



THE OFFICE OF THE INSPECTOR GENERAL

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Audit of Global Fund Grants to the Republic of Chad

Executive Summary

**GF-OIG-10-017
11 December 2012**

EXECUTIVE SUMMARY

Introduction

1. In November 2010, the OIG undertook an audit of Global Fund grants to the Republic of Chad as part of its 2010 work plan. The purpose of the audit was to assess whether Global Fund grant funds had been used wisely to save lives in Chad and to make recommendations to strengthen the management of the grants.

2. This audit covered Global Fund grants to Chad for the period of March 2008 to October 2010. Supporting documentation was not available from transactions prior to 2008 because all hard copies and electronic files were reportedly destroyed in an attack related to the country's civil war in February 2008. The Audit therefore covered 56 percent (USD 17,616,000) of the total USD 31 million disbursed by the Global Fund under Rounds 2 and 8 TB, Rounds 3 and 8 HIV/AIDS, and the Round 7 Malaria grant.

Overall conclusion

3. The audit highlighted areas with significant scope for improvement in financial management and procurement and supply management. Oversight by the Local Fund Agent and the external auditor requires an innovative approach to address Chad's lack of basic infrastructure. There had been limited programmatic achievement at the time of the audit because malaria program implementation had only recently begun and the November 2006 suspension of the HIV/AIDS and TB programs had been lifted only in August 2007.

4. Based on the findings in this audit, the OIG is not able to provide the Global Fund Board with reasonable assurance over the effectiveness of controls in place at the time of the audit to manage the key risks impacting the Global Fund-supported programs and operations.

Grant Management

5. Drug logistics and distribution were hindered by Chad's lack of basic infrastructure at the provincial and district levels. Internal controls such as adequate accounting systems and procedures, bank reconciliation processes, and asset management require important capacity input with respect to Principal Recipients UNAD and AMASOT.

Grant Oversight

6. The Local Fund Agent, the Swiss Tropical and Public Health Institute, should pay increased attention to analyzing the root cause of problems faced by the program and provide innovative suggestions and recommendations. The LFA needs to strengthen its capacity to oversee the financial management and procurement and supply management of the programs.

7. The Country Coordinating Mechanism (CCM) meets minimum oversight expectations and shows room for improvement.

Service Delivery

8. The current context of health service provision raises several areas for improvement that transcend the Global Fund-supported grants but affect their implementation and management. Three main areas of need for greater capacity stand out.

9. The health care system should be able to deliver quality patient care and ensure systematic and professional follow-up. To achieve this, the health care system needs strengthening to prevent: Systemic stock-outs or near-stock-outs of drugs, tests and laboratory reagents; low adherence to TB and AIDS treatment; and insufficiently decentralized services.

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10. The health care system should be able to provide drugs and bed nets that are high quality and affordable to the consumer. At the time of the audit, storage and distribution needed greater quality controls and prescriptions were not always in line with protocols and were subject to user charges.

11. The health care system should be able to assure coordinated interventions after community sensitization. At the time of the audit, there was scope for improvement in the long-lasting insecticidal net distribution arrangements.

12. The PRs, together with their SRs, should draft a transition strategy for handing grant programs to the state that includes clear milestones for capacity building. There is a need for substantial additional technical assistance, which should preferably be hands-on and in-country.

Events Subsequent to the Audit

13. In June 2012, the external audit reports on the malaria Sub-Recipients (Programme National de Lutte contre le Paludisme and the Centrale Pharmaceutique d'Achat) for the period March 2009 to September 2010 was made available to the Global Fund Secretariat. The Global Fund Secretariat has asked UNDP, the Principal Recipient for malaria, to cease all disbursements to these Sub-Recipients pending clarification and resolution of the issues noted in the audit reports.

14. The Chad CCM informed OIG that since the OIG debrief meeting on 30 November 2010, there has been much progress achieved in relation to the OIG draft report observations and recommendations such as:

- Strengthening the supervision of funding provided to the SRs, revision of the procedures manuals of the 4 PRs, and establishment of a capacity building process;
- A small team was set up under the supervision of the CCM to resolve the issues regarding the synchronization of management software;
- The reliability and quality of data has been improved through the review of tools to collect data (registers, sheets, cards, etc); the setting-up of a tool for data processing centrally; a better organized verification of quarterly reports and the training of agents to use the new tools during supervision;
- In order to avoid shortages of drugs and other health products, corrective measures were taken by transferring the anti-TB stock management from NTP to CPA, training of PRA managers on the management of anti-TB materials; forecasting the purchase of anti-TB materials in the state budget; strengthening of the logistics capacity of the CPA through the purchase of a refrigeration vehicle and the enlargement of warehouse; improving follow-up of medicine ordering through phone-calls; continuing training during supervision and the review of the NTP Technical Guide with a treatment outline of six months;
- In order to solve the issue of uncertainty over the number of patients under ARV which included deceased, missing or transferred patients, improved data-collecting tools had been developed and used since 2011. Staff had also been trained to use these tools.

15. The OIG has not yet validated the success of these initiatives.

16. Recently, a suspected case of fraud has been reported and has been referred to the investigations unit of the OIG.