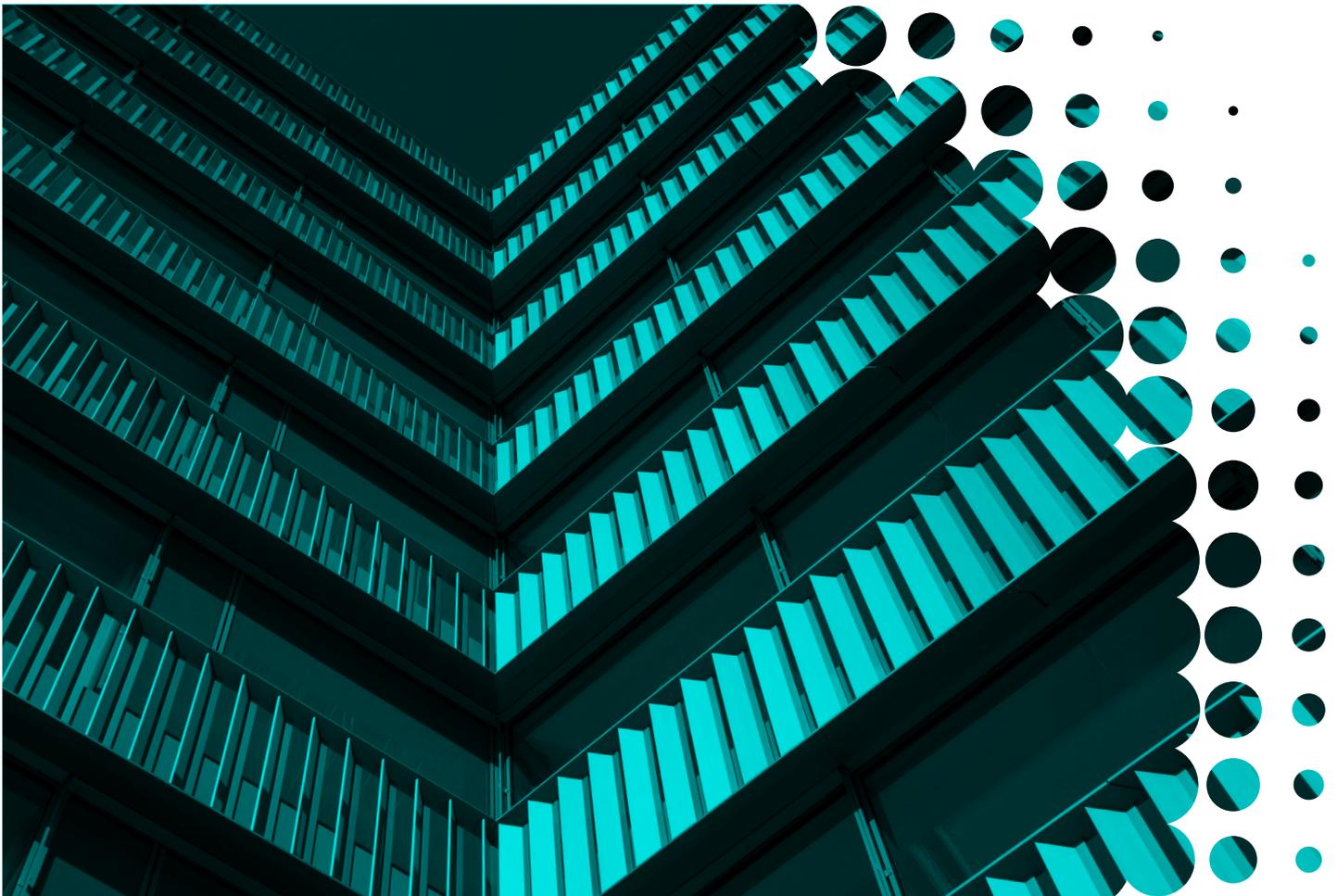


Global Fund Board Report

# **Office of the Inspector General (OIG)** **Operational Progress Report**

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**January to September 2022**



GF/B48/08  
48th Global Fund Board Meeting  
15-17 November 2022  
Geneva, Switzerland

**Committee Information**

The purpose of this report is to update the Board on the Office of the Inspector General's activities this year to date.

This document is part of an internal deliberative process of the Global Fund and, as such, cannot be made public.

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# Executive Summary



**Tracy Staines (she/her)**  
Inspector General

## **The OIG's 2022 workplan is on track for completion, despite a significant increase in activity in a volatile risk landscape.**

As the world rebounds from the COVID-19 pandemic, so has the OIG. We have scaled-up our activities with our people now fully engaged in the field, connecting with frontline teams implementing Global Fund grants for OIG investigations and audit activities.

The Global Fund's operating environment remains complex: an increase in the risk profile of grants, greater complexity in audits and investigations, and a wide-ranging investigative mandate, which covers critical areas of wrongdoing such as sexual exploitation and abuse (SEA) and human rights violations.

Despite these challenges, our 2022 workplan is on track. Having received significantly more allegations than forecasted, OIG investigators have screened 296 reports of wrongdoing – a considerable increase from 2021 – and opened 57 new cases including 14 complaint-led investigations. For audits and advisories, we have published 12 reports to date with 16 more in progress. As seen in our Strategic Themes section, our work has uncovered risks and challenges to the Global Fund's mission that could hamper impact.

Awareness to mitigate fraud and abuse remains integral to our work. We conducted five SEA webinars that reached grant implementers and sub-implementers across 35 countries in 2022. In addition, we conducted six awareness events on financial fraud that leveraged lessons learned from our past investigations. The refreshed and enhanced I Speak Out Now website, a key channel for awareness-raising and reporting, is also on track to go live in November during World Anti-Corruption month.

The Professional Services Unit (PSU) is now fully established with key staff skilled in data analytics, governance, and risk management in place. A key activity this year comprised updating the OIG's key performance indicators to improve OIG performance and overall impact, as seen in section three.

Ensuring we can deliver our workplan as demand increases for our services has required adding additional resources. As of September 2022, OIG has a total of 49 employees including 11 people in new roles. Recruitment is underway to fill a further nine vacancies.

Looking ahead, OIG has proposed a three-year rolling workplan with a sharper focus on risk, evolving our definition of impact as the Global Fund re-engineers its strategy to better serve the health needs of people and communities. We will monitor this plan continuously and remain agile so that we can adapt to the evolving risk landscape.

**Awareness to mitigate fraud and abuse remains integral to our work.**

# 1. Strategic Themes

Our 2022 engagements to date have identified five strategic themes that require the attention of the Board, the Committees, and the Secretariat to ensure the Global Fund continues to maximize its impact.

## 1. Progress made but challenges continue to hinder impact in some countries



Global Fund programs continue to achieve impact with the 2022 Results Report indicating that Global Fund supported programs have saved 50 million lives, including putting 23.3 million people on antiretroviral treatment, treating 5.3 million people for TB, and distributing 133 million bed nets. OIG country audits in 2022 saw evidence of this positive performance, even in some of the most challenging operating environments.

Our forthcoming audit report on *India* shows that the tuberculosis (TB) program has demonstrated strong programmatic results with increases in treatment coverage and case notifications. India's HIV program has also demonstrated good results with declining trends for HIV prevalence, new infections, and mortality. Our [Bangladesh](#) audit report indicates significant progress in fighting TB with a 50% increase in case notifications and a 50% decline in mortality between 2010 and 2020. Similarly, our forthcoming audit report on *Zambia* shows significant progress across the HIV treatment cascade for adults putting the country on par or ahead of global and regional<sup>1</sup> results.

We also identified significant setbacks and stagnation in some programs in [Congo](#), [Madagascar](#), and [Zambia](#) (malaria). Our analysis revealed some common conditions undermining impact including lack of country ownership, limited partner availability and support, and generally weaker health systems.

### Lack of country ownership affects prioritization of the three diseases

Effective design and implementation of health programs requires governments to prioritize the three diseases and take ownership of disease programs. OIG audits in 2022 showed that this has not consistently occurred, resulting in a lack of government funding and delays in resolving programmatic recommendations. For instance, [Congo](#) meets just 4% of its financial commitments as of April 2022 with no assurance of further payments

during the 2020–2022 funding cycle. In 2014–2016, the non-fulfilment of government co-financing resulted in treatment interruption for patients under antiretroviral therapy. In *Zambia*, the government also does not consistently honor its commitments for procurement of anti-malaria medicines and commodities, contributing to stock-outs. This requires the Global Fund to be more innovative in its approach to mobilize domestic resources for health including engagement with civil societies as identified in our advisory review on [Global Fund's Role and Approach to Domestic Financing for Health](#).

### Limited availability and effectiveness of partner collaboration contributes to funding gaps undermining impact

Global Fund programs must leverage support from in-country partners to succeed. In numerous countries, however, limited partners are available, as noted in our [Congo](#) audit, contributing to significant funding gaps. Where partnerships have been established, there are difficulties monitoring commitments and ensuring accountability as noted in our audit of Global Fund supported TB/MDR-TB programs in [Eastern Europe and Central Asia](#), which focused on Uzbekistan, Kyrgyzstan, and Tajikistan.

### Underlying weaknesses in health systems affect smooth grant implementation

Global Fund grants are implemented within broader health systems with inherent weaknesses and varied maturity levels. While the Global Fund invests about US\$1.5 billion a year to strengthen health systems,<sup>2</sup> material weaknesses such as lack of human resources, limited infrastructure, and weak supply chains persist in countries. In Congo, there is low capacity and insufficient staffing at the three national disease programs with gaps in human resources at all levels that limit grant effectiveness. In Madagascar, the limited availability of storage spaces and limited interoperability of stock management systems continue to negatively impact ordering and storage of medicines, contributing to stock-outs at service delivery points.

The Secretariat needs to continuously monitor and adapt its investments and approach to this varied health systems landscape, as well as country contexts, to enhance its impact. Our 2022 audits showed less programmatic impact in challenging operating environments such as Madagascar and [Congo](#). This requires the Global Fund to be more innovative in re-evaluating its approach to grants in these environments to drive greater impact.

1 UNAIDS 2020 estimates

2 See the Global Fund 2022 Results Report

## 2. Material challenges that demonstrate need for better grant oversight and risk management to improve value for money



The Global Fund continues to enhance its enterprise risk management processes, systems, and tools. As indicated in the July 2022 progress update to the Audit and Finance Committee, the Integrated Risk Management Module in the Grant Operating System is being refined, and the roles and responsibilities of second-line functions are being further clarified and rationalized. Material challenges remain, however, that require better analysis of risk priorities and effective mitigation actions by first and second-line functions at the Secretariat and among grant implementers. In some cases mitigation measures to address known and emerging risks either do not fully address issues, are improperly implemented, or are not adequately followed up as identified in our forthcoming audit on *India* and 2021 audits in *Kenya*, *Nigeria*, and *Mozambique*.

### Improving the effectiveness of in-country Program Management Units (PMU) for effective grant implementation

In some countries, the Secretariat wholly or substantially finances Program Management Units (PMUs) to support grant management, but OIG audits in 2022 showed PMUs have varying levels of success across countries.

The significant investment in Zambia's PMU since 2012 in the Ministry of Health has yet to foster strong financial management or assurance over Sub-Recipients. Despite the US\$17 million allocated for the PMU between 2018-2023, material weaknesses persist in Sub-Recipient management, fixed assets management, financial accounting, and internal audit. These issues were first identified in the 2017 OIG audit but remain unaddressed.

Persistent weaknesses in the Integrated Health Project Administration Unit (IHPAU) within Sierra Leone's Ministry of Health and Sanitation (MOHS) continues to pose material financial and fiduciary risks to Global Fund programs. A [2019 OIG audit](#) identified serious indicators of fraud supported by a subsequent [OIG investigation](#) in 2020 that found over US\$2 million of non-compliant and fraudulent transactions. While implementing the mitigation measures, program staff in a core country were found to have engaged in further fraudulent activities that will be detailed in a forthcoming investigation report.

### Improving design and effectiveness of controls at country level to safeguard investments

Gaps in the design and execution of controls continue to undermine program performance. The Global Fund's additional safeguard measures in Madagascar are helping to reduce the inherent high fiduciary and financial risk in the portfolio. Despite progress, however, Principal Recipients were also found to have inadequate design and be non-compliant with guidelines. This has compromised the transparency and competitiveness of procurement processes. In [Bangladesh](#), the OIG further found that Principal Recipients did not properly follow local procurement processes, resulting in contracts of US\$4.3 million awarded without competitive bidding.

If not addressed, weaknesses in controls can be exploited for fraudulent activity. For instance, our investigation in [Liberia](#) found systemic fraud and misappropriation at the Ministry of Health, affecting 91% of expenditures reviewed. Non-compliant expenditures totaled US\$1.1 million, of which we recommend recovery of US\$0.99 million. The fraud started as opportunistic, but became systemic due to insufficient controls, policies, and oversight.

There are, however, positive examples of effective financial controls in difficult environments. OIG found in the Republic of Congo that the Principal Recipient's financial and fiduciary controls over the malaria grant were effective with a strong control environment, adequate policies, and assurance arrangements. This demonstrates that even in the most challenging environments, it is possible to balance the drive for programmatic impact with effective financial and fiduciary control.

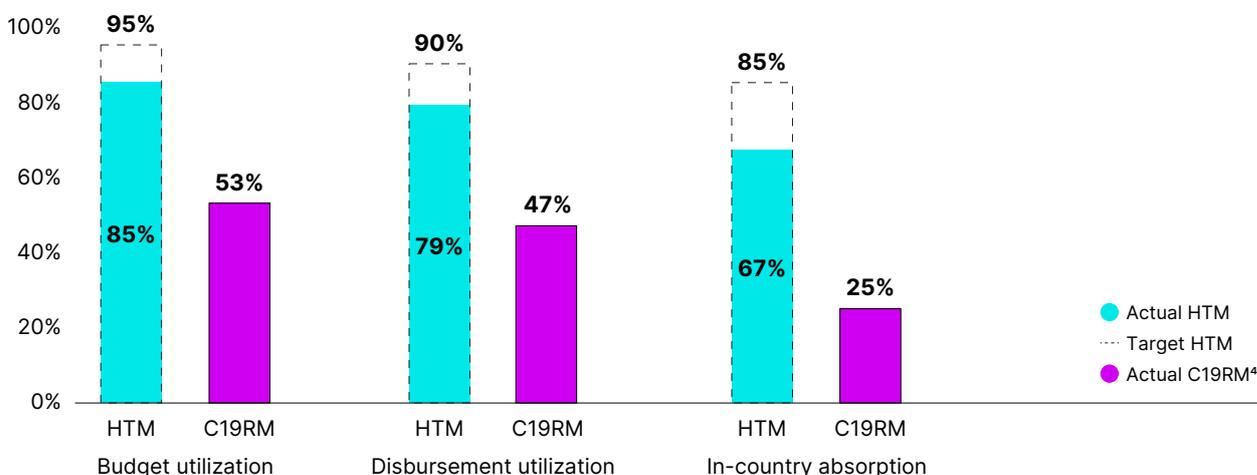
## 3. Limited implementation of C19RM activities leads to poor absorption of funds



The Global Fund has released about 85% of funds for HIV, TB, and malaria (HTM), and 53% for COVID-19 Response Mechanism (C19RM) activities for implementation at the country level as of 30 June 2022. While the use of funds remains steady for HTM and is expected to improve based on prior performance,<sup>3</sup> absorption of C19RM 2021 funds is low. In-country absorption of HTM and C19RM funds, based on proximal financial information during pulse checks, stood at 67% and 25% respectively as of June 2022 with 18-24 months left for implementation as shown in figure 1 on page 6.

3 In-country absorption under HTM at end of previous funding cycle was 89%

**Figure 1**  
Fund utilization rates as of June 30th, 2022<sup>4</sup>



There is heightened risk that significant resources may not be used before the grant end date, especially for health system strengthening interventions that are more complex to implement and have historically suffered from low implementation. This is due to the delayed execution arising from limited planning and coordination and delayed procurements in 2021, as well as the positive evolution of the pandemic in 2022 reducing the need for some of the previously planned activities.

#### The impact of in-country absorption challenges

Our audit in *India* found that while the Secretariat ensured funds were approved quickly in line with the country's urgent needs, significant issues were seen in the effectiveness and timely use of C19RM funds delaying critical services. Bangladesh leveraged C19RM resources to adapt its programs, ensuring timely distribution of personal protective equipment and other COVID-19-related commodities. Gaps were reported, however, in planning and coordination among in-country stakeholders. This meant that key COVID-19 mitigating activities were delayed.

#### Mitigation actions moving forward

The Secretariat is taking urgent action to optimize and reprogram its portfolio to ensure approved activities remain relevant. The Finance and Administration Division<sup>5</sup> estimates that for the Global Fund to achieve its financial KPIs including in-country absorption, the Secretariat will have to disburse about US\$8.6 billion to countries with implementers spending about US\$10 billion in the next 18-24 months with about 25 countries accounting for 70% of the funds to be disbursed

and spent. Risk mitigation measures and assurance processes must be enhanced, and carefully monitored especially in the 25 countries to manage the heightened risk arising from the scale-up of disbursements and expenditures.

### 4. Challenges with data quality and information systems undermine decision-making

 Reliable, quality, and timely data is essential for strategic and operational decision-making in Global Fund supported programs. Given its importance, the Global Fund prioritized and allocated about US\$1.5 billion to strengthen country data systems in NFM2 and NFM3. Yet OIG country audits in 2022 identified material weaknesses in the accuracy and completeness of the strategic information and routine data used for decision-making. This undermines program quality and services to beneficiaries.

#### Poor data quality and reliability that undermines impact

In *Bangladesh*, the OIG found that the key population size estimate is based on data from 2015-2016. We also reported differences in the definition of indicators and key population groups in critical programmatic documents, including grant performance frameworks, the 2018-2023 National Strategic Plan and Integrated Biological and Behavioral Surveillance (IBBS) results. These discrepancies mean that programmatic analysis and investments may be based on outdated or inaccurate information. In Madagascar, data informing HIV programming is outdated and

<sup>4</sup> No target is set for C19RM fund utilization

<sup>5</sup> Based on proximal financial information from pulse checks as of June 2022

inadequate, contributing to the low impact of Global Fund investments in the country. Consequently, potential changes in HIV infection rates in previously non-high burden regions are not considered in prevention activities supported by the Global Fund.

**Inadequate data on procurement and supply chain activities affect quantification and forecasting, which can lead to stock-outs and waste**

Reliable data is critical to allow countries to determine and order the quantity of medicines and commodities needed. Inadequate data, however, continues to limit the effectiveness of operational processes, contributing to stock-outs and expiries that can adversely impact beneficiaries. In the [Republic of Congo](#) and Madagascar, the OIG reported the absence of complete and reliable data. This means that quantification exercises for medicines and commodities are based on outdated demographic data with no consideration of transmission dynamics, contributing to stock-outs of medicines at service delivery points.

**Weak health information systems affect availability of timely data to take critical decisions**

Functional health information systems are essential to ensure the availability of reliable data to support program decisions. OIG audits in 2022 found varied maturity levels of health information systems across, and occasionally within, the countries visited. For example, while India has matured its health information system for TB, systems used by the HIV program remains fragmented and efforts to enhance it have been delayed. At the grant implementation level, the OIG found that [Bangladesh](#), Zambia, Madagascar, and Congo continue to use manual registers. While critical for maintaining records at the facility level, these manual processes are prone to error and undermine timely reporting and analysis to inform decision-making.

**5. Critical Global Fund commitments have not progressed sufficiently, leading to continued operational, financial, and reputational risks**



Sexual exploitation and abuse (SEA), and in-country supply chain risks pose material threats to the Global Fund mission. The OIG has reported significant findings in these areas, resulting in several remedial commitments from the Secretariat. At the country level, however, material change has not been made on these commitments, and risk remains high with the potential of distracting from the organization's mission.

**Limited progress has been made to assess SEA risks and prioritize interventions at the country level to protect beneficiaries**

SEA is devastating to the people involved and destroys community relationships and trust. The Global Fund prohibits all forms of sexual misconduct in its programs and has committed to steadfastly working to strengthen its capacity to protect beneficiaries from sexual exploitation, abuse, and harassment (PSEAH).

Following the [OIG's investigation into sexual exploitation and abuse in Ghana](#), the Secretariat has implemented several key management actions including developing a PSEAH framework and establishing a Steering Committee to oversee its implementation. A new unit within the Ethics department has also been created to coordinate PSEAH activities.

In Q1 of 2022, the Steering Committee endorsed the PSEAH risk management plan. It is designed to focus on the organization's ability to identify and differentiate areas of SEAH risk as well as build and monitor implementer capacity to prevent and respond to SEAH. Risk at the country level, however, remains unaddressed with no progress at the implementation level. In particular, the Secretariat has yet to conduct an implementer-level capacity assessment and determine the appropriate activities to improve their response to PSEAH.

**No material progress in addressing in-country supply chain risks**

Supply chain risk remains high as indicated in our 2021 annual report to the Board. The Global Fund has spent about 53% of its resources on procurement and supply chain of medicines and commodities for HIV, TB, and malaria since 2016. The Global Fund has made multiple commitments to address in-country supply chain risk, but no tangible results have been achieved. These initiatives include the Supply Chain Roadmap and Supply Chain Transformation – all of which were launched in 2020 without yet achieving results. As highlighted in our 2021 Annual Opinion, our 2022 audits confirm material risk remains in many in-country supply chains. More specifically, significant stock-out of key medicines and test kits are continuously observed at the service delivery level. This impacts patient access to quality testing and treatment, adversely impacting key populations and grant beneficiaries.

# 2. Operational Update

## Overview

While the OIG continues to leverage the positive benefits and opportunities of remote work, our activities have returned to pre-pandemic levels. Our 2022 workplan is progressing well with some delays in reporting timelines.

**Figure 2**  
**OIG workplan status as of 30 September 2022 (including work carried over from 2021)**

### Investigations



**296** reports screened

**57** new cases opened

**14** new complaint-led investigations opened

**45** investigations / assessments closed

**2** published reports covering **4** cases

**41** case closure memos issued

**\$117.3 million** (**\$1.2 million** in 2022) in non-compliant amounts and **\$21.5 million** (**\$1.1 million** in 2022) in proposed recoveries from published reports since 2020.

**\$3.6 million** (**\$0.7 million** in 2022) in non-compliant amounts and **\$0.9 million** in proposed recoveries from case close memos since 2020.

### Audits and Advisory



**Audits in progress:**

**1** audit not started

**7** audit in planning and fieldwork stage

**5** audit in reporting stage

**Advisories in progress:**

**1** advisory in planning and fieldwork stage

**2** advisory in reporting stage



**Publications:**

**12** reports published to date

### Outreach



**11** fraud awareness events conducted, including **5** webinars focused on sexual exploitation and abuse

### AMAs



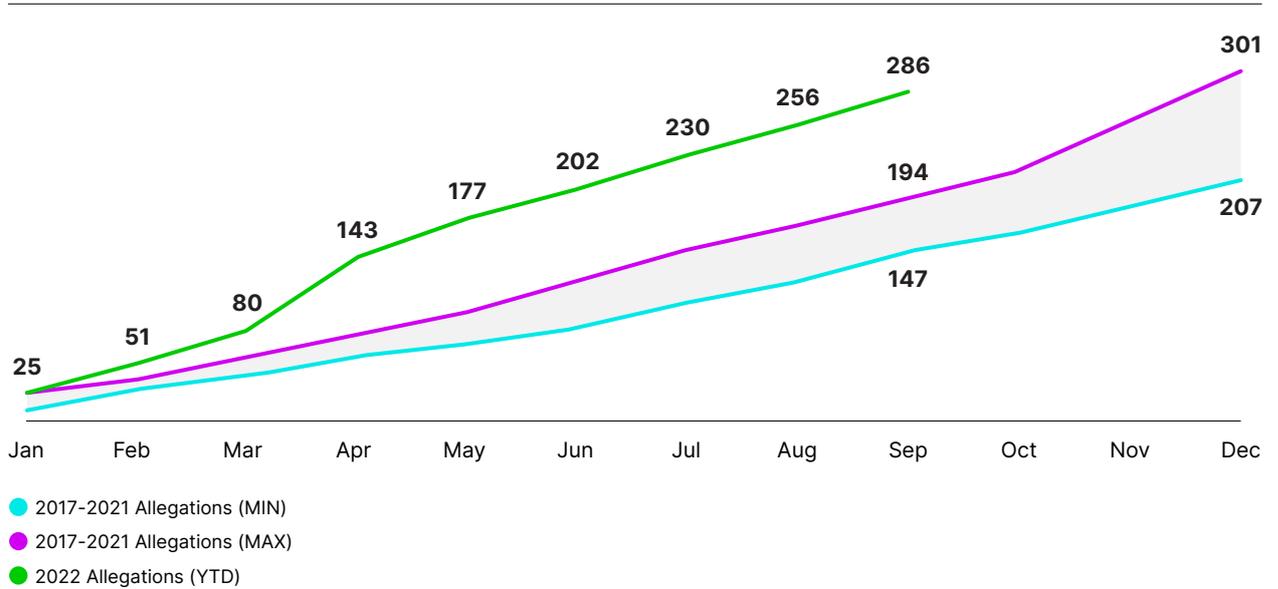
**33** AMAs closed

**41** AMAs created

## Investigations

As noted in our July 2022 progress report, reporting to the OIG has increased significantly in 2022. This has resulted in a corresponding increase in investigative activity than was foreseen in our original workplan.<sup>6</sup>

**Figure 3**  
**Total allegations comparison (2017-2021 vs. 2022 YTD)**



**Allegations and Screenings:** In 2022, we estimated screening 220 allegations. But by 30 September, we had already screened 296 allegations, which is 135% of our estimated target for 2022. In response to the unprecedented increase in allegations, we have continued to differentiate our response time for high-priority allegations, including sexual exploitation and abuse, human rights violations and issues affecting product quality and program service delivery. This has meant that we have not always met our standard 30-day target for responding to allegations in all cases, however this is minimized by placing a higher focus on screening high-priority allegations.

In response to the significant increase in complaints and allegations of wrongdoing reported in 2022, we have hired additional staff to support our case intake activities with processes underway to further increase team capacity. Once the additional resources are fully operational, we expect our screening timelines to fall back within the target.

<sup>6</sup> The 286 figure reflects allegations received in 2022 to date, not the total number of screened allegations during 2022 (296 including carryovers from 2021) so far

**Cases opened:** We opened 57 new cases as of 30 September 2022, which is 43% more than the anticipated target of 40 for the whole of 2022. Allegations have increased by 84% from two of our most reliable sources with 81 reports received from implementers (compared to 44 during the same period in 2021) and 30 from the Secretariat (compared to 16 in 2021).

Operationally, the increase in allegations and case openings required additional resources. We are recruiting temporary staff and consultants to manage this additional workload. (See annex one for more detail).

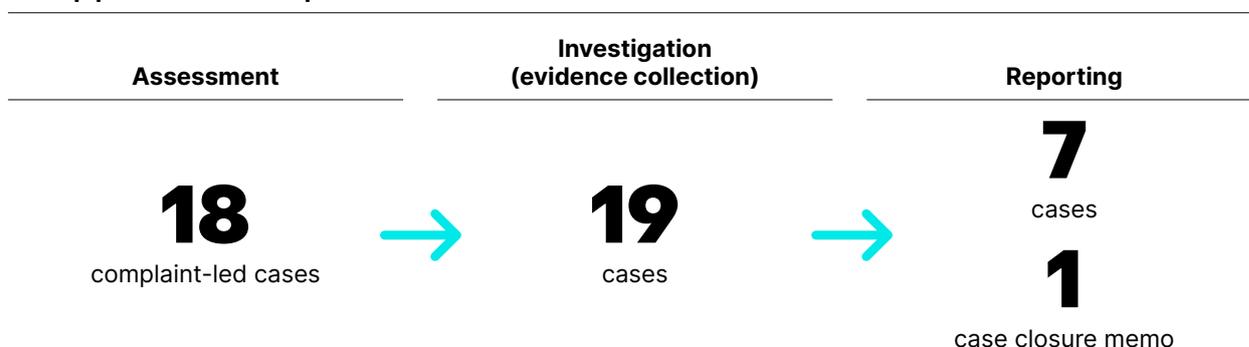
As of 30 September, the OIG has **90 active cases**, 45 of which are OIG-led while 45 relate to oversight cases. Figure 4 below shows the pipeline for OIG-led cases.

**Cases closed and published:** So far this year we have closed 45 cases (23 oversight and 22 OIG-led), which represents 75% of our annual target of 60 cases. We have published two reports with a further three investigations in advanced stages that should also be published before the year end. Another three cases are expected to be issued in draft to the relevant Country Coordinating Mechanisms by year end.

From this report and going forward, the OIG will provide quarterly summaries of case closure memos for the Audit and Finance Committee, with the aim of providing more visibility on OIG investigative activities. See annex four for more details on cases closed.

**Proactive investigations:** We are actively engaging with key partners, such as Country Teams, to inform our decision-making and look for opportunities to detect and disrupt wrongdoing. We have added an Intelligence Specialist to our team and will monitor the need for more proactive cases as complaint-led investigations evolve.

**Figure 4**  
**Case pipeline as of 30 September 2022**



During the year, the OIG conducted country missions in *Uganda, Kenya, India, South Africa*, and [The Netherlands](#).

**Fraud awareness and outreach activities:** As of 30 September 2022, we conducted five webinars to raise awareness on sexual abuse, exploitation, and related wrongdoing risk in Global Fund grants. The webinars reached grant implementers and sub-implementers spanning 35 countries. In addition, we conducted six awareness events on financial fraud that leveraged lessons-learned from an internal investigation in *The Netherlands*, and one in *Liberia*.

**Figure 5**  
**SEAH webinar statistics**



**Spotlight:**  
**I Speak Out Now! about sexual exploitation and abuse**

Sexual exploitation and abuse (SEA) is devastating to the individuals involved and destroys community relationships and trust.

A combination of root causes, specific vulnerabilities, and risk factors can make beneficiaries in certain contexts particularly vulnerable to SEA. Some Global Fund activities are more prone to this type of abuse, such programs involving adolescent girls and young women, especially peer educator programs.

OIG undertakes SEA investigations that involve Global Fund beneficiaries. When abuse is alleged, the Global Fund provides a victim and survivor-centered, trauma-informed response in each instance. Through the investigation process, we aim to mitigate the risk and reduce the incidence of any such abuse.

SEA is generally under-reported. In rare cases, whistle-blowers have reached out directly; more commonly, the OIG is made aware of an incident where the victims/survivor's identity is not known. Unlike many peer organizations, the OIG does not close these cases due to lack of information; where appropriate, the OIG will undertake painstaking investigative activities to identify victims and uncover evidence of abuse. In all cases, we work alongside the PSEAH team in the Ethics Office.

Our current and past investigations continue to highlight the need for implementers to establish more robust reporting channels and improve their awareness of SEA risks. Some implementers already have the capacity to undertake specialist investigations, under the supervision of OIG.

Recognizing that sexual exploitation and abuse has profound and damaging consequences, the OIG continues to promote awareness. Following an OIG-led SEA webinar, we have received reports from concerned people, illustrating the importance of continuing to raise awareness at the country level. To further this work, we have developed an SEA booklet and poster for implementers to use to increase awareness and the need to build reporting channels that are easy, safe, and confidential.

## Audit

As of 30 September, the 2022 audit and advisory workplan is underway with a significant increase in activity compared to 2021. Fifteen out of the 16 audits and three advisories have started, and 12 reports have been published (which includes the remaining 2021 audits).

**Mission-driven assurance:** Our teams have returned to the field to conduct the 12 audits in the 2022 workplan, compared to the seven audits in 2021 which involved five country visits. While we continue to leverage remote audit practices, in-country missions are critical for a full understanding and analysis of risk, implementation controls at the country-level, and for effective collaboration with stakeholders. Among other audit procedures in the field, we engage with implementers, communities, and relevant partners to Global Fund programs. We also visit central and regional medical stores, health facilities and other service delivery areas to verify firsthand how Global Fund supported programs are implemented. See figure 6 for a snapshot view of these visits per country.

Figure 6

### Health Facilities and Medical Warehouses Visited during in-country missions.

<b>Bangladesh</b>	19 Health Facilities across 14 districts
<b>Congo</b>	12 Health Facilities and 3 Medical Warehouses across 4 districts
<b>India</b>	106 Health Facilities across 22 districts
<b>Madagascar</b>	7 Health Facilities and 3 Medical Warehouses across 4 districts
<b>Sudan</b>	10 Health Facilities and 3 Pharmacies across 4 districts
<b>Zambia</b>	45 Health Facilities across 15 districts
<b>EECA</b>	24 Health Facilities in 3 countries

**Advisory reviews:** All three advisories in the 2022 workplan are underway - Evolution of Local Fund Agent Approach (currently in an advanced stage of reporting), Procurement Service Agent Model, and Internal Justice Mechanisms. Figure 7 shows the stage of OIG audit and advisory engagements.



OIG Auditors debrief the Minister of Health in Chad on key audit findings and actions.

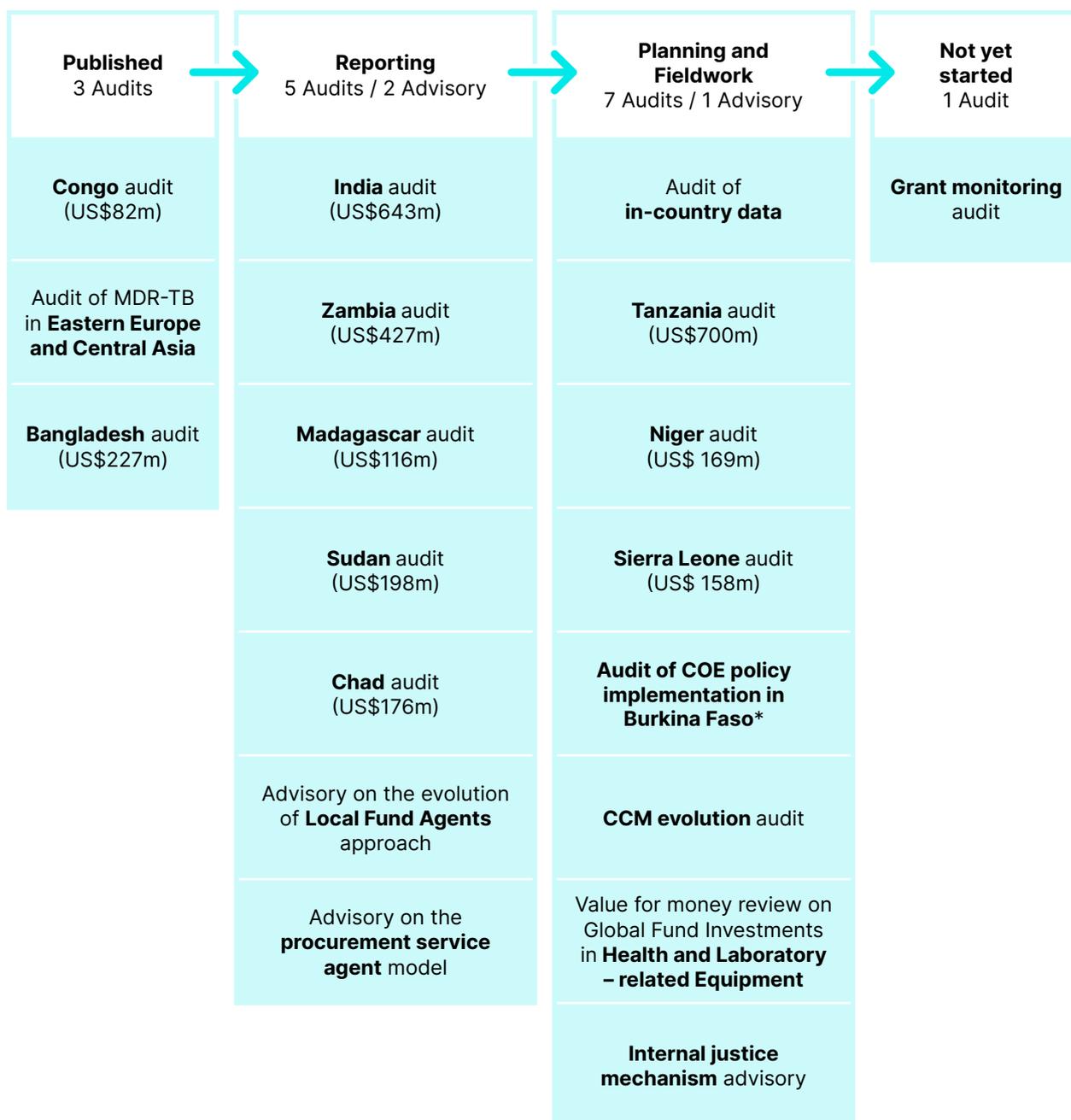


Auditors in Tanzania performing stock verifications at the central medical storage facility.

Figure 7

2022 Audit unit engagements

Status as of 30 September 2022 / 2020 – 2022 allocations and C19RM awards



\* Due to significant conflict in Burkina Faso, the country audit was cancelled and replaced with an audit of COE policy implementation in Burkina Faso which will be performed remotely

## Professional Services Unit

The Professional Services Unit (PSU) team is now fully established with key staff in place who are skilled in data analytics, governance, and risk management.



**Enhancing our analytics and insight generation capabilities:** In 2022, we further enhanced our DataMart, which is now fully operational. It provides OIG staff with integrated access to real-time qualitative and quantitative portfolio information for annual- and engagement-level risk assessments. As Global Fund data matures, we will continue to further enhance our data capabilities to maximize the OIG's impact.

As highlighted in July's Audit and Finance Committee report, we have made significant effort to integrate our core systems for investigations and audit with other financial systems in the organization while safeguarding the security of OIG information. Timely, quality management information dashboards now help to monitor OIG operational performance.



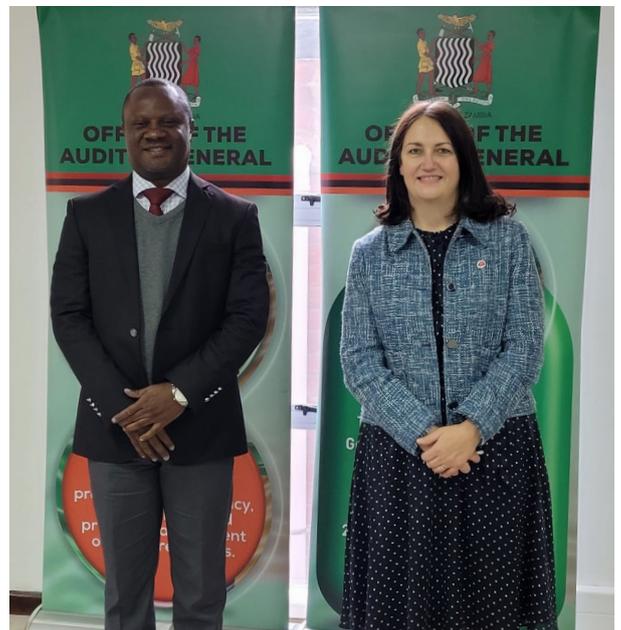
**Measuring and maximizing OIG's impact:** The PSU team has led the re-evaluation of the OIG's key performance indicators to improve performance and impact as seen in section three of this report.



**Update on external quality assurance:** Following the recent independent External Quality Assurance Review (EQA), we have focused on completing the improvement plan. To date, seven of the eleven actions have been completed. The remaining four actions are due in late 2022.



**Outreach and stakeholder engagement:** We continue to support capacity-building initiatives related to Supreme Audit Institutions (SAI) in implementing countries. In 2022, we renewed our Memorandum of Understanding with the African Sub-Saharan Organization of French Speaking Supreme Audit Institutions (CREFIAP) for another three years. In April 2022, the Inspector General was the keynote speaker at AIDSPAN / AFROSAI-E round table event that supported SAI capacity-building. Our Head of Professional Services attended a similar event in Nairobi to promote continuous learning and collaboration.



Inspector General and Auditor General of Zambia after audit debrief meeting and discussion on further collaboration.



OIG Head of Professional Services at an Aidsplan / AFROSAI-E / CREFIAP capacity-building event in Nairobi, July 2022.

We also continue our engagement with SAIs during country audits. In 2022, the Auditor General of Zambia provided five staff to support the OIG's review of the country's portfolio. In Chad, the OIG engaged the *Cour des Comptes* as part of our audit.

Recently, the OIG attended the Conference of International Investigators where we exchanged with leading integrity units on emerging fraud risks and cutting-edge investigative practices. Members of the OIG leadership group also participated in the Representatives of Internal Audit Services (RIAS) annual conference in September 2022 with the Inspector General providing a keynote speech on emerging risks and the evolving role of internal audit.

Our most public channel for outreach and stakeholder engagement is the *I Speak Out Now* website ([ispeakoutnow.org](https://ispeakoutnow.org)). Significant progress has been made in updating the platform in 2022 to offer a more interactive and user-friendly experience in multiple languages. The changes will improve the visibility of anti-fraud activities, increase awareness of fraud affecting Global Fund programs, and encourage prompt reporting of alleged wrongdoing. The OIG expects to launch the re-designed site in November during World Anti-Corruption month.



OIG Inspector General and Head of Audit attend 51st RIAS conference in Vienna 2022.

**Our most public channel for outreach and stakeholder engagement is the *I Speak Out Now* website ([ispeakoutnow.org](https://ispeakoutnow.org))**

# 3. Looking Ahead

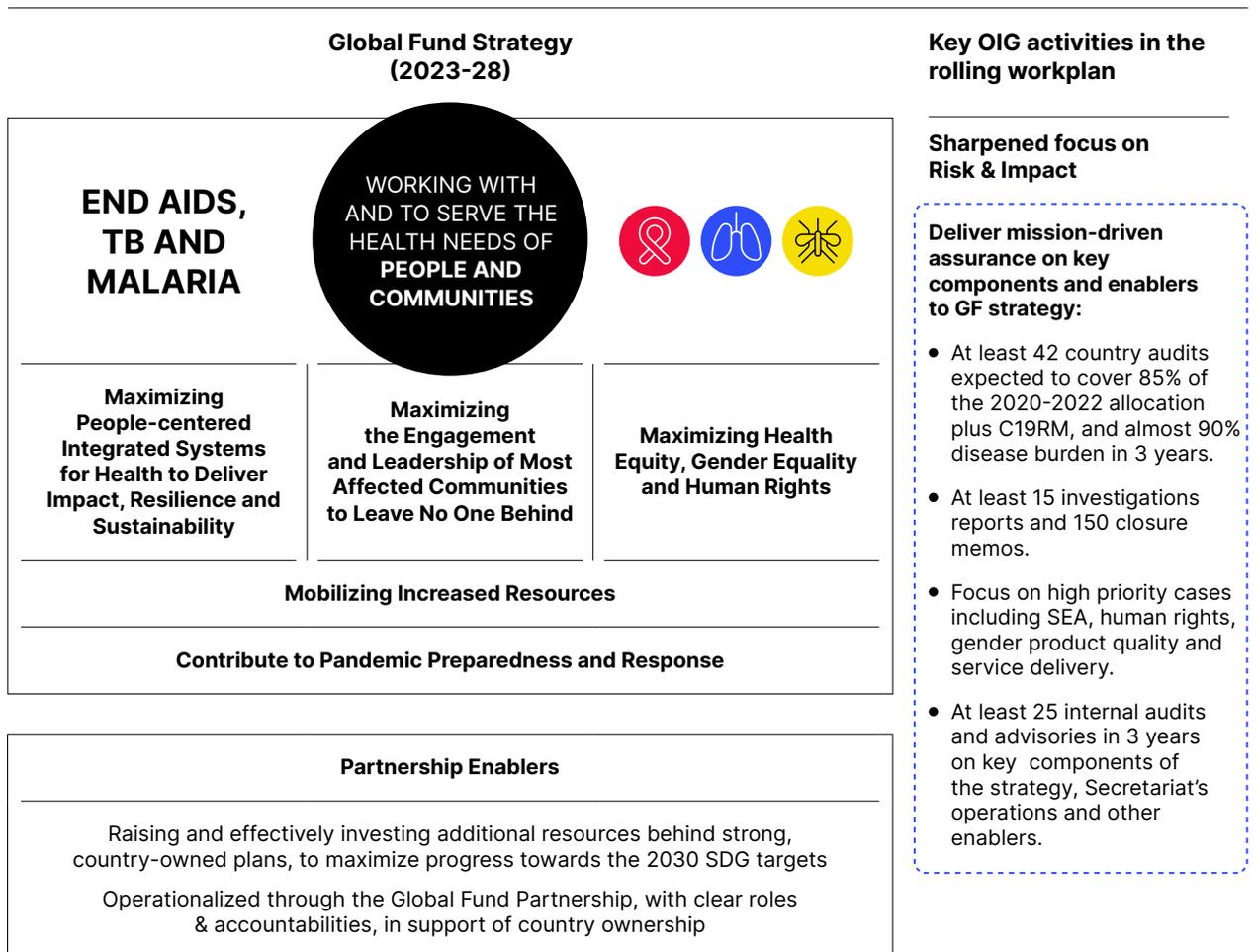
## Proposed 2023-25 workplan at a glance

Following the positive evolution of the pandemic, the OIG expects to accelerate its strategy to become a world-class assurance provider.

In line with our risk-based approach, our ambitious workplan will increasingly focus on country-level assurance that equals pre-pandemic levels. As indicated in July 2022, we propose a three-year rolling assurance plan (see annex 5) instead of an annual workplan. This will provide the Global Fund Board with a holistic view of planned assurance activities that are clearly linked to the [Global Fund strategy](#) (see figure 8 below), key organizational initiatives, and priorities over a three-year period. It will also aid coordination with other assurance providers such as the newly established Independent Evaluation Panel, the external auditor, and peer agencies and partners.

The three-year plan will be continuously monitored to adapt to the evolving risk landscape and changing organizational priorities, ensuring that audits are performed at the appropriate time and provide optimal value.

**Figure 8**  
Linkage between Global Fund Strategy and OIG's workplan



## Our risk-based methodology

The OIG follows a risk-based approach to define its workplan, aiming to provide assurance on high risks, significant portfolios, and key processes. This approach involves quantitative analysis of over 200 data points to better understand the risk landscape and prioritize areas in need of closer attention, as well as consider multiple qualitative factors.

The methodology evaluates the inherent and residual risk landscape. The OIG ensures the process is as inclusive as possible, engaging over 50 stakeholders across the Secretariat and governance bodies.

The workplan aims to provide assurance that grants deliver positive results, that COVID-19 funds are effectively used, and that the Global Fund overall can deliver the desired impact.

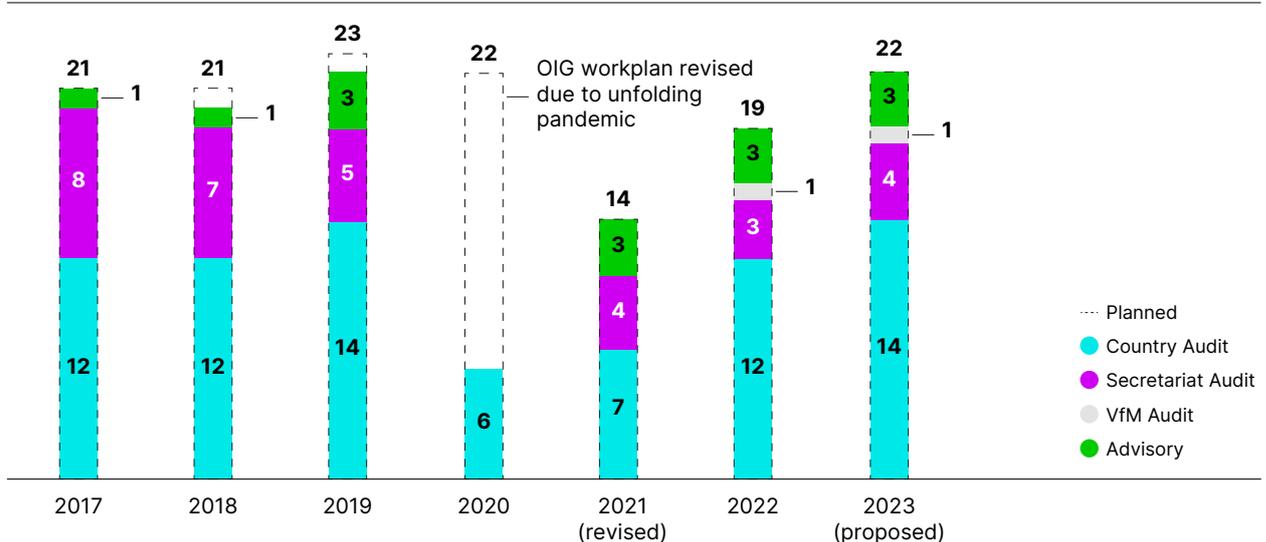
Figure 9  
OIG 2023 Delivery Plan at a glance



## Audit and advisory workplan

As seen below, our 2023 workplan increases the number of audits, and is in line with pre-pandemic OIG activity.

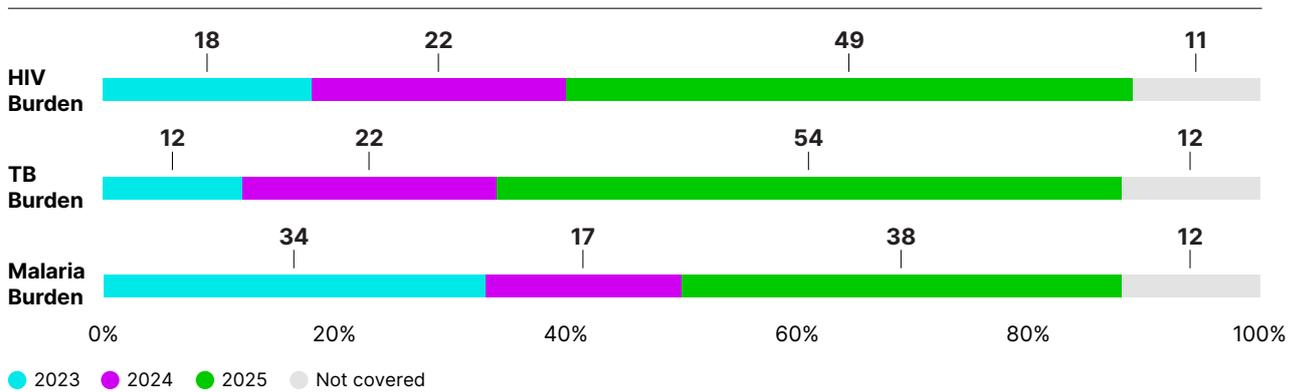
Figure 10  
Audit and advisory engagements



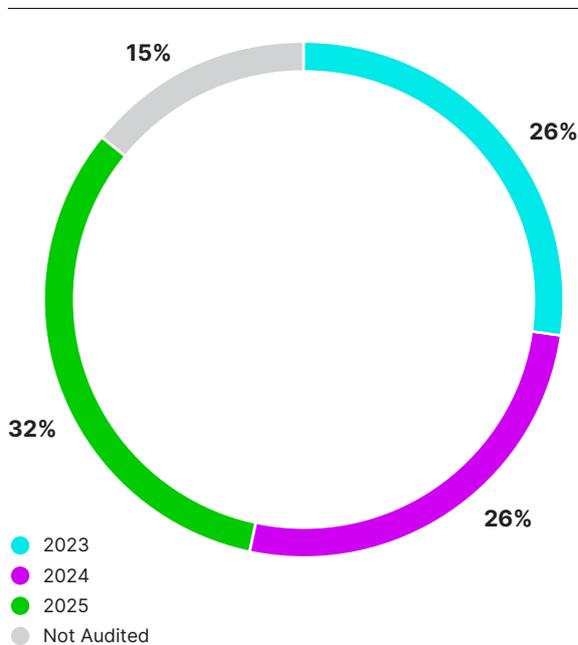
**Country audits:** In line with our risk-based approach, we anticipate that all high-impact countries will be audited at least once over a three-year cycle, with high-risk core countries audited every five years. The proposed countries in the 2023-2025 rolling plan (see annex 5) have high-residual risk and represent significant investments in the Global Fund portfolio. In line with our differentiation approach,

assurance over focus portfolios will be attained with cross-cutting reviews. As seen below, this approach results in significant coverage of both the 2020- 2022 allocation (85% of the US\$16.8 billion total allocation HTM+C19RM) and disease burden (almost 90% across all diseases).

**Figure 11**  
**Disease burden coverage**



**Figure 12**  
**Allocation coverage**



For 2023, we will perform **14** country audits<sup>7</sup> that cover 18 countries in total. These countries have either very high residual risk, significant issues from previous audits and/or were not audited in the last three years. These countries represent 26% of the 2020-2022 allocation (US\$4.4 billion), which is respectively 18%, 12%, and 34% of the HIV, TB, and malaria disease burden.

<sup>7</sup> 12 country audit and 2 thematic reviews are foreseen. The first thematic review for malaria will cover Senegal, The Gambia, and Mauritania. The second will focus on HIV and TB and cover Viet Nam, Thailand, and Lao

**Figure 13**  
**Proposed Country Audits, 2023-2025**

**Focus on 2023 audits**

HIGH-IMPACT PORTFOLIO

**Congo (Democratic Republic)**  
 US\$861m

**Uganda**  
 US\$787m

**Malawi**  
 US\$646m

**Ethiopia**  
 US\$618m

**Ghana**  
 US\$314m

**Mali**  
 US\$220m

**Cambodia**  
 US\$83m

CORE PORTFOLIO

**Central African Republic**  
 US\$178m

**Haiti**  
 US\$149m

**Benin**  
 US\$137m

**Angola**  
 US\$112m

**Namibia**  
 US\$51m

CROSS-CUTTING COUNTRY REVIEWS

**Malaria in Western Africa region<sup>8</sup>**

**Senegal (Core)**  
 US\$32m

**Gambia (Core)**  
 US\$19m

**Mauritania (Focused)**  
 US\$12m

**HIV-TB in South-East Asia<sup>9</sup>**

**Viet Nam (High Impact)**  
 US\$114m

**Thailand (High Impact)**  
 US\$61m

**Lao (Focused)**  
 US\$16m

<sup>8</sup> Malaria allocation only, does not include C19RM awards or RSSH

<sup>9</sup> HIV and TB allocation only, does not include C19RM awards or RSSH

**Internal audits:** Our methodology to select internal audits considers materiality and likelihood,<sup>10</sup> mitigating factors<sup>11</sup> and qualitative factors.<sup>12</sup> The internal audits planned for the three-year rolling plan are included in annex five. In 2023, the OIG will perform the four internal audits detailed below (versus three in 2022).

**1. Effectiveness of Global Fund model in delivering the new strategy:**

The audit will assess how the organization plans to implement the new strategy, including a review of resources, structures and governance, processes and tools required. It will also review how strategic priorities are incorporated into our key grant management processes such as the TRP review, CCM, and engagement with partners.

**2. Country Team model and supporting functions:**

The audit will provide assurance on the adequacy, effectiveness, and efficiency of the Country Team model to manage grants, including support provided by various functional teams.

**3. Global Fund approach to reallocate grant funds:**

The audit will assess the design and effectiveness of governance structures and related processes to reallocate and revise grant funds across portfolios (referred to as portfolio optimization). It will cover Global Fund investments in HIV, TB, malaria, and C19RM.

**4. Managing strategic initiatives:**

The audit will assess the adequacy and effectiveness of structures and processes to design, implement, and monitor strategic initiatives meant to maximize catalytic impact.

Potential country and internal audits included in the rolling plan are disclosed in annex five. Continuous risk monitoring will occur to ensure that each annual workplan is aligned to the risk landscape of the organization.

**Value for money (VfM) reviews:** VfM reviews assess the extent to which our investments have generated the intended results, looking at economy, effectiveness, efficiency, equity, and sustainability. This includes interdependencies and trade-offs, including the balance between short and long-term results. Just as in 2022, we will produce one VfM review in 2023 on Global Fund investments in human resources for health, including community health workers.

**Advisory reviews:** We proposed three advisory reviews based on requests and business needs. This includes requests from the Board, Committees, Secretariat, and in-country stakeholders. One advisory in our 2022 workplan sponsored by the Executive Director – Internal Justice Mechanism – is expected to be completed in 2023. Additional reviews are under consideration to be allocated throughout the year as appropriate.

<sup>10</sup> E.g. performance and accountability indicator results, impact on KPIs, corporate budget and Secretariat process complexity

<sup>11</sup> E.g. process maturity, OIG audit reviews and Agreed Management Actions

<sup>12</sup> E.g. covid 19 disruptions, the corporate risk register, ongoing internal initiatives, corporate priorities and management feedback

## Investigation Workplan

Our 2023 workplan is designed to ensure trusted, confidential reporting channels, to disrupt and interrupt wrongdoing at the earliest opportunity, mitigate risks going forward, and identify and quantify misappropriated grant funds.

Historically, the OIG workplan has been based on predicted investigative activity. While this approach remains challenging in an unpredictable world with increasing uncertainty and risk, our objective is to remain agile and to respond efficiently and effectively to allegations of wrongdoing. Our 2023 workplan anticipates the level of activity described below.

- Screening: Provide screening outcomes for all complaints and allegations received within 30 days (average of 20 days for high-priority complaints and allegations, including SEA and human rights). We estimate receiving approximately 300 complaints and allegations of wrongdoing based on [2021 actuals](#) (301) and 2022 year to date figures (see section two).
- Assessments and new cases: Produce assessment outcomes within 90 days (60 days for high-priority assessments). Open 32 new assessments and investigations and 47 oversight cases. This is based on forecasted levels of complaints and allegations of wrongdoing.
- Case-closure memos: Issue at least 50 case-closure memos in a calendar year, taking an average of one year to complete a case.
- Published investigations: Publish at least five investigation reports in a calendar year, taking an average 14 months to publish an investigation report.
- Awareness raising: We will conduct at least 15 awareness-raising events targeting Secretariat staff, implementers, and in-country assurance providers.

## Professional Services Unit (PSU) workplan

As well as providing critical support to OIG delivery teams, PSU will focus on the following activities in 2023.

### Leverage analytics and insights



PSU will further enhance its analytics capabilities, designing new risk models to identify more precisely areas where audit and investigation activities can be impactful. By leveraging text analytics and predictive risk models, PSU will support audits, investigations, and advisory reviews more proactively and will facilitate continuous risk monitoring. Document and knowledge management projects in SharePoint, as well as shared dashboards between OIG units, will facilitate information exchange and enhance the OIG's overall analytics capability.

### Optimize processes and seek continuous improvement to core systems



PSU will continue to streamline processes and systems to improve the OIG's efficiency, including automating sub-processes that allow teams to focus on more high impact activities. This will involve continuous investment in resilient IT infrastructure and implementing security measures to protect confidential and sensitive OIG data.

### Strengthen our capability to conduct OIG outreach



Outreach and engagement are vital to fulfill the OIG's mission. To ensure we deliver on this promise, we will develop and implement a new OIG outreach strategy for all stakeholder groups and communication channels. One priority will be the continued strengthening of relationships with, and the capacities of, Supreme Audit Institutions, implementers, and partners. The strategy will also involve enhancing and coordinating OIG input into key organizational initiatives at the country and Secretariat level.

## Other key risks and strategic priorities considered in our three-year plan

The workplan covers 100% of 'very high risk', 75% of 'high risk' and 89% of 'moderate risk' areas in the organizational risk register. Although not covered by specific reviews, the OIG identified the following material risks in its risk assessment:

- 1. Transition:** The OIG reviewed transition processes in 2018 and the TERG also reviewed this area in 2020.
- 2. Reputation:** We do not audit reputation as a standalone subject since harm to reputation is closely linked to various other risk categories.
- 3. Gender and human rights:** The OIG completed its human rights advisory in 2019. As part of our 14 country audits in 2023, we will assess how key elements of gender and human rights are considered in grants. We will continue to raise awareness and perform reactive investigations on gender and human right issues.
- 4. C19RM investments:** We performed two specific audits on the C19RM in 2020 and 2021. Our country audits in 2022 provide further assurance on C19RM. In 2023, we will provide assurance on C19RM investments in our 14 country audits, and where relevant, the four internal audits.
- 5. PSEAH:** The OIG will continue to raise awareness and execute reactive investigations on sexual exploitation and abuse. Close collaboration between the audit and investigation units will enable us to identify and react promptly where this risk materializes. In 2024, the OIG will consider an audit of the Secretariat's response to SEAH risk.
- 6. New evaluation function:** The Global Fund's Chief Evaluation and Learning Officer (CELO) starts work in October 2022 and recruitment of other staff related to this new function is ongoing. The OIG participated in the onboarding of the Independent Evaluation Panel in September 2022 and will regularly engage with the CELO when he joins the organization. Due to this timing, the OIG's review of the new evaluation function, agreed at the 46th Board meeting will be deferred to early 2024.

**7. Supply chain:** No specific review is planned, but the OIG will continue to cover key components of the supply chain process in 2023 country audits and consider a cross-cutting review in 2024-2025.

**8. Other** equally important issues and business processes such as market shaping, grant making, pandemic preparedness, Secretariat-level governance, and programmatic monitoring are included in our rolling plan. We will continue to assess them as potential audits in 2024-2025. See annex five for more detail.

## Proposed 2023 key performance indicators and operating budget

### Proposed KPIs

As indicated to the Audit and Finance Committee in July 2022, the OIG re-assessed its key performance indicators in the context of the changing risk landscape, a new Global Fund Strategy, and new leadership at the OIG.

The assessment included consultations with internal stakeholders, as well as with industry leaders and peer oversight offices including the World Bank, European Investment Bank, Asian Development Bank, African Development Bank and USAID. We also leveraged best practices from the International Professional Auditing Standards (IIA), Gartner Audit Leadership Council, Association of Certified Fraud Examiners (ACFE), and Conference of International Investigators Uniform Principles and Guidelines (CII).

Based on the analysis, we proposed a new KPI framework, refining existing measures and adding new ambitious ones. We have identified strategic KPIs that will be reported to the Audit and Finance Committee and to the Board. As shown in figure 14, the strategic KPIs cover four critical areas: what (delivering core assurance), why (risk and impact), how (operations and quality) and who (people and culture).

Figure 14  
OIG 2023 Proposed KPI's

## Proposed Strategic KPIs

### WHAT? A DELIVERY ON CORE ASSURANCE

#### A1

#### INVESTIGATIONS

##### 1. Screening:

On average, triage and provide screening outcomes for all complaints/allegations received within 30 days (average of 20 days for high priority complaints/allegations including SEA and human rights).

##### 2. Case Closure Memos:

- a. Issue at least 50 case closure memos in a calendar year.
- b. Average of 12 months to produce investigation case closure memos.

##### 3. Investigations:

- a. Publish at least 5 investigation reports in a calendar year.
- b. Average of 14 months to produce investigation draft report for publication.

##### 4. Anti-fraud:

- a. 80% of anti-fraud awareness activities completed as per workplan.

#### A2

#### AUDIT & ADVISORY

##### 1. Audits:

- a. Issue at least 15 audit reports in draft by year end (stage 4 of SEM), as a proportion of all engagements in the workplan.
- b. Issue at least 19 audit reports to the Audit and Finance Committee by March/end of Quarter 1 of the next calendar year.

##### 2. Advisory:

Issue at least 2 advisory reports in draft by year end.

### HOW? C OPERATIONS AND QUALITY

**C1** Costs managed within 10% of approved budget.

**C2** 100% of **Agreed Management Actions (AMAs)** tracked and validated within 30 days of Secretariat reporting as "Completed".

**C3** Provide an annual **assurance statement** on governance, risk management and controls at GF.

**C4** Completion of annual **internal quality self-assessments** to confirm ongoing conformance with IIA and CII requirements as per OIG QAIP.

**C5** Performance of triennial **external quality assurance** review to confirm conformance with IIA and CII requirements.

### WHY? B RISK & IMPACT

#### B1

Audit coverage: Cover at least 75% of **Allocation** and 75% each of HIV, TB and Malaria **Disease burden** over a rolling 3-year cycle.

#### B2

Assurance activity on 100% of risks rated as high in the **Organizational risk register** over a rolling 3-year cycle.

#### B3

Sixty percent (60%) of **Agreed Management Actions** are remediated by the Secretariat, by their due date, over a rolling 2-year cycle/ period of eight (8) quarters.

#### B4

#### Stakeholder Engagement Satisfaction:

1. 80% overall satisfaction score from engagement satisfaction surveys conducted
2. 80% overall satisfaction score from Board & Audit and Finance Committee satisfaction surveys
3. 80% overall satisfaction score from post event surveys conducted for anti-fraud awareness

### WHO? D PEOPLE & CULTURE

**D1** 100% of **staff development plans** have been approved by end of Q1.

**D2** 100% of staff complete by year end, a minimum of 40 hours of **formal training**.

**D3** 80% overall score in **employee satisfaction** survey.

Operational metrics will also be tracked for OIG internal use, and reported periodically to the Audit and Finance Committee where appropriate. The operational metrics include but are not limited to the following:

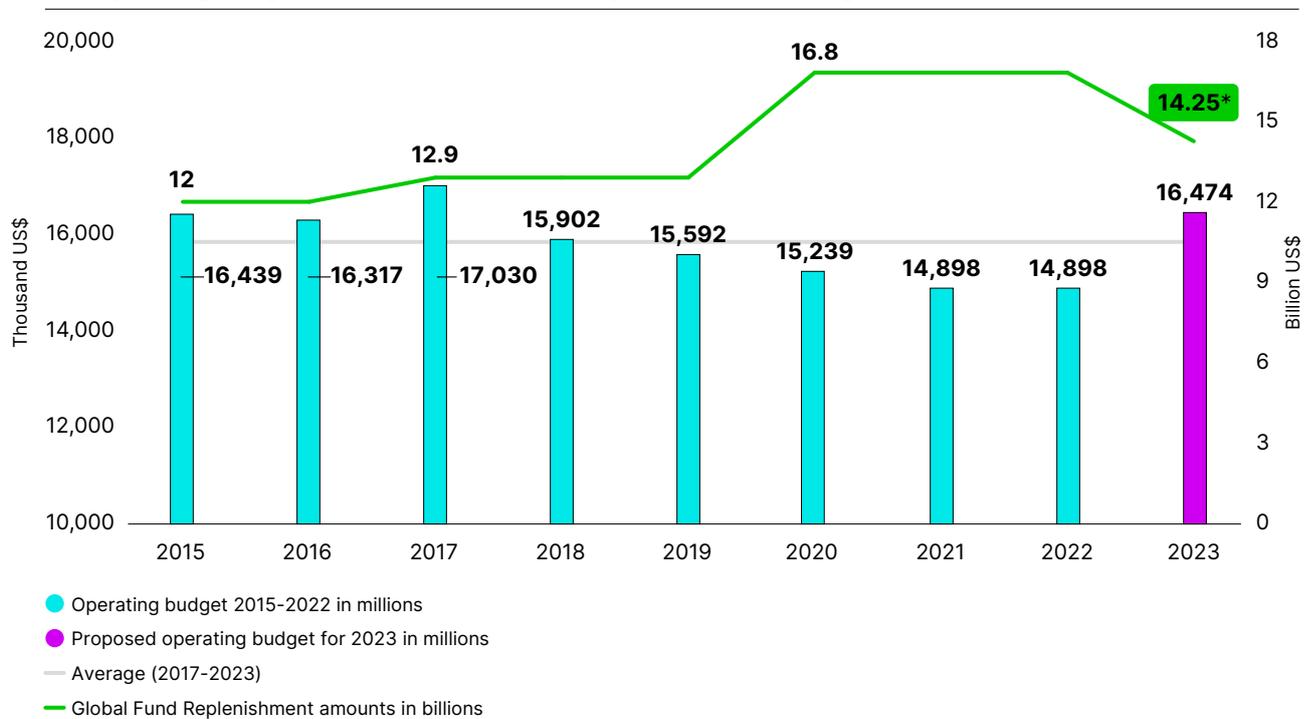
- Timelines to produce assessment outcomes
- Adherence to stakeholder engagement model timelines
- Non-compliant and proposed recovery amounts from OIG's work over a 3-year rolling cycle
- Staff diversity metrics

### Proposed budget

The OIG budget has remained stagnant since 2018, decreasing on average by 3% each year. This is despite significant funding increases to the Global Fund. At the same time, the OIG is carrying out its mandate with an increased risk profile, greater complexity in audits and investigations in an environment without privileges and immunities, and a generally broader investigative mandate (including SEA and human rights) than many peer organizations.

The OIG has therefore proposed an operational expenditure ceiling of US\$16.5 million for 2023 to adequately discharge the OIG's mandate (see details in annex one). While not as high as the 2017 budget, this nevertheless represents an 11% increase in the OIG budget compared to 2022. The main increases are in workforce costs, professional fees, and travel which are needed for an increase in country-level assurance and to recruit specialists in SEA, legal, and public health matters.

**Figure 15**  
**OIG Operating Budget (in thousand USD) and Replenishment funding (in billion USD) evolutions**



\* US\$14.25 billion was pledged at the Global Fund replenishment in September 2022  
The amount is subject to change pending other anticipated pledges

# Annex 1: Staffing and budget

## Staffing

As of 30 September 2022, the OIG had 49 employees (48 full-time equivalents) out of a budgeted headcount of 57.

The vacancies have not had a material impact on the OIG's capacity and ability to deliver its mandate. Temporary professional resources were provided to fill gaps and deliver the OIG's workplan while recruitment efforts were underway to fill vacancies. Due to its commitment to nurture a high-performing team, several posts were filled by internal OIG and Secretariat candidates. This caused several further vacancies, however, that required further recruitment efforts. Whilst the OIG focuses on recruiting and retaining top talent, diversity & inclusion is a key part of the OIG people culture.

From April to September 2022, 11 staff were onboarded into new roles (eight new staff and three recruited internally). As of 30 September 2022, there were nine remaining vacancies. Of these, four staff joined the OIG in October 2022 and one candidate has signed an employment contract to join OIG before the year ends. Recruitment processes are underway for the four remaining vacancies and are expected to be finalized by end of 2022. These vacancies are mainly due to staff turnover in 2022 and stalled recruitment efforts.

## Budget

At the end of September 2022, the OIG had a YTD underspend of US\$159k (1.5%) based on budgeted exchange rates. We have requested a budget of US\$16.5 million in 2023, an increase of 11% on the prior year.<sup>13</sup>

### OIG Operational budget in thousands of US\$ as of 30 September 2022

UNIT	2022 BUDGET	YTD BUDGET	YTD ACTUALS <sup>14</sup>	YTD BUDGET VS. ACTUALS VARIANCE	F2 2022 FORECAST	2023 BUDGET	BUDGET VARIANCE 2023-2022
Workforce <sup>15</sup>	10,690	8,017	7,029	-988	9,719	11,479	789
Professional Fees	2,487	1,749	2,566	817	3,219	2,833	346
Travel	1,171	800	893	93	1,244	1,566	395
Meetings	40	30	28	-2	46	28	-12
Communications	150	114	116	2	141	281	131
Office Infrastructure	356	168	89	-79	171	287	-69
Depreciation	4	3	1	-2	4	-	-4
<b>Total</b>	<b>14,898</b>	<b>10,881</b>	<b>10,722</b>	<b>-159</b>	<b>14,544<sup>16</sup></b>	<b>16,474</b>	<b>1,576</b>

<sup>13</sup> There will be a decision point that will recommend that the OIG budget be included in the Secretariat's 2023 OPEX budget request to the Board for approval in the 48th Board meeting in November 2022. However as at the time of submission, the Secretariat's OPEX budget was not yet final

<sup>14</sup> In accordance with the Secretariat's practice of preparing financial reports based on budgeted exchange rates

<sup>15</sup> Workforce actuals include staff salaries and individual consultants engaged to support OIG's work due to vacancies in 2022

<sup>16</sup> The F2 2022 forecast is for operational expenditure only as approved by the Board in November 2021 and excludes the US\$630,000 funded through the C19RM allocation to OIG

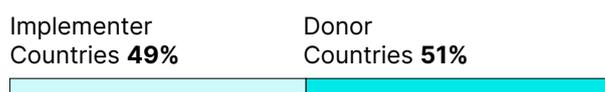
Figure 16  
OIG Diversity



### Gender



### Donor-Implementer



**Workforce expenses** had the largest variance with an underspend of US\$988k to date. The increase in headcount in 2022 caused some vacancies, most of which are now filled. The underspend variance has reduced from 17% to 12% between May and September. Given the pace of recruitment, we expect to recover our underspend in this area to 9% by year end.

The workforce underspend resulted in a corresponding overspend of US\$817k on **professional fees**. We also overspent by US\$93k on **travel costs**, mainly because the 2022 budget originally anticipated more severe pandemic-related travel restrictions.

**Meetings and communications and office infrastructure** saw minimal variances.

## OIG related C19RM management fees budget and forecast for 2022 and 2023

Due to our underspent budget in 2020, the OIG did not request additional funding in 2021 to cover the additional workload caused by the pandemic related disruptions and provision of assurance related to related C19RM funding. In 2022, however, as travel restrictions were lifted the OIG was allocated a ceiling of US\$2.5 million for emergency use in 2022 and 2023.<sup>17</sup> This budget applies to the additional workload resulting from an increased risk environment, increased funding, and significant increase in allegations of wrongdoing. This budget was allocated primarily for temporary staff and professional fees to assist with the resulting workload and is deemed appropriate by the OIG to respond to the above increased workload. These funds are part of the additional assurance costs approved by the Board<sup>18</sup> as part of the 3% tranche allocated to additional management operating costs relating to C19RM. To ensure the Audit and Finance Committee's and Board oversight on the appropriate use of all resources by the OIG based on approved workplan, the relevant amounts are presented below.

### OIG related C19RM management fees budget and forecast for 2022 and 2023

UNIT	2022 AND 2023 BUDGET <sup>19</sup>	2022-2023 FORECAST AND BUDGET (current) <sup>20</sup>
Workforce <sup>21</sup>	Not allocated	813
Professional Fees	to specific cost categories	1,373
Travel		250
<b>Total</b>	<b>2,500</b>	<b>2,436</b>

<sup>17</sup> This allocation was highlighted in the financial forecast for C19RM management and operating costs, submitted to the ACF19 in July 18 GF/B44/EDP18

<sup>19</sup> No C19RM funding was allocated to the OIG at the time of annual budget preparation last October 2021. The funding was subsequently allocated to the OIG in May 2023

<sup>20</sup> F2 forecast submitted to the Finance & Administration Division in July 2022, totaling US\$2.25 million however this has since been revised to US\$ 2.44 million

<sup>21</sup> Workforce actuals include staff salaries and individual consultants engaged to support OIG's work

# Annex 2:

## Progress on key performance indicators as of 30 September 2022

THEME	PERFORMANCE OBJECTIVE	PROGRESS TO DATE
<b>A</b> To deliver an efficient and effective service	<b>A1. INVESTIGATIONS</b> <ul style="list-style-type: none"> <li>• <b>80%</b> of reports as per the workplans (in reporting phase at the beginning of the year) issued in draft by year end (stage six of the Stakeholder Engagement Model).</li> <li>• Produce <b>100%</b> screening outcomes for all reports received within <b>30 days</b> up to 31 December 2022.</li> <li>• By 31 December 2022, close to <b>90%</b> of high-priority investigations carried over from previous year(s).</li> <li>• By 30 June 2022, close to <b>90%</b> of assessments are carried over from previous year(s).</li> <li>• Complete <b>80%</b> of ISON training activities.</li> </ul>	<b>KPI met</b> <ul style="list-style-type: none"> <li>• <b>100%</b> We published two reports (covering four cases) so far this year. We anticipate publishing another three cases before the year end.</li> </ul> <b>KPI not on track</b> <ul style="list-style-type: none"> <li>• <b>42%</b> of screening outcomes completed within the 30-day deadline and improving. The slow rate of screening is largely due to the significant increases in allegations as noted in section two. Additional resources are being onboarded to respond to the increased allegations (<i>see C19RM funding in annex one</i>).</li> </ul> <b>KPI on track</b> <ul style="list-style-type: none"> <li>• We have closed <b>50%</b> of high-priority investigations carried over from previous years. In 2022, we opened 57 new investigation cases, increasing the workload on existing staff and their ability to close cases. Despite this challenge, the KPI is on track as the number of closed high-priority investigations usually accelerates in the last quarter.</li> </ul> <b>KPI not met</b> <ul style="list-style-type: none"> <li>• By 30 June, we closed <b>85%</b> of assessments carried over from previous years, narrowly missing our target of <b>90%</b>.</li> </ul> <b>KPI on track</b> <ul style="list-style-type: none"> <li>• <b>73%</b> (11 out of 15) of ISON activities are completed. Several ISON activities are scheduled for completion so that we can fully meet or exceed this KPI by year end.</li> </ul>
	<b>A1. AUDIT</b> <ul style="list-style-type: none"> <li>• <b>80%</b> of assurance reports as per the workplans issued in draft by year end (stage four of the Stakeholder Engagement Model).</li> <li>• <b>67%</b> of advisory reports per workplan issued in draft by year end.</li> </ul>	<b>KPI on track</b> <ul style="list-style-type: none"> <li>• By the end of September, we issued <b>44%</b> of our 2022 reports in draft (stage four of the Stakeholder Engagement Model). Audits take around five months (20 weeks) to reach stage four. This makes our achievement normal for this time of year, and we expect that the percent completed will increase sharply in the last quarter of the year.</li> </ul> <b>KPI on track</b> <ul style="list-style-type: none"> <li>• By the end of September, one of the three advisories in the 2022 workplan has been issued in draft. The other advisory is in the reporting stage and expected to be issued in draft before the year end. The remaining advisory (Internal Justice Mechanisms) is in the planning phase and will likely roll over the new year. The delay is due to client's request for postponement.</li> </ul>
	<b>A.2 BUDGET MANAGEMENT</b> Costs managed within <b>10%</b> of the approved budget.	<b>KPI on track</b> The actual spend as of 30 September is <b>0.5%</b> under budget. The OIG plans to use its C19RM funding allocation of US\$630K by 31 December and will exceed its overall budget by <b>2%</b> . This is a significant improvement in budget management since OIG has been significantly under-spent for the last five years.

THEME	PERFORMANCE OBJECTIVE	PROGRESS TO DATE
<b>B</b> To foster confidence by being accountable and transparent	<b>B.1</b> Annual quality self-assessments completed to confirm ongoing conformance with our Quality Assurance and Improvement Program (QAIP), including general conformance with the Stakeholder Engagements Model timeline.	<b>KPI met</b> The next quality self-assessment will be completed in Q4 2022. All audits and investigations have, to date, followed the Stakeholder Engagement Model. However, we have experienced delays on Q1 audits that have shifted our target publication by a month later than planned. This had cascading impact on subsequent audits.
	<b>B.2</b> Triennial external quality assurance review to confirm that the quality of assessment processes, work papers, reports, and interaction with key stakeholders adheres to professional standards and guidelines.	<b>KPI met</b> The external quality assurance took place in Q3 of 2021. Both the audit and investigations functions fully comply with relevant industry standards. The results were presented to the Audit and Finance Committee in March 2022 and are published on the Global Fund website.
	<b>B.3</b> Provide an annual assurance statement on governance, risk management and controls at the Global Fund by 31 March 2022.	<b>KPI met</b> The 2021 Annual Opinion on Governance, Risk Management and Controls was issued to the Audit and Finance Committee in March 2022 and to the Board in May 2022.
<b>C</b> To ensure impact in our work	<b>C.1</b> Agreed actions tracked and reported on monthly basis and validated within 30 days of Secretariat reported "Completed" date. Reports of slippage on agreed actions escalated.	<b>KPI met</b> <b>100%</b> of the agreed management actions that the Secretariat reported as implemented were validated by the OIG within the 30-day limit.
	<b>C.2</b> Client engagement surveys are conducted for at least <b>90%</b> of audit engagements completed during the year.	<b>KPI met</b> OIG sent surveys for all audit reports published in 2022. The overall score received was 3.5 on a scale of one (poor) to four (good).
	<b>C.3</b> Conduct annual stakeholder satisfaction survey, including all Audit Committee members and all Board members (or alternates), and achieve an overall satisfaction score of <b>80%</b> or better.	<b>KPI met</b> The OIG received a <b>96%</b> satisfaction rate from the Board and Audit and Finance Committee in the survey carried out in January 2022. The next survey will be carried out in December 2022.
	<b>C.4</b> The Secretariat remediates <b>60%</b> of agreed management actions by their due date over a rolling period of eight quarters.	<b>Not met</b> The Secretariat implemented <b>18%</b> of AMAs by their due date between 01 October 2020 and 30 September 2022. The Secretariat's ability to close AMAs in a timely manner was heavily impacted by the COVID-19 pandemic and the related disruptions. <i>See our AMA report (GF_B48_22) for more information.</i>

THEME	PERFORMANCE OBJECTIVE	PROGRESS TO DATE
	<p><b>C.5</b> Achieve following coverage targets over a three-year audit cycle:</p> <ul style="list-style-type: none"> <li>• <b>60%</b> of the disease burdens (for each of the three diseases)</li> <li>• <b>60%</b> of the country allocation amounts</li> <li>• <b>30%</b> of countries classified as high-risk</li> </ul>	<p><b>KPI met for most targets</b> At the end of 2022 (after replacing Mali for Sierra Leone), we will have covered:</p> <ul style="list-style-type: none"> <li>• <b>60%/60%/49%</b> of HIV, TB, and malaria</li> <li>• <b>44%</b> of country allocation amounts</li> <li>• <b>40%</b> of countries rated as high-risk</li> </ul> <p>Shortfalls in planned coverage for country disease burden and allocation amounts are due to the pandemic since no country audits were performed in 2020. Disease burden and country allocation coverage will be corrected.</p>
	<p><b>C.6</b> At least three advisory reviews during 2022.</p>	<p><b>KPI on track</b> Multiple requests were received from the Secretariat. There are currently three advisory engagements confirmed for 2022.</p>
<p><b>D</b> <b>To recruit and retain the best people and foster a culture of trust and teamwork</b></p>	<p><b>D.1.</b> All employees have a development plan approved by their managers by end of Q1.</p>	<p><b>KPI met</b> All staff had their development plans approved in our human resource systems by Q1.</p>
	<p><b>D.2.</b> At least <b>90%</b> of staff will complete a minimum of 20 hours of formal training by year end.</p>	<p><b>KPI on track.</b> <b>41%</b> of staff had completed a minimum of 20 hours of formal training. The low compliance rate is average for this time of year, and we expect to meet this KPI by year end.</p>

# Annex 3:

## High-level summary of OIG reports released or published since the last update (June–September 2022)

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For reports published prior to June 2022, go to the Global Fund website [www.theglobalfund.org/en/oig/reports/](http://www.theglobalfund.org/en/oig/reports/)

### ADVISORY REPORT ON THE GOVERNANCE OF THE BURKINA FASO CCM GF-OIG-22-009

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No rating Country Coordinating Mechanisms (CCMs) are national committees that submit funding applications to the Global Fund and oversee grants on behalf of their countries. In 2020, the Secretariat received several complaints concerning the Burkina Faso CCM, including insufficient transparency, non-compliance with CCM requirements on selection of Principal Recipients (PRs), treatment of CCM members, and deliberate attempts to delay updates to key governance guidance. The OIG's recommendations included significantly enhancing oversight with a more timely, inclusive and transparent PR selection process as well as reforming the CCM oversight committee to better deliver on its mandate. Public engagement could be improved with a more competitive and open appointment process for civil society organizations. Operationally, greater compliance is needed with CCM guidelines and policies in the country.

### AUDIT REPORT ON THE GLOBAL FUND'S FRAUD RISK MANAGEMENT MATURITY ASSESSMENT GF-OIG-22-010

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No rating The OIG assessed the maturity of the Global Fund's fraud risk management framework against five core components: Fraud Risk Governance, Fraud Risk Assessment, Fraud Control Activities, Fraud Investigation and Corrective Action and Fraud Risk Monitoring. We assessed as "mature" the Secretariat's policies and structures in place to support overall fraud risk management. Opportunities identified for improvement included the limited ownership and accountability for cross-functional fraud risk and a lack of specific guidelines to tackle risks inherent in managing medicines and health products at country level. We also recommended improving documentation of fraud risk during grants' life cycle, improving due diligence and capacity building of implementers, and developing mechanisms to monitor fraud risk programs at the enterprise level.

### ADVISORY ON THE GLOBAL FUND'S ROLE AND APPROACH TO DOMESTIC FINANCING FOR HEALTH (DFH) GF-OIG-22-011

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No rating Domestic Financing for Health (DFH) is a critical building block for resilient and sustainable health systems, and key to ensuring the long-term sustainability of national responses, Global Fund investments and health outcomes. While overall the OIG found that the Global Fund's role within and approach to DFH is moving in the right direction, we identified several priority challenges to address. These include weak governmental ownership and prioritization of health, excessive out of pocket expenses, low engagement within the public sector and with key private stakeholders, and weaknesses in public financial management and Health Financing data. Our recommendations focused on enhancing the deployment of DFH levers and leveraging 'cross-cutting' opportunities, especially with Civil Society Organizations.

#### KEY: OIG Ratings

- Effective: no issues or few minor issues noted
- Partially effective: moderate issues noted
- Needs significant improvement: one or some significant issues noted
- Ineffective: multiple significant and/or (a) material issue(s) noted

## AUDIT REPORT OF WAMBO.ORG GF-OIG-22-012

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-  Wambo.org is a digital procurement platform, launched in 2016 to provide Global Fund grant implementers with access to competitive prices, increased transparency, and reliability in the supply of quality health products. The OIG found Wambo.org easy to use, capable of managing transactions and approvals, and having a good mix of preventive and detective controls. Its product offering has diversified, and the number and volume of both transactions and users has constantly increased. The report found that the ecosystem's scalability to handle increased transaction volumes needs significant improvement, mainly due to its extensive reliance on manual controls. IT controls to safeguard platform availability and security are also only partially effective. Further alignment and communication is needed between Secretariat departments and Principal Recipient end-users.

## AUDIT REPORT OF GLOBAL FUND SUPPORTED MDR-TB PROGRAMS IN EASTERN EUROPE AND CENTRAL ASIA GF-OIG-22-013

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-  Nine countries in the Eastern Europe and Central Asia (EECA) region are among the 30 countries with the highest burden of multi-drug resistant tuberculosis (MDR-TB) in the world. The Global Fund's EECA regional strategy has led to some improvements, notably a decline in TB incidence and increase in treatment success that has reduced TB mortality. The OIG also reported greater government commitment for the TB response. Yet, significant challenges hinder grants from achieving their intended impact. Among the key issues and risks identified, recommended management actions include better monitoring of Global Fund strategic priorities, improved MDR-TB case finding and improved patient treatment enrolment to address treatment gaps.

## AUDIT REPORT OF GLOBAL FUND GRANTS IN THE REPUBLIC OF CONGO GF-OIG-22-014

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-  In the past 10 years, little progress has been made in fighting the three diseases in the Republic of Congo. This is a result of both limited national government support and the limited scope of Global Fund grants in previous funding cycles. In view of these challenges, the Global Fund has strengthened its controls and oversight since 2018 by enforcing its Additional Safeguard policy and doubled grant allocation (from €31 million to €57 million). The OIG found that optimal grant implementation conditions are not fully in place to curb the increasing burden of the three diseases, in particular HIV and TB. While drugs are available at central level, they are not adequately available at health facilities due to many supply chain challenges. The malaria grant implementer has shown overall adequate and effective internal control systems to reduce financial risks, but areas for improvement remain.

## AUDIT REPORT OF GLOBAL FUND GRANTS IN BANGLADESH GF-OIG-22-015

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-  Bangladesh has made significant progress in the fight against TB and malaria. The country is moving closer to eliminating malaria by 2030, while for TB, mortality was halved between 2010 and 2020. Despite these achievements, there are still challenges around the use of GeneXpert machines, implementation of TB preventive treatment interventions and diagnosis of childhood TB. Many drug-resistant TB cases were missed in 2021, with low case notification in the private sector and among children. While HIV treatment coverage has increased, low coverage levels for HIV prevention services among key populations and for viral load testing are affecting HIV program outcomes. New HIV infections and HIV-related deaths have increased significantly. While grants adapted quickly to the pandemic, better planning and coordination, as well as management of COVID-19 commodities, would have increased grant impact.

### KEY: OIG Ratings

-  Effective: no issues or few minor issues noted
-  Partially effective: moderate issues noted
-  Needs significant improvement: one or some significant issues noted
-  Ineffective: multiple significant and/or (a) material issue(s) noted

# Annex 4:

## Summary of investigation cases closed during 2022

During the year, 45 cases were closed and two reports were published (3 cases were merged into one published report). A total of 22 cases were unfounded or inconclusive, and 19 cases had confirmed outcomes with non-compliant amounts identified as summarized below per region.

REGION	SUMMARY OF FINDINGS	IMPACT / OUTCOME	NON-COMPLIANT AMOUNT
High-Impact Africa 1	<b>Eight</b> closure memos have been issued with cases including SEA, theft of health commodities, and kickbacks. Issues were caused by weak oversight and weak controls over commodities. The SEA cases were closed because either the victims were not beneficiaries of Global Fund programs or appropriate action was taken.	Risk mitigation measures and assurance arrangement have been strengthened by the Secretariat and grant implementers.	<b>US\$ 343,418</b>
High-Impact Africa 2	Two closure memos have been issued. <b>These</b> involved bed nets stolen from warehouses, and salary kickbacks at the Sub-Recipient level.	The Sub-Recipients involved in the kickback scheme were terminated, and the perpetrators of the stolen bed nets are currently facing criminal charges in court. Controls and oversight have been improved.	<b>US\$ 264,415</b>
High-Impact Asia	<b>Two</b> case-closure memos were issued. The cases related to falsification of documents and misappropriation of funds.	The employees involved were terminated and implementers have strengthened financial monitoring as well as refunded programs.	<b>US\$ 3,700</b>
Africa and Middle East (AME)	<b>Five</b> case-closure memos were issued with cases including the theft and sale of Global Fund commodities in the market, procurement irregularities, and fraudulent transactions in a program account.	Some of the staff involved were terminated and actions to strengthen controls are being implemented. Recovery efforts are ongoing.	<b>US\$ 25,754</b>
Asia, Eastern Europe, Latin America, and Caribbean (AELAC)	<b>Two</b> case-closure memos were issued involving phishing fraud and fraudulent travel claims.	Staff involved were terminated and phishing training was organized for the implementer. Funds were repaid to the grant accounts.	<b>US\$ 34,193</b>
<b>Total</b>			<b>US\$ 671,480</b>

# Annex 5:

## OIG's three-year audit plan (2023-2025)

Country Audits			Internal Audits	
2023 Audit Plan	2024 proposed plan	2025 proposed plan	2023 Audit Plan	Likely considerations for 2024-2025
Congo (Democratic Republic)	Mozambique	Nigeria	Effectiveness of Global Fund model in delivering the new strategy	PSEAH
Uganda	Zimbabwe	South Africa		Transition
Malawi	Kenya	Tanzania (United Republic)	Country Team model and supporting functions	New Evaluation Function
Ethiopia	Indonesia	India		Secretariat level governance
Ghana	Pakistan	Zambia	Global Fund approach to reallocate grant funds	Grant Making
Mali	Myanmar	Cameroon		Gender and Human Rights
Cambodia	Côte d'Ivoire	Burkina Faso	Managing Strategic Initiatives	Pandemic Preparedness
HIV-TB in SE Asia: Viet Nam, Thailand, Laos	Multi-Country grants including RAI	Bangladesh	2023 Value for Money Review	Market Shaping
	Guinea	Philippines		Supply Chain
Central African Republic	South Sudan	Togo	Global Fund investments in human resources for health, including community health workers	Programmatic Monitoring
Haiti	Burundi	Nepal		Risk Management
Benin	Liberia	Eswatini		
Angola	Multi-Country Middle East MER	Rwanda		
Namibia	Guinea-Bissau	LAC thematic (HIV and TB)		
Malaria in AME-WA: Senegal, Gambia, Mauritania				

The Plan is continuously monitored and adapted to the evolving risk landscape and organizational context

- High-Impact Countries
- Core Countries
- Focused Countries