

# 41<sup>st</sup> Board Meeting

## Joint Agreed Management Actions (AMAs) Progress Report

GF/B41/09

15-16 May 2019, Geneva

### **Board Information**

Purpose of the paper: presentation of the current status of the number and type of open and long outstanding Agreed Management Actions.

# Executive Summary

## Context

Agreed Management Actions (AMAs) are an agreed course of action, decided jointly between the Secretariat and the Office of the Inspector General, to remedy an identified root cause, targeting specific portfolios where progress is needed. This joint report from the OIG and the Secretariat presents the status of AMAs as of 31 January. It was prepared for, and discussed at the Audit & Finance Committee in March 2019, and is being presented to the Board for information.

NB: Where updated figures have been included since the AFC meeting, these appear in red boxes.

## Questions this paper addresses

- A. What progress is being made in closing AMAs?
- B. What type of AMAs are proving most difficult to close?

## Conclusions

- A. As of 31 January, the Secretariat had closed 35 AMAs since the last reporting date of August 2018. Both the amount of open AMAs (62) and the number of overdue AMAs (22) were at historic lows, and the number of very long overdue AMAs (+180 days) had decreased by five.
- B. As of 31 January, there were 13 long-outstanding AMAs. Seven related to internal Secretariat processes (three AMAs focusing on sourcing processes, two on managing High Risk Operating Environments, one on IT controls effectiveness and one on assurance). The remaining six long-outstanding AMAs related to in-country operations (four focusing on Quality of Service issues, and two on in-country supply chains).

## Input Received

The increasingly strategic nature of AMAs, which by definition require more time to resolve and where the Global Fund has less direct control, was acknowledged and supported by the Audit & Finance Committee, who welcomed the solid progress in closing AMAs.

41<sup>st</sup> Board Meeting

# Joint Agreed Management Actions (AMAs) Progress Report

For Board Information

GF/B41/09

Geneva

15-16 May 2019

This paper was submitted to the AFC pursuant to its oversight mandate under its Charter, specifically section 2.3.g [oversee] ‘The adequacy, efficiency and effectiveness of internal controls, including review of (i) the implementation of measures to incorporate into business practices the audit and investigation findings of the OIG[...]’.

# AMAs Selected for AFC Consideration and Board Information Purpose

At its 8<sup>th</sup> meeting in October 2018 the committee expressed satisfaction with the new combined OIG/Secretariat reporting format for AMAs. This format was developed to address earlier committee feedback on the need for a harmonized and consolidated view on AMAs progress and aging. Whilst confirming that the new format provided the consolidated view, the committee suggested that, to further assist the AFC's oversight, the report should also provide a sense of prioritization by specifically highlighting which AMAs require more of the committee's attention (whether those AMAs are overdue or current).

# AMAs Selected for AFC Consideration and Board Information

## Rationale and selection principles

OIG audits are risk-based in nature. Thus, issues highlighted in OIG reports and the related AMAs are, by definition, all significant ones that present important risks to the organization. However, it is also recognized that, even within a pool of all important AMAs, some may still be more appropriate or relevant to elevate for AFC consideration and discussion than others. This selection is highly subjective in nature and the outcome may be influenced by various factors and specific circumstances.

Thus, rather than establishing rigid prioritization criteria, the following basic principles will be considered in highlighting specific AMAs for the committee's attention:

- > **Historical aging** – Is the AMA long overdue, thus indicating potentially unmitigated risk, challenging circumstances, or lack of sufficient prioritization.
- > **Materiality** – e.g., does the AMA address a significant issue related to intervention/program/process that involves significant allocation of financial budgets or other resources?
- > **Risk** – e.g., does the AMA pertain to an issue that may cause the GF to operate outside its current risk appetite (either at country level or in aggregate)? Or the issue could potentially prevent the GF from reaching its target risk appetite, if unaddressed?
- > **Impact** – e.g., if the issue addressed by the AMA materializes, does it involve a potentially significant impact (such as program failure, material financial loss, significant reputational damage, etc.)?
- > **Pervasive or cross-cutting nature** – Does the AMA address a significant cross-cutting problem or initiative that impact several important processes, programs or activities (e.g., supply-chain transformation, or transition management, or risk oversight, etc.)?
- > **Linkage to strategic priorities or initiatives** – Is the AMA tracking progress on a significant strategic priority at the program-level or strategic initiative at the corporate-level?

# Adjustments to the AMA Progress report

## To reflect highlighted AMAs

Based on the rationale and principles outlined in the previous slides, two adjustments have been made to the consolidated AMA report :

1. Section 1: “Long-Outstanding AMAs Progress Report” (Slides 4-20) now specifically highlights a subset of AMA that are considered warranting specific AFC consideration. These are labeled with an “

 TheGlobalFund  Le Fonds mondial  El Fondo Mundial  Глобальный фонд 

# Section 1: Long-Outstanding AMAs Progress Report

# Overdue AMA Aging

As of January 31, 2019

	Less than 30 days late	31-90 days late	91 -180 days late	More than 180 days late	TOTAL
Grant Management	2	6	3	3	14
Sourcing & Supply Chain				5	5
Finance			1		1
Other		1	1		2
<b>TOTAL</b>	<b>2</b>	<b>7</b>	<b>5</b>	<b>8</b>	<b>22</b>



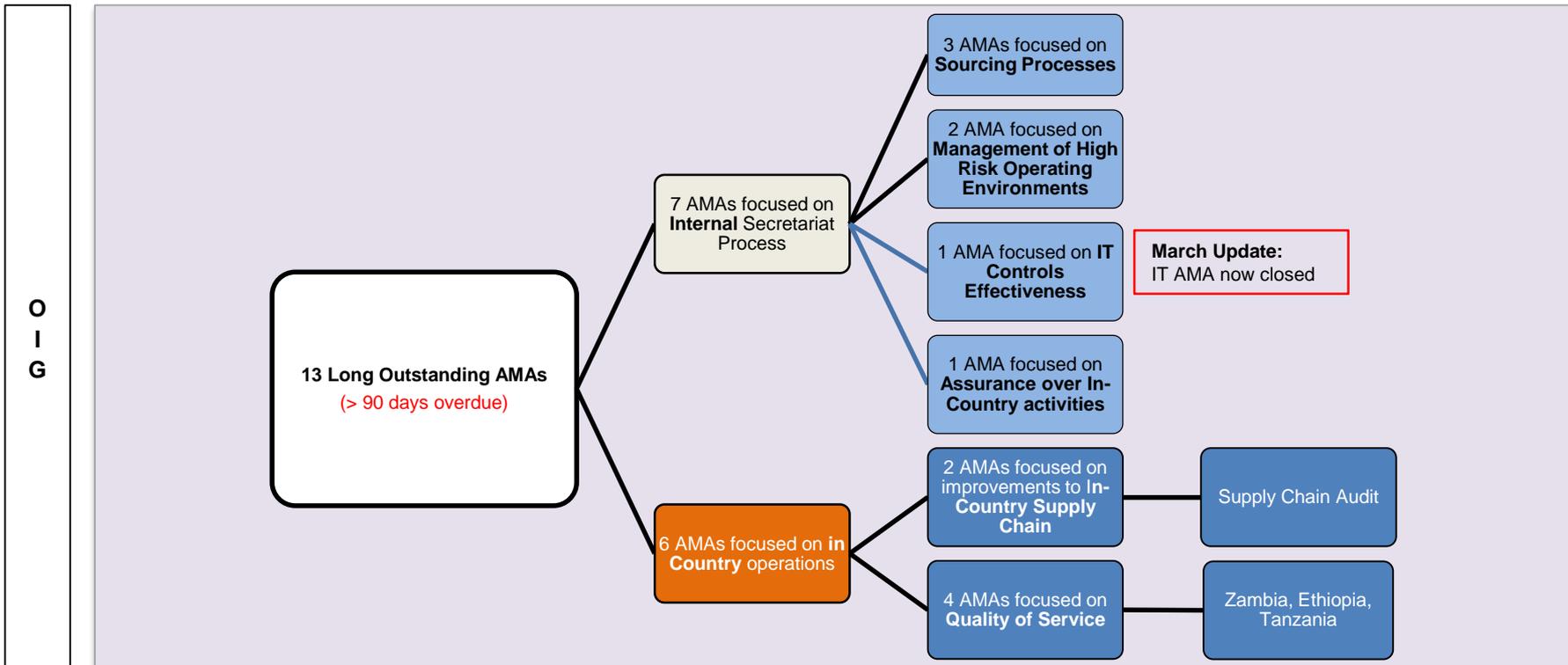
Since the last reporting date of August 2018:

- Total open AMAs (62) are at an all time low
- The total number of overdue AMAs (22) are at an all time low
- The number of very long overdue AMAs (+180 days) has decreased by 5
- The Secretariat has closed 35 AMAs

### March Update:

27 AMAs are currently overdue  
19 AMAs are currently more than 90 days late

# Long-outstanding AMAs



# In-country Supply Chain

## 2 long-outstanding AMAs are focused on improving in-country supply chains

Weaknesses in supply chain continue to affect the delivery of health products and services in most countries audited and investigated. Issues include storage and distribution gaps, and weak supply chain data systems, resulting in missing data or data not being used for decision making, quantification errors, and poor management of health product inventories. Overall, these issues result in weak accountability and oversight on supply chain and commodities, gaps in supply chain assurances, or limited programmatic effectiveness or cost-efficiency.

### Efforts made:

Cross-cutting and individual AMAs have had some progress, including the two long-outstanding ones. To address the systemic challenges affecting Global Fund supported activities and service delivery in country, the Secretariat has envisaged significant investments in supply chain strengthening and targeted remedial activities. In December 2016 the Board approved catalytic funding for this, 20 countries were shortlisted for holistic supply chain diagnostics, and supply chain plans were subsequently developed some countries. On restructuring of Sourcing and Supply chain teams; the revised team structure, along with roles and accountabilities are being defined and rolled out. The process, systems, roles and accountabilities for the key cross-unit function of health product demand planning and procurement will be addressed through the demand planning work stream. This is based on a more comprehensive systems review to clarify roles, accountabilities and processes for all involved in performing and consolidating all health product forecasts (more details in the Sourcing section).

A third long-outstanding AMA for Tanzania has recently been closed. The Ministry of Health approved the grant implementation arrangements, detailing roles and accountabilities of all stakeholders for supply chain management of health products and equipment. The Ministry also reviewed and updated the holistic supply chain review action plan and budget, envisaging a phased absorption of health and supply chain staff within government cadres. This shows how complex supply chain issues can be made actionable while respecting country ownership and safeguarding supported programs.

### Issues remain partially unaddressed:

While solutions have been designed, multiple issues remain. The list and number of countries for diagnostic and transformation, and their progress status have been regularly revisited, and where transformation plans are developed, there are gaps in their costing, and identifying and firming funding sources, roles and ownership across stakeholders, including in-country implementers and partners. Overall direction and plans are unclear, including for countries other than 20 selected. The supply chain strategy will be an opportunity to perform a critical and objective assessment of the Global Fund's current approach to sourcing and supply chain to ensure it is fit for purpose, to refocus priorities, and to recalibrate existing goals and commitments.

Another factor is that with multiple historical changes in supply chain responsibilities and reporting lines between GMD and Sourcing teams, there is has been ambiguity, in the past, in Sourcing roles and accountabilities within the Secretariat. The Supply chain function has now been included within the Sourcing and Supply Chain department. The Health Product Management will continue under GMD and ways of working between SSC and GMD are being developed.

# In-country Supply Chain

2 long-outstanding AMAs are focused on improving in-country supply chains

S  
e  
c  
r  
e  
t  
a  
r  
i  
a  
t

<p>GF-OIG-17-008</p> 	<p>Audit of the Global Fund's In-country Supply Chain Processes</p>	<p>Agreed Management Action 1</p>	<p>The Secretariat shall develop a comprehensive strategy that addresses all the significant supply chain health system issues identified in the in-country supply chain audit. In particular, the strategy will define the Global Fund's scope of responsibility, oversight, and necessary initiatives that must be taken to support the resolution of in-country supply chain challenges. This strategy will take into account proposals detailed in the building resilient systems for health strategy that aims to strengthen and expand the capacity of health systems to address health issues in a sustainable, equitable and effective manner.</p>	<p>30/06/2018</p>	<p>Supply Chain</p>	<p>The Sourcing and Supply Chain Department was created on 1 October 2018. The newly formed Sourcing and Supply Chain Department is currently initiating a reorganization that will clarify roles, responsibilities and accountabilities and will ensure the effective use of available procurement and supply chain management resources. The Supply Chain Strategy has been developed and is currently being refined. The Sourcing and Supply Chain Department will define the Global Fund's scope of responsibility for in-country supply chain and then finalize the Strategy.</p> <p><b>Target date: June 30, 2019</b></p>
<p>GF-OIG-17-008</p> 	<p>Audit of the Global Fund's In-country Supply Chain Processes</p>	<p>Agreed Management Action 3</p>	<p>The Secretariat will:</p> <p>(i) Agree a plan to structure both the Supply Chain and the Procurement teams and implement an improved structure and related systems and processes that clarifies roles, responsibilities and accountabilities and ensures the effective use of available procurement and supply chain management resources.</p> <p>(ii) Define oversight arrangements for procurement and supply chain management at Secretariat level to ensure increased visibility and accountabilities over this function.</p>	<p>30/06/2018</p>	<p>Supply Chain</p>	<p>The Sourcing and Supply Chain Department is currently starting a reorganization that will address a new structure for both the Supply Chain and Procurement Teams and detailed oversight arrangements for procurement and supply chain management. The results of this reorganization will be presented to the MEC at the end of March 2019.</p> <p><b>Target Date: June 30, 2019</b></p>

# Quality of Services

## Quality of services remains a major challenge

O  
I  
G

Outstanding AMAs mainly relate to:

- gaps in health information systems and data reliability challenges,
- challenges in monitoring and evaluation systems and establishing integrated and effective supervision at various tiers,
- timely and effective risk and assurance planning,
- gaps in quality of services, including access by key populations.

The AMAs target specific portfolios, on which significant progress is ongoing to address and close the AMAs. For Ethiopia, the AMA on RSSH funding and structure has progressed, with RSSH funding approved by TRP and GAC, with annual resource mapping performed by the government, grant management unit created with its organogram under development, and RSSH coordinator recruitment is ongoing.

For the other Ethiopia AMA on service quality and access, quality assurance roadmap and guidelines have been developed, performance improvement plans and guidelines for diagnosis and testing have been rolled out, mid-term reviews are being used to measure progress, but LLIN distribution guidelines have not yet been finalized, although they are planned to be completed within Q1 2019.

For Tanzania, preparatory work had been completed late last year for the evaluation of the implementation of the Key and Vulnerable Population Guidelines. However, following a human rights incident and heightened tensions in the country, the evaluation was deferred to avoid visibility and access risks to key populations in a criminalized legal environment.

For Zambia, the national M&E framework is expected to be completed by Q2 2019.

Quality of services issues are regularly identified in many audits across different portfolios.

# Quality of Services

## Quality of services remains a major challenge

S  
e  
c  
r  
e  
t  
a  
r  
i  
a  
t

<p>GF-OIG-17-025</p> 	<p>Audit of Global Fund Grants to the Federal Democratic Republic of Ethiopia</p>	<p>Agreed Management action 2</p>	<p>The Secretariat, in collaboration with partners, will support the Ministry of Health to develop an action plan to strengthen quality of services across HIV, TB and malaria programs in Ethiopia. Specifically, this plan will include measures to:</p> <ul style="list-style-type: none"> <li>a) improve diagnosis and laboratory services under the three programs (including finalization of HIV testing algorithm);</li> <li>b) monitor progress against actions agreed in the TB midterm review; and</li> <li>c) address challenges in the bed nets distribution.</li> </ul>	<p>30/09/2018</p>	<p>Grant Management</p>	<p>This AMA includes a number of substantial actions, most of which have been completed.</p> <p>A number of lab strengthening measures have been implemented, including quality assurance planning and guidelines. Actions from the TB midterm review are tracked regularly and progress has been made. Draft LLIN distribution guidelines have been received and are under review by the Country Team.</p> <p><b>Target date for full implementation: June 2019</b></p>
<p>GF-OIG-17-025</p> 	<p>Audit of Global Fund Grants to the Federal Democratic Republic of Ethiopia</p>	<p>Agreed Management action 3</p>	<p>The Secretariat will support the Ministry of Health to:</p> <ul style="list-style-type: none"> <li>a) design an RSSH grant aligned to investments from other partners in the next funding cycle;</li> <li>b) develop an implementation and monitoring plan for the grant; and</li> <li>c) strengthen Grant Management Unit and define performance indicators tailored to the grant to monitor the ongoing RSSH activities to ensure timely implementation.</li> </ul>	<p>30/09/2018</p>	<p>Grant Management</p>	<p>This AMA also includes a number of substantial actions, most of which have been completed. The only pieces that are still in progress are recruitment of a Senior HSS Advisor and for the GMU and RSSH organigram to be formally shared with the Country Team. Development of the RSSH Grant Implementation and Monitoring Plan is complete except for the delayed finalization of the M&amp;E Framework with Indicator Reference Protocols and data collection and reporting tools.</p> <p><b>Target date for full implementation: June 2019</b></p>

# Quality of Services

## Quality of services remains a major challenge

S  
e  
c  
r  
e  
t  
a  
r  
i  
a  
t

GF-OIG-17-028	Audit of Global Fund Grants to the Republic of Zambia	Agreed Management Action 2	The Global Fund Secretariat will work with the Ministry of Health and key stakeholders to finalize the National Monitoring and Evaluation Framework. The framework will guide action to improve the operability of data systems, data accuracy.	30/04/2018	Grant Management	<p>There were delays due to slow contracting of consultants and significant structural and staffing changes at the Ministry of Health, including in the M&amp;E Department. The Country Team has not noticed any negative impact on implementation or reporting as a result and the technical work has essentially been completed. The document is now going through final consultation and validation. This should be completed imminently.</p> <p><b>Target date: 31 March 2019</b></p>
GF-OIG-18-006	Global Fund Grants to Tanzania (mainland) Follow-up Audit	Agreed Management Action 3	In collaboration with partners, the Secretariat will conduct an evaluation of the implementation of the national Key and Vulnerable Population Guidelines, the findings and recommendations of which will guide any required reprogramming of grant funds.	30/09/2018	Grant Management	<p>In view of the events in the last quarter of 2018, the Secretariat and UNAIDS jointly agreed to postpone the evaluation until the atmosphere is congenial for a dialogue with policy makers and implementers. This dialogue was reinitiated in January 2019, and suitable scope and timelines have been agreed with UNAIDS. The Secretariat will continue to work with partners and the Ministry of Health to further strengthen Key Populations interventions under the grant. The Country Team believes this AMA could likely be completed by Q3 of 2019.</p> <p><b>Target date: 30 September 2019</b></p>

# Sourcing Processes

## 3 AMAs are on sourcing improvements related to forecasting and strategic initiatives such as WAMBO

Significant progress has been made, particularly in the last two years (5 long outstanding AMAs closed in 2017-18).

### Progress made:

One AMA requiring a detailed analysis of Wambo operational efficiency and implementation planning has been closed during Feb'2019. The Secretariat engaged KPMG to conduct the efficiency assessment, then addressed the identified challenges and asked them to perform a progress review, in which they found the risks materially addressed and lowered risk ratings. The Secretariat is working towards further reducing the risks.

### Efforts and unaddressed items:

One long-outstanding AMA relates to an automated platform to aggregate the individual drugs forecasts for the three diseases. The AMA is designed to address the lack of a systematic consolidation of drugs demands across portfolios, and required manual aggregation of the requirements while the platform is under development. The Secretariat has opted for a more comprehensive systems review to clarify roles, accountabilities and processes for all involved in performing and consolidating all health product forecasts (both PPM and non-PPM). The Secretariat is currently running a "proof of concept" pilot for demand planning for 5 countries and 10 health products, and will later extend to all PPM and eventually to all Global Fund grants. It was agreed that the completion of design of such a revised process, including clarification of roles and accountabilities, will address the AMA requirements and original audit findings (actual rollout and effective implementation will not be subject of the AMA closure, and will be reviewed through a follow-up audit).

For Wambo, the Secretariat is preparing to present its revised implementation plan and scope and periodic ambitions, to the Management Executive Committee and then to Board committee(s) by April 2019. The plan will clarify value proposition, market shaping and PSM strategy linkages, and performance metrics.

Another outstanding AMA on consultant management requires clarification of accountabilities and strengthening controls and data systems for consultants need analysis, recruitment, performance and contract management. It also requires a detailed cost and benefit analysis for existing long-term consultants, and evaluate staffing and other options. The strategic planning and cost and benefits evaluation for consultants will be linked with the overall ongoing strategic workforce planning project of the Secretariat, to synergize and ensure internal consistency of all workforce planning work, and will be completed by Q4 2019. In the meantime, the Secretariat is working on improving consultant management processes, systems, roles and accountabilities for recruitment, performance and contract management through the Procurement Improvement Plan (PIP) and the 2019 consultant project.

O  
I  
G

# Sourcing Processes

## Sourcing improvements needed on forecasting and strategic initiatives such as WAMBO

S  
e  
c  
r  
e  
t  
a  
r  
i  
a  
t

GF-OIG-14-007	Audit of the quantification and forecasting arrangements for antiretroviral medicines supported by the Global Fund in six African high-impact countries	Recommendation 4	In conjunction with the Sourcing Department and in line with the Procurement for Impact project, a platform to automatically aggregate data for the global health product forecast for the three diseases will be implemented. As an intermediate measure of progress, manual aggregation will be completed by 30 September 2014.	30/09/2015	Sourcing	<p>The Sourcing and Supply Chain Department was created on 1 October 2018. The newly formed Department is currently initiating a reorganization that will clarify roles, responsibilities and accountabilities and will ensure the effective use of available procurement and supply chain management resources. The Sourcing and Supply Chain Department will address this following the reorganization.</p> <p><b>Target Date: 30 June 2019</b></p>
GF-OIG-17-016	 <p>Planning and Management of Consultants</p>	Recommendation 1	<p>As part of the ongoing Procurement Improvement Plan and Strategic Workforce Planning Initiative, the Secretariat will implement:</p> <ul style="list-style-type: none"> <li>-detailed guidance and training to business departments on use of consultants, including a process for determining departmental consulting requirements, and analyzing all related options;</li> <li>-process for consolidation of consulting needs, management review and decision-making reporting and oversight;</li> <li>-consultant management process defining roles and responsibilities for key aspects, including resource planning, options analysis, bidding and selection, contract management, compliance monitoring, and performance management;</li> <li>- enhanced controls on contracts-related administrative and contractual requirements;</li> <li>-standard processes for consultant background checks (for individual consultants) and performance checks, and recording their assignment performance in a central repository.</li> </ul> <p>The Secretariat will also perform an analysis of costs, benefits and risks for existing long-term consultants, and compare them with those for staffing options, to determine the way forward.</p> <p>The new HR software (WorkDay) will record and report all administrative, and contractual information on consultants and the Secretariat will explore options to enhance GFS to enable, in sync with WorkDay, automated extraction and analysis of critical consultant data for strategic decision-making.</p>	31/03/2018	Sourcing	<p>The Sourcing and Supply Chain Department is currently conducting meetings with Finance and Administration and the Human Resources Department. The aim of these meetings is to align all Departments and to integrate the planning and management of Consultants into our Strategic Workforce Planning initiative. The Sourcing and Supply Chain Department will address this following the reorganization.</p> <p><b>Target Date: 30 June 2019</b></p>

# Sourcing Processes

Sourcing improvements needed on forecasting and strategic initiatives such as WAMBO

S e c r e t a r i a t	GF-OIG-17-021	Audit of the Wambo.org platform - Progress against the business case, key risks and current implementation arrangements	Agreed Management Action 1	The Secretariat will prepare and present to the Management Executive Committee for approval a wambo.org implementation plan based on its current scope reflecting the short, medium and long-term ambitions. This will include (i) a value proposition with clear linkages to market shaping strategy and organization procurement and supply chain management strategies and plans (once completed); (ii) an updated business case; (iii) an updated organizational structure where relevant; and (iv) updated key success metrics.	30/06/2018	Sourcing	The Sourcing and Supply Chain Department presented the comprehensive wambo.org implementation plan to the MEC on 24 February 2019. The MEC approved the plan and this AMA will be closed soon.  <b>Target Date: 31 March 2019</b>
							

# Management of High Risk Operating Environments

## Need for guidance enabling more effective management of COEs

The Secretariat had a limited policy framework to guide or support grant management in high risk environments. This has resulted in inconsistent identification or classification of high risk countries, and in gaps or inconsistencies in response to the identified issues. This includes missing systems to track and regularly monitor countries with additional safeguards, and periodically assess to determine exit times, as well as mechanisms to assess fiscal agent needs and manage their performance and contracts.

### Progress has been made:

- For issues arising before TRP approval of grants, the Secretariat has approved an Operational Policy Note for COEs, standardizing identification of COE countries and incorporating related budget requirements in their funding application;
- For emergencies arising after TRP approval, the Country Teams will be able to present operational changes to grants for more agile response, and the Portfolio Performance Committee (PPC) Terms of Reference are currently being updated to reflect this revised process, which should be finalized by the end of March;
- Contingency planning for tackling emergencies is being piloted in a country, with work in progress on in-country discussions and approval;
- Systems to track ASP countries have been developed in GOS;
- Fiscal agent management systems, including need assessment, contract management and performance assessment, have progressed. Automation modules are part of AIM project deliverables, and are expected to be completed in Q1 2019.

### Following gaps remain, mainly due to delayed action taken on them so far:

- Processes and tools to support contingency planning by grant management and implementers are under development;
- OPN revisions to ensure systematic monitoring and assessment of ASP countries have not yet been affected. Further, with recent changes in risk management OPNs and policy framework, as well as other processes and work streams, the revisions in ASP approach and systems have to be reflected throughout all these documents and mechanisms, to ensure consistency throughout.

# Management of High Risk Operating Environments

## Need for guidance enabling more effective management of COEs

Secretariat

<p>GF-OIG-17-002</p> 	<p>Global Fund Grant Management in High Risk Environments</p>	<p>Agreed Management Action 1</p>	<p>The Secretariat will develop:</p> <p>a) Operational Policy Note for Challenging Operating Environments (COEs) that clarifies the process for classification of countries as COEs including further sub-classifications and the flexibilities available to the countries and how such flexibilities are approved.</p> <p>b) Guidance for contingency planning for countries facing crisis and emergencies.</p>	<p>30/06/2017</p>	<p>Grant Management</p>	<p>A differentiated approach for COEs should allow for faster reprogramming to shift into emergency response. The COE OPN in place since January 2017 provides one avenue for this, requesting CTs present alternative implementation arrangements and operational changes in case of emergencies during TRP approval. For emergencies that are not captured during TRP approval, an approach for emergency situations is in development as part of the Portfolio Review Committee process. Through an Executive Portfolio Review, Country Teams will be able to present operational changes to grants for more agile response. Input from partners would be included prior to senior management decisions being made. These changes will be included in the Portfolio Performance Committee (PPC) Terms of Reference, which are being updated currently and should be finalized by the end of March.</p> <p>In addition to the above, the COE Support Team developed a contingency planning methodology, based on approaches taken by humanitarian partners. This methodology was piloted in the Central African Republic in June 2018. This operational document aims to provide: i) contextual information, ii) analysis on the humanitarian impact, and iii) proposed actions, mitigating measures and actors to be involved in case of an emergency.</p> <p><b>Target date: 31 March 2019</b></p>
<p>GF-OIG-17-002</p> 	<p>Global Fund Grant Management in High Risk Environments</p>	<p>Agreed Management Action 2</p>	<p>The Secretariat will:</p> <p>a) Develop a system to track countries under the Additional Safeguard Policy (ASP) through its Grant Operational System.</p> <p>b) Update the Operational Policy Note on ASP to clarify the processes for regular monitoring and review of countries under the Policy and revoke it where appropriate.</p>	<p>31/12/2017</p>	<p>Grant Management</p>	<p>The first bullet is completed, as ASP is now captured in the new Grant Operating System. The Secretariat has recognized the need to revise the OPN, as this was last done well before formalized risk management was integrated with grant management processes. Because risk management at the Global Fund has matured significantly in the interim the Secretariat now prefers to take a holistic view, making implementation of this piece more complex than originally envisaged in the AMA. The OPN and related processes are currently under review by a cross-functional working group, with revision to be completed in Q2 of 2019.</p> <p><b>Target date: 30 June 2019</b></p>

# Effectiveness of IT Controls

## Limited risk management for cloud computing

**March Update:**  
IT AMA now closed

O  
I  
G

This AMA is outstanding due to delay in the procurement of software and its implementation, which is expected to be completed in Q2 2019. Significant progress has been registered on all aspects of this AMA. The only main outstanding element is that the procured disaster recovery and backup solution has not yet been tested in a live production environment. Configuration and testing in a development/ pilot environment has been completed and the results look promising. However, until live production rollout is done, the related risks (of recurrence of historical IT issues) remain unmitigated.

S  
e  
c  
r  
e  
t  
a  
r  
i  
a  
t

GF-OIG-17-013	Cloud Computing Agreed at the Global Fund Management Action Effectiveness of IT 3 Controls	<p>The Secretariat will improve the management of IT risks by identifying the potential cloud computing risks, assess their impact and institute measures to mitigate them.</p> <p>The identified risks will be mitigated through:</p> <ul style="list-style-type: none"> <li>o The Sourcing Department's enforcement of existing procedure to ensure that the Legal and IT Departments are engaged in reviewing all future cloud related IT contracts.</li> <li>o A review of the feasibility of amending the two contracts to address the identified gaps and to institute alternative measures to address the gaps if the contract negotiation outcome is not favorable.</li> <li>o The use of measures such as the Enterprise Architecture Board to ensure that a disaster recovery plan is developed for the two IT applications identified in the review. The plans will be tested by the Global Fund's IT Department in coordination with the cloud service providers. The disaster recovery tests, which are executed twice a year, will ensure that the Secretariat data are not lost and remain accessible within the agreed service levels.</li> <li>o A review, at a minimum every two years, of third party certifications for the three identified applications and follow up on any findings that may pose a risk to the Global Fund.</li> <li>o Improvements in the process to monitor user activities through the identification of up to three activity exceptions to be monitored. The implementation of an alert mechanism to flag those exceptions on critical functions. This mechanism will be rolled out in a staggered manner across the identified cloud applications</li> </ul>	30/09/2018	IT	<p>IT has completed the implementation of the 4th and 5th points. Sourcing department has given the rationale for closing point #1. The evidence for the 3 has been shared with OIG. Points 2 and 3 are related to the Disaster recovery of Microsoft platform (mainly SharePoint). Given the contract with Microsoft could not be amended after multiple discussions, IT took a decision to procure a 3rd party tool (AvePoint Backup) to perform backup and disaster recovery activities. The combined product selection, procurement process and legal alignment on Terms &amp; Conditions were finally completed January 2019.</p> <p><b>Target Date: 31 March 2019</b></p>
---------------	--	--	------------	----	---

# Assurance Over In-Country Activities

## The mandate of assurance providers in country require further clarification

O  
I  
G

The auditing guidelines are currently under a comprehensive revision process, with inputs from implementers and other stakeholders, including the OIG, already consolidated. The revised guidelines are expected to be rolled out by Q2 2019. However, until the new policy is rolled out, the implementers' external audits will not be covering the review of internal controls as part of their audit, and assurance on the adequate design and operational effectiveness of these controls will remain low.

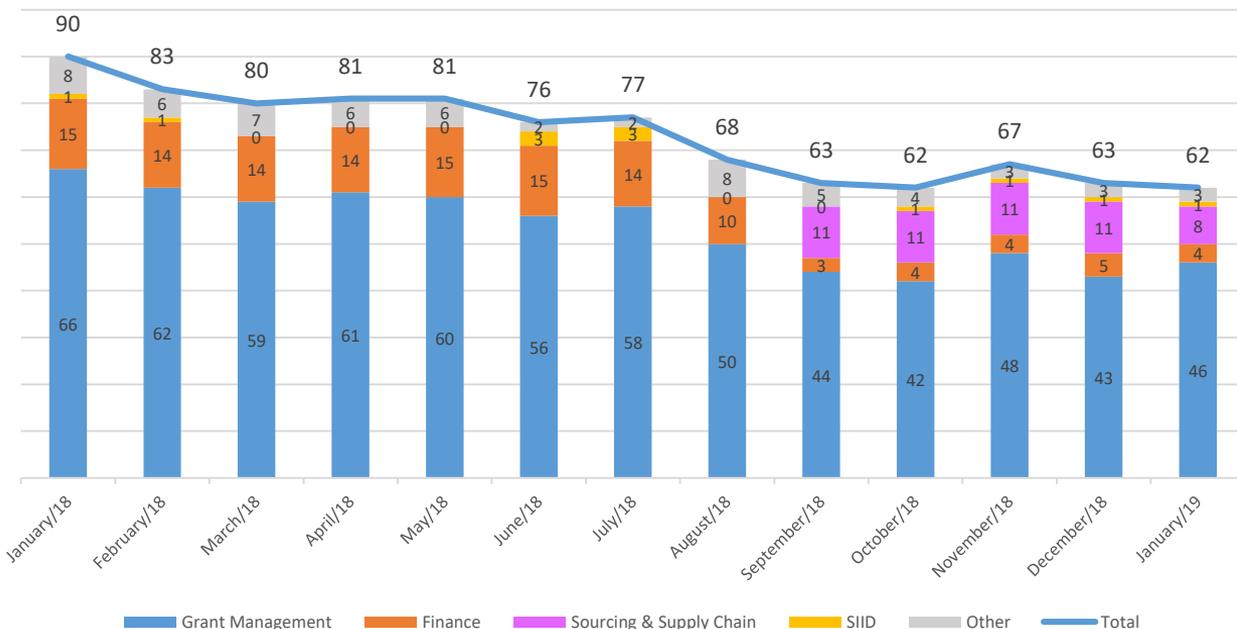
S  
e  
c  
r  
e  
t  
a  
r  
i  
a  
t

GF-OIG-17-026	Global Fund In-Country Assurance	Agreed Management Action 4	The Secretariat will revise the auditing guidelines to strengthen the review of internal controls as part of the external audit.	30/09/2018	FISA	<p>The revised auditing guidelines have been drafted and has been shared for internal consultation. on top of the opinion on the financial statements, the guidelines stress the review of the internal control as one of the main objective of the financial audit at Principal Recipient and key Sub-Recipients levels.</p> <p><b>The document is expected to be approved by end of Q1 2019 and rolled out during the second quarter of the year.</b></p>
---------------	----------------------------------	----------------------------	--	------------	------	---

# Total Open AMAs

## As of January 31<sup>st</sup>, 2019

Total Open AMAs



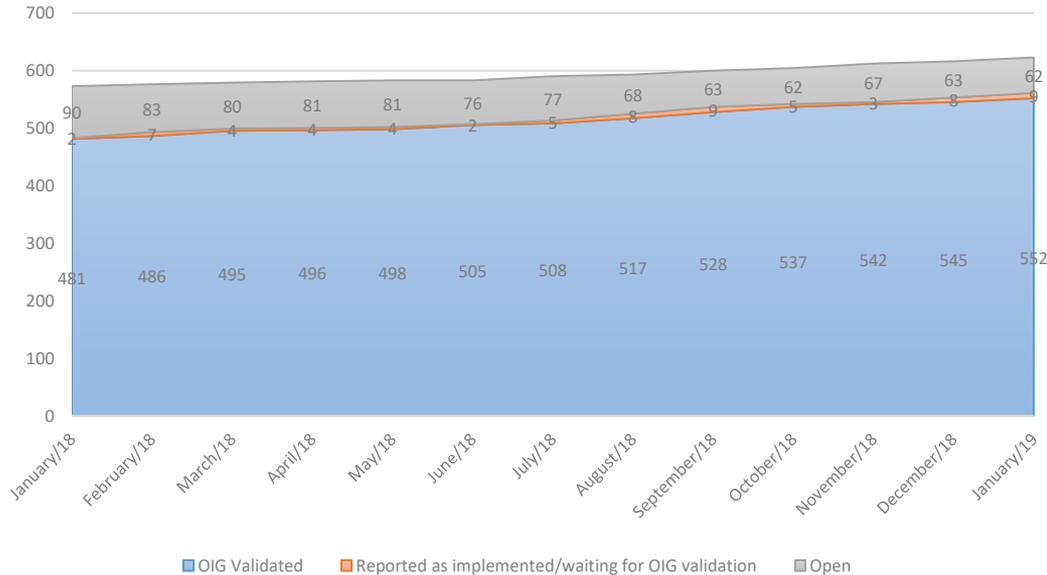
Since August 2018, open AMAs have dropped by 6.

**March Update:**  
79 AMAs are currently open

# Cumulative AMA Implementation Progress

As of January 31<sup>st</sup>, 2019

Cumulative Implementation Progress



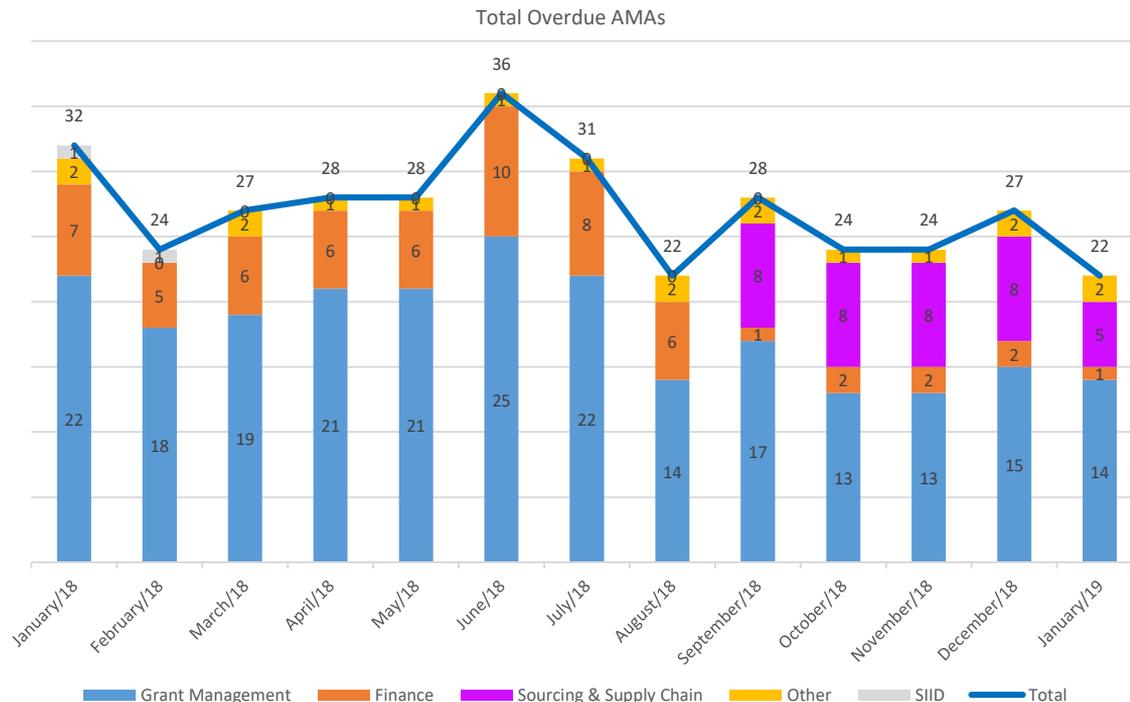
- KPI C.4: 31% of AMAs were implemented by the Secretariat by their due date between 1 January 2017 and 31 December 2018. 86% met at some point (on time and later)

**March Update:**

79 AMAs are currently open  
5 AMAs reported as implemented

# Total Overdue AMAs by Secretariat Owner

## As of January 31<sup>st</sup>, 2019



**March Update:**  
27 AMAs are currently overdue

## Section 2: Highlighted Current AMAs for AFC Consideration

# ORR #1: Program Quality

GF-OIG-18-021 	Global Fund Grants to the Republic of Kenya	Agreed management action 5	The Secretariat in collaboration with the KCM, National Treasury and partners will agree on an appropriate framework which takes into consideration different options for implementing Global Fund grants in a devolved setting, in line with Global Fund guidelines. This will include a plan for a phased or pilot approach based on agreed criteria.	Kenya	31/12/2019
GF-OIG-18-021 	Global Fund Grants to the Republic of Kenya	Agreed management action 1	The Secretariat, in collaboration with partners, will engage and follow up with the National Treasury and the National TB Program to develop an action plan / roadmap for implementation of the TB strategic initiatives. Specifically, this plan will include implementation arrangements for: a) The expansion of TB case detection and reporting in the private sector; b) The interventions aiming at improving and monitoring active case findings at facility and communities; c) The challenge fund and pay for performance initiatives.	Kenya	31/12/2019
GF-OIG-17-006 	Audit of Global Fund Grants to the Republic of Mozambique	Agreed Management Action 1	The Secretariat and partners will conduct a national sample based follow-up study to track and determine the status of lost-to-follow-up cases of people on anti-retroviral treatment in selected sites.	Mozambique	31/12/2018
GF-OIG-17-028 	Audit of Global Fund Grants to the Republic of Zambia	Agreed Management Action 1	The Secretariat will work with the Ministry of Health and key stakeholders to monitor implementation of the new grants. Specific focus will be given to activities to improve: a) diagnostic capacity; b) HIV and TB testing and referral; c) ART patient monitoring; d) MDR TB outcomes; and e) malaria vector control outcomes.	Zambia	31/12/2019

**Rationale:** Program Quality is a key risk in the organizational risk register, and is also one of the three grant-facing risks that the Global Fund has prioritize to reduce in the risk appetite framework. Program quality risks directly hamper grant impact and effectiveness, and are particularly relevant for larger, high-impact portfolios such as the ones highlighted above.

# ORR #2: M & E Systems, Data Availability, Quality & Use

<p>GF-OIG-17-023</p> 	<p>Audit of the Global Fund Grants in the Republic of Mali</p>	<p>Agreed Management Action 2</p>	<p>The Secretariat will work with the Principal Recipients and National TB, HIV and Malaria programs to:</p> <ul style="list-style-type: none"> <li>• Develop M&amp;E plans for the TB, HIV, malaria programs that describe clearly:             <ul style="list-style-type: none"> <li>o the data quality assurance processes to be conducted prior to data reporting to next levels, taking into account the new DHIS-2 system;</li> <li>o the monitoring system that allows for prompt corrective action when data quality issues are identified, including assignment of accountability for such actions;</li> <li>o the tools for tracking progress against findings and recommendations from supervision/monitoring missions.</li> </ul> </li> <li>• Develop an operational plan to improve the availability and use of HIV and TB laboratory equipment and supplies, which addresses distribution and inventory management of supplies (with a rapid alert system), maintenance procedures, recording and reporting of results.</li> </ul>	<p>Mali</p>	<p>01/01/2019</p>
<p>GF-OIG-18-019</p> 	<p>Guinea IBBS Investigation</p>	<p>Agreed management action 5</p>	<p>The Secretariat will develop operational guidance based on its Data Use for Action and Improvement framework that describes the policy and guidance for IBBS and similar surveys to ensure quality products and accurate results and to address potential risks of data fraud.</p>	<p>Guinea</p>	<p>31/03/2019</p> <div style="border: 1px solid red; padding: 5px; width: fit-content;"> <p><b>March Update:</b> AMA now closed</p> </div>

**Rationale:** Data quality is one of the key grant-facing risks prioritized in the organizational risk appetite framework. Issues for critical portfolios have been prioritized, and are most commonly related to lack of tailored and user-friendly data reporting tools, and weak data monitoring, quality assurance and follow-up.

# ORR #5: Grant-Related Fraud & Fiduciary

GF-OIG-18-005 	Follow-up Audit of Global Fund Grants to the Federal Republic of Nigeria	Agreed Management Action 2	The Secretariat will perform the following actions that relate to the work of Fiscal Agents: <ul style="list-style-type: none"> <li>• Review the terms of reference of the Fiscal Agent to identify areas where the agent can be more efficient and effective and make amendments where deemed necessary.</li> <li>• Implement a quality assurance and monitoring system that outlines the oversight activities/due-diligence required from the fiscal agent and the Country Team supervision and compliance approach.</li> <li>• Develop a corporate approach on the performance management of Fiscal Agents and communication protocol on the periodic performance reviews.</li> </ul>	Nigeria	31/03/2019
GF-OIG-18-011 	Global Fund Grant in Papua New Guinea – Non-Compliant Expenditures in Malaria Grant	Agreed Management Action 1	To address the financial assurance weaknesses identified in this report, the Secretariat is working with PSI to: 1) Implement revised internal control procedures at headquarters and country level <sup>1</sup> , in form and substance acceptable to the Global Fund; 2) Optimize the flow of accounting data between its headquarter and country level systems to facilitate timely assurance of grant expenditures; and 3) Propose how the agreed revised internal control procedures will be harmonized across all Global Fund grants managed by PSI. The Secretariat will conduct sample testing of the revised internal control procedures by the AMA target date.  <sup>1</sup> Across the entire GF portfolio	Papua New Guinea	30/06/2020

**Rationale:** Strong financial management systems and controls are key for effective grant implementation and safeguarding donor investments. Gaps were identified in Nigeria, the largest Global Fund portfolio, in effectiveness and efficiency of fiscal agent work. As a result, improvements in fiscal agent's TORs and implementing a quality assurance and monitoring system over their activities were required. In addition, a corporate approach on performance management of fiscal agents, including periodic performance reviews, was recommended to ensure their effectiveness across all portfolios. Further, in case of PSI, a key PR in various Global Fund portfolios, an investigation identified weak HQ-level controls on central procurement and other activities. The control improvements resulting from the PNG investigation are cross-cutting and span across the broader PSI portfolio of GF grants.

## ORR #8: Quality of Health Products

GF-OIG-18-010 	Proactive Investigation of Procurements of Non-Compliant HIV Rapid Diagnostic Testing Kits	Agreed Management Action 1	The Secretariat will clarify the Secretariat's Quality Assurance mandate, including the necessary activities, roles and responsibilities.	Sourcing	30/06/2019
--	--	----------------------------	---	----------	------------

## ORR #10: Transition

GF-OIG-18-017 	Transition Management Processes at the Global Fund	Agreed Management Action 2	The Secretariat will reinforce its approach to monitoring transition grants by providing formal guidance to Country Teams to ensure that an appropriate combination of standard programmatic indicators and relevant Work Plan Tracking Measures are systematically and consistently included in performance frameworks for transitioning grants. This will include ensuring that relevant Work Plan Tracking Measures, tailored to each country context, effectively and consistently incorporate the most essential and prioritized aspects of transition grants and transition work-plans (as applicable).	Grant Management	31/03/2019
--	--	----------------------------	---	------------------	------------

**Rationale:** The proactive investigation on non-compliant rapid diagnostic test kits detected gaps in the quality assurance mandate and activities of the Secretariat. Given the cross-cutting nature of quality assurance processes across the portfolio of health commodities procured by the Global Fund, weaknesses in these processes can increase the risks that procured health commodities and supplies may not meet quality standards. This, in turn, could impact quality of treatment across in the GF grants.

For the Transition audit, one of the audit objectives was the adequacy of key processes to operationalize the transition component of the STC policy. This included, access to funding, grant making, grant implementation and monitoring processes. A more tailored approach for monitoring transitions grants is required and this is a cross-cutting issue that impacts all transition grants.

# ORR #14: Internal Operations

GF-OIG-18-009  	Data Management at the Global Fund	Agreed Management Action 1	As planned in the Data Governance Committee work plan for 2018 and 2019, the Secretariat will continue the ongoing work and by 30 June 2019 will have in place: <ul style="list-style-type: none"> <li>• An enterprise-wide data management strategy that builds on the existing design framework;</li> <li>• Data catalogue for corporate data sets and their owners and stewards; and</li> <li>• Data management policies and processes, including             <ul style="list-style-type: none"> <li>o Risks identified and related controls; and</li> <li>o Defined accountabilities, roles and responsibilities.</li> </ul> </li> </ul>	Grant Management	30/06/2019
--	------------------------------------	----------------------------	--	------------------	------------

**Rationale:** The Global Fund is dependent on the availability of reliable and high quality data to make critical business decisions. The 2017 – 2022 Strategy also emphasizes the use of data to measure and maximize impact. Thus, the management and the quality of data are critical to ensure that the Global Fund can operate effectively and achieve its strategic objectives. This AMA addresses improvements in Secretariat processes related to data governance, accountability and ownership for data quality.

# ORR #15: Integrated Grant Policies, Processes, Systems & Data

GF-OIG-18-022  	Grant Oversight in Focused Portfolios	Agreed Management Action 1	<p>The Secretariat will conduct a review of the current model and approach for focused portfolios and develop options to drive further impact and efficiency in the operating model. This will take into account considerations of risk, cost/benefit, impact and efficiency and include development of options for:</p> <ul style="list-style-type: none"> <li>• Streamlining the focused countries portfolio and operations, relevant processes and procedures,</li> <li>• Exploring opportunities and modalities for joint investments with development financing institutions, and</li> <li>• Leveraging opportunities for investment modalities focusing on results</li> </ul> <p>Recommendations from this review will be incorporated into an implementation road map to be approved by the project steering committee.</p>	Grant Management	31/12/2019
--	---------------------------------------	----------------------------	--	------------------	------------

**Rationale:** The Secretariat has recognized the need to effectively tailor internal resources and processes for different portfolios in order to maximize impact against the three diseases. Accordingly, it undertook in 2016 a major strategic initiative to differentiate grant management processes and allocation of resources based on portfolio size and disease burden. However, despite the reduction in some of the grant management requirements for Focused portfolios, the overall grant management operating model has not significantly changed and the related processes and controls across the funding cycle remain unsimplified.

# ORR #16: Risk Management and Internal Controls

GF-OIG-17-010 	Global Fund Risk Management Processes	Agreed management action 5	In conjunction with the Chief of Staff and Ethics Officer, the Secretariat will establish procedures for measuring and reporting the status of compliance of all key controls of key business processes.	Risk Management	31/12/2018
--	---------------------------------------	----------------------------	--	-----------------	------------

**Rationale:** This AMA was aimed at identifying and prioritizing the key controls within the Global Fund policies and procedures, and then laying down a mechanism for measuring and reporting on their compliance. The Secretariat has opted for a more comprehensive review of policy framework, and has identified the key processes within the universe of 53 Secretariat business processes. The Secretariat is now in the process of defining key measurements for their compliance, reporting triggers, lines and periodicity, and actions and accountabilities. This work is likely to be completed by Q2 2019. The Secretariat is in the process of developing a plan for phased rollout of the compliance monitoring and reporting mechanism for prioritized processes over the remaining 2019 and 2020. A follow-up of the progresses on such a holistic exercise by the AFC would complement the Secretariat's own efforts.