AUDIT AND ETHICS COMMITTEE
DECISIONS AND RECOMMENDATIONS TO THE BOARD

Purpose:

1. This report serves to inform the Board about the decisions taken by the Audit and Ethics Committee (“AEC”) since the June 2013 Board Meeting in accordance with its Charter.

2. This report presents, for Board decision, a revised Whistle-Blowing Policy reviewed and recommended for adoption by AEC.
INTRODUCTION

This report compiles decisions recommended to the Board by the Audit and Ethics Committee (“AEC”), decisions taken by the committee under its delegated authority according to its Charter, and an overview of items discussed under the committee’s oversight. For an exhaustive account of committee deliberations, governance officials are invited to read the Committee Members Reports of AEC meetings.

Since the last Board meeting in June 2013, AEC assembled twice, in accordance with its Charter. Graham Joscelyne and Brian Brink serve as Chair and Vice-Chair of the Committee.

The 5th AEC Meeting took place on 9 and 10 July 2013 at the Global Fund Secretariat in Geneva. The meeting agenda was structured around the following themes: (1) AEC Self-Assessment; (2) Proposed Changes to AEC Mandate; (3) Risk Oversight; (4) Financial Reporting and External Audit; (5) Performance Oversight; (6) Office of the Inspector General Oversight; (7) Ethics. As part of a transition in the Office of the Inspector General (“OIG”), the meeting was attended by the interim Inspector General, as well as the incoming Inspector General.

The 6th AEC Meeting took place on 15 and 16 October 2013 at the Global Fund Secretariat in Geneva. The meeting agenda was structured around the following themes: (1) Risk; (2) Office of the Inspector General Oversight; (3) Ethics; (4) Performance Oversight; (5) Financial Reporting and External Audit; (6) Sanctions and Recoveries. The meeting also included an educational part on the Global Fund business, where AEC discussed the role of Local Fund Agents and Country Teams in assurance provision and risk mitigation. With the transition complete at OIG, the meeting was attended by the interim Inspector General, as well as the incoming Inspector General.

This report is divided as follows:

- Part 1: Revision to the Whistle-Blowing Policy and Procedure, for Board Decision.
- Part 2: Decisions taken by AEC pursuant to its delegated authority
- Part 3: Matters addressed by AEC as part of its oversight and advisory functions in accordance with its charter.
- Part 4: Decisions recommended to the Board and approved electronically between Board Meetings.
PART 1: DECISIONS RECOMMENDED TO THE BOARD

Revision to the Whistle-Blowing Policy and Procedure, for Board Decision

1.1 At its 6th meeting, AEC reviewed an interim policy update to the whistle-blowing policy. AEC noted that OIG and the Secretariat intend to further revise the policy framework around whistle-blowing activities to improve on the separation of policy principle and communication elements to various stakeholders and are expected to propose further amendments to AEC in 2014.

1.2 AEC also noted that the interim policy update is required to ensure internal clarity and consistency with other initiatives, notably the revised Code of Conduct of the Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Staff code of conduct”) and the Living the Values project, and therefore endorses the interim policy update for adoption by the Board.

1.3 The revised policy presented for Board adoption is annexed to this report as follows:

- Annex 1: Proposed revision to the whistle-blowing policy;
- Annex 2: Proposed revision showing changes from the existing policy.

1.4 Accordingly, AEC recommends the Board approves the following decisions:

**Decision Point GF/B30/DP4: Revision to the Whistle-blower policy**

The Board decides to replace the Whistle-blowing Policy and Procedures for the Global Fund to Fight AIDS, Tuberculosis and Malaria (approved at the Twenty-Third Board Meeting) with the revised Whistle-blowing Policy and Procedures, as set forth in Annex 1 of the Report of the Audit and Ethics Committee (GF/B30/12 Revision 1).
PART 2: DECISIONS TAKEN BY AEC PURSUANT TO ITS DELEGATED AUTHORITY

Sanctions Panel

2.1 Under the terms of its Charter, AEC has the responsibility to appoint the three independent members of the Sanctions Panel (including its Chair). At its 5th meeting AEC reviewed the whole Sanctions Process, recommended improvements to safeguard the independence of the Sanctions Panel’s independent members, approved the terms of reference for independent members, and formed an AEC search subcommittee, through the following decision:

**GF/AEC05/DP4: Plan for Selection and Appointment of Sanctions Panel Membership**

AEC approves:

1. The process for selection and appointment of independent members of the Sanctions Panel, as described in GF/AEC05/03;

2. The Terms of Reference for independent members, as contained in Annex 2 of GF/AEC05/03; and

3. The creation of a sub-group of AEC members led by Gabor Amon, with the purpose of reviewing candidate applications and presenting to AEC a list of three independent member candidates, for proposed appointment by AEC.

2.2 At its 6th meeting AEC reviewed the report of the AEC search subcommittee, and requested that interviews and reference checks be carried out for nominated candidates. This work was completed subsequent to the closure of the AEC Meeting. On completion of these steps, on the basis of the recommendations contained in the report GF/AEC6/ER1, on 3 November 2013, the AEC unanimously approved the following decision:

**GF/AEC6/EDP2: Appointment of Independent Members of the Sanctions Panel**

The Audit and Ethics Committee (AEC), pursuant to the terms of its Charter:

1. Appoints the following individuals as independent members of the Global Fund Sanctions Panel, to serve for a renewable two year term from the date of this decision, or until appointment of their replacement:
   - Patricia Diaz Dennis;
   - Andrés Rigo Sureda;
   - Michael Stevens.

2. Recognizing the discretion of the Executive Director to appoint the Chair of the Sanctions Panel from among the independent panelists, and with input from the AEC, decides to recommend selection of Patricia Diaz Dennis as Chair of the Sanctions Panel during the course of her term.

2.3 The Executive Director accepted the AEC’s recommendation of Patricia Diaz Dennis as Chair of the Sanctions Panel and Ms. Dennis has begun her role as Chair of the Sanctions Panel.
2.4 For ease of reference, a brief profile of the three individuals appointed to the Sanctions Panel is set out below:

Patricia Diaz Dennis: Ms. Dennis is a United States lawyer with significant public and private sector experience. She has served in a number of leadership roles within the U.S. Government, including Commissioner on the Federal Communications Commission and Assistant Secretary of State for Human Rights and Humanitarian Affairs. Ms. Dennis also served as Senior Vice President and Assistant General Counsel at AT&T and as a member of the World Bank’s Sanction Board between 2007 and 2012.

A. Michael Stevens: Mr. Stevens is a United States citizen, his experience includes setting up the integrity function at the Asian Development Bank, where he worked between 2000 and 2007. Since then, Mr. Stevens has worked for the Federal Emergency Management Agency and the Federal Deposit Insurance Corporation.

Andres Rigo Sureda: Mr. Sureda served from 1973 to 2000 with the World Bank in several capacities, including Assistant General Counsel and Deputy General Counsel. Before joining the World Bank, Mr. Sureda was legal advisor to the government of Venezuela and assistant professor of public international law at the Universidad Autónoma in Madrid. Since leaving the World Bank he has developed an arbitration and mediation practice and often chairs arbitral tribunals in cases involving investment disputes between investors and States.

OIG 2013 KPIs

2.5 At its 5th meeting, AEC reviewed the OIG KPIs for the current year. AEC sought and received assurance from the Head of Human Resources that this package was in line with Secretariat KPIs. AEC approved the set of KPIs, provided OIG added a performance measurement on Efficient Communications. With this proviso, AEC approved the following decision:

GF/AEC05/DP6: Approval of OIG KPIs for 2013.

AEC approves the Key Performance Indicators (‘KPI’) for the Office of the Inspector General (‘OIG’) set forth in GF/AEC05/10.

OIG 2014 Work Plans

2.6 At its 6th meeting, AEC reviewed and approved through the following decisions the work plans of OIG Audit unit, and OIG Investigations Unit:

Decision Point GF/AEC06/DP3: Approval of OIG Audit Unit’s 2014 Work Plan

AEC approves the Office of the Inspector General’s Audit Unit 2014 Work Plan, as set forth in GF/AEC06/06.

Decision Point GF/AEC06/DP4: Approval of OIG Investigations Unit’s 2014 Work Plan

AEC approves the Office of the Inspector General’s Investigations Unit 2014 Work Plan, as set forth in GF/AEC06/07.
External Auditor’s 2013 Plan

2.7 Having noted the Board approval of the appointment of Ernst & Young as the Fund’s external auditor for 2013, AEC reviewed and approved the external audit plan for the current fiscal year through the following decision:

Decision Point GF/AEC06/DP6: Approval of the 2013 External Audit Plan

AEC approves the external audit plan for the 2013 consolidated financial statements, as set forth in GF/AEC06/02.

PART 3: MATTERS ADDRESSED BY AEC AS PART OF ITS OVERSIGHT AND ADVISORY FUNCTIONS IN ACCORDANCE WITH ITS CHARTER.

3.1 Since the Board Meeting in June 2013, AEC deliberated and received updates from the Secretariat on the following issues:

Office of the Inspector General Oversight

3.2 At its 5th meeting, AEC discussed OIG Audit and Investigations, and ordered a work plan for both units, and a budget, to be produced for review at the 6th meeting. OIG delivered on all items, and provided work plans that were approved, as well as a budget that was endorsed and recommended to FOPC for inclusion in the Global Fund’s 2014 Operating Expenses budget.

3.3 The interim Inspector General Norbert Hauser took part in the 5th AEC meeting and received the warm congratulations from the committee for the work achieved. The presence of Martin O’Malley, the new Inspector General, at the 5th AEC meeting in an observer capacity, and continued exchange with OIG throughout the transition provided assurance to the committee on the continuity of OIG’s business. The AEC continues to oversee an effective transition to the new Inspector General.

3.4 As part of its oversight of the Office of the Inspector General, AEC reviewed and provided input on the first Progress Report authored by the new Inspector General. The Inspector General Progress report is submitted to the Board for information (GF/B30/4) having been endorsed by the AEC.

Ethics Official Report to the Board

3.5 Also at its 6th meeting, AEC reviewed the first Ethics Official Report to the Board describing the activities of the Ethics Official in her support of AEC over the twelve-month period beginning September 2012. AEC endorsed the report, which took into consideration suggestions made by it, prior to submission to the Board for information (GF/B30/8). AEC noted that the Board should expect such report on an annual basis going forward.

Risk Oversight

3.6 At both its 5th and 6th meetings, AEC reviewed and provided input on the Corporate Risk Register, and the Operational Risk Management Framework. AEC continues to provide input into the Global Fund’s overall risk strategy and functional implementation and
encourages the interaction of FOPC and SIIC on risk-related matters associated to their mandates.

3.7 AEC took note of a letter from the Board Chair and Vice-Chair to the Board, dated 1 August 2013, spelling out that the Board should expect to receive and review an update to the Risk Management Framework at its first Meeting of 2014. AEC will continue to actively monitor and support the development of the Global Fund’s Risk Framework.

**Losses and Recoveries Report**

3.8 At its 6th meeting, in October 2013, AEC reviewed a Losses and Recoveries Report provided pursuant to a decision of the Board at its 23rd meeting (GF/B23/DP28) that requires both the Secretariat and OIG under the oversight of AEC to jointly publish, before each regularly scheduled meeting of the Board, a report containing background information and an updated table regarding the status of problematic expenditures identified by OIG.

3.9 AEC reviewed the document and deemed it complete but suggested amendments to improve readability and underline that this losses and recoveries report covered all loss and recoveries incurred since the inception of the Fund over ten years ago. The suggested edits were incorporated prior to submission to the Board for information (GF/B30/9). The AEC endorsed the final version which was sent to the Board ahead of its Thirtieth Meeting (GF/B30/9).

3.10 AEC noted that the Board should expect such report on a routine basis going forward.

**Constitution of a Global Fund Sanctions Panel**

3.11 At its 5th meeting, AEC approved the process for the constitution of a sanctions panel, and formed a subcommittee to appoint the 3 independent members of the panel. The subcommittee reported to the 6th AEC meeting, following which interviews were conducted before AEC approved the nomination of the independent members (see above par 2.2).

**Corporate KPI Framework 2014-2016**

3.12 A standard presentation on the development of the Corporate KPIs was presented to each of the three Board Committees (SIIC, FOPC, and AEC) at their October meetings. The presentation included feedback received from the Implementer Block via teleconference on 26 August, and from the Donor Block at an in-person meeting in Geneva on 4 September. Feedback from the October Committee Meetings would be incorporated into the final presentation to be submitted for approval to the Thirtieth Board Meeting in November 2013.

**Interim Statements and Half-Year Review of the External Auditor**

3.13 The Global Fund’s external auditors have conducted a half-year review of the interim consolidated financial statements. The purpose of this half-year review was to facilitate the process around the external audit of the 2013 consolidated financial statements of the Global Fund. The results of the half-year review was presented to the 6th AEC meeting. The interim consolidated financial statements, unaudited, and the half-year review have been made available to Board constituencies for information.
The 2013 audited consolidated financial statements and the external auditor’s report, will be presented to the Board for approval through the Audit and Ethics Committee in Q2 2014. The 2013 audited consolidated financial statements will be made available publicly on the Global Fund website, as per usual practice, after review by the AEC and discussion and approval by the Board in Q2 2014.

PART 4: DECISIONS RECOMMENDED TO THE BOARD AND APPROVED ELECTRONICALLY BETWEEN BOARD MEETINGS.

Appointment of the External Auditor

4.1 At the 5th AEC meeting on 9 and 10 July 2013, the Secretariat presented a recommendation to appoint Ernst & Young as the Global Fund’s external auditor for the 2013 fiscal year, as well as recommendations on the scope of their work for the purposes of the 2013 annual audit and a proposed maximum fee for such work.

4.2 AEC agreed and submitted its recommendation to the Board for final approval. On 2 August 2013, the Board approved the following decision through an electronic vote:

<table>
<thead>
<tr>
<th>GF/B29/EDP1: Appointment of the External Auditor.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on the recommendation of the Audit and Ethics Committee, the Board approves the appointment of Ernst &amp; Young as the Global Fund’s external auditor for the 2013 fiscal year.</td>
</tr>
<tr>
<td>The maximum budget implication of this decision will be CHF 530,000, which will be absorbed within the Global Fund’s 2013 operating expenses budget.</td>
</tr>
</tbody>
</table>

Revision to the Declaration of Interest Form

4.3 At the 5th AEC meeting on 9 and 10 July 2013, the Secretariat presented a Revision to the Declaration of Interest Form for Assessing Conflicts of Interest.

4.4 AEC agreed and submitted its recommendation to the Board for final approval. On 2 August 2013, the Board approved the following decision through an electronic vote:

<table>
<thead>
<tr>
<th>GF/B29/EDP2: Revision to the Declaration of Interest Form for Assessing Conflicts of Interest.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Board approves the revised Declaration of Interest Form attached as Annex 1 of GF/B29/ER1.</td>
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</table>
Whistle-Blowing Policy and Procedure

Proposed revision
Whistle-blowing Policy and Procedures for The Global Fund to Fight AIDS, Tuberculosis and Malaria

1. What is whistle-blowing?

To blow the whistle is to alert a third party that a person or entity has done, or is doing, something wrong. So, literally, “whistle-blowing” means that a party, in good faith, conveys or transmits a concern, allegation or information indicating that a prohibited practice is occurring or has occurred in the Global Fund or in a Global Fund-financed operation.

By blowing the whistle on misconduct in an organization, one alerts the organization to the fact that its stakeholders are being wrongfully put at risk or have been, or are being, harmed.

All Global Fund stakeholders, including Secretariat staff, LFAs, Principal Recipients, CCM members, and Board members, have a duty to report misconduct occurring in relation to any of the Global Fund’s activities.

2. The Global Fund’s duty of trust

The Global Fund was formed in pursuit of a humanitarian, moral objective. It directs funds from donors to in-country organizations managing programs to combat HIV, tuberculosis and malaria.

As a conduit of funds designated for addressing global health needs, the Global Fund is the custodian or trustee of the funds entrusted to it.

It follows that it is the Global Fund’s overriding duty to manage those funds responsibly, including proactively protecting those funds from abuse or misdirection so that they can reach their intended destinations for their intended purposes.

For the Global Fund, intentional mismanagement or misappropriation of its funds is a serious breach of trust, for two obvious reasons:

- First, the intended beneficiaries — namely, those affected by AIDS, tuberculosis and malaria — would be harmed as the funds earmarked for their benefit are diverted and not used for their benefit.
- Second, donors cannot be expected to continue donating funds that are managed irresponsibly or wasted.

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1 As adopted at the Thirteenth Board meeting (Document GF/B13/6) and amended at the Twenty-Third Board meeting (Decision Point GF/B23/DP19) and at the Thirtieth Board meeting (Decision Point GF/B30/DP4).
3. Why have a whistle-blowing policy?

The main purpose of this whistle-blowing policy is to help the Global Fund exercise its duty of trust to protect its funds and to protect employees from behavior that does not adhere to the Global Fund’s core values or employee Handbook and Code of Conduct. The policy applies both to internal whistle-blowers (Global Fund employees), and to third-parties involved with the programs funded by the Global Fund.

Therefore, this document sets out the Global Fund’s written, formal whistle-blowing policy, consisting of effective and confidential procedures for reporting possible misconduct or irregularities so that appropriate remedial action can be taken. A written, formal policy — properly communicated — is also a means of preventing and deterring misconduct that might be contemplated but has not yet taken place.

A written, formal policy is also a transparent method of addressing issues relating to whistle-blowing, such as answering standard questions, giving assurances, providing information, and offering explanations.

With its whistle-blowing policy, the Global Fund calls upon others to assist it with its custodial responsibility of the funds designated for and provided to intended recipients and deserving beneficiaries.

The Global Fund abides by a philosophy that its duties as custodian or trustee of donated funds clearly outweigh possible personal, cultural, or historical objections to a practice of whistle-blowing.

Through this whistle-blower policy, the Global Fund calls on all who care about the worldwide fight against AIDS, tuberculosis and malaria to support this further step to safeguard donated funds intended for benevolent purposes.

In summary, this whistle-blowing policy springs from the duty of the Global Fund to act as a responsible custodian or trustee of funds entrusted to it, by protecting the interests and assets of all its stakeholders — donor countries, recipient countries, or diverse beneficiaries alike.

4. Who are whistle-blower reports made to?

Whistle-blower reports are made to the Office of the Inspector General of the Global Fund (OIG). The OIG is an independent unit of the Global Fund, reporting directly to the Board of the Global Fund through its Audit and Ethics Committee.

The Office of the Inspector General provides the Global Fund with independent and objective assurance over the design and effectiveness of controls or processes in place to manage the key risks impacting the Global Fund’s programs and operations, including the quality of such controls and processes.

Further details on the Office of the Inspector general can be found on the Global Fund’s web-pages through the following link: http://www.theglobalfund.org/en/oig/
The OIG has been tasked to provide appropriate mechanisms for whistle-blowers to report all irregularities relating to Global Fund activities. The types of matters that should be reported to the OIG and further information on the process of reporting are provided below.

The OIG will ensure all reports by whistle-blowers are reviewed and properly followed-up by OIG or referred to the appropriate entity, as appropriate given the nature of the claims and the mandate and priorities of the OIG.

Allegations to be investigated in areas within the responsibility of the Global Fund’s Human Resources department will be considered at the discretion of the Head of Human Resources in consultation with the OIG. In the exercise of this discretion, the factors to be considered will include, without limitation, an assessment of the seriousness of the allegations and the extent to which the allegations can be corroborated by attributable sources.

In all cases however, the Global Fund will maintain confidentiality and/or anonymity of the claimant, as detailed in sections 8 and 9 below.

5. Who should report misconduct and what should be reported?

All Global Fund stakeholders, including Secretariat staff, LFAs, Principal Recipients, CCM members, and Board members, have a duty to report past or present misconduct occurring in relation to any of the Global Fund’s activities. This encompasses notably any of the circumstances listed below, occurring in connection to persons and entities involved in the management of the Secretariat or management of funded programs, such as Global Fund Staff, grant recipients, suppliers, contractors or CCM members:

a. Misconduct by Global Fund staff or contractors;

b. Theft or diversion of funds or other assets (including embezzlement, theft of assets procured with grant funds);

c. Fraud against the Global Fund or its grant recipients (e.g. bribery, kickbacks, inappropriate gratuities, forged signatures, false travel claims, travel with no legitimate purpose);

d. Knowingly communicating false information (including false financial or programmatic reporting and other misrepresentation of information) and inappropriate disclosure of information;

e. Waste or misuse of resources, assets and monies (e.g. knowingly purchasing expired drugs, supplying faulty test kits);

f. Unethical conduct (Conduct that undermines universal, core ethical values, such as integrity, respect, honesty, responsibility, accountability, and fairness), including issues related to violations of human rights in relation to Global Fund supported programs;

g. Actions damaging the Global Fund's reputation and which may lead to an investigation;
h. Abuse of power or authority;

i. Mismanagement;

j. Inappropriate use of program assets;

k. Non-compliance with the Global Fund Procurement Policies (including irregularities in tender processes);

l. Maladministration (for example, failure to take proper action to rectify reported problems, failure to respond to complaints);

m. Conflict of interest;

n. Product substitution and counterfeit drugs;

o. Any breach of the Code of Conduct for Suppliers;
   http://www.theglobalfund.org/documents/corporate/Corporate_CodeOfConduct
   ForSuppliers_Policy_en/

   http://www.theglobalfund.org/documents/corporate/Corporate_CodeOfConduct
   ForRecipients_Policy_en/

Any other person who has information relating to any such matter should report the matter to the OIG through one of the services described in section 10 below.

6. Assurances of confidentiality and anonymity

The Global Fund is committed to safeguard whistle-blowers, and provides the opportunity to treat all whistle-blowing reports as either confidential or anonymous. The choice between confidential or anonymous whistle-blowing is that of the whistle-blower alone.

7. What is the difference between confidential and anonymous whistle-blowing?

Allegations notified to the OIG may be made confidentially (in which case the person's identity will be known to the Office of the Inspector General only and will be kept confidential) or anonymously (in which case no one, not even the Office of the Inspector General, will know that person's identity).

If you provide your personal details when making a confidential report, the Office of the Inspector General will not disclose these details to other areas of the Global Fund or to external organizations unless you give your consent. The only exceptions to this assurance may be where the Global Fund is required to comply with a separate legal obligation such as an order issued by a court, or when an allegation has been determined as being malicious and needs to be referred, as stipulated in section 9 below. Importantly, the Global Fund assurance of confidentiality can only be completely effective if the whistle-blower likewise maintains confidentiality.
Anonymous reports are sometimes difficult to assess where it is not possible to obtain further information from the complainant. Therefore, if an allegation is made anonymously, it should be as complete as possible, providing as much detail as possible to enable the investigator to follow up on information that may be needed to pursue the investigation, and include any supporting documentation. Whistleblowers are therefore encouraged to report misconduct confidentially, as such a report has the greatest likelihood of impact as the OIG will have a greater ability to pursue the complaint, and will be able to seek clarifications from the complainant, if and when, necessary. To be actionable, complaints ultimately must be supported by sufficient evidence to find misconduct has occurred.

For persons nevertheless wishing to report irregularities anonymously while at the same time providing a mechanism for further (anonymous) contact where necessary may use the OIG’s Integrity Hotline (https://www.integrity-helpline.com/theglobalfund.jsp). By using this method of reporting, a report number and PIN are assigned. The identity of the person making the report is not known to the third-party reporting agency or to the OIG unless the person making the report chooses to pass on this information.

By using the report number and PIN, the person making the report is able to check back at a later time to obtain an update – and this also allows the OIG to pass on any questions that we have or requests for clarification.

8. Whistle-blower protection

Both confidential and anonymous whistle-blowing options are aimed at safe reporting.

The Global Fund is also committed to preventing those who benefit from misconduct from attempting to retaliate against or victimize a whistle-blower for loss, or potential loss, of that ill-gotten benefit. The Global Fund will not tolerate any retaliation, i.e. any act of discrimination, reprisal, harassment or vengeance, direct or indirect, which is recommended, threatened or taken against a whistle-blower or its relatives or associates by any person because the whistle-blower has made a disclosure under this policy in good faith, reasonably believing it to be true.

The reporting process outlined above has been introduced by the Office of the Inspector General to allow confidential or anonymous reports to be made, while at the same time safeguarding the identity of the person making the report to the fullest extent possible.

Where an individual makes a report under this policy in good faith, reasonably believing it to be true, no retaliation against the individual will be tolerated should the disclosure turn out to be misguided or false.

Where retaliation by the Head of the Human Resources Department, the Legal and Compliance Department or other member of the Management Executive Committee is alleged, an assessment of the allegation will be prepared by the OIG, with the participation of an external party to the Global Fund, and presented to the Executive Director for further action or investigation. Where retaliation by the Executive Director or the Inspector-General is alleged, an assessment of the allegation will be prepared by an external party chosen by the Chair and the Vice-Chair of the Audit and Ethics Committee and the assessment will be
presented to the Chair and Vice-Chair of the Audit and Ethics Committee and the Board, for further action or investigation.

In the case of internal whistle-blowers, where it is considered necessary, the OIG or the Global Fund’s Human Resources department may recommend the temporary reassignment of a person who has allegedly been the subject of retaliation or other measures appropriate to protect against further acts of retaliation. Any such recommendation will only be submitted with the approval of the staff member involved and appropriate measures will be taken to safeguard employee confidentiality to the fullest extent possible.

Reporting under this policy in no way protects a whistle-blower from sanctions arising from their own wrongdoing. In other words, blowing the whistle is no “escape hatch” for complicity in misconduct.

9. OIG action in the case of retaliation or false reports.

Any staff member of the Global Fund who is alleged to have retaliated against a person who has made a report to the OIG in good faith will be the subject of a disciplinary procedure as outlined in section 17 of the Global Fund’s Employee Handbook. Should the allegation be substantiated, it will be considered gross misconduct and the staff member will face disciplinary action including possible contract termination.

Allegations of retaliation by people and entities external to the Global Fund, such as in-country partners and suppliers, will be dealt with through governance mechanisms and other appropriate action including the debarment of suppliers through the Global Fund Sanctions Procedures.

Making allegations through the whistle-blowing mechanism that the individual knows to be false or with an intent to misinform will also be investigated by the OIG and may result in disciplinary or other action (such as the sanctions procedures in the case of suppliers or referrals to local law enforcement agencies in the case of third parties).

10. How do I report fraud or abuse?

There are two ways to make a complaint.

i. Through a third-party reporting service

You can make a complaint by telephone or internet through a reporting service provided by a compliance reporting company, Navex. This service will provide the details of your report to the Office of the Inspector General. It will ask if you wish to be anonymous or if you wish to provide your contact information.

If you provide your contact information, the Office of the Inspector General will contact you directly for more information.
If you choose to be anonymous, Navex will provide you with a report number, a PIN number and a follow-up date. Because Navex will not have your contact information any further contact will need to be initiated by you.

Reports can be made by internet (web-reporting) or by telephone:

**Web-reporting:**
The third party compliance reporting company, Navex, can be contacted through the OIG's Integrity Hotline ([https://www.integrity-helpline.com/theglobalfund.jsp](https://www.integrity-helpline.com/theglobalfund.jsp)). This service is operated in 21 languages.

**Reporting by telephone:**
You can call Navex free of charge from any country in the world on the following US collect call telephone number +1 704 541 6918. If you do not speak English, an interpreter will be arranged while you are on the line.

**ii. Directly to the Office of the Inspector General by telephone, fax, email or letter**

Telephone:  +41-22-341-5258 (24 hour secure voicemail)
Fax:  +41-22-341-5257 (dedicated secure fax)
Email:  inspector.general@theglobalfund.org
Mail:  Office of the Inspector General,
The Global Fund to Fight AIDS, Tuberculosis and Malaria
Chemin de Blandonnet 8, 1214 Vernier, Geneva, Switzerland

**11. What details should I include in my report?**

Please make your complaint as specific as possible and include details such as:

a. The type of alleged wrongdoing you are reporting;

b. Where and when did these events occur;

c. Who are the people involved and who has knowledge about the matters you are reporting;

d. How the individual, organization or company committed the alleged wrongdoing;

e. Why do you believe the conduct should be investigated and why are you reporting the matter; and

f. All documents and references to other sources that support the complaint.

Complainants are strongly encouraged to submit all supporting documents, or advise the OIG where such documents might be located, and identify other possible witnesses who
could provide relevant information. Disclosure of further information or evidence (for example, documents) that you believe will enable us to make a proper assessment, should be provided to the Office of the Inspector General as soon as possible.

12. What happens after I make a report?

All reports to the OIG are acknowledged within one day of receipt wherever possible and all reports are reviewed by OIG staff.

To determine whether a matter falls within the Charter of the OIG, an initial screening will be made, resulting in a determination of the most appropriate action. This may lead to an investigation by the OIG, or a referral of the matter, for example to national authorities for prosecution in the event of a breach of national criminal laws. Alternatively, where appropriate, the matter may be communicated for management action to other areas of the Global Fund if there is no apparent conflict of interest with that area and if confidentiality can be maintained.

Issues of misconduct by Global Fund staff may fall within the responsibility of the Global Fund’s Human Resources Department. In such cases the OIG will refer the matter to the Head of HR for assessment and action. It is important to reiterate that the OIG will not pass on the identity of a person making a report of irregularities unless that person has consented to the OIG doing so.

An investigation is a professional, systematic and analytical process designed to gather information in order to determine whether wrongdoing occurred and, if so, the persons or entities responsible.

Investigations are conducted by the OIG and the Global Fund’s Human Resources Department in a diligent, complete, focused and objective manner. All reasonable steps are taken to ensure that pertinent issues are sufficiently examined. The OIG exercises complete independence from other parts of the Global Fund in conducting investigations.

Periodic reports are provided by the OIG on the number and nature of matters reported to the OIG. The OIG also analyses reports and the results of investigations to identify any systemic issues, which are passed to the Secretariat to assist in the development of more robust controls where appropriate.

13. Need more information?

We hope that this document has provided a useful overview of the Global Fund Whistle-blower process. Should you have any questions, please contact the OIG through any of the contact mechanisms listed above.
Annex 2

Whistle-Blowing Policy and Procedure

Proposed revision showing changes from the existing policy
Whistle-blowing Policy and Procedures for The Global Fund to Fight AIDS, Tuberculosis and Malaria:

1. What is whistle-blowing?

To blow the whistle is to alert a third party that a person or entity has done, or is doing, something wrong. So, literally, “whistle-blowing” means that one informs or notifies others of misconduct a party, in good faith, conveys or transmits a concern, allegation or information indicating that a prohibited practice is occurring or has occurred in the Global Fund or in a Global Fund-financed operation.

By blowing the whistle on misconduct in an organization, one alerts the organization to the fact that its stakeholders are being wrongfully put at risk or have been, or are being, harmed.

All Global Fund stakeholders, including Secretariat staff, LFAs, Principal Recipients, CCM members, and Board members, have a duty to report misconduct occurring in relation to any of the Global Fund’s activities.

2. The Global Fund’s duty of trust

The Global Fund was formed in pursuit of a humanitarian, moral objective. It directs funds from donors to in-country organizations managing programs to combat HIV, tuberculosis and malaria.

As a conduit of funds designated for addressing global health needs, the Global Fund is the custodian or trustee of the funds entrusted to it.

It follows that it is the Global Fund's overriding duty to manage those funds responsibly, including proactively protecting those funds from abuse or misdirection so that they can reach their intended destinations for their intended purposes.

For the Global Fund, intentional mismanagement or misappropriation of its funds is a serious breach of trust, for two obvious reasons:

- First, the intended beneficiaries — namely, those affected by AIDS, tuberculosis and malaria — would be harmed as the funds earmarked for their benefit are diverted and not used for their benefit.
- Second, donors cannot be expected to continue donating funds that are managed irresponsibly or wasted.

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1. As adopted at the Thirteenth Board meeting (Document GF/B13/6) and amended at the Twenty-Third Board meeting (Decision Point GF/B23/DP19) and at the XX Board meeting (Decision Point GF/BXX/DPXX).
3. Why have a whistle-blowing policy?

The main purpose of this whistle-blowing policy is to help the Global Fund exercise its duty of trust to protect its funds and to protect employees from behavior that does not adhere to the Global Fund’s core values or employee Handbook and Code of Conduct. The policy applies both to internal whistle-blowers (Global Fund employees), and to third-parties involved with the programs funded by the Global Fund.

Therefore, this document sets out the Global Fund’s written, formal whistle-blowing policy, consisting of effective and confidential procedures for reporting possible misconduct or irregularities so that appropriate remedial action can be taken. A written, formal policy — properly communicated — is also a means of preventing and deterring misconduct that might be contemplated but has not yet taken place.

A written, formal policy is also a transparent method of addressing issues relating to whistle-blowing, such as answering standard questions, giving assurances, providing information, and offering explanations.

With its whistle-blowing policy, the Global Fund calls upon others to assist it with its custodial responsibility of the funds designated for and provided to intended recipients and deserving beneficiaries.

The Global Fund abides by a philosophy that its duties as custodian or trustee of donated funds clearly outweigh possible personal, cultural, or historical objections to a practice of whistle-blowing.

Through this whistleblower policy, the Global Fund calls on all who care about the worldwide fight against AIDS, tuberculosis and malaria to support this further step to safeguard donated funds intended for benevolent purposes.

In summary, this whistle-blowing policy springs from the duty of the Global Fund to act as a responsible custodian or trustee of funds entrusted to it, by protecting the interests and assets of all its stakeholders — donor countries, recipient countries, or diverse beneficiaries alike.

4. Who are whistle-blower reports made to?

Whistle-blower reports are made to the Office of the Inspector General (OIG). The OIG was established by the Board of the Global Fund to Fight AIDS, Tuberculosis and Malaria in July 2005 and began work in December 2005 of the Global Fund (OIG). The OIG is an independent unit of the Global Fund, reporting directly to the Board of the Global Fund through its Audit and Ethics Committee.

Led by the Office of the Inspector General, the mission of the OIG is to provide the Global Fund with independent and objective assurance over the design and effectiveness of controls or processes in place to manage the key risks impacting the Global Fund’s programs and operations, including the quality of such controls and processes.

The scope of work of the Inspector General encompasses all aspects of the Global Fund’s activities including those carried out on its behalf by its program recipients.
partners and suppliers. All systems, processes, operations, functions and activities within the Global Fund are subject to the Inspector General’s review. The activities of the Office of the Inspector General are:

- Audit;
- Inspection;
- Counter-fraud and promotion of ethical conduct;
- Investigations;
- Assurance validation; and
- Functional reviews.

Further details on the Office of the Inspector general can be found on the OIG’s Global Fund’s web-pages through the following link: http://www.theglobalfund.org/en/oig/?lang=en

The OIG has been tasked by the Global Fund Board to provide appropriate mechanisms for whistle-blowers to report all irregularities falling within the mandate of the OIG relating to Global Fund activities. The types of matters that should be reported to the OIG and further information on the process of reporting is provided below.

The OIG will ensure all reports by whistle-blowers are reviewed and properly followed-up by OIG or referred to the appropriate entity, as appropriate given the nature of the claims and the mandate and priorities of the OIG.

Allegations to be investigated in areas within the responsibility of the Global Fund’s Human Resources department will be considered at the discretion of the Head of Human Resources in consultation with the OIG. In the exercise of this discretion, the factors to be considered will include, without limitation, an assessment of the seriousness of the allegations and the extent to which the allegations can be corroborated by attributable sources.

In all cases however, the Global Fund will maintain confidentiality and/or anonymity of the claimant, as detailed in sections 8 and 9 below.

5. Who should report misconduct and what should be reported?

All Global Fund stakeholders, including Secretariat staff, LFAs, Principal Recipients, CCM members, and Board members, have a duty to inform the OIG of any of the circumstances, past or present, listed below: report past or present misconduct occurring in relation to any of the Global Fund’s activities. This encompasses notably any of the circumstances listed below, occurring in connection to persons and entities involved in the management of the Secretariat or management of funded programs, such as Global Fund Staff, grant recipients, suppliers, contractors or CCM members:
(a) Gross misconduct on the part of Global Fund staff.

a. In the case of programs funded by the Global Fund or persons and entities involved in the facilitation of such programs: contractors

b. Theft or diversion of funds or other assets (including embezzlement, theft of assets procured with grant funds);

c. Fraud against the Global Fund or its grant recipients (e.g. bribery, kickbacks, inappropriate gratuities, forged signatures, false travel claims, travel with no legitimate purpose);

d. Knowingly communicating false information (including false financial or programmatic reporting and other misrepresentation of information) and inappropriate disclosure of information,

e. Waste or misuse of resources, assets and monies (e.g. knowingly purchasing expired drugs, supplying faulty test kits);

f. Unethical conduct (Conduct that undermines universal, core ethical values, such as integrity, respect, honesty, responsibility, accountability, and fairness), including issues related to violations of human rights in relation to Global Fund supported programs;

g. Actions damaging the Global Fund's reputation and which may lead to an investigation;

h. Abuse of power or authority;

i. Mismanagement;

j. Inappropriate use of program assets;

k. Non-compliance with the Global Fund Procurement Policies (including irregularities in tender processes);

l. Maladministration (for example, failure to take proper action to rectify reported problems, failure to respond to complaints);

m. Conflict of interest;

n. Product substitution and counterfeit drugs; and

o. Any breach of the Supplier Code of Conduct

p. Any breach of the Code of Conduct for Recipients

*1 Gross misconduct is defined in the Global Fund Disciplinary Regulation as including: association in any way with criminal or non-criminal activities which may bring the Global Fund into disrepute; bullying and/or harassment; deliberate damage to Global Fund property; discrimination; fraud; improper use or attempt to make use of his/her position as an official for his/her personal advantage; physical aggression and/or abusive behaviour; serious health and safety infringements; serious breach of confidentiality; theft; and undertaking private work on Global Fund's premises or in working hours which interferes with the performance of an employee's duties.
Any other person who has information relating to any such matter should report the matter to the OIG: through one of the services described in section 10 below.

6. Assurances of confidentiality and anonymity

The Global Fund is committed to safeguard whistle-blowers, and provides the opportunity to treat all whistle-blowing reports as either confidential or anonymous. The choice between confidential or anonymous whistle-blowing is that of the whistle-blower alone.

7. What is the difference between confidential and anonymous whistle-blowing?

Allegations notified to the OIG may be made confidentially (in which case the person's identity will be known to the Office of the Inspector General only and will be kept confidential) or anonymously (in which case no one, not even the Office of the Inspector General, will know that person's identity).

If you provide your personal details when making a confidential report, the Office of the Inspector General will not disclose these details to other areas of the Global Fund or to external organizations unless you give your consent. The only exception to this assurance may be where the Global Fund is required to comply with a separate legal obligation such as an order issued by a court, or when an allegation has been determined as being malicious and needs to be referred, as stipulated in section 9 below. Importantly, the Global Fund assurance of confidentiality can only be completely effective if the whistle-blower likewise maintains confidentiality.

Anonymous reports are sometimes difficult to assess where it is not possible to obtain further information from the complainant. Therefore, if an allegation is made anonymously, it should be as complete as possible, providing as much detail as possible to enable the investigator to follow up on information that may be needed to pursue the investigation, and include any supporting documentation. Whistleblowers are therefore encouraged to report misconduct confidentially, as such a report has the greatest likelihood of impact as the OIG will have a greater ability to pursue the complaint, and will be able to seek clarifications from the complainant, if and when, necessary. To be actionable, complaints ultimately must be supported by sufficient evidence to find misconduct has occurred.

In 2009 the OIG introduced a new reporting system to enable those wishing to report irregularities to remain anonymous while at the same time providing a mechanism for further (anonymous) contact where necessary. This process has been made possible by the use of a third-party reporting system called the OIG's Integrity Hotline (https://www.integrity-helpline.com/theglobalfund.jsp). By using this method of reporting, a report number and PIN are assigned. The identity of the person making the report is not known to the third-party reporting agency or to the OIG unless the person making the report chooses to pass on this information.

By using the report number and PIN, the person making the report is able to check back at a later time to obtain an update – and this also allows the OIG to pass on any questions that we have or requests for clarification.
8. Whistle-blower protection

Both confidential and anonymous whistle-blowing options are aimed at safe reporting.

The Global Fund is also committed to preventing those who benefit from misconduct from attempting to retaliate against or victimize a whistle-blower for loss, or potential loss, of that ill-gotten benefit. The Global Fund will not tolerate any retaliation, i.e. any act of discrimination, reprisal, harassment or vengeance, direct or indirect, which is recommended, threatened or taken against a whistle-blower or its relatives or associates by any person because the whistle-blower has made a disclosure under this policy in good faith, reasonably believing it to be true.

However, importantly:

- Such adverse consequences can only materialize if the identity of the whistle-blower becomes known through a breach of confidentiality; and
- An anonymous whistle-blower cannot be victimized, if the whistle-blower also protects his own or her own anonymity and does not disclose the complaint or supporting information to anyone other than the OIG.

The reporting process outlined above has been introduced by the Office of the Inspector General to allow confidential or anonymous reports to be made, while at the same time safeguarding the identity of the person making the report to the fullest extent possible.

Where an individual makes a report under this policy in good faith, reasonably believing it to be true, there will be no retaliation against the individual should the disclosure turn out to be misguided or false.

Where retaliation by the Head of the Human Resources Department, the Legal and Compliance Department or other member of the Management Executive Committee is alleged, an assessment of the allegation will be prepared by the OIG, with the participation of an external party to the Global Fund, and presented to the Executive Director for further action or investigation. Where retaliation by the Executive Director or the Inspector-General is alleged, an assessment of the allegation will be prepared by an external party chosen by the Chair and the Vice-chair of the Audit and Ethics Committee and the assessment will be presented to the Chair and Vice-chair of the Audit and Ethics Committee and the Board, for further action or investigation.

In the case of internal whistle-blowers, where it is considered necessary, the OIG or the Global Fund’s Human Resources department may recommend the temporary reassignment of a person who has allegedly been the subject of retaliation or other measures appropriate to protect against further acts of retaliation. Any such recommendation will only be submitted with the approval of the staff member involved and appropriate measures will be taken to safeguard employee confidentiality to the fullest extent possible.

Reporting under this policy in no way protects a whistle-blower from disciplinary or other actions arising from their own intentional misconduct. In other words, blowing the whistle is no “escape hatch” for complicity in misconduct.
9. OIG action in the case of retaliation or false reports.

Any staff member of the Global Fund who is alleged to have retaliated against a person who has made a report to the OIG in good faith will be the subject of an OIG investigation, a disciplinary procedure as outlined in section 17 of the Global Fund’s Employee Handbook. Should the allegation be substantiated, it will be considered gross misconduct and the staff member will face disciplinary action for gross misconduct including possible contract termination.

Allegations of retaliation by people and entities external to the Global Fund, such as in-country partners and suppliers, will be dealt with through governance mechanisms and other appropriate action including the debarment of suppliers through the Global Fund Sanctions Procedures.

Making allegations through the whistle-blowing mechanism that the individual knows to be false or with an intent to misinform will also be investigated by the OIG and may result in disciplinary or other action (such as the sanctions procedures in the case of suppliers or referrals to local law enforcement agencies in the case of third parties).

10. How do I report fraud or abuse?

There are two ways to make a complaint.

i. Through a third-party reporting service

You can make a complaint by telephone or internet through a reporting service provided by a compliance reporting company, Global Compliance Navex. This service will provide the details of your report to the Office of the Inspector General. It will ask if you wish to be anonymous or if you wish to provide your contact information.

If you provide your contact information, the Office of the Inspector General will contact you directly for more information.

If you choose to be anonymous, Global Compliance Navex will provide you with a report number, a PIN number and a follow-up date. Because Global Compliance Navex will not have your contact information any further contact will need to be initiated by you.

Reports can be made by internet (web-reporting) or by telephone to Global Compliance Navex:

Web-reporting:
The third party compliance reporting company, Global Compliance Navex, can be contacted by through the OIG’s Integrity Hotline: (https://www.integrity-helpline.com/theglobalfund.jsp). This service is operated in 21 languages.

Reporting by telephone:
You can call Global Compliance Navex free of charge from any country in the world on the following US collect call telephone number +1 704 541 6918. If you do not speak English, an interpreter will be arranged while you are on the line.
ii. Directly to the Office of the Inspector General by telephone, fax, email or letter

Telephone: +41-22-341-5258 (24 hour secure voicemail)
Fax: +41-22-341-5257 (dedicated secure fax)
Email: inspector.general@theglobalfund.org
Mail: Office of the Inspector General, The Global Fund to Fight AIDS, Tuberculosis and Malaria Chemin de Blandonnet 8, 1214 Vernier, Geneva, Switzerland

11. What details should I include in my report?

Please make your complaint as specific as possible and include details such as:

a. The type of alleged wrongdoing you are reporting;
b. Where and when did these events occur;
c. Who are the people involved and who has knowledge about the matters you are reporting;
d. How the individual, organisation or company committed the alleged wrongdoing;
e. Why do you believe the conduct should be investigated and why are you reporting the matter; and
f. All documents and references to other sources that support the complaint.

Complainants are strongly encouraged to submit all supporting documents, or advise the OIG where such documents might be located, and identify other possible witnesses who could provide relevant information. Disclosure of further information or evidence (for example, documents) that you believe will enable us to make a proper assessment, should be provided to the Office of the Inspector General as soon as possible.

12. What happens after I make a report?

All reports to the OIG are acknowledged within one day of receipt wherever possible and all reports are reviewed by OIG staff.

WhereTo determine whether a matter falls within the Charter and Terms of Reference of the OIG, an assessment will be made resulting in a determination of the most appropriate action. This may lead to an investigation by the OIG, or a referral of the matter, for example to national authorities for prosecution in the event of a breach of national criminal laws. Alternatively, where appropriate, the matter may be referred for management action to other areas of the Global Fund if there is no apparent conflict of interest with that area. For example, certain issues can be handled without disclosure.

Issues of misconduct by Global Fund staff may befall within the responsibility of the HR Unit to determine any necessary action. In such cases the OIG will refer the matter to the Director of HR, unless the HR department has a conflict of interest in the matter, or the Complainant
has already complained to HR and has not been satisfied with the response for assessment and action. It is important to reiterate that the OIG will not pass on the identity of a person making a report of irregularities unless that person has consented to the OIG doing so.

An investigation is a legally based, professional, systematic and analytical process designed to gather information in order to determine whether wrongdoing occurred and, if so, the persons or entities responsible.

Investigations are conducted by the OIG and the Global Fund’s Human Resources Department in a diligent, complete, focused and objective manner. All reasonable steps are taken to ensure that pertinent issues are sufficiently examined. The OIG exercises complete independence from other parts of the Global Fund in conducting investigations.

The OIG’s aims in conducting investigations are to:

- Determine, on the basis of all available evidence, whether the allegations are factual;
- Assess the extent of any loss or damage to the Global Fund and seek to prevent any further loss or damage;
- Determine the nature and extent of any involvement by participants (either external or internal);
- Seek the recovery of funds or assets and in certain cases recommend corrective action;
- Recommend measures that will prevent any future loss or damage; and
- Forensically gather all available evidence in accordance with internationally recognised investigation standards; and
- Refer matters to the relevant agencies in-country for criminal investigation and prosecution as appropriate.

Periodic reports are provided by the OIG on the number and nature of matters reported to the OIG. The OIG also analyses reports and the results of investigations to identify any systemic issues, which are passed to the Secretariat to assist in the development of more robust controls where appropriate.

### 13. Need more information?

We hope that this document has provided a useful overview of the Global Fund Whistleblower process. Should you have any questions, please contact the OIG through any of the contact mechanisms listed above.