



THE OFFICE OF THE INSPECTOR GENERAL

The Global Fund to Fight AIDS, Tuberculosis and Malaria

## **Audit of Global Fund Grants to the Republic of Angola**

### **Executive Summary**

**GF-OIG-12-002**

**7 September 2012**

### **EXECUTIVE SUMMARY**

#### Introduction

1. As part of its 2012 workplan, the Office of the Inspector General (OIG) carried out an audit of Global Fund grants to Angola from 16 April to 24 May 2012. The audit covered two grants (Round 7 malaria and Round 9 tuberculosis) totaling USD 40 million, of which USD 28 million had been disbursed from 1 November 2008 (the inception date of the malaria Round 7 grant) to 15 February 2012. The Principal Recipient was the Ministry of Health.

2. Three earlier grants were managed by the United Nations Development Programme.<sup>1</sup> Since expenditures incurred directly by UNDP were subject to UNDP's internal and external audits, these were not covered by the OIG audit. Also, the OIG audit focused only on grants from Round 6 forward.

3. Risks to the portfolio included: (i) implementation of the Global Fund grant using a project approach, frequently implemented in parallel to existing activities of the Ministry of Health (with dependence on contracted technical staff that gave rise to risks relating to sustainability); (ii) the limited qualifications held by staff (in program and financial management) in the public health sector; (iii) frequent stock-outs of key commodities (medicines, diagnostics, laboratory reagents and long-lasting bed nets); (iv) the oversight of distribution of malaria health products (drugs and diagnostic tests); and (v) long transitions between Phase 1 and 2 of Global Fund grants.

#### Overall conclusion

4. There was scope for grant recipients to more consistently apply controls to manage key risks in the financial management area. The Global Fund Secretariat needs to work with the PR to improve financial management capacity of sub-recipients as well as the Principal Recipient's capacity to provide an appropriate level of oversight and supportive supervision of sub-recipients. Grant oversight arrangements need to be improved by involving national oversight institutions and strengthening the role and quality of work of assurance providers such as external auditors and the Local Fund Agent.

5. 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 to manage financial risks impacting the Global Fund-supported programs. Firm commitments have been made by stakeholders to take action to mitigate the risks identified. The OIG offers 17 recommendations categorized as "Critical" and 12 categorized as "Important".<sup>2</sup>

#### Oversight

6. There was scope for the CCM to strengthen its oversight of the grants by (a) obtaining the necessary funding to support its oversight activities; and (b) activating the four CCM technical working groups established to support its oversight function. Further, there was a need for the Local Fund Agent to have staff based in the country to facilitate its review activities and strengthen its interaction with the Principal Recipient, the CCM and implementing organizations. Finally, there was scope for national oversight institutions such as the Tribunal de Contas and the Health Inspectorate of the Ministry of Health to be involved in the oversight of the grants.

#### Financial Management

7. There was a need for improvement in financial management and internal controls at all grant implementing organizations audited, and specifically strengthen the accounting systems, book-keeping and internal controls. The audit findings point to a need for sub-

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<sup>1</sup> Malaria Round 3, TB Round 4, and HIV/AIDS Round 4.

<sup>2</sup> Please see the Overview section for a definition of these categories.

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recipients to recruit qualified accountants and for the Ministry of Health/Unidade Técnica de Gestão do Fundo Global to strengthen its financial oversight over Sub-Recipients.

### Malaria

8. A comprehensive national strategy for malaria control (Plano Estratégico Nacional 2011-2015) has been developed. The strategy includes treatment of malaria cases after confirmation of diagnosis, distribution of bed nets at ante-natal care clinics and through social marketing and indoor residual spraying. During the first phase of Round 7 (November 2008 through January 2011), significant progress in malaria control was made with training and supervision. Outcome measurement was done through Malaria Indicator Surveys in 2006 and 2011. However, sustainability of activities supported by the Global Fund was not ensured due to lack of integration of Global Fund-supported activities within the National Malaria Program (i.e., project staff worked in parallel to National Malaria Program staff).

### Tuberculosis

9. At the time of the audit, the Ministry of Health and the National Tuberculosis Program had not yet started implementing the Round 9 tuberculosis grant. The audit team therefore sought to identify key risks which the grant was exposed to and make recommendations for risk mitigation. Key programmatic challenges included: (a) limited access to tuberculosis services by the population due to an inadequate number of treatment centers and laboratory facilities; (b) insufficient application of the principles of Directly Observed Treatment, Short-Course in Angola; (c) shortages of tuberculosis medicines; and (d) limited facilities for diagnosis and treatment of multi-drug resistant tuberculosis. The tuberculosis program was highly dependent on Global Fund support and had limited funding from government and development partners.

### Quality Concerns

10. There was scope for the Ministry of Health to establish a modern and efficient quality control laboratory and to develop, adopt and implement a Quality Assurance Policy for all types of health products. In addition, frequent and more detailed testing, in both the private and the public sector, should be conducted. Stronger regulation of the healthcare and pharmaceutical sectors in particular would be desirable.

### Data for Decision-making

11. During Phase 1 of the Round 7 malaria grant (1 November 2008 to 31 January 2011), procurement of health products was carried out by WHO (malaria drugs and diagnostic tests), UNICEF (bed nets), and PSI (bed nets for social marketing). Quantification at the time did not consider that non-confirmed cases of malaria still received treatment. Furthermore, the data collected at peripheral health facilities on the number of malaria cases, the number of diagnostic tests, stock levels, and drug consumption were often not reliable. There was a need for improvement in monitoring and evaluation at all levels in line with findings of the 2010 on-site data verification.

### Stock-Outs

12. The above findings on forecasting and data quality contributed to stock-outs. In addition, anti-tuberculosis medicines were financed by the Government of Angola and played a critical role in the success of the program. Unfortunately, there were frequent stock-outs from 2010 to May 2012. There was significant scope to improve availability of drugs, particularly given that the scale-up of tuberculosis services under the Round 9 TB grant will increase the number of patients who need medicines.

### Transition from Phase 1 to Phase 2

The long transition between the end of Phase 1 in January 2011 and the beginning of Phase 2, which had not started as at May 2012, contributed to the drug supply situation and affected program outcomes.