Audit Report

The Global Fund's Methodology for the Allocation of Funds

Internal Controls, Risk Management, and Governance Processes

GF-OIG-15-010
8 July 2015
Geneva, Switzerland

The Global Fund
Office of the Inspector General

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I. Background

In 2014, the Global Fund to Fight AIDS, Tuberculosis and Malaria launched a new funding model based on an approach, referred to in this report as the allocation methodology, which earmarks and caps funds for eligible countries. Before the new funding model was introduced, funds were allocated using a rounds-based model. Under this model, any organization could apply for funding during a limited period, called a round. These rounds typically rewarded the best designed applications but did not necessarily take into account countries with the most acute financing need or disease burden. In 2011, the Global Fund started to examine ways of streamlining the application, renewal and approval processes for funds to move away from the rounds-based system. In 2012, the Board approved the move to an allocation-based funding model, marking a fundamental shift in the core business of the Global Fund.

In accordance with Global Fund strategic objective (2012-2016) “to invest more strategically”, the methodology to allocate funds is designed to focus funding on countries that are the most affected by the three diseases and that are the least able to pay using domestic funds. Under the model adopted for this allocation period, eligible countries are grouped into country bands, based on the gross national income (GNI) per capita (with a threshold set at a GNI per capita of US$ 2000) and a composite score of disease burden across the three diseases.[1] These four country bands are:[2]

- Band 1: composed of 39 countries with a GNI below US$ 2000, and higher disease burden;
- Band 2: composed of 18 countries with a GNI below US$ 2000, and a lower disease burden;
- Band 3: composed of 11 countries with a GNI above US$ 2000, and a higher disease burden;
- Band 4: composed of 55 countries with a GNI above US$ 2000, and a lower disease burden.

Under the current methodology, the preliminary allocation is based on disease burden and income level, and adjusted to take into account financing from other donors and historical Global Fund financing levels. This is to ensure that any sharp decrease in funding is gradual over time.

The preliminary allocation is then subjected to review by the Secretariat based on qualitative factors which include previous grant performance, impact, increasing rates of infection, absorptive capacity and risk. These factors lead to both upward and downward adjustments. At the end of the review process, the allocation of funds to eligible countries is reviewed and finally approved by an executive-level forum at the Secretariat. The respective allocations for 2014-2016 are then formally communicated to eligible countries.

In overall terms, the total amount of funds for the first allocation period was 20% higher than the amount disbursed by the Global Fund over the previous four-year period of 2010-2013. The allocation amount available was communicated to eligible countries in March 2014, combining money raised in the 4th Replenishment with existing undisbursed funds. This makes a total of US$ 14.82 billion available[3] up to the end of 2016. A large part of the allocated funds is available to supply a potential pipeline of US$ 9.37 billion in existing grants across the portfolio.

[1] The composite disease burden score is derived from three separate formulas assessing the disease burden for each disease. The three disease burden figures are aggregated into a weighted composite score. The indicators used were approved by the Strategy, Investment and Impact Committee under authority delegated by the Board, and the Board approved the allocation to country bands.

[2] Two countries, Iraq and Fiji, are only eligible for transition funding and are not assigned to a country Band.

[3] The actual allocation amount communicated to countries was US$ 14.67 billion, as a result of a review of absorptive capacity and other considerations by the Secretariat.

II. Scope and Rating

01 Scope

As the Global Fund transitioned to a new funding model, the Audit and Ethics Committee (AEC) requested assurance over the controls and processes underlying the model. As a result, the 2015 Annual Audit Plan of the Office of the Inspector General (OIG), approved by the AEC, includes two reviews specifically targeting processes introduced in the transition to an allocation-based funding model: this audit of the methodology for the allocation of funds and a separate audit of grant making under the new funding model.[4]

The overall objective of this audit of the methodology for the allocation of funds is to give the Board reasonable assurance as to whether the methodology is adequate and effective in supporting the Global Fund's achievement of its strategy and objectives. This includes providing reasonable assurance over the internal controls, risk management, and governance processes surrounding the allocation methodology.

Specifically, the audit seeks to answer three questions:

1. Were internal controls over allocation processes adequate and effective?
2. Was the allocation methodology designed to achieve the strategic objectives?
3. Was the data used in calculating the allocation relevant and accurate?

The OIG audit scope covers the processes and controls in place up to the point that the allocation information is communicated to eligible countries. Consequently, the audit does not review the internal controls over the following areas:

4. Incentive funding and unfunded quality demand: these are the post allocation activities which are conducted during the review of the concept note.
5. The effect of the current allocation methodology on country allocation: the Technical Evaluation Reference Group (TERG), an independent evaluation advisory body, will carry out a thematic review in 2015 to draw from lessons learned on the roll-out of the allocation.

Finally, the audit does not cover the validation of the underlying systems. The OIG relies on a preexisting review in this area:

6. The assurance that underlying systems correctly calculate the allocation in compliance with Board and committee decisions is derived from a review performed by an external consulting firm, Results for Development (R4D). The OIG takes assurance in this area from the opinion and the report produced by R4D in 2014. The review was funded by an external party with whom the Secretariat agreed the terms of reference.

02 Rating[5]

Operational Risk	Rating	Reference to findings
Governance, internal controls and risk management	Generally effective	01, 02, 03

[4] The audit of grant making under the new funding model was underway at the time of the audit, and will be finalized in 2015.

[5] See Annex A for the definition of the OIG ratings

III. Executive Summary

In March 2014, the Global Fund allocated US$ 14.82 billion to fight AIDS, tuberculosis and malaria over a three-year period. The allocation methodology is a core element of a new funding model that represents a fundamental shift in the way the Global Fund's money is made available to fight the three diseases. Under this model, the Global Fund announces upfront the total amount of funds available for each eligible country. The allocation of funds is designed to help the Global Fund meet its strategic objective to invest for impact. This objective focuses investments on the 125 eligible countries with the highest disease burden and lowest income levels in the world.

This OIG report concludes that the processes and controls developed were generally effective to ensure that the Global Fund allocates funds to support its strategy. Issues found were not material to the overall achievement of the strategy, and are being addressed through an agreed management action (see page 12). The OIG reached this conclusion by asking three key questions.

Were internal controls over the allocation processes adequate and effective?

The OIG found that internal controls around the allocation methodology were adequate and effective, with clear safeguards throughout and sensitive decisions referred to an executive-level forum. Taking into account time constraints and structural changes within the Secretariat, due diligence focused on the core information required for decision making. This was complemented by an ongoing exercise carried out at the Secretariat to learn from the development and roll out of the 2014-2016 allocation model as well as safeguarding institutional memory of the process.

Was the allocation methodology designed to help the Global Fund achieve its strategic objectives?

The 2014-2016 allocations communicated to eligible countries were aligned with the strategic objective of focusing on higher impact. The Global Fund will need to cement this new approach in the future. The Board, working with its committees and the Secretariat, can improve its oversight over the share of investments between the three diseases, and the maximum and minimum amounts available to eligible countries. The methodology for the allocation of funds was consistent across the portfolio. However, the OIG noted that there were two methodologies to determine upfront the overall envelopes available to country bands. Specific measures were factored to determine the aggregate amount of funds available to Band 4 countries, a group of 55 countries with a lower disease burden and relatively higher income levels. Going forward, the Global Fund could consider options to refine the methodology applicable to the next allocation period.

Was the data used in calculating the allocation relevant and accurate?

In terms of data accuracy and relevance, the OIG found that a number of reviews of the underlying systems had been performed before the launch of the allocation, and noted that data used underwent multiple rounds of validation. However, while the Board committee, the Strategy, Investment and Impact Committee (SIIC) approved the choice of parameters used in the initial allocation formula, there were no discussions either by the Board or the SIIC on the risks inherent to these decisions. This suggests a gap in oversight of the risk-tolerance framework of the Global Fund, a core function of the Board. For example, the malaria burden was evaluated using data that pre-dated the creation of the Global Fund in 2002. The justification and mitigation of risks stemming from the choice of using fourteen-year old data for malaria was not considered either by the Board or the SIIC.

Although the OIG concludes that the overall control environment around the 2014-2016 allocation exercise is generally effective, there are some areas for improvement. Most notably, the Board could improve its oversight over the work performed under delegated authority by the SIIC and the Secretariat, particularly around the management of inherent risks.

IV. Findings and Agreed Management Actions

01 Processes and controls around the allocation of funds

a. An adequate and effective process was deployed by the Secretariat to determine the 2014-2016 allocation information.

The OIG found robust processes in place to roll out the 2014-2016 allocation information. The development of the methodology was a wide-ranging exercise involving the Board, its committees and the Secretariat.[6] The OIG found that throughout the exercise, regular updates were provided to the Board, the committees and executive management. At the Secretariat, guidance and trainings were provided to ensure staff carried out the processes as designed.

The OIG noted that due to the sensitivities of the information used to prepare the final allocation amounts available to eligible countries, the Secretariat managed successfully a potential reputational risk by deploying a plan to ensure fair judgment and confidentiality of the internal review process. This included the signature of non-disclosure agreements and declarations of interest by 412 staff members (including 285 Grant Management staff members up to the executive level) and continuous training on the allocation-based funding model.

However, the OIG noted that there were certain gaps in documentation. These gaps are being addressed in response to this audit, notably around the internal review process. For example, input from country teams used in the allocation review process could be potentially modified as it remained in an environment that was not locked. This issue, identified by the Secretariat itself during this OIG audit, could have compromised the accuracy of institutional memory. However, the OIG concluded that this issue had no impact on the final allocation information communicated to countries.

b. The internal controls at the Secretariat around the 2014-2016 allocation exercise were adequate and effective, with clear safeguards throughout and sensitive decisions referred to an executive-level forum.

The internal controls at the Secretariat were comprehensively documented, aligning with COSO guidelines.[7] For every process analyzed, internal control and quality assurance procedures detailed the role and responsibilities of every actor.

The OIG found that duties and roles were adequately segregated across three levels of management. The input role of Country Teams was clearly demarked from the approval role of management. For example, the Country Teams recommended which qualitative factors should be taken into account. A cross division management group reviewed and arbitrated on this information, and recommended subsequent increases or decreases in the allocation of funds to the Grant Approvals Committee.

The OIG found that sensitive decisions and exceptions to the rules were made at the executive level, with a view to maximize impact and support the Global Fund strategy. Decisions at all levels were properly documented and recorded by the Secretariat and a full plan is in place at the Secretariat to

[6] In terms of committee roles and responsibilities, this report focuses on the role of the SIIC to develop a methodology for allocation of funds, under delegated authority from the Board. The role of the Finance and Operational Performance Committee was to recommend the amount available for the allocation of Funds, recommend a transition framework (together with the SIIC) from the rounds-based to allocation-based model (approved by the Board under GF/B31/DP9), and recommend an Amended and Restated Comprehensive Funding Policy. These variables fall outside the scope of this audit report.

[7] COSO stands for the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which developed the 2013 Internal Control–Integrated Framework. COSO is one of the leading frameworks around the world for designing, implementing and maintaining sound risk management and internal control.

safeguard institutional memory around the design and roll-out of the 2014-2016 allocation exercise to eligible countries.

c. In a context of time constraints and structural changes, due diligence focused on the core information required for decision making. This was complemented by a strong 'lessons learned' exercise that remains ongoing.

On 13 March 2014, the Global Fund announced that a total of US$ 14.82 billion was available for for the 2014-2016 allocation period, combining funds raised in the December 2013 Replenishment with money that had not yet been disbursed. With grants under the old rounds-based model coming to an end, and a Board mandate to roll out the new allocation-based funding model in March 2014, the Secretariat effectively had four months to complete the process of allocating funds to eligible countries.

In this context, focused due diligence was performed to enable the Secretariat to make allocation decisions; this included ensuring that the final allocation adequately reflected the financing needs in countries. The OIG notes that the due diligence was complemented by the following:

- an ongoing comprehensive 'lessons learned' exercise conducted within the Secretariat including feedback from various stakeholders and suggested improvements;
- two working groups at the Global Fund Secretariat continue to research and inform the design of the allocation methodology going forward;
- the TERG has committed to reviewing the impact of the 2014-2016 allocation on the portfolio, however, this review had not yet started at the time of the audit.

In the future, the Secretariat has agreed to finalize its 'lessons learned' exercise with a view to prepare options for consideration by the SIIC to refine the allocation methodology applicable to the next allocation period. See Agreed Management Action, page 12.

02 Alignment of the allocation methodology with Global Fund strategy

The introduction of the allocation methodology represents a significant departure from the previous rounds system. The methodology focuses funding on the countries that are most affected by the three diseases and that have the least ability to fund themselves. By investing as effectively as possible, the Global Fund and its partners can reach more people affected by the diseases and have greater impact.

However, more iterations of the allocation are needed to further focus the portfolio on areas of higher impact. The Global Fund was materially constrained in its ability to transform its portfolio as it faced a potential pipeline of existing grants that needed funding to a value of US$ 9.37 billion, distributed across the portfolio. Countries with similar disease burdens and income levels had varying levels of financing in the pipeline, linked to past successes in securing funding from the Global Fund under the old rounds-based system.

Overall, the new methodology succeeds in better focusing investments on areas that can have a higher impact. However, in a few cases, a limited number of over-allocated countries (countries that historically received more funding than their share derived from the allocation formula) have seen an increase in their final allocation. The OIG also found the opposite; a small number of countries historically under-allocated have seen a further reduction in their final share. However, those exceptions were supported by a documented justification, and approved by executive management within the system of internal controls designed at the Secretariat around the allocation methodology.

Notwithstanding the above, the OIG found areas for improvements to further focus investments on areas of higher impact. For example:

a. The upfront measure to set aside funds to country bands was not uniform across the portfolio. While the concentration of epidemics in most at risk populations was accounted for to calculate the overall envelope available for Band 4, it was not for other bands.

While the application of the methodology for the allocation of funds was consistent across the portfolio, the measures that set aside funds to country bands were not uniform.

In the 2014-2016 allocation exercise, Global Fund investments are largely focused on Band 1, whose allocations amount to US$ 11.25 billion.[8] Measures to allocate funding to country bands are based on the disease burden and income levels of the countries in those bands. However, the band of countries with a higher income and a lower disease burden (i.e. Band 4) was allocated funds based on an additional layer of analysis which resulted in an increase in its upfront envelope.[9] This was designed to take into account demographic specificities, such as a concentration of epidemics in most at risk populations. This was approved by the Board within its prerogatives, and consistent with a recommendation from the SIIC.

In the future, the Global Fund could consider options to refine the methodology applicable to the next allocation period. To do so, the Secretariat has agreed to present a mechanism to apportion funds across the portfolio to the SIIC for consideration. See Agreed Management Action, page 12.

[8] Funds set aside for country bands were as follows: US$ 11.25 billion for Band 1; US$ 915 million for Band 2; US$ 1,530 million for Band 3; and US$ 1,105 million for Band 4.

[9] The Band 4 envelope increased from 2.2% of the portfolio to 7% of the portfolio. The figure of 2.2% of the portfolio, is the share that would have been set aside for Band 4 using the general disease burden and ability-to-pay based formula with no minimum required level of funding based on a graduated reduction across certain parts of the portfolio

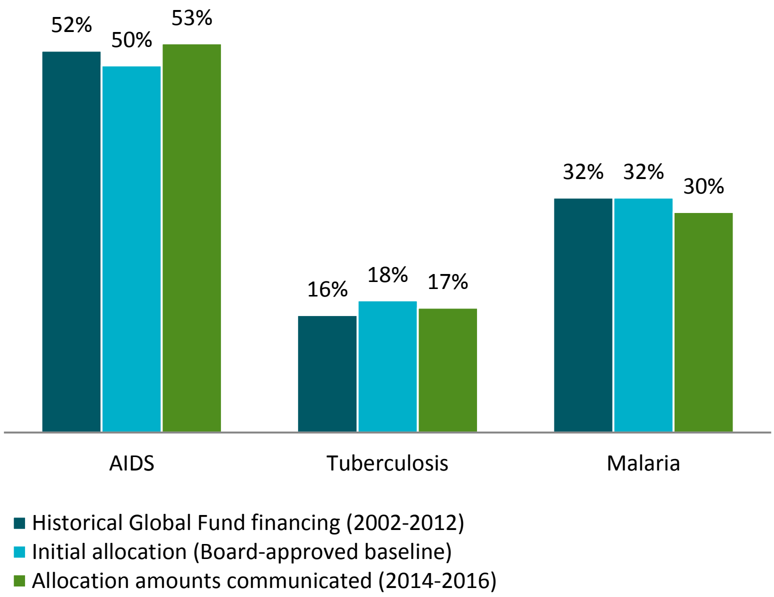
b. The Board did not request assurance on the execution of the mandate delegated to the SIIC and the Secretariat.

The design of the methodology and its parameters were reviewed and approved either by the Board, or the SIIC acting under delegated authority. For certain parameters, the Secretariat was empowered to be flexible. The OIG noted that the Secretariat fully complied with all relevant Board and SIIC decisions. However, at the end of the process, the Board did not request, receive nor consider a report reconciling the flexibilities exercised.

The OIG found that there were areas which should have been discussed at the Board level. These discussions would have ensured more informed strategic oversight over the impact of the roll-out of the allocation model on the portfolio, and better management of institutional memory at the Board level to inform the next iteration of the allocation. For example:

i. The disease split in the final allocation amounts communicated to eligible countries was not discussed at the Board despite changes from the initial split. The Board, decided in October 2013 (GF/B29/EDP11) on the following initial funding split for the initial allocation formula: 50% for HIV/AIDS, 32% for malaria and 18% for tuberculosis. Following qualitative factor adjustments, the overall allocations communicated to countries were 53% to fight HIV/AIDS, 30% for malaria and 17% for tuberculosis.

Table. 1. Disease split. Comparison between historical levels of Global Fund financing (2002-2012), initial allocation approved by the Board as a baseline for calculation, and final allocation communicated to countries (2014-2016).



ii. The SIIC, acting under delegated authority from the Board, defined maximum and minimum shares of the allocation, to ensure that allocation to disease components did not fall outside certain parameters. As a minimum, the SIIC recommended that no allocation should fall under historical funding levels. As a maximum ceiling, the SIIC advised that no country should exceed a certain share of the total portfolio (7.5%), or of any disease portfolio (10%). However, the SIIC decision gave the Secretariat leeway to diverge from these constraints where appropriate during the qualitative adjustment phase. The OIG noted that two countries marginally exceeded the maximum shares, and eighteen countries fell by more than 25% below the minimum shares.

The Board did not receive assurance on the impact of the methodology on the disease split, or the impact of exercise of flexibilities on the portfolio. This would have enabled the Board to exercise a more informed strategic steer of Global Fund investments. In addition, this would have contributed to better institutional memory at the Board level to help guide the next iteration of the allocation.

Going forward, the Board could improve its effective oversight over the work performed under delegated authority. To do so, the Secretariat has agreed to present to the SIIC for consideration reporting arrangements regarding the execution of the mandate, including the exercise of flexibilities authorized in the mandate. See Agreed Management Action, page 12.

03 Relevance and accuracy of data used in allocation

The systems underlying the allocation methodology were reviewed at the time of the launch of the allocation by R4D, which provided assurance that the allocation model correctly derives country and disease component allocation amounts. The data used in the allocation process underwent multiple rounds of data validation at the Secretariat or by technical partners.

However, key improvement points have been identified and should be addressed to strengthen the controls over the relevance and accuracy of the data inputted into the allocation model going forward. Specifically:

a. The oversight over the risks inherent to the choice of data used in the allocation was not effectively performed.

Risk management is one of the six core functions of the Global Fund Board according to its by-laws. Specifically, the role of the Board is to "*Establish and oversee the strategy for identifying and managing risks [...] and [...] the risk-tolerance framework of the Global Fund*."[10] The oversight of managing risks inherent to the choice of data used in the allocation was neither explicitly delegated to the SIIC, nor performed by the SIIC or the Board in the first allocation.

The ability to pay used GNI per capita and disease burden data to determine the amount of funds to allocate to each country. The guiding principle followed by the Global Fund was to use publically available and accepted data. To evaluate the GNI per capita, the Global Fund used data from the World Bank. For the disease burden, the Global Fund used data provided by technical partners, UNAIDS for HIV/AIDS, and WHO for tuberculosis and malaria.

The Global Fund used data from 2012 (or the most recent year available) to evaluate the HIV/AIDS and tuberculosis burden, whilst it used data from 2000, pre-dating the creation of the Global Fund, to calculate the malaria disease burden.

The Secretariat sought feedback and endorsement from the technical partners on the disease burden parameters used in the allocation formula, approved by the SIIC under delegated authority from the Board. In obtaining the SIIC's approval, the Secretariat presented different allocation scenarios to the SIIC for review and consideration. However, the management of risks inherent to the choice of data was neither discussed by the SIIC, nor by the Board. Specifically with respect to malaria, neither the SIIC nor the Board discussed the management of risks inherent to using fourteen-year old data. More recently, the SIIC has shown an increasing interest in the management of strategic risks faced by the Global Fund. For example, in its latest meeting in June 2015, the SIIC discussed potential strategic risks for inclusion in the risk register of the Global Fund.

With respect to the next allocation cycle, the Secretariat has agreed to present to the SIIC, for its consideration, oversight arrangements concerning the relevance, risks and use of the disease burden parameters. See Agreed Management Action, page 12.

b. Elements of grant management performance were not included by design in the allocation formula

The Global Fund grant rating evaluates performance in (i) programmatic performance (measured through performance indicator ratings), (ii) grant management performance, and (iii) financial performance (including expenditure rate). Of those three elements, the OIG noted that qualitative

[10] The Global Fund by laws, as amended 21 November 2014, art. 7.4 Roles and Functions of the Board, par. v Risk Management.

factors did not capture grant management performance.[11] Certain country teams formulated observations on grant management performance, on an ad hoc basis, under the "other considerations" qualitative factor. However, these were not included by design in the allocation formula.

The Secretariat has agreed to present to the SIIC for consideration the integration of the three elements of grant rating into the allocation methodology. See Agreed Management Action, page 12.

c. Data extracted from Enhanced Financial Reporting is used as a proxy indicator for absorption capacity

Enhanced Financial Reporting (EFR), a report which includes a breakdown of program budgets and expenditures, was used to extract data to calculate the spending rate and measure the absorption capacity of eligible countries. The absorption capacity is the ability of a country to effectively use the funds received through Global Fund grants.

However as of 2013, it is no longer compulsory for the Local Fund Agent to review the EFR data. Finance Officers, on the other hand, are required to check the accuracy of the figures reported to the EFR. An OIG audit on Internal Financial Controls, (GF-OIG-15-005) published in March 2015, noted that the review by Finance Officers was not performed systematically and hence the EFR data cannot be fully relied upon.

Whilst the Secretariat is aware of the concerns around EFR data accuracy, the OIG noted that this was the most suitable option available at the time to be used as a proxy indicator for absorption capacity. Additional improvements are expected to strengthen internal financial controls over expenditures. This is captured in the OIG Audit of Internal Financial Controls mentioned above.

[11] Grant management performance includes the fulfillment of OIG recommendations, Monitoring and Evaluation, Pharmaceutical and Health Product Management.

V. Agreed Management Action

The Secretariat will present to the SIIC, for consideration, options to refine the allocation methodology applicable to the next allocation period. To do so the Secretariat will draw from its finalized lessons learned exercise on the first allocation, as well as this OIG engagement and other relevant reports.

Options presented to the SIIC for consideration will include:

(i) adopting a mechanism to apportion funds across the portfolio of countries, or between any groupings of countries;

(ii) oversight arrangements to facilitate review and discussion concerning the relevance, risks and use of the disease burden parameters;

(iii) reporting arrangements from the Secretariat to the Board or its Committees, regarding the execution of the mandate conferred on the Secretariat, including the exercise of flexibilities authorized in the mandate; and

(iv) possible integration of financial, programmatic and grant-management performance, the three elements of grant rating, to facilitate improved efficiency in the allocation review process.

Target date: 31 March 2016

Owner: Head, Access to Funding Department

Category: Governance, Oversight and Management Risks

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.