Independent External Validation of the OIG Internal Audit Activity’s 2014 Self-Assessment

Report for the Global Fund

Status – Final February 2015
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The content of this report is confidential and not for distribution to anyone other than the Global Fund. Disclosure to third parties cannot be made without the written consent of Moore Stephens LLP.
Acronyms and abbreviations

AAP  Annual Audit Plan
AEC  Audit and Ethics Committee
AWP  Annual Work Plan
BoD  Board of Directors
CAAT Computer Assisted Auditing Technique
CCM Country Coordinating Mechanisms
EQA  External Quality Assessment
ERI  External Risk Index
GF   Global Fund
HR   Human Resources
IA   Internal Audit
IACM Internal Audit Capability Model
IG   Inspector General
IA Institute of Internal Auditors
IPPF International Professional Practices Framework
ITGC Information Technology General Controls
KPI  Key Performance Indicator
MDAG Market Dynamics Advisory Group
MEC Management Executive Committee
OIG  Office of the Inspector General
PRI  Portfolio Risk Index
QAIP Quality Assurance Improvement Program
QAIM Quality Assurance Improvement Manual
TERG Technical Evaluation Reference Group
ToR  Terms of Reference
TRP  Technical Review Panel
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1. Executive Summary

Introduction
This report sets out the findings from our external validation of the quality assurance self-assessment carried by the Internal Audit (IA) activity of the Office of the Inspector General (OIG) of the Global Fund (GF) in December 2014. The objectives of OIG’s self-assessment were:

1. To assess the effectiveness of the IA activity in providing assurance and consulting services to the board, senior executives and other interested parties;

2. To identify opportunities for the Inspector General (IG) and his staff to improve their performance and that of the activity, add value to management and the Audit and Ethics Committee and enhance the image, perceptions and credibility of internal auditing within the organisation; and

3. To provide an opinion as to whether the activity conforms to the IIA’s International Standards for the Professional Practice of Internal Auditing (“the Standards”).

The main basis of our validation was a detailed self-assessment report completed by the OIG’s IA activity. We reviewed and tested this with detailed reference to the documents, systems and procedures described therein. To provide additional context and added value, we also referred to other relevant sources of information, standards and best practice in performing our work.

Methodology
A detailed description of our assessment approach is set out in Section 4, but the key elements of our methodology for the assignment were:

- Arrangement and execution of a client survey, including the members of the Global Fund’s Board, all of its Committees and MEC members;
- Arrangement and execution of a staff survey, including all OIG internal audit staff;
- Interviews with a sample of internal audit team members, clients and senior GF management;
- Review of pertinent OIG documents, including but not limited to the OIG Charter, annual audit plans, minutes of AEC meetings, OIG annual and progress reports;
- Review of Tools, including the self-assessment questionnaire and the completed QAIM self-assessment tools; and
- Selection and review of a sample of audit files.

Opinion
Based on the results of our external validation, we have concluded that the OIG Internal Audit activity is ‘generally conformant’ with the IIA’s Standards for Professional Practice of Internal Auditing (the “Standards”). Our conclusion is therefore consistent with that expressed by the OIG in its quality self-assessment report.
We note and commend the thorough and self-critical nature of the self-assessment report, which contains a number of useful observations and recommendations. We have highlighted in Section 5.2 those recommendations noted by the IA activity that we believe should be prioritised by the OIG in the coming months.

The results of our assessment, with particular reference to the feedback received from the surveys and interviews with staff and stakeholders, have shown an IA activity that has undergone significant change in the 12 - 24 months prior to our validation, with widely applauded positive results. We endorse the efforts of OIG senior management to acknowledge and address its weaknesses whilst also acting as a positive driver for change and improvement in the risk and internal control framework of the wider organisation.

In addition to the findings raised by the self-assessment team (see Section 5.2), we raise the following findings:

<table>
<thead>
<tr>
<th>No.</th>
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<td>4</td>
<td>1230</td>
<td>Audit feedback not conducive to professional development</td>
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We feel that it is important to note that in the period of assessment (2014) the IA activity was significantly understaffed, with less than 50% of the approved head count in post during the period and only 11 of a planned 28 audits started in the year. Whilst we are satisfied that there was adequate transparency surrounding this issue, the resource shortage has implications for our review of conformance over the period of assessment, which was the 12 months ending December 2014:

- Given that the population of 2014 files from which we could validate the OIG’s conformance with the Performance Standards was small as a result of these resource constraints, our sample was also small and did not cover all types of audit performed by the OIG – although it should be noted that we saw no quality issues with the files that we did review;
- The combined skill base of the OIG internal audit activity which is now, subject to the implementation of the self-assessment team’s recommendations, adequate to perform its role, was not fully in place for the whole of the assessment period.

Although these conformance issues affect the period of assessment, we are aware that this was a period of transition in which the audit activity was working to achieve stability. As we can see evidence for conformance with the Standard 2030 relating to staff proficiency at this point in time and believe that the quality assessment should be a forward looking exercise, we have therefore not objected to the OIG’s self-assessment of themselves as ‘Generally Conformant’ for the Standard in question. However, we have made reference to the limitations in Annex 1 and strongly recommend that the OIG closely monitors its own

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development over the next 12 months as the IA team embeds and the new IG and Audit Director take up position.

We have conducted our work in full collaboration with Global Fund management and staff and would like to thank them for their collaboration and support during this validation exercise.
2. Introduction

The overall objective of the Office of the Inspector General (OIG) is to provide the Global Fund with independent and objective assurance over the design and effectiveness of controls and processes in place to manage the key risks threatening the achievement of GF’s objectives, programmes and operations, covering both the GF Secretariat and country levels.

The work practices of (and functions provided by) the Office of the Inspector General itself are subject to periodic independent reviews and assessments to confirm conformance with prevailing international standards and guidelines and best practices. For the internal audit activity, this specifically includes the Institute of Internal Auditor’s Standards for the Professional Practice of Internal Auditing (the “Standards”).

A 2012 external validation of the internal audit activity’s self-assessment concluded that it only partially conformed to these Standards. A follow up assessment conducted in 2013 noted that significant progress had been made in implementing the actions required to address all critical areas of weakness and concluded that the activity could now be deemed to be generally conformant with all Standards. As part of its quality assurance and improvement programme the OIG committed to continue this programme of annual quality assurance and improvement and we were therefore commissioned to undertake the external validation of the December 2014 self-assessment.

3. Scope and Objectives

We were contracted to conduct an external validation of the quality assurance self-assessment carried by the IA activity of the Office of the Inspector General. The objectives of OIG’s self-assessment were:

1. To assess the effectiveness of the IA activity in providing assurance and consulting services to the Board of Directors (BoD), senior executives and other interested parties;

2. To identify opportunities for the Inspector General (IG) and his staff to improve their performance and that of the activity, add value to management and the audit committee and enhance the image, perceptions and credibility of internal auditing within the organisation; and

3. To provide an opinion as to whether the activity conforms to the IIA’s International Standards for the Professional Practice of Internal Auditing (“the Standards”).

Our external validation was conducted in line with the IIA’s Quality Assessment Manual (6th Edition) with the aim of determining, through the assessment approach described in Section 4, whether we agreed with the opinion expressed by the OIG IA activity, namely that it was ‘generally conformant’ with the Standards.
4. Assessment approach

Standard 1311 of the Institute of Internal Auditors’ (IIA) Standards for the Professional Practice of Internal Auditing states that “internal assessments must include […] periodic reviews performed through self-assessment or by other persons within the organization with sufficient knowledge of internal audit practices”. The 2014 self-assessment was performed by Saif Abbas, Audit Manager and self-assessment Team Leader and Agustinus Mangampa, Lead Auditor. It was submitted to us on 28 December 2014, along with copies of the QAIM self-assessment tools used by the OIG team. We designed a work programme in response to this questionnaire, identifying the supporting evidence required to enable us to draw a conclusion on the accuracy of the self-assessment team’s conclusion of general conformance with the Standards. Our approach contained the following elements:

**Survey**

The IA quality self-assessment report was informed by surveys of both staff and ‘clients / other stakeholders’. We developed these surveys on the basis of Tools 4 and 5 of the IIA’s QAIM (Audit Client Survey and Internal Audit Activity Staff Survey) and managed via our online survey tool, Questback. The aim of these surveys was to gather the views of IA staff and wider stakeholders in relation to matters of conformance with the Standards and more general areas of the OIG’s operations. The survey questions can be found in Annexes D (management survey) and E (staff survey).

**Fieldwork at the Global Fund**

Fieldwork took place at the OIG’s office at the Global Fund in Geneva, Switzerland, between 12 and 14 January 2015, conducted by Caroline Holmes and Ed Ley of Moore Stephens LLP. During this period, we carried out the following:

- **Interviews**
  We conducted twelve interviews across the Global Fund, covering a sample of individuals who had submitted responses to the staff and client surveys. A full list of interviewees is included in Annex B to this report.

- **Review of audit files**
  During the visit, we reviewed hard copy and electronic documents and data in support of the responses to the self-assessment report. This included a sample of audit files - in order to obtain adequate coverage of work carried out in 2014, we sampled a total of three audit files. Our selection, which was made to capture a representative sample reflecting the nature of the Internal Audit team’s current workload, is set out in the table below:

<table>
<thead>
<tr>
<th>Title of Assignment</th>
<th>File Reference</th>
<th>Date of report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance Review</td>
<td>GF-OIG-14-008</td>
<td>6 June 2014</td>
</tr>
<tr>
<td>Audit of Global Fund Grants to Rwanda</td>
<td>GF-OIG-14-023</td>
<td>23 December 2014</td>
</tr>
<tr>
<td>Audit of Global Fund Grants to Guinea-Bissau</td>
<td>GF-OIG-14-014</td>
<td>3 October 2014</td>
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• **Review of other supporting documentation**

On the basis of the information provided in the self-assessment report and interviews with staff during the onsite validation period, we reviewed a number of additional documents connected to the work of the IA activity. These included the IA Manual, the Quality Assurance and Improvement Plan (QAIP), job descriptions, audit plans, meeting minutes and reports.

We were allowed full access to all documentation requested. Owing to the significant and on-going changes in staffing, and initiatives and improvements resulting from this, the assessment was forward-looking, focusing on recently closed assignments; this limits comment on retrospective arrangements that have since been, or are in the process of being, improved.
5. Results

This section contains the detailed results of our assessment. In Section 5.1, we provide our overall opinion on the Internal Audit activity’s overall conformance with the Standards. In Section 5.2, we highlight those findings and recommendations made by the IA self-assessment team that we consider should be prioritised by the OIG. We then present detailed narrative on additional issues arising as a result of our validation, separating those issues that relate directly to conformance with the Standards (Conformance findings – Section 5.3) from observations and recommendations relating to the effectiveness and/or organisational aspects of Internal Audit operations (Other observations – Section 5.4).

5.1. Overall opinion

Based on the results of our external validation, we have concluded that the OIG Internal Audit activity is ‘generally conformant’ with the IIA’s Standards for Professional Practice of Internal Auditing (the “Standards”). Our conclusion is therefore consistent with that expressed by the OIG in its quality self-assessment report.

The results of our assessment, with particular reference to the feedback received from the surveys and interviews, have revealed an IA activity that has undergone significant change in the 12 - 24 months prior to our validation, with widely noted positive results. We endorse the efforts of OIG senior management to acknowledge and address its own weaknesses whilst also acting as a positive driver for change and improvement in the risk and internal control framework of the wider organisation.

In addition to the findings raised by the self-assessment team (see Section 5.2), we raise the following findings:

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We feel that it is important to note that in the period of assessment (2014) the IA activity was significantly understaffed, with less than 50% of the approved head count in post during the period and only 11 of a planned 28 audits started in the year. From our review of the reports to the Board and AEC during the year, we are satisfied that there was adequate transparency surrounding the issue - and that audit plans were revised mid-year to accommodate the shortage of resource and ensure that effective KPIs were still in place – and these revised plans were also approved by the AEC. However, the resource shortage has implications for our review of conformance over the period of assessment, which was the 12 months ending December 2014:
• Given that the population of 2014 files from which we could validate the OIG’s conformance with the Performance Standards was small as a result of these resource constraints, our sample was also small and did not cover all types of audit performed by the OIG (for example, there was no audit of a Secretariat process available for review – only country audits and advisory work) – although it should be noted that we saw no quality issues with the files that we did review;

• Whilst we are satisfied that, subject to the satisfactory implementation of the self-assessment team’s own findings on the combined skill bases of the OIG internal audit, that the team is now adequately equipped to perform its role – this team was not in place for the whole of the assessment period.

Although these conformance issues affect the period of assessment, we are aware that this was a period of transition in which the audit activity was working to achieve stability. As we can see evidence for conformance with Standard 2030 relating to staff proficiency at the current point in time and because we believe in the importance of a quality assessment as a forward looking exercise, we have not objected to the OIG’s self-assessment of themselves as ‘Generally Conformant’ to the Standard in question. However, we have made reference to the limitations in Annex 1 and strongly recommend that the OIG closely monitors its own development over the next 12 months, as the IA team embeds and the new IG and Audit Director take up position.
5.2. **Findings and recommendations made by the self-assessment team**

We note and commend the thorough and self-critical nature of the IA’s self-assessment report, which contains a number of useful observations and recommendations. We believe that the following recommendations made by the self-assessment team, relating directly to issues of conformance with the Standards, are of particular importance:

- **Standard 1230 – Continuing Professional Development**
  
  The recommendation is to:
  
  ‘Further enhance IT skills including, but not limited to, IT General Controls (ITGC) awareness, and Computer Assisted Audit Techniques (CAATs), of at least OIG permanent staff to internalize a significant part of overall IT skills required for similar assignments in future, ensuring continued conformance with Standard 1230.A3. Also, to enhance staff knowledge of IT-based audit tools for data extraction and analysis related to public health indicators and public financial and accounting records in country portfolios.’

  In Tool 14 (Staff Professional Proficiency), it is stated that there is no team member “with thorough functional expertise in information technology auditing”; our interviews with staff also indicated that two staff members specialising in CAATs left in 2014.

  As there is no in-house IT audit expert, the OIG regularly uses external IT experts. While the use of external consultants is encouraged when it enhances the work performed by the IA Unit and allows it to achieve at least its short-term objectives, there is a risk that the OIG might become overly reliant on external experts, thereby becoming vulnerable to the risk that these experts may also leave their positions and no longer be available to assist the OIG.

  While acknowledging that IT systems used by CCMs and PRs are not sufficiently complex to warrant the recruitment of an auditor specialising exclusively in IT auditing, we recognise that this is subject to change and that the IA activity must be ready to respond with adequately skilled staff who also understand the business. We recommend that the job descriptions for the two vacant roles (Audit Manager and Lead Auditor) should state that, while expertise in IT audit is not an essential attribute, it is a highly desirable one. Further, we recommend that consideration should be given to how existing IT expertise, such as from the Lead Auditors with a Master’s Degree in Management and Information Technology, can best be utilised by the IA activity. Finally, the OIG should continue to underline the importance of continued professional development and training, including within the sphere of IT, so that all staff have a sufficient level of expertise in this field.

- **Standard 2030 – Resource Management**
  
  The recommendation is to:
  
  ‘Make concerted efforts for completing the hiring process in early 2015, while ensuring the staff quality benchmarks currently set for recruitment. This should particularly include timely replacement of the IG and Director of Audit positions and the currently
vacant Audit Manager Position. This should be followed by fast-tracked on-boarding of new staff, including through assignment team mixes having both new and old staff members, to ensure faster deliveries of results in 2015. Efforts should be made to enhance staff retention. This is necessary for ensuring continued conformance with Standard 2030’.

Only when this hiring process has been completed will the Internal Audit Unit be able to set Key Performance Indicators (KPIs) based on its intended strength of 19 staff members. We also note from Tool 14 (Staff Professional Proficiency) that Audit Managers and Lead Auditors are currently working much longer hours than other staff (up to 56 hours per week, compared to 45-46 hours per week on average). This indicates a group of managers group already under pressure and this should be monitored on an ongoing basis when the team reaches full complement.

- **Standard 2030 – Resource Management**
  The recommendation is to:
  ‘Standardize structured, periodic reports to monitor assignment timelines and budgets against stakeholder engagement model benchmarks and assignment-level budgets respectively to use both as a tool inculcating a performance culture and proactive efforts by audit teams to achieve targets, and also as a tool for consequent management decision-making. This exercise would enable learning on a more timely basis whether the resources (both internal and external) are being adequately budgeted for and effectively deployed to achieve the approved plan and any subsequent changes.’

- **Standard 2040 – Policies and Procedures**
  The recommendation is to:
  ‘Internally discuss and share experience within the OIG team to agree upon, and if deemed appropriate recalibrate to, the right balance of standardization and flexibility in the OIG Audit Manual, which ensures full conformance with Standard 2040. This includes considering more details on actual procedures for risk assessment, assignment-level planning and budgeting, measuring and analysing reporting cycles against benchmarks, and updating audit processes fully to reflect recently adopted IT practices. This also includes currently practiced audit procedures for a business-risk-based audit approach (with standardization of audit “approach” but not audit processes), decentralization of audit programming, and two-directional approach of risk identification through external/internal feedback and document review.’ Given the previous and ongoing turnover of staff within the OIG IA activity, it is of utmost importance that key processes and procedures are codified and made easily available to all staff.

- **Standard 2050 – Coordination**
  The recommendation is to:
  ‘Continue participation in and value addition to the development of a combined assurance framework, enabling (1.) full mapping and understanding of the overall assurance available on GF portfolios/processes, along with the comparative cost/benefit of different assurance, and (2.) ensuring a fully complementary, synergetic relationship between all providers of assurance, identification and
improvement in all areas of weak/duplicate assurance, and possible redirection of investment from high cost/low assurance types of assurance providers to low cost/high assurance types. Ultimately to assess whether there is an efficient and comprehensive organization-wide risk and control process in place (Standard 2050 & Practice Advisory 2050-2).'}
5.3. **Additional conformance findings**

In addition to the findings raised by the self-assessment team, we also make the following recommendations with regard to conformance with the Standards. Some of these reiterate and / or expand upon the findings and recommendations made above where we feel that there is a particular need for emphasis.

<table>
<thead>
<tr>
<th>Observation n°: 1</th>
<th>Title: Continuing development of the OIG Charter</th>
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<tbody>
<tr>
<td><strong>Standard:</strong></td>
<td>1000 – Purpose, Authority and Responsibility</td>
</tr>
<tr>
<td><strong>Description of the observation:</strong></td>
<td></td>
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<tr>
<td>Standard 1000 states that ‘the purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter.’ The conclusions of the self-assessment team already include a recommendation that the OIG Charter should be updated to include a requirement to report the results of the QAIP to the AEC and BoD (in practice, this is already being done) and also to include the specific requirement of Standard 1010 to recognise the mandatory nature of the Definition of Internal Auditing. Both of these suggested additions would strengthen the conformance of the form and content of the Charter with the Standards.</td>
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<tr>
<td>We also noted that the Charter did not currently cover the following:</td>
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<tr>
<td>• Although we have seen in practice that the Inspector General gives an annual written confirmation to the Board that the IA activity is independent, this isn’t codified in his/her responsibilities, despite this being a requirement of the Standards;</td>
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<tr>
<td>• Whilst Standard 2450 does not explicitly require an IA activity to give an annual opinion, we understand that the OIG is in the process of formulating an assurance framework by which this will be possible. We therefore recommend that the Charter codifies this responsibility to ensure that it becomes embedded in IA routine deliverables.</td>
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<tr>
<td><strong>Recommendation:</strong></td>
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<tr>
<td>We recommend that the OIG considers the elaboration of the Charter to include the following responsibilities:</td>
<td></td>
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<tr>
<td>• The Inspector General will confirm to the BoD, at least annually, the organisational independence of the internal audit activity (we have seen evidence that this is already being done in practice);</td>
<td></td>
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<tr>
<td>• The Inspector General will provide an annual assurance statement on risk management, internal control and governance within the GF;</td>
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<tr>
<td>• The Inspector General will report to the BoD any instance of non-conformance with the terms of the Charter. This will ensure that the Charter remains a living and relevant document.</td>
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Comments from the OIG:

Agreed. At the next opportunity to revise the Charter these points will be integrated.
Observation n°: 2  
Title: Incomplete documentation of the correlation of the multi-annual audit plan and the work conducted in period

Standard:
2010 – Planning

Description of the observation:
Standard 2010 states that ‘The chief audit executive must establish a risk based plan to determine the priorities of the internal audit activity, consistent with the organisation’s goals.’

We were able to confirm that the senior management of the audit activity carried out a detailed evaluation of the financial and non-financial audit universe for the purpose of the 2013-2015 multi-year plan and that this evaluation included both Secretariat and in-country processes and an assessment of the risks associated with each. We also reviewed the 2014 audit plan presented to the AEC in October 2013 and the revision to this plan presented in February 2014. Over the course of the translation of the multi-year plan into annual audit plans, various audits were combined, dropped or rolled forward – due to a combination of factors including shifts in risk exposure, resourcing pressures and changes in OIG leadership. Although we could confirm through additional explanations from audit management that the key risks originally identified in the 2013-2015 plan had been adequately covered, there were weaknesses in the documentation of the thought processes supporting the changes, which made it difficult to initially confirm that the revised 2014 plan provided the coverage confirmed to the Board by the Inspector General. This is a documentation issue only and we are confident that the work on the OIG assurance statement and the documentation in support of this will adequately resolve this issue.

Recommendation:
We recommend that the OIG internal audit activity ensure that there is a clear documentation of the justification for changes to the multi-annual and annual audit plans, focusing on how changes to these plans impact upon the planned assurance originally agreed with the AEC and Board and highlighting any resultant risk exposure.

Comments from the OIG:
The annual audit plan was indeed based on a revised risk assessment against the processes identified in 2012 under the three-year plan. In particular, we emphasized those audit activities in 2013 and 2014 that would allow us to issue an overall opinion on internal controls, risk management and governance. However, our thought processes will be better documented going forward.
Observation n°: 3  Title: Insufficient resources to implement the audit plan

Standard:
2030 – Resource Management

Description of the observation:
Standard 2030 requires the chief audit executive to ‘ensure that the internal audit resources are appropriate, sufficient and effectively deployed to achieve the plan.’

During the period of assessment (2014) the IA activity was significantly understaffed, with less than 50% of the approved head count in post during the period and only 11 of a planned 28 audits started in the year. Further, as at the end of November, there was a $4m underspend against budget.

We were satisfied that the Inspector General and Director of Audit’s presentations to the Board included revisions to audit plans and that the Board and the AEC reviewed, discussed and approved these documents. However, it remains that the 2013 – 2015 multi-year audit plan was designed to achieve a level of coverage that could provide adequate assurance to the Board on the adequacy of the business’ control of risk. From a review of the documentation relating to the planning and execution of audits in 2014, it appears that as a result of the resourcing pressures, the OIG correctly focussed on audits of controls relating to High and Very High risks. Nevertheless, only 40% of the original 2014 plan was completed – meaning that the level of assurance provided to the AEC and BoD was restricted in comparison to that agreed in 2012 – leaving the organisation potentially exposed to various ‘Medium’ rated risks.

Audit plans should be designed to meet the assurance needs of the business in an efficient and effective way and the impact of resource limitations should be reported in the context of residual exposure. If, as appears from the OIG’s statement, assurance needs are fulfilled with 50% fewer staff than planned, a 40% completion of planned assignments and an underspend of $4m, the robustness of the planning tools are called into question.

Recommendation:

We recommend that audit plans and budgets (and the associated KPIs) are developed according to the risk profile of the organisation and the assurance needs of management, rather than on the basis of available resources. Additional resources should be identified if it becomes clear during the implementation of an audit plan that the agreed levels of assurance cannot be met.

Comments from the OIG:

Adjustments to the annual audit plan were consistently risk-based and always approved by the Audit and Ethics Committee of the Board. They became necessary due to the non-readiness of the Global Fund Secretariat for certain audits (due to implementation delays), significant changes in the risk profile due to
extraneous factors, and/or the merging of audits due to their inherent nature and significant synergies in consolidated auditing, as well as the staffing constraints mentioned above. The OIG believes that the our work materially covered the key risks; where gaps remained (e.g., the adequacy and effectiveness of the New Funding Model), we were able to rely on the work done by other assurance providers. This allows us to issue an overall opinion based on the consolidated assurance obtained over the past two years. However, as pointed out in this assessment, we shall improve documentation on such processes and adjustments to audit plans and corroborative/alternate assurance sources. Further, our improved staffing situation will provide greater flexibility in further extending assurance work to medium-risk areas as well as increasing the periodicity of high-risk audit areas.
5.4. **Other observations**

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<th>Observation no°: 4</th>
<th>Title: Audit feedback not conducive to professional development</th>
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**Standards:**

1230 – Continuing Professional Development

**Description of the observation:**

Section 1230 of the Standards states that “internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development”.

After each assignment, ‘Exit Surveys’ are sent to auditees, with a view to gaining feedback on the Internal Audit team members who performed the assignment. These consist of a number of questions covering effectiveness of the audit, organisation and scheduling and fieldwork; auditees give the auditors a grade on each question, and are able to add any further comments they may have at the end of the questionnaire.

Also, if any external consultants have been used, an OIG Lead Auditor or Audit Manager will fill in a form assessing their performance, covering the following areas: Personal effectiveness, Working with others, Core expertise, People leadership, and attitude towards the Global Fund mindset.

Following various statements from staff members during interviews, in which they stated that they felt that these forms could be improved, we reviewed examples filled out for assignments carried out in 2014. In our opinion, both forms could be more effective if they consisted of a number of open-ended questions that would invite auditees and CCMs to provide more targeted feedback that could be used for team members’ professional development.

**Recommendations:**

We recommend that the feedback forms be revised in such a way as to discourage those filling them in from adopting a ‘tick-box mentality’, and that the OIG create a specific list of open-ended questions aimed at obtaining constructive feedback. This will help the Audit Unit to identify its strengths and weaknesses and apply targeted training with a view to improving its performance in future assignments.

**Comments from the OIG:**

Agreed. We will review the forms in 2015 as part of our QAIP.