Board Report

2015 Annual Report on the Activities of the Office of the Inspector General

The purpose of this report is to give the Board an update on the Office of the Inspector General's activities in 2015.

The Global Fund

Office of the Inspector General

I. Executive Summary

In 2015, the Office of the Inspector General (OIG) celebrated its 10-year anniversary as well as one of its most productive years, as demonstrated by the following:

- 24 reports were published in the interests of full transparency and accountability;
- 90% of the 2015 Investigations Unit's Work Plan and 87% of the Audit Unit's plan were achieved;
- fieldwork for all 17 audits in the 2015 Work Plan was completed;
- 60 investigations were completed and 178 allegations of wrongdoing screened;
- 82 new Agreed Management Actions were created and 91 were implemented to correct and strengthen the Global Fund.

If 2014 was about stabilizing the OIG and rebuilding relationships with stakeholders, 2015 was a year of execution, delivering reports that have impact, leveraging improved relationships, putting in place internal improvements and being proactive.

In 2015, the OIG operated independently, was well-staffed and reported directly to the Board through its Audit and Ethics Committee (AEC). In particular, it compiled regular, publicly available audits and investigations of financial, programmatic, and reporting aspects of the Global Fund, its grantees and Local Fund Agents.

Reports that have impact

Through the 12 audit, 10 investigation and two ex-ante (advisory) reports published this year, the OIG has sought to provide assurance to the Board on the risks that could compromise the Global Fund's mission. The OIG's engagements have focused on key grant implementation risks, fiduciary exposures, as well as internal processes critical to the achievement of the mission such as sourcing, allocation, IT and internal financial controls.

(Summaries of all 2015 reports are available in Annex 2)

This corpus, together with work from 2014, has allowed the OIG to document progressive improvement in the Global Fund's organizational maturity. The second OIG Annual Opinion shows that the Global Fund is progressing slowly but steadily from an 'initiated' level on the maturity scale closer to the 'embedded' level.

This means that governance, risk management and internal control processes have been defined through institutional policies approved by executive management and/or the Global Fund Board or its committees. However, taken as a whole, these processes are not yet applied consistently and are not yet fully embedded in everyday management practice across the organization.

More information available in the OIG's *Annual Opinion on Governance, Risk Management and Internal Controls of the Global Fund GF/B35/11*.

Leveraging improved relationships

Throughout the year, the OIG has worked closely with colleagues both at the Secretariat and in-country. For example, the OIG is involved and providing real-time feedback to the Secretariat on key initiatives such as Risk and Assurance Accelerated Integration Management. Work in South Sudan, Tanzania, Ghana, Uzbekistan and Burkina Faso has involved collaboration with UN agencies, Principal Recipients, Supreme Audit Institutions and USAID.

Continuous improvements

A number of operational improvements were put in place at the OIG throughout the year. These included updating the Stakeholder Engagement Models; creating systems and processes to build an intelligence database with five years of investigations data; strengthening audit methodology, processes, and procedures; improving processes to follow up on Agreed Management Actions; developing a core training curriculum for OIG staff; improving internal resource usage; and reviewing and reorganizing the OIG's IT infrastructure to increase efficiency and mitigate vulnerabilities.

A detailed external review allowed the OIG to identify current gaps in its audit and investigation practices compared with industry best practices. The objective is to significantly enhance the overall effectiveness of the OIG and strengthen its ability to deliver top value to the organization. Based on this gap analysis, which has been completed, specific short, medium and long-term action plans were identified and a robust Quality Assurance and Improvement Program (QAIP) is being put in place and will be implemented during 2016.

Whilst annual Quality Assurance reviews have historically focused on compliance with professional standards, the purpose of the QAIP is to move the audit and investigation functions from compliance to excellence, and to embed quality as an ongoing process throughout the lifecycle of each activity as opposed to an annual exercise.

A proactive year

Clearing the backlog of cases on the OIG's books, stabilizing and improving internal processes positioned the OIG to do more outreach work in 2015. Examples include hosting 180 investigators at the Conference of International Investigators in Switzerland

in September and launching an anti-corruption campaign called *I Speak Out Now!* More details on these two projects below in parts III and IV of this report.

2016: raising the game

In 2016, the OIG plans to move up to the next level through three main strategic focuses: better leveraging knowledge and skills between the audit and investigation functions to exploit synergies and produce more insightful outcomes; bulletproofing its operations through more rigorous management practices and a strong focus on quality through the QAIP implementation; and having greater impact in its work by improving stakeholder engagement and the depth of OIG products.

The AEC, at its 14th meeting, approved the following actions to set the stage for 2016: revisions to the Stakeholder Engagement Models, a new four-point audit rating and improved Key Performance Indicators (KPIs). The revisions are available in annexes 3-6. The AEC also reviewed the approach for management of the whistle-blowing hotline. Lastly, it endorsed the approach for OIG policy improvements in 2016 and defined actions points for the incoming Audit and Finance Committee to ensure continuity in this approach. This was the final meeting of the AEC and the OIG expresses its appreciation to the members for their constructive engagement over the years, for guiding improvements, and for being a key pillar to the OIG's independence.

In conclusion, with a budget of $16.3M approved for the year, a full complement of staff, and the above strategic focuses, the OIG has the resources and the independence to continue to be a reliable assurance provider and a catalyst for continuous improvements in the efficiency and effectiveness of the Global Fund in 2016 and beyond.

II. Audit Unit

Progress against work plans

The 2015 Audit Work Plan has been substantially completed despite under staffing throughout much of the year. Of the 17 planned audits in 2015 (excluding Chad, which was cancelled due to deteriorating security conditions), ten reports have been finalized at the time of writing of which eight are audits and two ex-ante engagements. The remaining seven are at the final reporting stage and the actual audit fieldwork for all work had been completed by year-end.

(Summaries of all completed reports completed in 2015 can be found in Annex 2)

Table I: Status of 2015 Work Plan

Audit	Qr.	Status
Country reviews		
1. Ghana	Q1	Finalized
2. Pakistan	Q1	Finalized
3. South Sudan	Q1	Finalized
4. Honduras	Q2	Finalized
5. Indonesia	Q2	Finalized
6. Uzbekistan	Q2	Finalized
7. Tanzania	Q3	Finalized
8. Nigeria	Q3-4	Reporting
~~9. Chad~~	~~Q3~~	~~Cancelled~~
10. Uganda	Q4	Reporting
Internal reviews		
11. Allocation	Q1	Finalized
12. Grant-Making	Q3	Reporting
13. Strategy & Impact	Q3	Reporting
14. CCMs	Q3	Reporting
15. KPIs	Q4	Reporting
16. Internal Controls	Q4	Reporting
Ex-ante engagements		
17. Implementer Resources	Q2	Finalized
18. IT audit follow-up	Q3	Finalized

Country audit work in 2015 concentrated more on identifying root causes, often leading to conclusions applicable across the wider portfolio. Our internal reviews have also been focused on processes carrying specific risks to the Global Fund's mission, leading to stronger engagement on corrective actions from senior management.

Leading and driving change

In addition to regular audit work, the OIG continues to be involved in various strategic initiatives launched by the Secretariat: Differentiation for Impact, Accelerated Integration Management, Risk and Assurance, and Results-Based Funding. This forms a critical part of our ex-ante audit work in the 2016 annual plan and is key to achieving our purpose of leading and driving change to improve and safeguard the Global Fund.

Building a high performing team

The Audit Unit contains a healthy mix of experienced professionals with strong institutional knowledge and new staff who bring fresh perspectives. Staff surveys, performed regularly throughout the year, show increasingly high levels of staff engagement and pride of working at the OIG.

Continuous improvements

The audit function has continued to implement its improvement plan. Progress has been made against the recommendations from a 2014 External Quality Assurance Assessment, which found the unit to be generally conforming with auditing standards. A self-assessment in late 2015 confirmed the same.

Effective tools to measure performance

We also continued to improve our internal processes during 2015, including developing and streamlining our audit methodology to support consistent execution of the OIG's risk-based audit approach. Leveraging the results of a recent external review, we are developing and embedding a more structured approach to quality improvement into the end-to-end audit lifecycle and internal processes.

Faster turnaround of Agreed Management Actions

Tracking and validating Agreed Management Actions have improved with the number of outstanding audit actions decreasing significantly over the year.

The Audit Unit also continued to enhance its budgeting and planning tools. To avoid "bunching up" audit production, a persistent issue towards the end of the year, internal processes are being refined to ensure smoother and more timely delivery of reports in 2016. The foundation of this work will be the revised OIG Audit Stakeholder Engagement Model. The model is designed to ensure that audits are delivered on time with the requisite built-in quality safeguards.

Key issues noted in 2015

A thematic analysis of OIG's 2015 audits indicates the persistence of issues in the following key areas of governance, risk management and internal controls:

- Organization-wide risk management remains embryonic
- Program impact assessment is still hampered by evolving Monitoring & Evaluation framework and data gaps
- Progress on governance matters is limited
- Support functions are improving but work is still needed to mature the organization

A more detailed discussion of each of these themes is available in the OIG's *Annual Opinion on Governance, Risk Management and Internal Controls of the Global Fund GF/AEC14/06.*

Annual Opinion
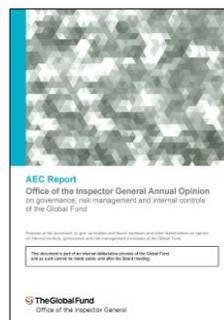
The OIG has issued its second annual opinion to give the Board an understanding of whether internal controls, governance and risk management processes at the Global Fund are adequate and effective to ensure that the organization's strategic objectives will be met. Our approach is to provide an opinion of the overall maturity of the Global Fund for the period 2014-2015. To do this, we use an organizational maturity scale that describes a continuum ranging from an absence of business processes to an optimized state.

Maturing slowly

Our analysis shows a steady and progressive improvement in maturity with the organization currently moving up incrementally from the 'initiated' maturity rating closer to the 'embedded' rating. This is due in part to the time it takes to fully transform a headquarters organization, whose business models are repeatedly revised, to one able to respond to the challenges of funding public health programs in sometimes difficult environments. A linear trajectory cannot be expected; slow and purposeful transformations take time and step changes often stagnate during the transformation process. Nonetheless, the organization needs to mature further in order to continue having real impact. The Global Fund must evaluate what is required to complete its transition from crisis-fighting mode to a progressively more stable and professional state which is able to end the three epidemics.

The year ahead for the Audit Unit

Following an in-depth analysis of the 2015 audits, including an extensive lessons learned exercise, we have split the 2016 work plan into three main components: country audits, internal audits and ex-ante work.

The 2016 plan, approved by the Audit and Ethics Committee, contains the following:

Eight country audits:

  - Democratic Republic of Congo
  - Cote d'Ivoire
  - Zimbabwe
  - Mozambique
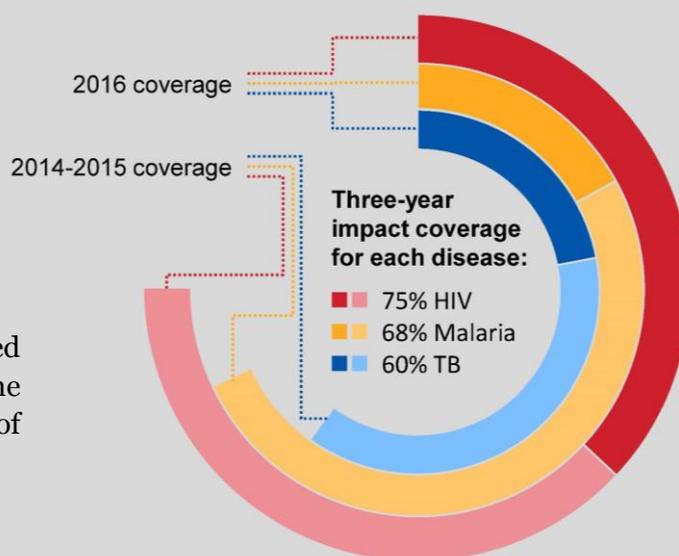 - Cameroon
  - Malawi
  - India
  - Haiti

These eight countries cover a combined 25% of the 2014-2016 allocation across the three diseases and a significant share of disease impact across the three diseases.

Five internal reviews including:

-Risk management
-Grant Management in high-risk environ
-In-country supply chains
-Integrity Due Diligence
-Treasury operations

Ex-ante activities:

15% of the overall audit effort in 2016 will be dedicated to providing real-time and responsive risk-based advice. This includes performing formal advisory reviews, implementation follow-up reviews and participation in standing committees and new strategic initiatives.

2016 coverage

2014-2015 coverage

Three-year impact coverage for each disease:

- 75% HIV
- 68% Malaria
- 60% TB

Percentage of impact across the three diseases covered by OIG audit work in country. Impact is measured in terms of people currently on treatment for HIV, mosquito nets distributed to protect families against malaria, and cases of tuberculosis treated.

Source: Global Fund results, December 2015.

III. Investigations Unit

Progress against work plans

The Investigations Unit is now working at full capacity.

Increased productivity

- In 2015, the OIG opened 48 new cases compared to 38 predicted in the 2015 Investigations Work Plan.
- 50 Case Closure Memoranda were issued in 2015 compared with 42 in 2014.
- 178 allegations of fraud and abuse were received in 2015 compared with 157 in 2014.

Ten investigations reports were published on the Global Fund website in 2015: Burkina Faso, Kazakhstan, Yemen, Guinea, Egypt, Tajikistan, Nigeria, Timor-Leste, Ukraine, Panama. Overall, the OIG completed 60 of the planned 72 investigations into allegations of fraud and abuse.

(Summaries of all published 2015 reports can be found in Annex 2)

For the first time, two proactive reviews were initiated in Côte d'Ivoire and Malawi. The OIG is on track to complete the remaining 12 cases from the 2014 Work Plan in the first quarter of 2016.

Case Closure Memoranda

When an allegation is unfounded or if there is insufficient evidence of fraud or abuse, an investigation is closed. The facts are recorded in what is called a Case Closure Memorandum. The Investigations Unit also uses the memo to record instances where the OIG learns of low-value fraud, identified through existing operational risk management activities. If satisfied that the issue is not systemic and that the Global Fund Secretariat has taken the appropriate risk mitigation actions to prevent recurrence, we will close the case through a memo.

### *Responding proportionately to the level of wrongdoing*

This proportionate response allows the OIG to focus resources on more complex situations, with the potential for greater impact to the Global Fund and its mission to eradicate the three epidemics.

In total there were 15 investigations where the evidence did not corroborate the allegation and which the OIG considered unfounded. Six investigations were inconclusive and 29 investigations identified low-level fraud or conflict of interest.

Faster turnaround of cases

In 2016, the OIG will have 42 on-going investigations from complaints lodged in 2014-2015. This is in contrast to previous years when the OIG was investigating and closing much older cases as shown in Table II below. It now takes the OIG an average of 8 months to close a case. This means the OIG is able to be more responsive and frees up resources to prevent and disrupt wrongdoing earlier.

Table II: *Average time taken to close investigations cases by year of initiation of the cases.*
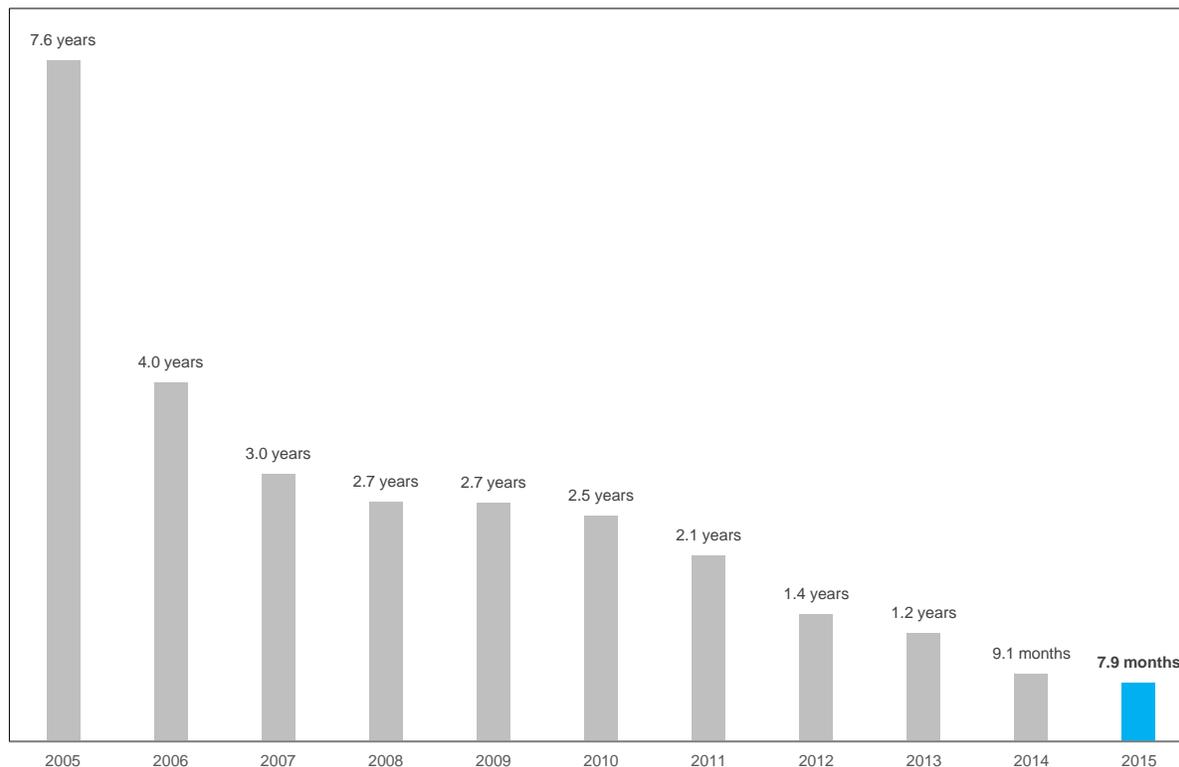
Key issues noted in 2015

Analysis of investigations from the past year reveals the following:

1. Implementers do not conduct due diligence on suppliers' capacity and legitimacy, leading to tenders that should not have been approved.

2. Over ordering of medical products often comes from errors in quantification and forecasting. This is due to inadequate warehousing and inventory management and/or the use of erroneous baselines for needs assessment such as dated disease burden estimates.

3. The most effective Agreed Management Actions are those which are put in place promptly and which relate to organisations that

are still Global Fund Principal Recipients. Actions that involve recovering funds from entities that the Global Fund no longer works with have less impact.

The importance of intervening earlier to disrupt wrongdoing

The analysis of 2015 investigations identified that in some cases the OIG heard of the wrongdoing too late to be able to act effectively as the Global Fund grant had already been closed by the time the investigation was opened. The strategic impact of an OIG investigation is weaker if the allegation or complaint is delayed.

However, the gap between when an allegation comes in and an OIG intervention is narrowing. This allows us to intervene earlier to prevent small-scale irregularities from escalating into major cases of

wrongdoing. This is also one of the key objectives of the *I Speak Out Now!* communications campaign (cf. below).

Allegations

In 2015, the OIG received 178 reports of fraud and abuse, an increase of 13% year on year. 28% of allegations became a new investigation and 13% were merged with an existing case. Of the allegations received in 2015, only 8% were deemed 'out of scope' and passed on to the relevant parties. This demonstrates that complainants have a better understanding of the OIG's mandate than in the past. 34% of allegations were referred to the Secretariat as they concerned more programmatic inefficiencies than actual wrongdoing. More information in Table III below.

Most allegations concern Principal Recipients

Most allegations in 2015 concerned reports of wrongdoing committed at the Principal Recipient level (41%), followed by sub-recipients (27%), Country Coordinating Mechanisms (6%), and sub-sub-recipients (3%). Three quarters of allegations come from the implementers and a quarter from the Global Fund Secretariat.
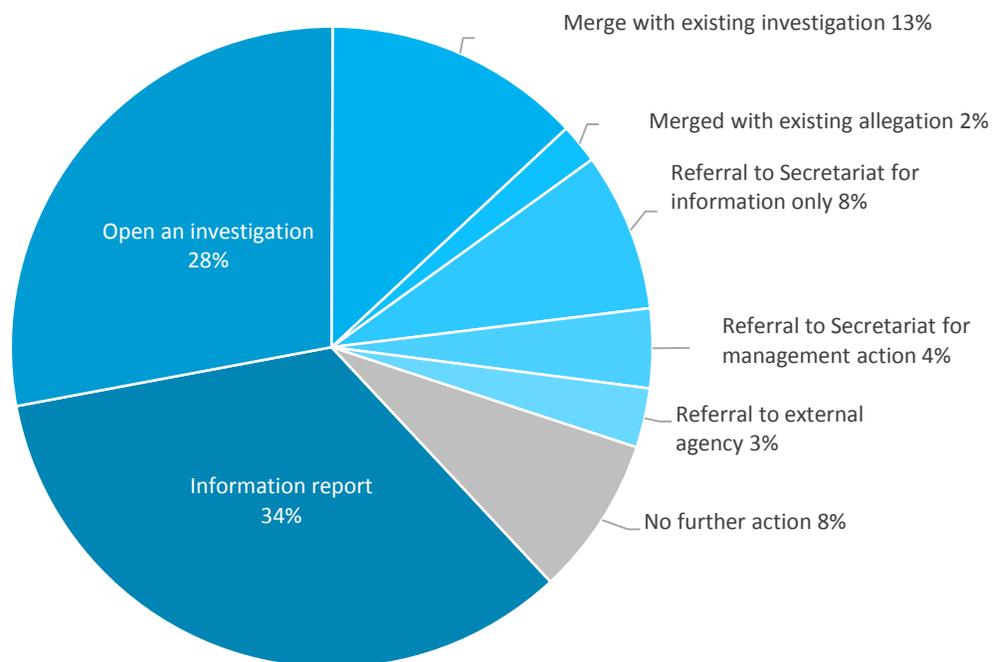
Human rights

Twelve allegations related to human rights were received in 2015, mostly attributable to increased visibility for the OIG's refreshed human rights reporting mechanism.

Building relationships with civil society for greater impact

The OIG participated in seven workshops over the year in partnership with civil society groups including the Network of Sex Work Projects and the International Network of People Who Use Drugs. Over 130 participants received training from the OIG on how to report human rights abuses to the Global Fund.

Table III: *Breakdown of allegations received in 2015.*

Merge with existing investigation 13%

Merged with existing allegation 2%

Referral to Secretariat for information only 8%

Referral to Secretariat for management action 4%

Referral to external agency 3%

No further action 8%

Open an investigation 28%

Information report 34%

The Conference of International Investigators

In September, over 180 international investigators from United Nations agencies and multilateral development banks met for the 16th edition of the Conference of International Investigators. Hosted for the first time by the OIG, the conference is one of the leading annual forums for investigators to discuss the latest methods to prevent and disrupt fraud and corruption.

Those we impact

This year, the OIG proposed the theme of "those we impact", introducing human rights to the conference agenda for the first time. Michael Kirby, former Justice of the High Court of Australia, renowned human rights expert and AIDS activist, gave the opening address. He called for the global investigative community to keep a sense of proportion between advocating zero tolerance to corruption and responding appropriately if irregularities are found. He argued that this was particularly relevant in countries where human rights are not respected, for example, in the 42 commonwealth nations where homosexuality is illegal.

The year ahead for the Investigations Unit

The focus for 2016 is the disruption and prevention of fraud. All allegations will be screened to determine the best follow up: investigation or referral to the Global Fund Secretariat or partners. All allegations will feed into the OIG's intelligence database used to identify areas for proactive assessment. More emphasis will be placed on areas of higher risk in the portfolio for proactive assessments.

The *I Speak Out Now!* communications campaign (cf. below) will clarify what needs to be reported to the OIG, when and how. It is designed to increase the quality of allegations, disrupt fraud before it escalates and reinforce the Global Fund's zero tolerance to wrongdoing. Better quality allegations should reduce investigations, which end without substantiated findings, allowing more focus on investigations of fraud and abuse that help to safeguard Global Fund assets.

IV.   Strategy and Policy Unit

Completing its second year of operations as an integrated structure, the Strategy and Policy Unit and the front office support auditors and investigators, lead internal strategy and process improvements, and ensure that the activities of the OIG are well coordinated and communicated effectively in order to meaningfully influence the Global Fund.

Strategic planning

Key priorities in 2015 focused on the roll-out of a structured strategic planning process. This included a cascading process, building on corporate Global Fund strategies and the OIG's mandate, taking into account management priorities and performance targets, and creating a coherent framework of accountability. Objectives have been mapped to the performance objectives of each OIG employee. Our divisional strategic plans are now routinely used and help structure work planning as well as performance assessments.

Budgeting and management information

Another priority area was operational efficiency, with a strong focus on a zero-based budget. This has required refining underlying assumptions regarding our engagements.

Better informed budgeting

Using data and business knowledge gained from the execution of audits and investigations, the Stakeholder Engagement Models and the tracking of time and resources on a per project basis, the OIG is now better equipped to build evidence-based budgets and work plans. These are now tracked using management indicators developed during 2015.

Tracking progress for more accountability

These improvements ensure that the OIG is disciplined and accountable. Progress on resource planning and tracking is hindered by the lack of enabling financial and planning systems at the corporate level, but we are continuing to develop analysis and reporting capacity, leveraging the available resources and systems.

Agreed Management Actions

On a monthly basis, the OIG reports on the implementation status of Agreement Management Actions. The Secretariat's implementation rate is now being reported as part of operational KPIs raising the profile and management attention to this key area.

More information about Agreed Management Actions is available in document GF/B35/12

Stakeholder engagement and communication

The roll-out of a formal communication strategy for the OIG in 2014 has allowed us to manage expectations and communicate more clearly and consistently to stakeholders. A key component of this strategy is the Stakeholder Engagement Models that map out, stage by stage, when we engage with our different audiences during the audit and investigations processes.

2 years' experience of Stakeholder Engagement Models

We are currently working on version 2.0 after two years of experience with the first iteration. The revisions were developed as a result of our increased maturity in work planning and, while they remain a

communication tool, they will also help foster better internal accountability and work plan management. *More information about the Stakeholder Engagement Models can be found in Annex 3.*

Information Technology (IT)

Following technical and business needs assessments conducted in 2014 and 2015, the transfer of End-user Computing from the OIG to the Secretariat's IT department is now complete. This includes the management of laptops, operating system images, active directory management, business applications, phone, network, internet gateway, and helpdesk.

In the first half of the year, in collaboration with the IT Department, the Strategy and Policy Unit assessed the OIG's IT services and infrastructure. Although the OIG IT arrangements were acceptable, they were found to be unsustainable in the long term. This is because they involved significant exposure to key person dependencies as well as inefficiencies due to the duplication of basic computing and support services. In addition, changes in the Secretariat's IT infrastructure made accessing certain corporate services impossible through the current OIG IT system.

Better IT synergies

Overall, we expect gains in security and accountability through this transition, allowing us to focus on our core mission and leveraging the Secretariat's IT services where it makes sense.

This process was carefully managed to exploit potential synergies in the IT infrastructure and services between the Secretariat and OIG while at the same time preserving the independence of OIG, and the security and confidentiality of its data.

I Speak Out Now!

On 9 December, International Anti-Corruption Day, the OIG launched the *I Speak Out Now!* awareness campaign. The campaign is designed to increase the quality and timeliness of allegations that the OIG receives so the Global Fund can act more swiftly to disrupt wrongdoing that could compromise grant objectives.

The first phase of the campaign was the launch of an e-learning platform available at www.ispeakoutnow.org in four languages. The platform raises awareness of different types of wrongdoing and helps the Secretariat and implementers to identify the red flags or the early signs of fraud and corruption in the programs financed by the Global Fund.

Working in partnership in-country

The second phase, spread over the last quarter of 2015 and the first half of 2016, involves specific messaging and community outreach campaigns in Ukraine, Malawi and Côte d'Ivoire. We are working closely with in-country partners such as the ministries of health and civil society groups, such as Transparency International.

Headcount

At the end of 2015, the OIG had 45 employees out of a budgeted headcount of 48. Three vacancies have since been filled thanks to an intensive recruitment campaign in the autumn; one member of the audit team was promoted and there will be three new joiners in the first half of 2016. Four additional new positions have been approved for 2016 for a total budgeted headcount of 52.

Table IV: Headcount and vacancies as of 31 December 2015

Unit	Headcount 1 Jan 2015	Hires 2015	Departures 2015	Headcount 31 Dec 2015	Vacancies filled since Dec 2015
IG	7	2	1	8	0
Audit	13	4	1	16	3
Inv	21	2	2	21	0
Total	**41**	**8**	**4**	**45**	**3**

Budget

At the end of December 2015, the OIG had a budget underspend of US$ 712K (-4.33%) against the 2015 Operating Expenses Budget

Table V: OIG Operational Budget in thousands of US$

Budget line	2015 Budget	2015 Actuals	Variance	
				Actuals Vs Budget
Salaries	9,701	9,222	*-479*	*-4.94%*
Professional fees	2,406	3,121	*715*	*29.72%*
Travel	2,830	1,857	*-973*	*-34.38%*
Meetings	171	106	*-65*	*-38.01%*
Communications	135	319	*184*	*136.30%*
Office infrastructure	1,196	1,102	*-94*	*-7.86%*
Total Expenditures	**16,439**	**15,727**	*-712*	***-4.33%***

The variances can be explained by the following factors:

- Three vacancies in the Audit Unit meant we had to rely more on professional fees than expected.
- The underspend in travel is due to 2015 investigations being managed more efficiently requiring less travel than expected.
- Regarding variance on meetings, savings were made on contracts issued for the Conference of International Investigators and external contributions.
- The costs for the *I Speak Out Now!* communications campaign will be spread out between the last quarter of 2015 and first quarter of 2016.

Annex 1: Progress on 2015 KPIs

	Strategic Action	Status
A. To deliver an efficient and effective service	**A.1** Reports finalized in compliance with the Stakeholder Engagement Model (SEM) contained in the Communications Strategy and, on average, following the indicative timeframes	Audit: 12 audit reports completed as of 31 December 2015: Ethiopia, Financial Controls, IT Controls, Sourcing, Sudan, Kenya, Allocation, Pakistan, South Sudan, Ghana, Indonesia and Honduras. They all followed the applicable steps of the Audit Stakeholder Engagement Model. Two ex-ante engagements not included in 2015 Work Plan: Implementer Resources + IT follow-up were also published. Investigations: 10 reports have been published: Yemen, Kazakhstan, Nigeria, Tajikistan, Guinea, Ukraine, Egypt, Timor-Leste, Burkina Faso and Panama. They all followed the applicable steps of the Stakeholder Engagement Model.
	A.2 At least 90% achievement of annual audit/investigations work plans	87% of Audit Work Plan was achieved. 90% of the Investigations Work Plan was achieved.
	A.3 Costs managed within approved budget	At the end of December, the OIG budget showed an underspend of US$ 712K (-4.33%) against the 2015 Operating Expenses Budget.
B. To foster confidence by being accountable and transparent	**B.1** External quality assurance review of audit and investigations units to confirm that the quality of assessment processes, work papers, reports, and interaction with key stakeholders adheres to professional standards and guidelines	Investigations: All 12 recommendations resulting from the 2014 Investigations Quality Assurance Review have been implemented. For each investigation, team members who are involved with the investigation now make a declaration of any conflict(s) of interest on the information available. To motivate and facilitate career progression, two Grade D senior investigator positions have been created and filled. The OIG has been working in collaboration with the legal and sourcing departments to review the 'Code of Conduct for Suppliers' which is pending approval from the AEC. Audit: Substantial progress has been made against all of the recommendations from the 2014 External Quality Assurance Assessment, which found the unit to be generally conformant with professional standards. This means that all actions have either been met or partially met, notably: a new Inspector General and Head of Audit were appointed during the year; remaining vacancies have been filled and will be on-boarded in 2016; and a skills analysis was conducted in 2015 to define the team's core competences and to produce a training curriculum. Although the audit methodology and associated processes have been streamlined, work remains to fully implement the revised procedures. Reporting on engagement timelines and budgeting has significantly improved and is now analysed proactively. All aspects that remain outstanding have been absorbed and carried into the ongoing development of the Audit Quality Improvement Plan.

	B.2 All investigation and audit reports published on the OIG website as defined in the Communications Strategy	Six audit reports from the 2014 Audit Work Plan published in 2015. Six from 2015 also published (Allocation of Funds, South Sudan, Pakistan, Ghana, Honduras and Indonesia) + 2 Ex-ante reports (Implementer Resources and IT Audit Follow Up). 10 Investigations reports published in 2015. Yemen, Kazakhstan, Nigeria, Tajikistan, Guinea, Ukraine, Egypt, Timor-Leste, Burkina Faso and Panama.
	B.3 Annual assurance statement on governance, risk management and controls at the Global Fund	Completed the 2016 Annual Opinion on Governance, Risk Management and Controls.
C. To ensure impact in our work	**C.1** Agreed Management Actions (AMA) tracked, reported on monthly and validated within **3 months** of Secretariat reported "Completed" date. Reports of slippage on agreed actions are escalated.	As of 31 December, the OIG closed 84% of all implemented AMAs within 30 days of implementation in the period between 1 January and 31 December 2015.
	C.2 Adherence to the Stakeholder Engagement Models embedded in the Communications Strategy to ensure quality through the safeguards (i.e. Facts and accuracy check)	The OIG has followed the stages and respected the safeguards in 100% of the cases. This ensures that audit and investigations reports have gone through the necessary checks before being published. The OIG is also consistently in contact with the Secretariat throughout the whole Agreed Management Actions cycle: agreement, tracking, implementation, validation and closure stages.
D. To recruit and retain the best people and foster a culture of trust and teamwork	**D.1** All employees participating in continuing professional development activities and complying with requirements	Development plans for all OIG staff are in the Dialogue system. Percentage of staff who have completed professional development activities is: 80% for Audit, 100% for Investigations, 80% for the Strategy and Policy Unit.
	D.2 Staff Turnover does not exceed 10%	Staff turnover was 9.3% as of 31 December 2015.

Annex 2: Summaries of OIG reports published in 2015

15-001 Yemen Investigation

The OIG found that the National Tuberculosis Control Program (NTCP), a recipient of Global Fund grants in Yemen, misrepresented information, accepted inappropriate gratuities and colluded with a supplier called Lab-Tec. As a result, the Global Fund is seeking to recover US$ 15,712 of misused funds and will replace NTCP.

15-002 Kazakhstan Investigation

The OIG identified a number of bid-rigging schemes that took place between 2005 and 2012 in Kazakhstan. As a result, the OIG called for the Global Fund to recover US$ 5.43 million corresponding to overpricing in contracts awarded to local vendors by Principal Recipients of Global Fund grants. The investigators found 57 contracts awarded by the Republican Center for Prophylactics and Control (RCAIDS) totaling US$ 10.57 million, and 19 contracts awarded by the National Center of Tuberculosis Problems (NCTP) totaling US$ 5.9 million, which were non-complaint with Global Fund grant agreements. Although the investigators found no evidence to suggest that the goods had not been delivered, they discovered systematic overpricing for printing, office equipment, health products and food parcels amounting to US$ 5.43 million.

15-003 Nigeria Investigation

The OIG called for US$ 785,906 to be recovered after investigators discovered significant irregularities in a renovation project of medical stores between 2011 and 2013. Although the renovation of the stores was completed, the investigators found that a Principal Recipient, the Nigeria National Agency for the Control of AIDS (NACA), mismanaged the project and that the quality of the work was sub-standard.

15-004 Pre-implementation Review Ethiopia

This audit was a pre-implementation review to assess the proposal for piloting a National Strategy Financing model in Ethiopia. Specifically, the audit looked at the adequacy of due diligence performed, the readiness of the Ethiopian internal control environment to sustain a National Strategy Financing Proposal, and the adequacy of the proposed assurance framework.

The OIG concluded that the Secretariat has no mechanism to formally develop and approve new models of grant management. This was demonstrated in the case of Ethiopia by insufficient due diligence performed to identify and mitigate critical risks before proposing a new model. The OIG also observed that Ethiopia is investing in building and maturing its national oversight mechanisms, which were still being constructed at the time of this review, and that proposed assurances over grant objectives were fragmented and uncoordinated.

15-005 Internal Financial Controls Audit

This audit examined whether internal financial controls over key grant processes were adequate and effective to ensure the integrity of financial statements. In addition, the OIG assessed the design and effectiveness of financial controls performed by Finance Officers in relation to the post-disbursements procedures.

The OIG concluded that internal controls over financial statements were generally effective but the current design and effectiveness of financial controls over disbursed funds needed to be further improved.

15-006 Tajikistan Investigation

OIG investigators found evidence of fraudulent practices and procurement irregularities by the Committee for Youth, Sports and Tourism (CYST), a government sub-recipient of Global Fund grants in Tajikistan, from 2011 – 2012. The OIG has called for US$ 116,726 to be recovered corresponding mostly to overpricing for non-health products.

15-007 Guinea Investigation

OIG Investigators found misappropriation and fraud amounting to US$ 416,183 by 22 sub-recipients of a Global Fund HIV/AIDS grant in the Republic of Guinea between 2008 and 2010. Investigators found that the Ministry of Health sub-recipient, the Programme National de Prise en Charge Sanitaire et de Prévention (PNPCSP), disbursed US$ 26,023 to fictitious companies and US$ 60,953 to recipient companies who did not use them for grant activities. PNPCSP could not show supporting documents to the OIG for further disbursements to a supplier worth US$250,852. Investigators also found fictitious invoices amounting to US$ 78,355 submitted by nine other sub-recipients to justify fake expenditures, sometimes involving PNPCSP.

15-008 Effectiveness of Sourcing Controls Audit

The audit sought to give assurance on how effectively the Global Fund's procurement and supply chain management strategy is aligned to and supports the strategic objectives, and whether the Global Fund is organized and managed in a manner that enables it to deliver on its procurement and supply chain activities.

The auditors found that procurement and supply chain management at the Global Fund were generally effective in supporting the organization's mission to end HIV, tuberculosis and malaria. The Global Fund

has re-engineered its procurement operating model and its Sourcing Department has been strengthened significantly over the past two years. However, the Secretariat's procurement strategies need to be supported by a stronger internal control framework, which includes resources, policies and procedures, tools and systems to support the effective implementation of its activities.

15-009 Audit of the Republic of Sudan

This OIG audit assessed the Global Fund's strategic approach in Sudan, with a focus on the effectiveness and efficiency of the current implementation arrangements. Specifically, the audit examined the mechanism used by the Global Fund to identify, assess and mitigate key and material risks, as well as the adequacy of tools and mechanisms used by the Secretariat to derive an appropriate evaluation of the capacity of new and existing Principal Recipients.

The OIG found that, despite a number of attempts, there was no sustainable plan in place to ensure the long-term success of programs and the transfer of responsibility to national health authorities.

15-010 Audit of the Global Fund's Methodology for Fund Allocation

Auditors from the OIG concluded that the Global Fund's methodology of allocating funds was generally effective in ensuring that it invests strategically to end AIDS, tuberculosis and malaria. However, the OIG also noted there were areas for improvement, notably the Board's oversight of the way its committees and the Secretariat manage the risks inherent in the allocation methodology.

To address the issues raised by the OIG audit, the Secretariat will present to the Strategy Investment and Impact Committee, for consideration, options to refine the allocation methodology in time for the next funding period, drawing from its own

'lessons learned' experience from the first allocation as well as the OIG's findings.

15-011 Audit of Global Fund Grants in Kenya

Auditors rated the management of financial, health services and product risks as 'generally effective' in Kenya. However, the OIG called for the Global Fund to develop a longer term strategy to tackle the three diseases beyond 2016, including a more coordinated approach with other donors and health service providers in the country.

Global Fund management has agreed to put in place corrective actions to address the issues raised by the audit, including an updated donor mapping framework, following up on a TB prevalence survey and ensuring that strategic risks, including those linked to the devolution of health care to the counties, are mitigated.

15-012 Ukraine Investigation

In April 2015, the OIG began an investigation into allegations of misconduct by the Finance Director of the Alliance Ukraine, a Principal Recipient of Global Fund grants in Ukraine. The OIG investigation confirmed that there had been a conflict of interest and procurement irregularities. The Finance Director has since been dismissed and the Alliance Ukraine has taken other remedial steps, including reinforcing its conflicts of interest policy.

15-013 Implementer Resources (Advisory)

On the Global Fund Board, ten constituencies represent those that receive and implement Global Fund grants. Currently, each constituency has access to a budget of US$ 100,000 (increased in 2014 from US$ 80,000) available for communication, meetings, travel, and staffing connected to Board activities. As requested by the Board Leadership, the OIG

assessed whether these resources were adequate.

While the OIG concluded at the time of the review that the budget was fit for purpose, it recommends moving to a needs-based approach in the future. The OIG also recommends reviewing the total allowance on an annual basis as part of the regular operating expenses approval process.

15-014 Audit of Global Fund Grants in Pakistan

An audit of the Global Fund's grant portfolio in Pakistan found weak financial management resulting in US$ 2.4 million in transactions that could not be accounted for. The auditors also noted that, despite recent efforts, grant implementation, procurement and stock management arrangements are deficient.

The Global Fund is putting in place corrective actions including significantly strengthening financial controls. The case has also been referred to the OIG Investigations Unit for further review.

15-015 Egypt Investigation

An OIG investigation in Egypt found evidence of fraud and procurement irregularities between 2008 and 2012 compromising Global Fund contracts worth US$ 668,877.

The irregularities involved the use of hotels and vehicle hire for training activities and related procurements for t-shirts, stationery, and catering. These goods and services were bought by a Principal Recipient, the National AIDS Programme (NAP), part of the Egyptian Ministry of Health and Population. NAP has been instructed to cease all non-essential program activities; the Global Fund is taking corrective measures and is seeking to recover the misspent sums.

15-016 South Sudan Audit

An audit of the Global Fund's grant portfolio in South Sudan found US$ 935,138 worth of transactions and bed nets worth US$ 431,223 that could not be accounted for. OIG auditors also identified that a lack of funding and oversight resulted in low coverage of affected populations and that 56% of buildings funded by the Global Fund had defects and/or were not in use. The Global Fund is taking measures to address the issues including steps to recover the sums identified.

15-017 Investigation Timor-Leste

An OIG investigation in Timor-Leste found evidence of non-competitive tenders and improper procurement practices totaling US$ 152,626, of which US$ 39,782 is attributed to fraud, overpricing and non-delivery of items. Investigators examined the procurement of non-health products between 2012 and 2014 by Fundasaun Timor Hari'i (FTH), a sub-recipient of the national HIV program run by the Ministry of Health, the Principal Recipient. The Global Fund has asked the Ministry of Health to reduce disbursements to FTH and is seeking to recover the misused sums

15-018 Ghana Audit

An audit of Global Fund grants to Ghana found financial and fiduciary risk management was generally effective. Financial management processes were strong and there has been considerable progress since the last OIG audit in 2010.

However, the auditors found significant unaddressed weaknesses in the supply chain that delivers health products to patients and inventory problems concerning drug storage, accounting, quantification, forecasting and quality assurance. The Global Fund is working closely with in-country partners to put in place corrective actions.

15-019 Burkina Faso Investigation

Investigators confirmed that two Burkinabé wholesalers, Liz Telecom/Azimmo and Disgefa, supplied a Global Fund Principal Recipient with approximately 2 million mosquito nets that did not meet the World Health Organization Pesticide Evaluation Scheme (WHOPES) standard for insecticide treatment. The substandard nets were part of a 2010 mass distribution campaign of 6.6 million nets to protect families in Burkina Faso from malaria.

As funds from the United States Agency for International Development (USAID) were also involved, the OIG conducted its investigation in conjunction with the Inspector General of USAID. Following its investigation, the USAID Inspector General referred the case to the United States Attorney's Office, Southern District of New York, for federal criminal prosecution. Finalization and release of the OIG report was postponed pending the conclusion of the US criminal investigation and the assessment of any relevant additional evidence.

On 29 October 2015, the U.S. Attorney's Office, Southern District of New York, unsealed an indictment against the head of Liz Telecom/Azimmo for a fraudulent scheme to obtain payment for counterfeit mosquito nets.

When the Global Fund learned that substandard nets had been delivered and distributed in Burkina Faso it placed the remaining substandard nets in quarantine to minimize the public health threat. The nets were replaced with WHOPES-recommended nets. The OIG is recommending the recovery of €9,027,877 corresponding to the loss caused by the delivery of the substandard nets.

15-020 (+ 15-020b) Effectiveness of IT Controls Audit (+ follow up advisory)

The IT controls audit sought to provide the Global Fund with reasonable, independent and objective assurance over the design and effectiveness of the IT controls in place to manage the key risks impacting programs and operations. Specifically, this audit tested IT controls over accuracy, agility, availability and access to IT systems. Internal controls over IT were deemed to be generally effective for data agility (change management and system developments). However, controls over data availability (business continuity and disaster recovery components) and data accuracy showed some weaknesses. Controls regarding data access (logical and access, data security, privacy and protection) are also considered inadequate.

15-021 Audit Indonesia

OIG auditors found risk management of financial and programmatic data to be 'generally effective' in Indonesia. However, the auditors call for a more tailored approach to Global Fund investments given the size and diversity of disease burden in a highly decentralized environment. The Global Fund Secretariat is working with country partners to address these problems.

15-022 Honduras Audit

An OIG audit concluded that the Global Fund's oversight and internal controls to mitigate financial and procurement risks are generally effective. However, the OIG found problems with implementation arrangements at the Ministry of Health that could compromise the objective of eliminating malaria in Honduras by 2017. The Global Fund is working with its partners to strengthen controls in the country.

15-023 Panama Investigation

An investigation of Global Fund grants in Panama found that a local supplier fabricated quotations for promotional material in over 100 tenders using the names of other suppliers without their knowledge. These fraudulent practices compromised US$ 104,911 worth of transactions between 2012 and 2014 involving four grant sub-recipients. The Global Fund is seeking to recover the non-compliant expenditures from the Principal Recipient and is taking corrective actions to prevent future abuses in tenders in Panama.

Annex 3: New OIG Audit Rating

Starting with all audits from the 2016 work plan, the OIG will implement a new ratings scale which has been approved by the AEC. The new four-point scale below is designed to address the limitations that the OIG identified in the previous five-point scale. These included ambiguities on the nature and the extent of management's plans and inconsistencies in either the application or interpretation of the resulting ratings. Under the new ratings framework, management's plans are qualitatively addressed in the report narratives while the actual ratings reflect mainly the significance of the underlying issues and the level of risks they present to the achievement of the relevant business objectives.

Rating	Definition
Effective	**No issues or few minor issues noted**. Internal controls, governance and risk management processes are adequately designed, consistently well implemented, and effective to provide reasonable assurance that the objectives will be met.
Partially Effective	**Moderate issues noted**. Internal controls, governance and risk management practices are adequately designed, generally well implemented, but one or a limited number of issues were identified that may present a moderate risk to the achievement of the objectives.
Need significant improvement	**One or few significant issues noted**. Internal controls, governance and risk management practices have some weaknesses in design or operating effectiveness such that, until they are addressed, there is not yet reasonable assurance that the objectives are likely to be met.
Ineffective	**Multiple significant and/or (a) material issue(s) noted.** Internal controls, governance and risk management processes are not adequately designed and/or are not generally not effective. The nature of these issues is such that the achievement of objectives is seriously compromised**.**

Annex 4: OIG's Revised KPIs

At its 14th meeting, the AEC approved a revised set KPIs for the OIG in 2016. These indicators are derived from the 2015 KPIs, taking into account the ongoing development and improvement of the OIG, in line with the QAIP

The 11 revised indicators:
- follow the same rationale as the 2015 KPIs;
- are qualitative and quantitative;
- focus on the strategic capacity of the OIG and the achievement of its mission goal;
- build on the baselines established through the 2014 and 2015 KPI cycles;
- take into account the QAIP.

Strategic Action	
A. To deliver an efficient and effective service	**A.1** 80% of reports as per the work plans issued in draft by year end (stage 4 of the Stakeholder Engagement Model for audits, stage 6 of the Stakeholder Engagement Model for investigations)
	A.2 Costs managed within approved budget

Rationale:

- The 80% target for A.1 reflects the fact that engagements started near the end of the year cannot be completed during that calendar year, yet that we need to define an annual target for the KPI. As such, the expectation is still to complete all reports following the applicable Stakeholder Engagement Models.

- Efficient and effective service delivery is key to the OIG mandate as defined in its charter and articulated in its Communication Strategy.

- Service quality is tied to the provision of effective assurance in a combined model.

- This is a qualitative objective in nature, which we measure through two proposed indicators.

Summary of changes:

- Removal of 2015 KPI A.1 "Reports finalized in compliance with the Stakeholder Engagement Model contained in the Communications Strategy and, on average, following the indicative timeframes". Compliance with the model is not defined, and the QAIP will track adherence to the Stakeholder Engagement Models; as such, the overall QAIP performance KPI will capture this issue.

- Change to 2015 A.2 KPI "At least 90% achievement of annual audit/investigations work plans". This is now KPI A.1 and focuses on "completion" rather than "achievement" of progress, making it more clearly measurable.

B. To foster confidence by being accountable and transparent	**B.1** Annual quality self-assessments completed to confirm ongoing conformance with requirements of Quality Assurance and Improvement Program (QAIP), including general conformance with the Stakeholder Engagements Models timelines
	B.2 Triennial external quality assurance review to confirm, once every 3 years, that the quality of assessment processes, work papers, reports, and interaction with key stakeholders adheres to professional standards and guidelines
	B.3 Annual assurance statement on governance, risk management and controls at the Global Fund

Rationale:

- Accountability and transparency are key to internal and external confidence in OIG work as demonstrated by the publication of all investigation and audit reports.

- One key element of this transparency is the reporting on the results of external independent quality assurance reviews for both audit and investigation activities, as well as a robust internal QAIP.

Another key aspect of accountability is the provision of the annual assurance statement, which is a result of the combined work of the OIG.

Summary of changes:

- 2016 KPI B.1 is new, capturing the QAIP impact and linked to changes to 2016 KPI B.2.

- 2016 KPI B.2 changes the frequency of the external quality assurance review from annual to triennial, linked to the QAIP and changes to 2016 KPI A.1.

C. To ensure impact in our work	**C.1** Agreed actions tracked, reported on monthly and validated within 30 days of Secretariat reported "Completed" date. Reports of slippage on agreed actions are escalated.
	C.2 Client engagement surveys are conducted for at least 90% of audit engagements completed during the year
	C.3 Conduct annual stakeholder satisfaction survey, including all Audit Committee members and all Board members (or alternates), and achieve an overall satisfaction score of 80% or better.

Rationale:

- We propose to look at the outcome of agreed actions: timely completion by the Secretariat, along with prompt validation of completion by the OIG, is a representative metric of the overall quality of OIG's work with regard to both audits and investigations.

- In addition, the strategic level of consulting or advisory engagements can be used to indicate the impact of the work of the OIG on Global Fund processes and governance.

Summary of changes:

- Change 2015 KPI C.1 to reduce the validation time from three months to 30 days.

- Removal of 2015 KPI C.2 "Adherence to the Stakeholder Engagement Models embedded in the Communications Strategy to ensure quality through the safeguards (i.e. Facts and accuracy check)" as compliance with the models is not defined, and the QAIP will track adherence to them; as such, the overall QAIP performance KPI will capture this issue.

- 2016 KPI C.2 and C.3 are new.

D. To recruit and retain the best people and foster a culture of trust and teamwork	**D.1** All employees have a development plan approved by their managers by end of Q1 At least 90% of staff will complete by year end a minimum of 20 hours of formal training
	D.2 Staff Turnover does not exceed 10%

Rationale:

- Human resources management is an ongoing challenge for the Global Fund as a whole and for the OIG in particular.

- This is a key issue the OIG will continue to focus on in 2016 and the success of these efforts will be measured qualitatively through the proposed indicators.

Summary of changes:

- 2015 KPI D.1 "All employees participating in continuing professional development activities and complying with requirements" is changed to make it more specific and applicable to all staff, beyond those subject to minimum requirements.

OIG Audit Stakeholder Engagement Model v 2.0

Audit

Proposed Total Time: 29 weeks

	OIG	Secretariat	In country
Stage 1 **Planning & audit scoping** Weeks 1-6	Advance notice of upcoming audit sent to auditee and mission clarified through discussions with Secretariat	Secretariat notified of upcoming audit, and asked to provide documents and information Audit scope definition explaining purpose, goals and approach for upcoming audit sent to Secretariat	Implementers and Country Coordinating Mechanism notified of upcoming audit Implementers and suppliers collaborate with OIG regarding access to records, premises and meeting with employees during desk review and planning mission. Audit scope definition explaining purpose, goals and approach for upcoming audit sent to relevant implementers
Stage 2 **Fieldwork** Weeks 7-11	Audit program carried out in country or within Secretariat. Auditee given debrief and information on progress	Secretariat facilitates access for fieldwork	Implementers provide necessary support and access to complete fieldwork
	Safeguard: Debrief of findings in-country and to Secretariat		
Stage 3 **Drafting of report** Weeks 12-18	OIG discuss audit findings and potential root causes with relevant senior Secretariat management in Issues and Actions Meeting. Discussion on Agreed Management Actions starts First draft of report is prepared	Secretariat provides strategic information to OIG as needed Secretariat proposes Agreed Management Actions addressing the root causes.	
	1 week - Safeguard: Draft of Agreed Management Actions reviewed by Head of Audit		
	72 hours - heads up for Secretariat		
Stage 4 **Review of report for accuracy and context, tone and balance** Weeks 19-24	Draft report including findings, proposed Agreed Management Actions and Executive Summary sent to Secretariat	Secretariat provides feedback on report's findings, Agreed Management Actions and Executive Summary to OIG within 2 weeks	Implementers have 2 weeks to provide feedback to OIG on report's findings and Executive Summary
	1 week - Safeguard: Head of Audit reviews draft report taking into account feedback		
	1 week – Safeguard: OIG Ratings Panel assesses overall rating for consistency Head of Audit signs off on draft report and 72 hours heads up for Secretariat		
Stage 5 **Final report reviewed** Week 25	Draft report including ratings sent to Secretariat, Country Coordinating Mechanism and implementers	Secretariat has 1 week to provide feedback	Country Coordinating Mechanism reviews draft report with ratings, finalized Agreed Management Actions for context, tone and balance Implementer receive the draft for information.
Stage 6 **Report finalized** Week 26-29	OIG finalizes report		
	48 hours - Safeguard: Head of Audit and Inspector General sign off on report		
		Management Executive Committee receives final report and has 1 week to provide feedback (in parallel with audit committee) which is considered by OIG	
	Final Safeguard: Audit committee reviews final report (1 week)		
	Final Safeguard: Board receives final report for information 1 week before publication		
Stage 7 **Agreed Management Actions tracking** Ongoing	Agreed Management Actions tracked and impact analyzed	Secretariat implement Agreed Management Actions	

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OIG Investigations Stakeholder Engagement v 2.0

Investigations

Total Time 30 weeks (Not including Stage 1)

	OIG	Secretariat	In country
Stage 1 **Allegations intake and screening** 48h	The screening process checks if allegation is within OIG mandate, if it is specific, and verifiable with material implications	When necessary, Country Team or technical experts may be contacted directly for more information	When necessary, Local Fund Agents, Country Coordinating Mechanisms and whistle-blowers may be contacted directly for more information
Stage 2 **Assessment, research & planning** Weeks 1-4	Initial desk-based research resulting in Investigation Plan	When appropriate advance notice given to Country Team of impending missions	When appropriate advance notice given to Country Coordinating Mechanisms, grant implementers and Local Fund Agents of impending mission
	Safeguard: Head of Investigations signs off on Investigation Plan (1 week)		
Stage 3 **Investigation** Weeks 5-11	Investigation of allegations	Country Team notified if substantive evidence of fraud or abuse	Implementers and suppliers collaborate with OIG regarding access to records, premises and meetings with employees
	Safeguard: Secretariat notified of preliminary findings to mitigate immediate risk		
Stage 4 **a. Closure by Case Closure Memo** Weeks 12-17	Allegation will be closed by Case Closure Memo if investigation shows: 1. Allegation is unfounded 2. Evidence is inconclusive 3. Further intervention by the OIG would be disproportionate i.e. risk has been mitigated	Case Closure Memo can lead to agreed actions with the Secretariat	Whistle-blower informed if case is closed. When appropriate subject(s) also informed
	Safeguard: Head of Investigations signs off on Case Closure Memo (1 week)		
	Safeguard: Aggregated Case Closure Memo data are reported to audit committee and Board		
or **b. Drafting and review of findings for report** Weeks 12-17	OIG discuss findings and potential root causes with relevant senior Secretariat management Discussion on Agreed Management Actions starts Letter of findings is sent	Secretariat provides strategic information to OIG as needed Secretariat proposes Agreed Management Actions addressing the root causes.	
	Safeguard: Review by Team Leader and Head of Investigations (1 week) and 72 hours heads up for Secretariat		
Stage 5 **Facts and accuracy check** Weeks 18-19	Investigation findings are sent out to subjects in country	Secretariat may provide comments on relevant findings Draft Agreed Management Actions are completed	Implementer may provide comment on relevant findings
Stage 6 **Report consolidation** Weeks 20-24	Draft report written	Secretariat finalizes Agreed Management Actions	
	Safeguard: Head of Investigations signs off on draft report (1 week) and 72 hours heads up for Secretariat		
Stage 7 **Checking context, tone and balance** Weeks 25-27	Draft report sent to Secretariat and Country Coordinating Mechanism / implementer	Secretariat has 2 weeks to review full report with finalized Agreed Management Actions for context, tone and balance within 2 weeks	Country Coordinating Mechanism has 2 weeks to review draft report with finalized Agreed Management Actions for context, tone and balance
	Safeguard: Head of Investigations and Inspector General sign off on final report (1 week)		
Stage 8 **Report Finalized** Weeks 28-30	OIG finalizes report	Management Executive Committee receives final report and has 1 week to provide feedback (in parallel with audit committee) which is considered by OIG	
	Final Safeguard: Audit committee reviews final report (1 week)		
	Final Safeguard: Board receives report 1 week before publication		
Stage 9 **Agreed Management Actions Tracking** ongoing	Agreed Management Actions tracked and impact analyzed	Sanctions process followed if relevant	Referrals to National Authorities and anti-corruption bodies when necessary. Whistle-blower informed that case is now closed and report is published

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