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Message from the Interim Executive Director - Grant Monitoring Processes

03 November 2017

The Office of the Inspector General (OIG)'s audit on *Monitoring Processes for Grant Implementation at the Global Fund* identified key control gaps in grant monitoring processes that were used during the past two years. However, the audit was conducted during a period when the Global Fund was implementing a comprehensive new platform called the Grant Operating System, with integrated data to support effective portfolio management. The audit acknowledges that the new platform was not within the scope of the audit. The grant monitoring processes that were the subject of the audit are no longer in use. The system improvements introduced by the Secretariat, including through the implementation of AIM, addresses many of the issues identified in the audit.

For instance, the audit identifies key control gaps in the Annual Funding Decision process. But the Grant Operating System now has an Annual Funding Decision module that was launched in September 2017 and is now fully operational, addressing the majority of those gaps. The module allows Global Fund staff to review the implementation progress of each grant, identify implementation issues, risks and corresponding mitigating measures, determine and commit funding to be disbursed on a pre-set disbursement schedule. Every grant funding decision and disbursement request is now processed through this system. Since mid-September, a total of 132 disbursements have been processed for a total of approximately US$180 million. At present, an additional 615 disbursements are in the pipeline for the remainder of 2017 and in 2018.

In addition, a Principal Recipient reporting module was launched in July 2016 with subsequent additions, supporting the generation of standard reporting forms based on differentiated profiles of the grants and pre-populates relevant sections in the Progress Updates/Disbursement Requests, Annual Financial Reports, Quarterly Cash Balance reports and Tax Reports. It also enables the review of progress for each grant, identifies implementation issues, risks and corresponding mitigating measures and supports an enhanced review and validation process. This results in simplifying and streamlining the

preparation and review of these reports for Principal Recipients, Local Fund Agents and the Secretariat. Over 448 standard reporting forms have been issued.

The Grant Revisions module, launched May 2017, with enhancements in August 2017, enables the initiation, management and monitoring of revisions in line with the updated operational policy. It triggers the relevant review based on the type of revision. To date, 145 revisions have been initiated or processed through this module.

Building on all this work, the Secretariat will continue to review and update controls during the next phase of developing the Grant Operating System. We will revise relevant operational guidance to articulate business requirements changes. We will move forward with existing plans to establish a Portfolio Review Committee.

The improvements that we have achieved through the Grant Operating System represent a tremendous milestone in strengthening grant monitoring process. They are the result of an energetic and sustained effort by the Accelerated Integration Management (AIM) project that began in 2015 to review, re-design, and optimize the grant management processes and to deliver an integrated solution to support efficient portfolio management. AIM performed a comprehensive review and elaborated a blue-print for process and system changes that were self-identified, including for the key grant monitoring processes covered in this audit. Throughout 2016 and 2017, the AIM team worked extremely hard to streamline and automate the core grant management processes resulting in aligned processes, strengthened controls and enhanced efficiency. It is a credit to that team that monitoring processes for grant implementation are now in much stronger shape.

Respectfully,
Marijke Wijnroks