



Audit Report

Global Fund Grants in the Kingdom of Cambodia

GF-OIG-17-020
6 September 2017
Geneva, Switzerland

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Established in 2005, the OIG is an independent yet integral part of the Global Fund. It is accountable to the Board through its Audit and Finance Committee and serves the interests of all Global Fund stakeholders. Its work conforms to the International Standards for the Professional Practice of Internal Auditing and the Uniform Guidelines for Investigations of the Conference of International Investigators.

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Audit Report

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1. Executive Summary

1.1. Opinion

Cambodia is a key portfolio for the Global Fund in its mission to end the epidemics of AIDS, tuberculosis (TB) and malaria. The country is the epicenter of artemisinin drug resistance and has one of the highest HIV burdens in Asia. Cambodia is also one of the top 30 TB high burden countries in the world. Investments by Cambodia itself and partners, including the Global Fund, are yielding positive results. The country has made significant progress in eliminating mother-to-child transmission and is working towards achieving virtual elimination of HIV transmission by 2030. In addition, 23 out of 25 districts have reached the malaria pre-elimination status.

Following an Office of the Inspector General (OIG) investigation in 2013 which highlighted several fiduciary risks, the Secretariat has instituted fiduciary measures to safeguard Global Fund resources in the country. In the OIG's opinion, significant improvements have been made in the management of financial and fiduciary risks. The safeguards put in place by the Secretariat have effectively mitigated those risks. On the other hand, the significant challenges faced by implementers in operationalizing these safeguards have delayed the implementation of certain key activities. Overall, Cambodia has generally achieved good programmatic performance so far (see Section 1.2 below). However continued delays in the implementation of certain key activities present a risk to the sustainability of the gains achieved and, therefore, to the achievement of grant objectives in the long term. In addition, the efficiency of the implementation arrangements needs to be improved as certain cost inefficiencies arise from the current high level of duplication in support and supervision functions.

1.2. Key Achievements and Good Practices

Achievement of Millennium Development Goals (MDG): Cambodia is one of the few countries in the world that has met the MDG targets for HIV, TB and malaria. This provides funded investments with a good platform to accelerate efforts to eliminate HIV, TB and malaria in the country by 2030.

Good programmatic performance: About 80% of people living with HIV are on antiretroviral therapy, with more than 83% viral load suppression rates among those who had a viral load test. In addition, the country is on the verge of virtually eliminating mother to child transmission of HIV with infections declining from 7% in 2014 to less than 3% at the end of 2016. The TB treatment success rate in the country is above 90%. There was a decline in the incidence of malaria from 4.4 per 1,000 in 2004 to 2.82 at the end of 2016, and malaria related deaths declined from 18 in 2014 to less than one in 2016. The country is working towards malaria elimination, doubling the number of operational districts that have reached pre-elimination status, from 12 in 2014 to 23 at the end of 2016.

Funded investments are aligned and contribute to the realization of national strategies and plans. In addition, health system strengthening investments are also aligned with the Global Fund's strategy of building resilient and sustainable systems for health.

Selected interventions are based on evidence: Conceptually, the funded interventions offer defined package of services based on existing global and national data. They are also strategically focused on relevant key populations that drive or disproportionately contribute to the HIV, TB and malaria epidemic in Cambodia.

Funding complements government and other partners. Funded interventions complement investments by government, development partners as well as in the case of malaria, the Global Fund supported regional artemisinin-resistance initiative. There is no duplication of activities in the design of funded HIV, TB, malaria and health system strengthening grants.

Storage and distribution of commodities financed by government: Cambodia demonstrates good government commitment and ownership. For example, in the supply chain area, the government fully funds the storage and distribution of all funded HIV, TB and malaria medicines and commodities, except for bednets.

1.3. Key Issues and Risks

Challenges in the rollout of fiduciary safeguards impede the implementation of malaria community activities

The Global Fund Secretariat implemented a series of fiduciary measures in the country as a response to an OIG investigation in 2013. These included the appointment of a Fiscal Agent for all government implementers except the National Centre for Tuberculosis & Leprosy Control, introduction of pre-approved travel plans to control the proper use of per diems, and an electronic payment mechanism for community workers. These additional safeguards have significantly mitigated the fraud risks. However, the implementers have faced persistent challenges in rolling them out, which has in turn delayed the implementation of critical malaria activities.

Village malaria workers are a key component of Cambodia's national strategy to eliminate malaria. However they have not been able to provide services to communities since June 2015 due to delays in the implementation of additional safeguards put in place by the Secretariat. This led to a decline in diagnosis and treatment of confirmed malaria cases reported by village malaria workers from 53.3% in 2014 to less than 8.7% at the end of 2016. In addition, 379,925 insecticide treated nets funded by the Global Fund were yet to be distributed by the village malaria workers to high-risk communities at the time of the audit.

Delays in roll out of new treatment regimen to fight malaria drug resistance

As the epicenter of artemisinin drug resistance, the country is expected to change malaria regimen often to manage resistance of first line antimalarial medicine. Due to delays in: the revision of the national treatment guidelines; the delivery of the recommended regimen by the supplier; and the registration of the recommended regimen with the relevant authorities, the roll out of new malaria treatment regimen was delayed for 14 months.

Duplicative functions in implementation arrangements result in cost inefficiencies

Whilst Global Fund supported programs have contributed significantly to the fight against the three diseases in Cambodia, there are opportunities to improve their efficiency, in particular by pooling resources more effectively between the four implementers within the Ministry of Health. The program support personnel make up 22% of the US\$26.5 million human resource cost in the detailed program budgets. Each of the Ministry of Health implementers has its own support and supervision functions for finance, procurement and data gathering and reporting. This creates parallel and duplicative services. A total of 72 personnel with a budget of US\$3.57 million financed by the current grants work in the finance, procurement and administrative units across the four government implementers. Due to these duplicative functions, across the four implementers there is on average one support staff for every two implementation staff. Similarly, data recording, aggregation and reporting at the operational districts and health centers is duplicated due to parallel databases.

Limited measures to address institutional sustainability of the three-disease interventions

Although Cambodia has progressively increased its investments in the national response to HIV, TB and malaria, donors contributed more than 75% of available funding for the current period 2015-2017. However, the Global Fund investments (2018-2020) will decrease by 30% for the next cycle and the US funding for HIV in the country is expected to decline.

In order to address the institutional sustainability, a specific health system strengthening grant of US\$12.1 million was approved by the Global Fund for implementation in 2015-2017. However, there have been significant delays in the delivery of health system strengthening interventions including those related to pharmaceutical and health product management, health management information systems as well as the integration of HIV, TB and malaria services within existing primary health care packages. Consequently, only 25% of the funds were spent at the end of 2016.

Weaknesses in assurance over programmatic and supply chain data

There are limitations in the completeness, timeliness and accuracy of reported HIV, TB and malaria data. For example, one in five health facilities offering pre-antiretroviral therapy and antiretroviral therapy services does not routinely report on selected HIV indicators, including those related to HIV/TB collaborative interventions as well as those related to viral suppression. HIV, TB and malaria interventions are being implemented based on mapping, size estimations and surveys that are out-dated. For example, key population interventions are being implemented based on mapping and size estimates that are five years old, when the World Health Organization recommends that new estimation is done every two years because population size changes over time¹ and TB drug resistance survey was last done in 2007².

The inventory management database used by the disease programs in stores and hospitals to account for health commodities is fragmented and built on old technology with no technical support from the service provider/vendor. The inventory management database does not have functionality for early warning management of impending stock-outs or expiries.

Gaps in internal financial control systems to ensure proper recording and accountability

Whilst significant improvements have been made in mitigating financial risks, as noted above, certain gaps still exist in key fiduciary controls over financial records and management of advances. Access controls around accounting software used by government implementers are very weak, allowing implementers to backdate accounting entries, to edit or delete entries after hard close, or to change payroll and other sensitive information without approval.

1.4. Rating

Objective 1. The design and effectiveness of implementation arrangements to ensure efficient and sustainable achievement of grant objectives.

OIG rating: **Needs significant improvement.** The fiduciary arrangements put in place by the Secretariat have safeguarded the Global Fund resources. They have however resulted in significant delays in the implementation of key activities as per the approved work plan. Until these implementation challenges are addressed, there is not yet reasonable assurance that the grant objectives are likely to be met. For example, the average performance rating of the Global Fund malaria grant during the current implementation period is B2 (i.e. inadequate but potential demonstrated).

Objective 2. The design of the internal financial controls and effectiveness of assurance mechanisms in safeguarding Global Fund resources.

OIG rating: **Partially effective.** In general, internal financial controls and assurance arrangements are adequately designed, but a limited number of issues were identified that may weaken financial accountability and the reliability of the accounting records.

¹ Guidelines on Estimating the Size of Populations Most at Risk to HIV (http://files.unaids.org/en/media/unaids/contentassets/documents/epidemiology/2011/2011_Estimating_Populations_en.pdf)

² a periodic survey should be conducted regularly among new cases every five years' in Guidelines for surveillance of drug resistance in tuberculosis (WHO, 5th edition, 2015 p5)

1.5. Summary of Agreed Management Actions

The Global Fund Secretariat has plans to address the above challenges including the following actions: updating the risk and assurance plan for the Cambodia grants to minimize implementation delays, improve efficiency and develop capacity of implementers; developing data quality assurance plan(s) for the three disease components supported by Global Fund grants; and strengthening internal financial controls including access rights to accounting systems.

2. Background and Context

2.1. Overall Context

With an estimated population of 16 million at the end of 2015, the Kingdom of Cambodia has experienced economic growth and macroeconomic stability since the early 2000s. With estimated GDP per capita of US\$3,735, it grew by an average annual per capita rate of 7.8% during 2004-2014, ranking among the top 15 economies in the world in terms of economic growth. Growth eased slightly to 7% in 2015, due in part to the slowdown in China and the appreciation of the United States Dollar. The main drivers of growth have been textiles, manufacturing, agriculture, tourism and, more recently, construction and real estate.³

The sustained economic performance has helped to lift a significant proportion of the population above the national poverty line, although Cambodia remains one of the poorest countries in the Southeast Asia region. Between 2004 and 2012, the poverty incidence under the national poverty line declined from 50.2% to 17.7% of the population⁴ and Cambodia attained lower middle-income country status in 2016. Cambodia is ranked 143 out of 188 countries in the 2015 UN Human Development Index, and 156 out of 168 countries in the 2016 Transparency International Corruption Perceptions Index.⁵

Cambodia is also one of the few countries that have achieved most of the health related MDGs, including those related to child mortality, maternal mortality, HIV and AIDS, TB and malaria.⁶ Despite these improvements, inequities persist across health outcomes by socioeconomic status, by geographical areas, and between urban and rural populations. Cambodia faces a major challenge with the skills and competencies of its health workforce, with its professional density reported at 13.21 per 10,000 of the population.⁷

The country is divided into 25 provinces including the capital and largest city, Phnom Penh, which is the political, economic, and cultural center of Cambodia. The provinces are subdivided into 159 districts and 26 municipalities. The districts and municipalities in turn are further divided into communes (*khum*) and quarters (*sangkat*).

2.2. Differentiation Category for Country Audits

The Global Fund has classified the countries in which it finances programs into three overall portfolio categories: focused, core and high impact. These categories are primarily defined by size of allocation amount, disease burden and impact on the Global Fund's mission to end the three epidemics. Countries can also be classed into two crosscutting categories: Challenging Operating Environments and those under the Additional Safeguard Policy. Challenging Operating Environments are countries or regions characterized by weak governance, poor access to health services, and man-made or natural crises. The Additional Safeguard Policy is a set of extra measures that the Global Fund can put in place to strengthen fiscal and oversight controls in a particularly risky environment.

The Global Fund Secretariat classifies Cambodia as:

- Focused: (Smaller portfolios, lower disease burden, lower mission risk)
- Core: (Larger portfolios, higher disease burden, higher risk)
- High Impact: (i.e. very large portfolio, mission critical disease burden)**
- Challenging Operating Environment
- Additional Safeguard Policy

³ IMF Country Report No. 16/340

⁴The United Nations Development Program (UNDP) Human Development Index (HDI) reports 2014, 2015

⁵ Transparency International Corruption Perception Index (the higher the score, the higher the perceived level of corruption).

⁶ World Bank (2016) Project Appraisal Document for the Health Equity and Quality Improvement Project, April 28, 2016

⁷ WHO Human Resources for Health Cambodia Profile, 2014

2.3. Global Fund Grants in Cambodia

The Global Fund has been a partner in Cambodia since 2003. Seventeen grants amounting to US\$483 million have been signed to date of which 88% (US\$428 million) have since been disbursed for HIV and AIDS, TB, malaria and health systems strengthening interventions. The country was allocated a total envelope of US\$149 million⁸ under the Global Fund's new funding model for the period 2015 to 2017. Cambodia has recently been allocated US\$55.4 million for investments in HIV and TB for the 2017-2019 allocation period as well as US\$43 million for malaria that will be managed under the Regional Artemisinin resistance Initiative (RAI).

Global Fund investments in Cambodia to date have contributed to significant results across all three diseases, with over 56,700 people on antiretroviral therapy (which is 80% of the estimated number of people living with HIV), 7.59 million insecticide-treated nets distributed to protect children and families from malaria, and over 143,000 people diagnosed and successfully treated for TB.

The Ministry of Health was the Principal Recipient for all Global Fund grants until 2009 when the national programs for the three diseases became the Principal Recipients. These are the Cambodia National Malaria Centre (CNM), the National Centre for HIV and AIDS, Dermatology and STIs (NCHADS) and the National Centre for Tuberculosis and Leprosy Control (CENAT). The Ministry of Health continued to be the Principal Recipient of the health system strengthening grant, which started in 2006. A UN agency, United Nations Office for Project Services (UNOPS) was subsequently appointed the Principal Recipient of the malaria grant in 2013. The country also implements activities funded by the RAI grant⁹, for which UNOPS is also the Principal Recipient.

The four active grants in the country are:

Grant Number	Principal Recipient	Grant Component	Grant Period	Signed Amount US\$
KHM-H-NCHADS	National Center for HIV/AIDS, Dermatology and STI	HIV/AIDS	October 2015 to December 2017	31,934,569
KHM-T-CENAT	National Center for Tuberculosis and Leprosy Control (CENAT)	TB	January 2015 to December 2017	15,664,272
KHM-M-UNOPS	United Nations Office for Project Services	Malaria	July 2015 to December 2017	29,100,897
KHM-S-PRMOH	The Ministry of Health, Kingdom of Cambodia	Health System Strengthening	October 2015 to December 2017	12,100,381
				88,800,119

The RAI grant has a total budget of US\$115 million, which is, implemented in five countries in the Greater Mekong Sub-region namely Kingdom of Cambodia, Lao People's Democratic Republic, Republic of the Union of Myanmar, Kingdom of Thailand and Socialist Republic of Viet Nam.

⁸ including existing funding of US\$126 million and additional funding of US\$23 million

⁹ The RAI grant is a response by the Global Fund to the emergency of increasing artemisinin (and now multi-drug) resistance that is a threat not only to the Greater Mekong Sub-region (GMS) but also to global efforts to tackle malaria.

2.4. The Three Diseases



HIV/AIDS: Cambodia has been classified as a concentrated epidemic country: prevalence rates among key populations such as people who inject drugs (24.8%¹⁰), female sex workers (3.2%¹¹), transgender women (5.9%), and men who have sex with men (2.3%) are significantly higher than the prevalence rate in the general population.

Based on reported HIV cases and estimated antiretroviral therapy needs, HIV prevalence is largely concentrated in urban areas.

70,498 People living with HIV

56,754 people currently on antiretroviral therapy

HIV prevalence among general population is 0.6%



Malaria: Cambodia is one of the few countries to have achieved the MDG. There has been sustained decline in the incidence of malaria from 4.4 per 1,000 in 2004 to 2.82 at the end of 2016.

There has been a 91% increase in the number of operational districts that have reached pre-elimination status from 12 in 2014 to 23 at the end of 2016.

Nevertheless, despite the progress made, drug resistance remains an ever present challenge and the Cambodian-Thai border is recognized as the epicenter of this resistance.

7,590,000 Insecticide-treated nets distributed

Malaria incidence: 2.82 per 1,000.



Tuberculosis: Cambodia is one of the 30 TB high burden countries in the world. Incidence of all forms of TB is estimated at 380 per 100,000 population (59,000 cases).¹² Multi-Drug Resistance/Rifampicin Resistance Tuberculosis (MDR/RR-TB) is estimated at 1.8% among the new cases and 11% among previously treated cases.¹³

Between 2000 and 2015, the estimated incidence of all forms of TB fell by 34% from 575 to 380 per 100,000 population. In addition, TB related mortality has declined by 66% from 161 per 100,000 in 2000 to 55 per 100,000 population in 2015.

HIV infection among TB patients fell from a peak of 11.8% in 2003 to 2.5% in 2016 from routine reporting. TB and HIV co-infection is not a key driver of the TB epidemic in Cambodia.

143,000 New smear-positive TB cases detected and treated

TB treatment success rate: 93.14%

MDR-TB treatment success rate: 75%

¹⁰ Integrated Bio-behavioral surveillance, 2011

¹¹ Integrated Bio-behavioral surveillance, 2016

¹² Global TB report 2016

¹³ Global TB report 2016

3. The Audit at a Glance

3.1. Objectives

The audit sought to give the Global Fund Board reasonable assurance as to whether the Global Fund grants to the Kingdom of Cambodia are adequate and effective in supporting the achievement of impact in the country. Specifically the audit assessed:

- i. the design and effectiveness of the implementation arrangements to ensure efficient and sustainable achievement of grant objectives; and
- ii. the design of the internal financial controls and effectiveness of the assurance mechanisms in safeguarding Global Fund resources.

3.2. Scope

The audit covered the Principal Recipients and principal implementer for the new funding model and the RAI grants in Cambodia.¹⁴ The audit covered the period January 2015 to December 2016.

3.3. Progress on Previously Identified Issues

The last OIG audit of grants in Cambodia was in 2009 and the report published in 2010. The audit identified weaknesses mainly in financial management and procurement and supply chain management. This year's audit noted improvement in the financial management of the portfolio, largely due to the assurance arrangements put in place by the Secretariat. There is also an improvement in the storage conditions at the central medical stores. However, there have been delays in the implementation of measures to assure the quality of reported programmatic and supply chain related data, including strengthening of the health management information systems and the logistics management information system.

Previous relevant OIG audit work

[Audit of Global Fund grants to Cambodia \(October 2010\)](#)

¹⁴ These grants are KHM-H-NCHADS, KHM-T-CENAT, KHM-M-UNOPS, KHM-S-PRMOH and QMU-M-UNOPS

4. Findings

4.1. Challenges in the rollout of fiduciary safeguards and capacity gaps at country level impede the implementation of key grant activities

Investments to date by Cambodia, the Global Fund as well as other development partners have contributed to the scaling up of key interventions and led to a substantial reduction in the HIV, TB and malaria burden as indicated previously. Nevertheless, despite the progress made, some components essential to the success of funded programs have not been implemented as per the timelines in the approved work plan.

In 2013, the OIG published an investigation report that found corrupt practices, procurement irregularities, misuse and misappropriation of grant funds. In response to this investigation, and ensuing negative media coverage around Global Fund investments in Cambodia, the Secretariat instituted a series of fiduciary measures to safeguard the grants. Some of the measures include:

- The appointment of UNOPS as the Principal Recipient for the malaria grant in 2013.
- The appointment of a Fiscal Agent to provide assurance and capacity building for the government implementers including NCHADS (HIV), MOH (HSS) and CNM (Malaria).
- The adoption of an electronic payment mechanism to address control weaknesses identified at the sub-national level and community levels. The government recipients are required to use an electronic system for the US\$20 monthly allowance payments to approximately 5,000 community workers and village malaria workers.
- The introduction of stringent pre-approved travel plans by the Fiscal Agent to verify the validity of per diems (daily rate of US\$34). In addition to review and pre-approval of each travel plan by the Fiscal Agent, the Local Fund Agent subsequently checked the execution of the plans.

The implementers' perceived willingness and ability to implement these additional safeguards and the lack of alternative strategies present significant challenges in the Global Fund's capacity to effectively safeguard the investments without compromising the implementation of key activities and ultimately the achievement of the grants' programmatic objectives.

Delayed implementation of critical malaria community activities to support malaria elimination strategy

Village Malaria Workers are a critical component of Cambodia's national strategy to eliminate malaria. They provide front line services in local communities for early detection and treatment of malaria. Compared to other providers (i.e. health facilities and private providers) involved in malaria case management, the Village Malaria Workers have historically been the most effective in malaria case finding in terms of malaria positivity rate.¹⁵ As the epicenter of artemisinin drug resistance, the country is expected to change malaria treatment regimen often in selected provinces to manage resistance to first line antimalaria medicine, to improve treatment success and contribute to elimination. Under a Public Private Mix approach, the private sector also contributes significantly to malaria case detection and treatment. This approach identified and treated 48% of total confirmed cases in 2016.

Village Malaria Workers: The Global Fund grants support the activities of 4,978 Village Malaria Workers with a total budget of US\$1.4 million. However, these village malaria workers funded through the grants have generally not been providing malaria case management to communities since June 2015.

As a result, the identification, diagnosis and treatment of confirmed malaria cases reported by Village Malaria Workers declined from 53.3% of the total cases notified in 2014 to less than 8.7% of

¹⁵ Under NFM in 2016, there was a total of 76,052 suspects tested (80% public, 15% private and 6% village) with an overall 13% positivity rate (13% public, 8% private and 20% in community) and 9,908 confirmed cases were treated (81% public, 10% private and 9% village).

the total malaria cases notified at the end of 2016. In addition, 379,925 insecticide treated nets funded by the program were yet to be distributed to high-risk communities at the time of the audit. They have been stored and awaiting distribution for more than six months as of the time of the audit.

Village Malaria Workers activities were not being performed mainly because of delays in the implementation of various mechanisms put in place by the Secretariat to ensure prudent use of funds and lack of capacity of the National Malaria Program:

- Delays of over four months in signing the Memorandum of Understanding between the Principal Recipient (UNOPS) and the National Malaria Program (CNM). The Memorandum of Agreement between the national malaria program and the provincial health departments¹⁶ was also signed with delays of six to eight months due to delays in agreeing mechanisms to account for the use of funds for travel related cost at the sub-national level.
- Delays of more than 22 months to develop pilot and implement an electronic payment mechanism to enable Village Malaria Workers to receive the requisite allowance to undertake their activities. Alternative temporary mechanisms have not been considered, in order to avoid disruption in services while a long-term mechanism is being developed.
- Gaps in the program management capacity of the Cambodia National Malaria Program and implementers at provincial levels to effectively undertake their role and to manage and account for funded investments. This affected their ability to develop budgets, workplans, and terms of reference to procure the services of providers to undertake critical activities.

In the context of the Global Fund's zero tolerance for fraud and corruption, which is crucial to donor confidence and the continued flow of funding to support programs, maintaining effective financial safeguards is crucial. The strict financial control measures adopted by the Secretariat are both a strong signal to donors and the country alike as well as a key step towards remediating the fraud, corruption and nepotism risks identified in Cambodia. The operational modalities of these safeguards, however, need to be carefully evaluated by the Secretariat to ensure an effective balance in the mitigation of fiduciary risks and programmatic risks.

Delays in the roll out of new malaria treatment regimen and gaps in monitoring the private sector providers.

Malaria treatment regimen: There were lapses in the roll out of new malaria treatment regimen. Although a decision was made in January 2014 to switch the malaria treatment regimen in selected provinces because of high treatment failure rates (>50%) to first line antimalaria medicine, the change was only done after 14 months. This was caused by delays in: negotiation and supply of the recommended regimen by the supplier; the revision of the national treatment guidelines; and registration of the recommended treatment regimen with the relevant authorities by the national malaria program.

Furthermore, similar high failure rates were later noted in the remaining provinces and there was a switch in regimens in those remaining provinces in November 2016. However, although formal letters and job aids were printed and disseminated to service providers:

- Village Malaria Workers or service providers in health facilities have not received any formal training in the revised guidelines, and only 32% (489/1,495) of private sector providers had been trained at the time of the audit; and
- 86% (253/294) of health facilities were yet to benefit from this coaching or supervision.

Timely and proper roll out of new malaria regimen is critical to avoid the risk of service providers using ineffective medicines in treating malaria patients.

¹⁶ The PHDs are responsible for providing supervision and training to health facility based service providers and village malaria workers as well as assuring the quality of services delivered by private sector providers

Public Private Mix: Despite improvements in the monitoring of private sector providers in Cambodia, there is sub optimal coverage in training, supervision and quality assurance of private sector service providers. At the time of the audit, 60% (1,006/1,495) of Public Private Mix providers had not been trained in national treatment guidelines or received any supervision although the grant included funding of US\$1.1 million to train, quality assure and supervise the services of Public Private Mixes in 16 operational districts to ensure compliance with national treatment guidelines. Weaknesses in supervision and quality assurance increase the risk of malaria treatment not being done according to the national guidelines.

The weak oversight over the private sector was caused by delays in the transition of oversight of private providers from non-governmental implementers to the Cambodia National Malaria Program. The transition of oversight and supervision of the service providers in 16 operational districts has not been effected after 22 months.

The Principal Recipient has been working with the National Malaria Program to accelerate the re-enrollment of Village Malaria Workers and speed up the recruitment of new workers. By early June 2017, according to the malaria Principal Recipient the registration for electronic payment has taken place in 20 provinces for 2,360 Village Malaria Workers.

Agreed Management Action 1

The Secretariat shall update its risk and assurance plan for the Cambodia grants, based on new implementation arrangement and capacity assessments, with the goal of minimizing implementation delays, to improve efficiency, limit duplications of grant funded cross-cutting functions and develop capacity to support institutional sustainability.

Owner: Head of Grant Management

Due date: 31 May 2018

4.2. Duplicative functions in the implementation arrangements result in cost inefficiencies.

The Global Fund programs in Cambodia are implemented through national programs for HIV and TB, the Ministry of Health¹⁷ and by UNOPS in collaboration with the National Malaria Program.

Each of the four government implementers¹⁸ has its own structure and personnel for program implementation and oversight. While program implementation personnel make up 78% of the US\$26.5 million human resource cost in the detailed program budgets, the remaining 22% (US\$5.9 million) is made up of management personnel (3%) and support functions including: finance, procurement and administration (13%); and program-specific support including monitoring and evaluation, information technology, logistics, drivers and security (6%).

The grant agreements require grantees to adhere to the provisions of the Global Fund guidelines for grant budgeting and annual financial reporting. These state that 'the grants will only pay for the reasonable cost of interventions considering the context, need to enhance impact and *need to maximize cost efficiency*'.

Inefficient support and supervision functions

Under the current implementation arrangements, each government implementer has its own finance (including a Fiscal Agent in some cases), procurement and administrative units although the underlying activities of these functions are common across the three diseases:

- A total of 72 staff,¹⁹ with a budget of US\$3.57 million in the current grants, are working in the finance, procurement and administrative units at the national level across the four government implementers, often with overlapping responsibilities. The ratio of support staff to implementation staff across the four implementers is 1 to 2.
- Separate Fiscal Agent staff were in place for the finance units at three different programmes in 2015 and 2016 at a cost of US\$0.51 million (malaria), US\$2.27 million (HIV) and US\$0.62 million (HSS).

Each program performs its own supervision visits covering finance, data quality assurance, and supply chain. Supervision costs represent 30% of the US\$24 million travel related budget. Due to delays in implementation (as described in the previous section), only US\$0.83 million was spent for supervision activities in 2015 and 2016. These supervision visits are planned without collaboration and coordination between the other programs, although they often cover the same provinces, districts and health facilities. Supervision visits are also not integrated for the finance and supply chain functions.

During the audit period, the national TB and HIV programs undertook supervision visits to all 25 provinces, and 17 of the provinces were also visited by the malaria program. For example, the national TB, HIV and malaria programs undertook 24, 13 and 15 supervisions, respectively, to the same province (Siem Reap). These included separate visits by finance staff for all three programs, and logistics staff for two of the programs.

Lack of coordination and operation of separate and vertical systems for support and supervision function by the four government implementers contributed to the duplication in the support functions under the Ministry of Health.

¹⁷ There is a program management unit at the Ministry of Health that implements the health system strengthening grant.

¹⁸ NCHADS, CENAT, CNM and MOH-PR.

¹⁹ This is made up of a budgeted 35 finance staff (7 at CENAT, 5 at PR-MOH, 16 at NCHADS, 7 at UNOPS), 14 procurement staff (2 at CENAT, 3 at PR-MOH, 4 at NCHADS, 5 at UNOPS) and 23 admin staff (1 at CENAT, 3 at PR-MOH, 10 at NCHADS, 7 at UNOPS).

Inefficiencies in the programmatic and logistics data entry and reporting

There are parallel and fragmented health and logistics management information systems for recording and reporting programmatic data and accounting for critical medicines, including antiretroviral drugs and second line TB drugs. The TB and HIV programs use multiple databases (six for HIV and two for TB) and Microsoft excel based reporting and aggregation tools. The malaria program uses the Malaria Information System as well as the Health Management Information System.

These fragmented and parallel systems result in multiple personnel costs and duplication of effort for data recording, aggregation and reporting for the different disease programs at the operational districts and health centers. These also contribute to increased work load of already overstretched personnel.

The national programs have created their own health and logistics management information systems to report to the Global Fund and other donor financed interventions due to deficiencies in the national logistics and health information systems. There were funds in the grants to strengthen the health and logistics management information systems to ensure integrated, effective and reliable systems that can be used across all the disease programs. However, these strengthening actions were yet to be finalized at the time of the audit.

Agreed Management Action

See Agreed Management Action 1

4.3. Limited measures to address institutional sustainability of the three diseases interventions

Capacity gaps at the national programs coupled with a decrease in funding from partners and the Global Fund may affect the sustainability of the country's response to HIV, TB and malaria.

Cambodia has made good progress in the fight against HIV, TB and malaria. The country has progressively increased its investments in the national response to HIV, TB and malaria from US\$14.16 million in 2015 to US\$14.81 million in 2016, and is expected to increase further to US\$17.33 million in 2017. The government has committed to support the procurement of HIV and TB medicines. The government has also promised to take over the salaries of contract staff on the Global Fund supported programs, starting in 2018, in an effort to strengthen the capacity of the national programs.

Countries are expected to co-finance priority interventions of their National Strategic Plan to reduce over-reliance on external resources and to pave the way for longer term sustainability of Global Fund supported programs.²⁰

As noted above, the country has increased its annual domestic funding to support to the fight against the three diseases. However, investments to date have been primarily funded by donors, with donors contributing more than 75% of available funding for the period 2015-2017. The Global Fund allocation to the country for the next funding cycle (2018-2020) had declined by 30% from the previous allocation and the US Government funding for HIV is expected to decline significantly due to a pivot in strategy from supporting service delivery to the provision of technical assistance over the next implementation period. Therefore, there will be an unmet funding gap of US\$86 million over the next implementation period (i.e. 2018 to 2020). In an attempt to address the financial challenges, the country has developed an investment case and established a Technical Working Group on sustainable financing for the HIV response. However, similar attention has not been given to the TB and malaria programs.

Institutional sustainability of the response to HIV, TB and malaria in Cambodia

In order to address institutional sustainability issues, a health system strengthening grant of US\$12.1 million was approved by the Global Fund for implementation in the period 2015-2017. However, there have been significant delays in the delivery of health system strengthening interventions including those related to pharmaceutical and health product management, health management information systems as well as the integration of HIV, TB and malaria services within existing primary health care packages. Only 25% of the health system strengthening grant had been implemented at the end of December 2016. Given the delays, it is unlikely that these actions will be completed within the stipulated time, further impeding long term institutional sustainability. These gaps have contributed to the delays in implementation of grant activities described in section 4.2. Underlying causes for the limitations in institutional sustainability are because there has been a lack of systematic capacity building for the different implementers. Whilst, some capacity building initiatives are included in the grants, they focus primarily on addressing and responding to fiduciary risks and concerns identified by the Secretariat. When technical assistance staff are engaged to provide short term capacity for implementation, their terms of reference do not include indicators for capacity building activities for the national counterparts.

The Secretariat has been discussing with the government and in-country partners the need to improve the financial and institutional sustainability of the programs. This resulted in the country taking over the salaries of contract staff.

²⁰ Global Fund's Sustainability, Transition and Co-financing (STC) Policy – Co-Financing OPN page 3

Agreed Management Action

See Agreed Management Action 1

4.4. Weaknesses in assurance over programmatic data

The quality and timely reporting of programmatic data is necessary for effective decision making by stakeholders. The Global Fund and other partners primarily rely on the national health management information system as well as other vertical systems for routine data reporting on the three diseases.

Limitations in the completeness, timeliness and accuracy of reported HIV, TB and malaria data

Accuracy: HIV data reported at the community level was double-counted for key populations. The audit identified discrepancies of 7-10% between the reported data and the actual data.

Completeness: 20% (1 in 5) of health facilities offering pre-antiretroviral therapy and antiretroviral therapy services do not routinely report on selected HIV indicators, including those related to HIV/TB collaborative interventions as well as those related to viral suppression.

Timeliness: 25-30% of health facilities do not report timely the required TB and malaria data. Delays were also noted in reporting of selected HIV indicators.

The data management issues identified above are yet to be fully addressed due to:

- **Quality assurance arrangements:** Arrangements are not in place to assure the quality of reported data. The health system grant included funding to undertake data quality audits as well as build the capacity of provincial health departments to undertake supervision related to data. However, due to the delays noted in section 4.2 of this report, these audits or supervision had not taken place at the time of the audit.
- **The expansion of the Unique Identifier Code by sub recipients implementing community based HIV interventions has been delayed.** The use of the code is a positive step towards reducing the instances of double-counting. However, coverage is currently limited at 64% of key populations that have been identified.
- **HIV electronic management information system:** 15 of the 65 facilities offering pre-antiretroviral therapy and antiretroviral therapy services do not have data clerks or electronic management information systems. Although funding is available to establish the systems in these sites, implementation is pending due to shortage of data clerks. The Principal Recipient is in discussions with the Ministry of Health to adjust the salaries of this cadre in order to aid recruitment and retention efforts.
- **Recruitment delays for monitoring and evaluation staff:** The malaria grant includes funding to recruit several monitoring and evaluation positions. However, there have been delays in recruiting these individuals and these posts were vacant for about 12 to 18 months.²¹ Similarly, the HIV grant included funding for four monitoring and evaluation officers but these had not been recruited at the time of the audit.
- **Electronic TB information management system:** Data aggregation at district level is manual and time consuming, resulting in errors. There has been limited progress in piloting an electronic TB information management system due to initial reluctance by the Principal Recipient to establish such a system. Piloting of the system had just commenced at the time of the audit.

Multiple delays affect availability of current data to inform programmatic decisions

HIV, TB and malaria interventions are being implemented based on mapping, size estimations and surveys that are not current. There have been several delays and postponements in the implementation of Integrated HIV bio-behavioral survey (IBBS) for key affected populations:

²¹ 12 months in the case of the M & E officer and the data management officer and 18 months in the case of the Senior M & E officer

- The IBBS surveys for men who have sex with men and people who inject drugs have both been delayed to 2018, although they were initially due for reporting in 2016;
- The IBBS for sex workers was due for reporting in 2017, but this had not yet been completed at the time of the audit.

Several key surveys that were due in 2016 have been delayed, including a TB drug resistance survey that was last done in 2007, a Cambodia malaria survey and a Mobile and Migrant Population Survey.

Previous and current Global Fund grants earmarked resources to support the implementation of several surveys, but none of them had yet been completed as scheduled at the time of the audit.

In light of the above mentioned delays, there is a risk that the new funding requests may rely on outdated data. The delays in doing the surveys were mainly due to capacity constraints and delays in the development and approval of survey protocols.

Agreed Management Action 2

The Principal Recipients and national disease programs in coordination with the Ministry of Health and technical partners shall develop data quality assurance plan(s) for the three disease components supported by Global Fund grants. The plan(s) shall include details on the timelines/frequency for data quality assessment, routine data collection and data flow models, and a description of the roles and responsibilities of stakeholders in data collection and data quality assurance. Such plan(s) can be presented as part of M&E plans or a separate document.

Owner: Head of Grant Management

Due date: 31 December 2018

4.5. Limited assurance over supply chain data due to fragmented and outdated logistic management information system.

Fragmented and outdated logistic management information system in stores and hospitals provide limited ability to get assurance on the management of medicines and commodities.

A key objective of the logistics management information system (LMIS) is to provide timely and accurate information on flow and stock of commodities across the different levels in the supply chain. The government of Cambodia, with the support of the Secretariat and other partners, has integrated storage and distribution of commodities and medicines into the national supply chain system. The country currently uses the Drug Inventory Database to manage commodities in storage facilities and hospitals. This inventory database was developed 15 years ago with the support of a USAID funded program implemented by NGO-RACHA.²² Technical support for the database ended in 2013 and the management of the software was transferred to the Department of Drug and Food of the Ministry of Health.

Due to lack of comprehensive IT infrastructure at the Department of Drug and Food, the use and maintenance of the inventory database are no longer actively supported, resulting in each location/facility taking responsibility for managing and supporting their own inventory system. The inventory database runs as stand-alone software in over 200 storage facilities at different levels of the supply chain. The individual databases are not linked/networked to provide real time information and all health centers still use manual stock inventory management systems. In addition, the database does not have functionality for early warning management of impending stock outs or expiries of commodities, and it is built on out-of-date technology or platform for which technical support is no longer available from the service provider/vendor.

The limited functionality of the drug inventory database resulted in the use of manual exchange of information between the different logistics management systems created by disease programs, which increases the risk of data entry and calculation errors. Therefore, there is poor visibility of funded medicines and commodities across the supply chain to monitor distribution and consumption of medicines for effective supply planning. Instances of stock-outs and expiries of funded medicines and commodities were identified and reported as risks by the Principal Recipients and Local Fund Agent. The Secretariat put in place mitigation measures like monthly monitoring of stock situation using central stock dashboard for all HIV commodities, stock reshuffling between facilities and placing emergency procurement orders. Nevertheless, these mechanisms cannot replace the need for a robust logistics management information system to provide timely and complete information for decision making in managing the supply chain

A capacity assessment conducted in 2014 prior to the start of the new funding model grants highlighted critical issues with the current inventory database and an action plan to strengthen the LMIS was expected to be developed by the Ministry of Health by September 2015. However, there were delays in finalizing the action/work plan due to delays in establishing a multi stakeholder coordination mechanism as well as a reluctance by the Ministry of Health to replace the existing inventory database despite the known limitations of the database. The Ministry of Health wanted to keep control over the design, functionality and maintenance of the new LMIS, which led to the decision to choose a tailored software rather than an off the shelf product.

The Secretariat has been working with the country and partners to implement the agreed upon pilot of an enhanced LMIS. This includes establishing a coordination forum and a Technical Working Group representing Principal Recipients, beneficiaries and partners. An assessment of the current system and a feasibility study to lay out option for the Ministry of Health to select the best system suitable for the Cambodian context have also been conducted. The project laid out several key milestones for the pilot with the procurement of hardware and software services planned to be completed by UNOPS by the end of 2017, the first release and user acceptability testing, data

²² Reproductive and Child Health Alliance (RACHA)

migration and training of staff will be implemented in 2018. The pilot will be implemented in five provinces covering more than 150 sites representing all levels of the supply chain (central, provincial, district, sub district) levels. The results of the pilot will be evaluated and considered in the roll out of the new LMIS.

The Secretariat has acknowledged that the gaps in Cambodia's LMIS are a strategic issue that has been consistently identified through various risk and assurance exercises by the Country Team, the Local Fund Agent, partners, the Principal Recipients and the OIG Audit. The OIG has reviewed the work plan for the pilot for an enhanced LMIS and deemed it appropriate in its design. Given the progress made on launching the LMIS pilot, the Secretariat has declined a specific Agreed Management Action on this issue. However the Secretariat will continue to monitor the actual implementation of the plan. Given the significant delays and the challenges noted in past efforts to address LMIS issues in Cambodia, there remains a high risk that the supply chain issues noted above will not be addressed until the pilot has been completed, its results evaluated and an enhanced LMIS implemented.

4.6. Gaps in internal financial control systems to ensure proper recording and accountability of resources

The Secretariat has instituted measures that have improved the financial management of the portfolio and safeguarded the Global Fund resources in the country. These measures include procurement of health and non-health products at the central level using international procurement agents,²³ and financial management arrangements at the government Principal Recipients, including the use of a Fiscal Agent²⁴ and the prioritization of electronic payment methods. But despite the improvement in the financial management of resources by the recipients, there are still lapses in key fiduciary controls over financial records and management of advances.

Insufficient access controls over financial records

Sound controls over financial record-keeping is necessary for the integrity, reliability and completeness of financial reporting.

Inadequate controls over the accounting software: Quickbooks accounting software is used by Principal Recipients (except UNOPS) for the Global Fund supported programs. The Quickbooks application used for the grants is designed such that the administration account has elevated privileges, which include the ability to backdate accounting entries; edit or delete entries after hard close; change users' passwords; change payroll information and other sensitive information without approval. In addition, transactions made using the administration account cannot be definitively attributed to a single user, making mistakes or fraud more difficult to pinpoint. For example:

- There was an extensive use of the administration account for day-to-day activity. The audit found that the proportion of all accounting transactions recorded in the audit period performed with the administration account was: 100% for the current malaria grant²⁵; 32% for health system strengthening grant; 29% for TB; and 6% for HIV;
- The administration account details for the QuickBooks of the Malaria Regional Artemisinin resistance Initiative grant have been lost, meaning that no new users could be created. As a result, 100% of accounting transactions were performed by a single user, which compromises segregation of duties in recording and reviewing/approving recorded transactions in the accounting software;
- Despite the issues in user access controls, there is neither a review by supervisors nor an independent review by an assurance provider of the QuickBooks audit trail for mistakes or suspicious transactions.

Uncontrolled fixed asset registers: Most Principal Recipients do not have user access controls over fixed asset registers, which are in the form of Microsoft excel files. The asset registers are therefore susceptible to manipulation, for example deletion of entries to hide potential misappropriation of assets.

Lack of backup of financial data: The national TB program (CENAT) and the National Malaria Program (CNM) do not have offsite backup of financial data, which exposes the implementers to the risk of total data loss in the event of a disaster.

Incomplete and inaccurate recording of financial transactions

The audit identified several significant transactions that were omitted from the financial information reported to the Global Fund due to poor understanding of Global Fund procedures. For example, payments to the Fiscal Agent of US\$0.22 million and US\$0.51 million for services to the HIV

²³ HIV, malaria and TB health products are procured through UNICEF, UNOPS and the Global Drug Facility respectively. Non health products are procured either through international procurement agents (UNICEF, UNOPS, IDA, etc) or locally supervised by LFA

²⁴ The fiscal agent rendered services to the HIV, malaria and HSS implementers during the audit period, 2015 to 2016.

²⁵ Used by the National Malaria Program (CNM)

Principal Recipient and malaria principal implementer respectively were incorrectly omitted from the annual financial reporting to the Global Fund for the period ended 31 December 2016.

Weaknesses in the management of advances

As per the financial guidelines of the Principal Recipients, advances should be settled within two weeks after the date of ending activities for which advance are made. The audit identified the following issues related to advances:

- *Extensive delays in the settlement of advances.* In the TB grant, the average settlement period is 82 days with some as high as 171 days; and in the HIV grant, there is over US\$0.05 million of advances, which are over 90 days old but not settled or liquidated.
- *Advances to procurement agents are also incorrectly recorded in the financial records.* They are, in some instances, either recorded as expenditure (TB) or not recorded at all (HIV). The external audit report of the previous TB grant (i.e. the period ended 31 March 2015) indicated that advances to suppliers of US\$0.76 million was treated by the Principal Recipient as expenditure. However, there is no evidence that these advances have been settled by these suppliers.
- *Advances to individual employees are arranged by trip rather than by individual in the National TB program's advance register.* The design of the registers therefore does not enable effective enforcement and compliance with the requirement for each employee to liquidate previous advances before being issued with a new one.

The delays in the settlement of advances and the recording of those advances as an expenditure increase the risk of potential misappropriation of financial resources or misstatement of financial information.

Agreed Management Action 3

The Secretariat shall work with the Principal Recipients and national programs to address gaps in the existing accounting procedures. The work will include the segregation of duties and access rights to the accounting systems, and the establishment of procedures for monthly close-out, accounting for fixed assets and data backup.

Owner: Head of Grant Management

Due date: 30 June 2018

5. Table of Agreed Actions

Agreed Management Action	Target date	Owner
<p>1. The Secretariat shall update its risk and assurance plan for the Cambodia grants, based on new implementation arrangement and capacity assessments, with the goal of minimizing implementation delays, to improve efficiency, limit duplications of grant funded cross-cutting functions and develop capacity to support institutional sustainability.</p>	31 May 2018	Head of Grant Management
<p>2. The Principal Recipients and national disease programs in coordination with the Ministry of Health and technical partners shall develop data quality assurance plan(s) for the three disease components supported by Global Fund grants. The plan(s) shall include details on the timelines/frequency for data quality assessment, routine data collection and data flow models, and a description of the roles and responsibilities of stakeholders in data collection and data quality assurance. Such plan(s) can be presented as part of M&E plans or a separate document.</p>	31 December 2018	Head of Grant Management
<p>3. The Secretariat shall work with the Principal Recipients and national programs to address gaps in the existing accounting procedures. The work will include the segregation of duties and access rights to the accounting systems, and the establishment of procedures for monthly close-out, accounting for fixed assets and data backup.</p>	30 June 2018	Head of Grant Management

Annex A: General Audit Rating Classification

<p>Effective</p>	<p>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.</p>
<p>Partially Effective</p>	<p>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.</p>
<p>Needs significant improvement</p>	<p>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.</p>
<p>Ineffective</p>	<p>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 effective. The nature of these issues is such that the achievement of objectives is seriously compromised.</p>

Annex B: Methodology

The OIG audits in accordance with the global Institute of Internal Auditors' (IIA) definition of internal auditing, international standards for the professional practice of internal auditing (Standards) and code of ethics. These standards help ensure the quality and professionalism of the OIG's work.

The principles and details of the OIG's audit approach are described in its Charter, Audit Manual, Code of Conduct and specific terms of reference for each engagement. These documents help our auditors to provide high quality professional work, and to operate efficiently and effectively. They also help safeguard the independence of the OIG's auditors and the integrity of their work. The OIG's Audit Manual contains detailed instructions for carrying out its audits, in line with the appropriate standards and expected quality.

The scope of OIG audits may be specific or broad, depending on the context, and covers risk management, governance and internal controls. Audits test and evaluate supervisory and control systems to determine whether risk is managed appropriately. Detailed testing takes place at the Global Fund as well as in country, and is used to provide specific assessments of the different areas of the organization's activities. Other sources of evidence, such as the work of other auditors/assurance providers, are also used to support the conclusions.

OIG audits typically involve an examination of programs, operations, management systems and procedures of bodies and institutions that manage Global Fund funds, to assess whether they are achieving economy, efficiency and effectiveness in the use of those resources. They may include a review of inputs (financial, human, material, organizational or regulatory means needed for the implementation of the program), outputs (deliverables of the program), results (immediate effects of the program on beneficiaries) and impacts (long-term changes in society that are attributable to Global Fund support).

Audits cover a wide range of topics with a particular focus on issues related to the impact of Global Fund investments, procurement and supply chain management, change management, and key financial and fiduciary controls.

Annex C: Message from the interim Executive Director

Cambodia is a key portfolio for the Global Fund's mission to end the epidemics of AIDS, TB and malaria. The country is the epicenter of artemisinin drug resistance, but an aggressive regional response supported by the Global Fund helped Cambodia reduce malaria deaths to just one in 2016. Together with neighboring countries, Cambodia has set ambitious targets to eliminate malaria, and guard against the threat of global artemisinin resistance.

This important progress against malaria is due in part to decisive action taken by the Global Fund Secretariat to safeguard resources and achieve grant objectives in Cambodia following a 2013 OIG investigation. The Global Fund and our partners were able to use the findings to improve policies and practices, thereby creating greater impact for the people we serve. The most recent audit of Global Fund grants in Cambodia validates this extensive work.

The audit did not identify any ineligible expenses or fraud, and recognizes that "significant improvements have been made in the management of financial and fiduciary risks, and the safeguards put in place by the Secretariat have effectively mitigated those risks."

Some of the specific measures already implemented include:

- Appointment of UNOPS as the principal recipient for the malaria grant.
- Appointment of a fiscal agent to provide assurance and capacity building for the government implementers.
- Adoption of an electronic payment mechanism to address control weaknesses in the fulfillment of monthly allowance payments to approximately 5,000 community workers and village malaria workers.
- The introduction of stringent pre-approved travel plans by the fiscal agent to verify the validity of per diems.

While the implementation of these new measures has slowed the delivery of some services, including activities of village malaria workers, Global Fund investments in Cambodia to date have contributed to significant results across all three diseases. Over 61,000 people are on antiretroviral therapy (about 80 percent of the estimated number of people living with HIV), 7.59 million insecticide-treated nets were distributed to protect children and families from malaria, and over 143,000 people have been diagnosed and successfully treated for TB through Global Fund-supported programs.

The OIG rightly points out there remain opportunities to minimize implementation delays and improve efficiency; build more robust systems for routine data collection, data quality assessments and flow of data; and improve accounting procedures. The Secretariat is committed to updating our own risk and assurance plans for Cambodia, and working with the Principal Recipients and national disease programs to address these gaps.

The OIG notes that programs supported by the Global Fund's health system strengthening grant have faced delays in implementation, largely due to the lack of capacity building for the various implementers. The Secretariat is working with the government and in-country partners to improve the financial and institutional sustainability of the programs. The Office of the Inspector General is an integral and important part of risk management and controls, conducting independent audits and investigations to complement the active risk management and controls put in place by the Secretariat with oversight by the Board of the Global Fund. I want to thank the Office of the Inspector General for this audit report on Global Fund grants to Cambodia, which identifies progress made and aspects that can be improved. The Global Fund is committed to constantly strengthening measures to increase value for money, and improving the effectiveness of health investments so they can reach the people most in need, in countries and communities all over the world.

Marijke Winjroks