

Audit Report

Managing Ethics and Integrity at the Global Fund

GF-OIG-19-016
18 September 2019
Geneva, Switzerland

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Audit Report

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Advisory Report

OIG advisory reports aim to further the Global Fund mission and objectives through value-added engagements, using the professional skills of the OIG auditors and investigators. The Global Fund Board, committees or Secretariat may request a specific OIG advisory engagement at any time. The report can be published at the discretion of the Inspector General in consultation with the stakeholder who made the request.

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OIG investigations examine either allegations received of actual wrongdoing or follow up on intelligence of fraud or abuse that could compromise the Global Fund mission to end the three epidemics. The OIG conducts administrative, not criminal, investigations. Its findings are based on facts and related analysis, which may include drawing reasonable inferences based upon established facts.

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1. Executive Summary

1.1. Opinion

Since its inception in 2002, the Global Fund has continuously worked to develop a strong ethics and integrity culture, recognizing the importance of ethics and integrity in achieving its mission. This audit considered a broad range of risks with an ethical component, including organizational culture, corruption, conflicts of interest, interpersonal misconduct, regulatory breaches and activities that may undermine the Global Fund's mission, as well as other risks such as misuse of social media. The audit covered the adequacy and effectiveness of the Ethics and Integrity Framework across Global Fund structures and processes within governance bodies, the Secretariat and operations including implementers and suppliers. The audit covered not only the Ethics Office but the entire Global Fund Secretariat, including the front-line business units, the risk management functions, and independent oversight functions, all of which play an important role in managing and overseeing ethics. As such, the findings extend beyond the role played by the Ethics Office.

In 2014, the Global Fund developed an Ethics and Integrity Framework which lays the foundation and principles for managing ethics and integrity risks and issues. In 2016, the Global Fund recruited an Ethics Officer, who has a dual reporting line to the Board and the Executive Director. The Ethics Officer's roles are to independently advise, support, monitor and report on ethics and integrity matters, and to work with stakeholders to embed ethics and integrity into their processes, including through communications and training. At the Board level, a dedicated committee, the Ethics and Governance Committee, oversees ethics-related matters. However, metrics to assess the progress in implementing key components of the Ethics and Integrity Framework are under- developed, making it difficult for the committee to gauge the Secretariat's progress and course correct where necessary. At Secretariat level, while certain roles and responsibilities in managing ethics are clearly defined, others require clarification to enable effective and timely implementation of the Ethics and Integrity Framework. The governance and oversight of ethics-related matters is therefore rated as **partially effective**.

The Global Fund has developed various Policies and Codes of Conduct to support the rollout of the Ethics and Integrity Framework. These were developed at different times and in isolation from each other. Consequently, some key ethics and integrity requirements are not covered within the policy landscape, and inconsistencies exist. Most of these gaps have been self-identified by the Ethics Office, which initiated measures to address them prior to the audit. The structures, policies and codes are **partially effective**.

The Secretariat has made reasonable efforts to address ethics risks at the Global Fund, such as through the development and approval of the Policy to Combat Fraud and Corruption (PCFC). The first 18 months of the policy's implementation have focused on addressing key gaps, such as implementation of the Integrity Due Diligence framework and the Code of Conduct for Country Coordinating Mechanisms. Overall, however, the approach to implementing the policy across the Secretariat and Global Fund operations has been relatively unstructured. As a result, while ethics and integrity risks are reasonably managed at the Board and Secretariat level, significant improvement is required in addressing issues relating to suppliers and implementers. The processes and controls for identifying, mitigating and monitoring ethical issues are rated as **needing significant improvement**.

In assessing the overall progress made by the Global Fund in managing Ethics and Integrity, the OIG referenced the Ethics and Compliance Initiative's (ECI) 'High quality ethics and compliance program measurement framework', which uses a five-point scale in assessing maturity of ethics and compliance programs. The overall maturity of managing ethics and integrity at the Global Fund falls

between ‘defining’ (level 2) and ‘adapting’ (level 3), based on the ECI measurement framework¹ as detailed in finding number 1. This assessment considered the unique context of Global Fund.

1.2. Key Achievements and Good Practices

Structures and frameworks have been designed to support oversight and management of ethics and integrity risks. The Global Fund has established a dedicated committee to ensure that the appropriate standards of ethical behavior are adhered to by the Global Fund and its stakeholders. An Ethics Officer has been appointed to provide support and advice, reporting to the Board’s Ethics and Governance Committee and to the Executive Director. Reporting arrangements enable the Ethics Officer to escalate issues directly to the Committee where relevant.

The Global Fund has designed an Ethics and Integrity Framework outlining the key values and principles for managing ethics and integrity. This framework is supported by various policies and codes which are in the process of being updated. These structures and policies have laid a strong foundation to support the management of ethics and integrity.

Improvement in managing conflicts of interest – Members of the Global Fund’s Board and Committees include donors, implementers and civil society, all of whom have distinct interests in the activities of the organization. While beneficial to the Global Fund, this arrangement can inadvertently cause actual or potential conflicts of interest in the decision-making process. As mitigation, governance officials, staff and suppliers must regularly declare all conflicts of interest. Since 2015, the Secretariat has improved the process for declaring and managing conflicts of interest, and additional measures are underway to further refine the process. Completion rates for declarations of interests (DoI) by Board members have improved significantly, from 76% in 2014² to 100% in 2019³. From June 2019, the Ethics Office will be rolling out an automated centralized system for the declaration of interests.

Ongoing initiatives to operationalize the Ethics and Integrity Framework: The Ethics Office is leading several initiatives to support the implementation of the framework and its underlying policies. The Global Fund developed an Integrity Due Diligence (IDD) framework in 2018, which is expected to contribute to effective identification and management of ethics and integrity risks. A Code of Conduct for Country Coordinating Mechanism members is being rolled out by the Ethics Office and the Secretariat.

1.3. Key Issues and Risks

Improvements required in oversight and monitoring of ethics and integrity. There are limited milestones and deliverables with specific timelines to enable the Ethics and Governance Committee (EGC) to monitor the Secretariat’s progress in implementing the Ethics and Integrity Framework and related policies. While the EGC oversees ethics-related matters in general, the Audit and Finance Committee’s remit includes fraud and corruption, a material component of the Ethics and Integrity Framework. However, clear roles and responsibilities between the two committees in relation to fraud and corruption have not been fully defined.

The Ethics Officer’s terms of reference include monitoring the effectiveness of existing systems and procedures to integrate ethics and integrity into Global Fund operations. However, the Ethics Officer has not established the relevant mechanisms to monitor and coordinate with key structures such as

¹ Based on the five principles (Strategy, Risk Management, Culture, Speaking up and Accountability) of the ECI Framework of analysis for a High-Quality Program (HQP). The HQP framework is used with ECI’s permission. More information can be found at: Ethics & Compliance Certification Institute’s *Principles and Practices of High-Quality Ethics & Compliance Programs: Report of ECI’s Blue Ribbon Panel*. (2016, Vienna, VA: ECCI.)

² GF-OIG-14-008 Governance Review, 2014

³ As reported by Ethics Officer for the May 2019 Global Fund Board meeting, GF/B41/13

the Sanctions Panel and the Executive Grant Management Committee, which deals with fraud and corruption by implementers and their suppliers.

Roles and responsibilities for ethics and integrity processes across the Secretariat not fully designed. Roles and responsibilities for implementing some key components of the Ethics and Integrity framework and its related policies have not been defined. As a result, the rollout of certain key activities has been delayed. For instance, incorporating fraud risk assessments into key business processes, to ensure the controls are fit for purpose as envisaged in the PCFC, has not been performed. This is partly because roles and responsibilities have not been assigned. Along with the limited maturity of the various departments in managing ethics and integrity issues, this has contributed to the Ethics Office, which was set up to play an oversight and advisory role, playing a management role in several instances. While it is right that the Ethics Office actively supports various departments and initiatives, the Ethics function also needs to oversee and monitor the management of ethics and integrity; additional resources directed to implementing initiatives will affect its ability to deliver its core mandate. Hence, the focus of Ethics Office resources needs to be reviewed.

Limited implementation in some key components of the Policy to Combat Fraud and Corruption. Many strong elements of an anti-corruption program are already in place at the Global Fund. Since its inception, several policies, codes, charters and mechanisms have been put in place as critical building blocks of the organization's anti-corruption framework. However, the need was also recognized for an overarching policy to both set a strong organizational tone and provide a comprehensive and structured risk-based approach to combating fraud and corruption. In 2017, the Secretariat developed the Policy to Combat Fraud and Corruption to ensure a comprehensive response to related risks. The implementation plan envisaged under the policy has not been formalized within the Secretariat and at Board level. While some key components of the policy are being implemented, several key elements remain outstanding, with no timelines to roll out those components. The Global Fund has fraud detection measures, but more effort is needed in designing prevention controls based on fraud risk assessments and accountabilities across the Secretariat for performing these roles.

The Secretariat has defined the scope and timelines for implementing the IDD framework across all departments, except for the Grant Management Division and its counter parties, including grant implementers. The Secretariat performs capacity assessment of implementers in line with defined criteria, however this assessment does not sufficiently address IDD risks. This limits the Secretariat's ability to identify, monitor and mitigate Ethics and Integrity risks at implementer level. In line with the Global Fund's business model, integrity and ethics issues at implementer level are difficult to manage and will require more time to be addressed. As the main business of the Global Fund is carried out by implementers, across various countries and with different risk profiles, inadequate IDD of grant implementers could expose the organization to unknown risks.

1.4. Rating

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|--|
| Objective 1: Governance and oversight of Ethics and Integrity Framework |
| Adequate governance and oversight structures are in place for ethics and integrity at the Board and Secretariat. However, the effectiveness of these structures has been affected by a lack of clear accountabilities and performance indicators, resulting in delayed implementation of key initiatives. |
| Rating: Partially effective |
| Objective 2: Structures, policies and code of conducts to operationalize the Ethics and Integrity Framework |
| The Global Fund has an Ethics and Integrity Framework as well as policies and codes of Conduct to support its implementation. However, the policies and codes of conduct have been developed at different timeframes, and in isolation of each other, resulting in inconsistencies and limitations in implementing the framework. |
| Rating: Partially effective |
| Objective 3: Processes and controls for identification, mitigation and monitoring of ethical issues. |
| The Ethics Office and the Secretariat have made efforts to address fraud and corruption risks at the Global Fund, notably through the development and approval of the various policies. While the Policy to Combat Fraud and Corruption and the Integrity Due Diligence Framework are adequate in design, material components and divisions have not yet been operationalized. |
| Rating: Needs significant improvement |

1.5. Summary of Agreed Management Actions

Six management actions have been agreed to address the challenges identified in the audit. The Ethics Officer, in consultation with the Secretariat, will define the target maturity level for the Ethics Program using ECI's framework, and use this as an input to work planning and the Ethics Officer's annual opinion. The accountabilities for managing, monitoring and overseeing a defined set of Ethics and Integrity risks will be reviewed and clarified. This will include a proposal for Committee oversight responsibility for specific risks, for decision by the appropriate body.

The Secretariat will finalize a comprehensive risk-based implementation plan that will subsequently operationalize the PCFC. The plan will define the scope and timelines of the key activities, related accountabilities and processes to monitor compliance with the policy

The Ethics Office will complete the review of Codes of Conduct and Policies within the Ethics and Integrity Framework and the ongoing IDD project, such that a risk-based approach is applied to all categories of Global Fund counterparties, including implementers and suppliers.

The Ethics Officer and Head of Human Resources department will prepare a paper reviewing misconduct investigation mandates and required resources across the Global Fund, and proposing options for decision by the relevant Committees, and if necessary the Board. This will incorporate input from the Office of the Inspector General.

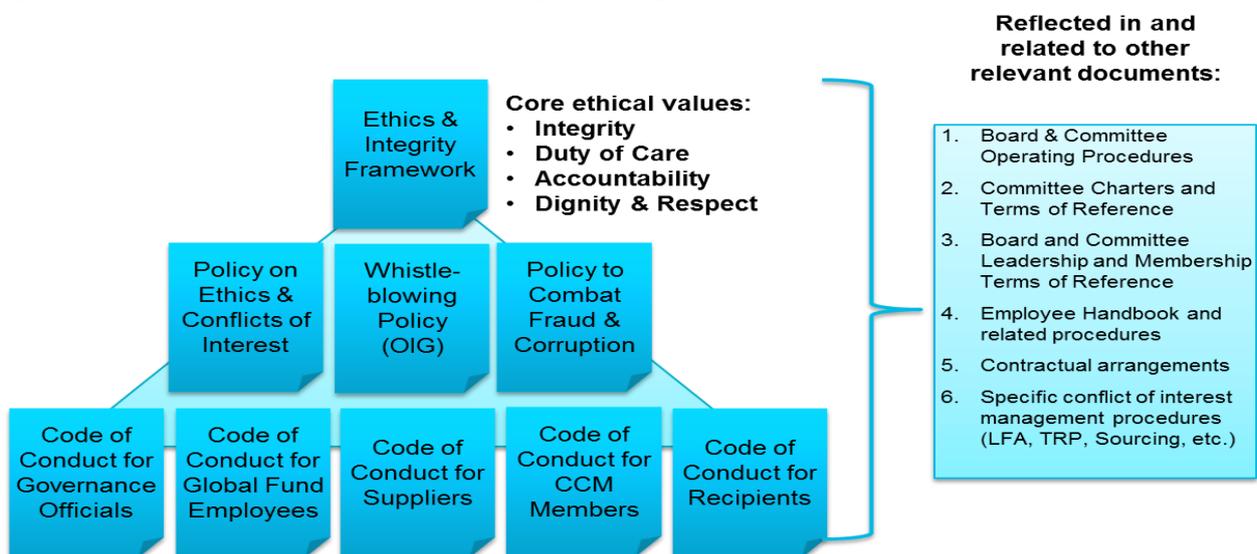
2. Background and Context

2.1. Evolution of Ethics and Integrity at the Global Fund

The Global Fund’s management of Ethics and Integrity has continuously evolved. At the third Board Meeting in 2002, a [Policy on Ethics and Conflict of Interest](#)⁴ was approved. This mainly related to the ethics and conflicts of interest of Governance officials and Global Fund staff. As the Global Fund has matured, various supporting Codes of Conduct have been developed, including the [Codes of Conduct for Global Fund suppliers](#) and [recipients](#) in 2009 and 2012, respectively.

In August 2013, the Board agreed to develop comprehensive ethical principles in the functioning of the Global Fund, including the Board, as part of the Ethics and Integrity initiative⁵. The initiative considered that a strong ethical foundation was essential to good governance and would improve confidence in the Global Fund. This led to the development and approval of the [Ethics and Integrity Framework](#) in November 2014⁶. The existing Global Fund policy landscape, as presented by the Ethics Officer to the Ethics and Governance Committee in 2018, is illustrated below:

Figure 1: The Global Fund Ethics and Integrity Landscape⁷



The Global Fund has a broad Ethics and Integrity Framework which is supported by three different policies – Policy on Ethics & Conflict of Interest, Whistle-Blowing Policy, and Policy to Combat Fraud and Corruption. These policies are underpinned by codes of conduct for various stakeholders. The requirements in the above policies are included in relevant documents, as highlighted on the right-hand side.

Oversight of Ethics and Integrity matters at the Global Fund

The Ethics and Governance Committee (“EGC”)⁸ is responsible for Ethics matters at Board level. Its mandate as per its charter is to oversee:

- Adherence by the Global Fund and its stakeholders to appropriate standards of ethical behavior as described in Global Fund policies and codes of conduct.
- Implementation of the procedures and operations related to the Global Fund governance structure and its core governance functions.

⁴ GF/B03/DP10

⁵ GF/B32/18

⁶ GF/B32/DP09

⁷ GF/EGCo7/18

⁸ GF/B34/DP07

2.2. The Global Fund Ethics Office

The Ethics Office for the Global Fund was formally established in May 2016. Prior to this, ethics and integrity-related matters had been overseen by the Global Fund's Legal Department. The Ethics Office has three full time staff members, including the Ethics Officer who has a dual reporting line to the Global Fund's Executive Director and to the EGC. The Ethics Office also engages consultants to support specific activities as needed. Its annual budget is approximately US\$1.5 million, including staff costs.

The Ethics Office's remit encompasses the Global Fund's governance and advisory bodies, Secretariat, grant implementers, Country Coordinating Mechanisms and third-party suppliers. The Ethics Officer provides an annual opinion to the Board through the EGC, outlining the maturity of the organization in managing Ethics and Integrity Risks, and underlying challenges.

The Ethics Office has established a case management process to support its core activities. Cases received by the Office include requests for advice, and reports or allegations of misconduct from stakeholders, including governance officials, staff and implementers. The cases vary widely, from provision of advice to longer term investigation of complex governance matters, such as conflict of interest and conduct of officials. Cases are classified as:

- Conflicts of interest: This includes advice, assessment and mitigation of institutional and individual conflicts of interest inherent in appointments or engagements external to the Global Fund role, gifts, hospitality, awards and decorations in relation to all covered individuals;
- Conduct: This covers concerns about behaviors, including management style and respect for colleagues or potential misconduct, across the codes of conduct for governance officials, employees, suppliers and recipients;
- Ethics advice on ethical dilemmas and matters such as procurement and partnerships;
- Policy, procedure and contract advice, where it has an impact on the Ethics Office remit.

Between January and December 2018, the Ethics Office handled a total of 245 cases, including 124 matters reported through Declarations of Interest.⁹

2.3. The Office of the Inspector General

The Office of the Inspector General (OIG) plays a key role in the Global Fund's Ethics and Integrity Framework. Its mission is to provide the Global Fund with independent and objective assurance over the design and effectiveness of controls or processes in place to manage the key risks impacting the Global Fund, including the controls and processes to ensure ethical behavior in the Global Fund's operations and programs. The OIG is also responsible for providing mechanisms for whistle-blowers to report all irregularities in Global Fund programs and for investigating alleged prohibited practices in those programs, as defined by the PCFC. The OIG's mandate does not include investigation of internal employee relations matters or alleged ethical breaches that are managed by the Ethics Office and Human Resources Department.

Notwithstanding the OIG's important oversight role in the overall organizational ethics architecture, actual implementation of a comprehensive ethics framework remains a front-line management responsibility, including: strong tone at the top; proactive identification of ethics-related risks; design of robust control processes, including both preventive and detective controls, to mitigate those risks; ongoing monitoring of those controls and timely response to correct identified weaknesses and exceptions; and continuous learning and improvements to enhance the overall organizational ethics framework.

⁹ GF/EGCo9/09

3. The Audit at a Glance

3.1. Objectives

The audit sought to provide reasonable assurance on the adequacy and effectiveness of the Global Fund's Ethics and Integrity Framework and related management processes. Specifically, the OIG assessed the:

- Governance and oversight of the Ethics and Integrity Framework including:
 - The Secretariat's internal governance and coordination mechanisms
 - The Board and related committees' oversight of ethics and integrity processes
- Structures, policies and codes of conduct to operationalize the Ethics and Integrity Framework
- Processes and controls for identification, mitigation and monitoring of ethical issues

3.2. Scope and Methodology

This audit included a review of the processes, procedures and systems relevant to the Ethics and Integrity Framework, through:

- Interviews with Global Fund Board leadership, Board and selected Committee members, and other external stakeholders;
- Interviews with Global Fund Secretariat staff from relevant divisions and departments;
- Review of relevant policies, procedures and codes of conduct applicable to ethics and integrity;
- Review of relevant documentation, such as ethics and integrity-related training, code of conduct compliance processes, declaration of interests, ethics cases and due diligence activities.
- Review of Global Fund governance mechanisms related to ethics and integrity, including the Board and relevant committees.
- Review of the Secretariat's internal processes, including the Private Sector Engagement Committee and the Sanctions Panel.

This audit considered a broad range of risks that have an ethical component, including organizational culture, corruption, conflicts of interest, interpersonal misconduct (bullying, harassment, exploitation), regulatory breaches (confidentiality, personal data protection, sanctions), incompatible activities that may undermine the Global Fund's mission (human rights abuses, environmental breaches, labour breaches) and other risks such as misuse of social media.

The audit covered the adequacy and effectiveness of the Ethics and Integrity Framework across Global Fund structures and processes at the governance bodies, the Secretariat and operations including implementers and suppliers.

The audit covered the entire Global Fund Secretariat, including front-line business units, the risk management functions, and independent oversight functions, all of which play an important role in managing and overseeing ethics. The audit also looked at the roles and responsibilities for prevention, detection and response to ethics risks, covering policies and procedures, training, monitoring, reporting, investigations and oversight.

The audit period is from 1 January 2017 to December 2018.

4. Findings

4.1. More progress is required to mature and embed the Ethics and Integrity Framework at the Global Fund

The Ethics and Compliance Initiative (ECI), a community of organizations which have developed guidance on ethics and compliance matters, has developed a framework to allow organizations to assess the effectiveness of their ethics programs. This framework is based on five principles: Strategy, Risk Management, Culture, Speaking up and Accountability. In conjunction with these principles, the ECI has developed a measurement framework to provide guidance on measuring the maturity of each of the five principles, using a five-point maturity scale: under-developed, defining, adapting, managing, and optimizing.

The OIG assessed the progress made by the Global Fund against each of the five principles in line with the ECI's measurement framework, considering the unique context of the organization:

Principle 1: Strategy - Ethics and compliance is central to business strategy. There are established structures at the Board and the Secretariat to oversee and manage Ethics and Integrity matters. The Ethics Office was created and resourced to monitor and play an advisory role in managing Ethics at the Global Fund. The roles and responsibilities of the various departments in implementing the Ethics and Integrity Framework are not fully defined. Hence, rollout of the various ethics and integrity initiatives is mostly dependent on the Ethics Office, which is resourced to oversee and monitor implementation, as noted in Finding 4.2. This principle is **defining**¹⁰ as per the ECI framework.

To reach the next stage of maturity, improving committee oversight of ethics and integrity matters needs to be considered, including the Secretariat defining milestones to enable the Committee to monitor progress in implementing the Ethics and Integrity framework. The Ethics Office's strategic positioning and resourcing will need to be evaluated. At the Secretariat, ethics and integrity will need to be embedded into operations, and senior management should be accountable for ethics and integrity matters. See finding 4.2 for details.

Principle 2: Risk Management - Ethics and Compliance risks are owned, managed and mitigated. The Global Fund has an enterprise risk management process, owned by the Chief Risk Officer, which involves engagement with various stakeholders, including the Ethics Officer. Identified risks are monitored through the operational risk register (ORR), which includes Ethics risks and mitigating actions; the ORR is discussed regularly by the Management Executive Committee and presented to the Board twice a year. The Secretariat has defined an Integrity Due Diligence framework (IDD), with a rollout plan for all departments except for the Grant Management Division. This principle is at the **defining**¹¹ stage.

To further mature in this area, the Secretariat will need to continue to embed fraud risk assessments into internal processes and grant design, as envisioned in the Policy to Combat Fraud and Corruption. It also requires defined milestones for rolling out the IDD framework at implementer level, which is currently missing. See findings 4.4 and 4.5.

Principle 3: Culture - Leaders at all levels across the organization build and sustain a culture of integrity. The Global Fund has defined policies and codes of conduct for most key stakeholders, albeit with inconsistencies and gaps. The Secretariat has trained 88% of staff and selected external stakeholders on codes of conduct and conflicts of interest. The Secretariat performs a staff engagement survey to understand organizational culture; following this, heads of divisions and

¹⁰ For Principle 1: Strategy, defining is described as "Ethics and compliance is established, but is not embraced by the organization and operates tactically".

¹¹ For Principle 2: Risk management, defining is described as "A formal risk assessment structure is established and operating in a few departments or functions, but operates tactically".

departments are assigned specific action plans to improve the culture in their teams. Leadership training on ethics, diversity and respect is being organized for all people managers at the Global Fund. Per the ECI framework, this principle is at the **adapting**¹² stage.

To improve its maturity, the Secretariat should consider addressing the inconsistencies and gaps in the existing ethics and integrity-related policies and codes of conduct, and improve monitoring of adherence of the codes and polices.

Principle 4: Speaking up - The organization encourages, protects and values the reporting of concerns and suspected wrongdoing. The Global Fund has a Whistle-blower Policy which includes provisions on retaliation. A hotline is in place to receive allegations of fraud and corruption.

The Ethics Office has established a case management process. However, 70% and 50% case files reviewed for 2018 and 2017 were not adequately maintained and therefore did not allow for effective evaluation of the adequacy and timeliness of responses. The Global Fund has an Ombudsman from whom staff informally receive independent guidance or advice. The Ombudsman's annual report, shared with the Board and available to all staff, includes an analysis of cases received, but the report is not discussed by the EGC.

This principle is at the **adapting**¹³ stage. Although the new Case management system rolled out from January 2019 will facilitate more thorough documentation of cases reported by stakeholders and enable effective responses to those cases, to further mature, the Ethics Office should consider improving the quality of information recorded for cases. Secretariat staff engagement surveys have consistently identified a perception of fear of speaking up; better understanding of this issue, and designing actions to address it, will improve maturity in this area.

Principle 5: Accountability - The organization acts and holds itself accountable when wrongdoing occurs. The Human Resources department, Ethics Office and the OIG conduct investigations. There are established structures to address confirmed wrongdoing by suppliers and staff. The list of sanctioned suppliers is not however adequately maintained, increasing the risk of re-engaging such entities without appropriate due diligence. While the Secretariat has processes to approve program implementers and to recover misappropriated funds, there is no established process to identify individuals and entities involved in misconduct in grant implementation or country coordinating mechanisms activity, to ensure that they are not subsequently engaged elsewhere. See finding 4.5 for details.

Accountability is at the **adapting stage**¹⁴ on ECI's framework. To mature further, consistency of the disciplinary action taken needs to be tracked and reviewed, and the Secretariat will need to institute measures to prevent the re-engagement of sanctioned suppliers without due processes, and develop mechanisms to sanction implementers that go beyond the recovery of funds.

Agreed Management Action 1:

The Ethics Officer, in consultation with the Secretariat, will define the target maturity level for the Ethics Program using the ECI framework, and use this as an input to work planning and the Ethics Officer's annual opinion.

Owner: Ethics Officer

Due date: 31 October 2020

¹² For Principle 3: Culture, adapting is described as "Leaders are beginning to embed ethics and compliance program with accountability assigned for key ethics and compliance risks".

¹³ For Principle 4: Speaking Up, adapting is described as "A formal employee speaking up/reporting structure is partially embedded, but more progress is needed".

¹⁴ For Principle 5: Accountability, adapting is described as "The organization communicates applicable standards and outcomes to employees and has established escalation, tracking and investigative protocols, including measures to ensure consistency of consequences and basic root cause analysis.

4.2. Improvements required in oversight and monitoring of the Ethics and Integrity Framework

The Global Fund has established structures at the Board and Secretariat levels to oversee ethics and integrity risks and issues. The effectiveness of these structures has been affected by limited clarity in accountabilities and performance milestones, resulting in delayed implementation of key initiatives.

The EGC's annual work plan focuses on Ethics, Governance, and Oversight. Based on an analysis of the past three committee meetings, its discussions and decisions are in line with its charter. However, there are gaps in the oversight of ethics-related matters:

- The Global Fund has developed frameworks and policies to support the management of Ethics and Integrity Issues. However, not all milestones to support their effective implementation and oversight have been defined. For example, the Board approved the Policy to Combat Fraud and Corruption (PCFC) in November 2017 and required the Secretariat to develop an implementation plan for the policy. This implementation plan is yet to be finalized as of August 2019, partly because no timelines were set for its rollout, and key components of the Policy remain outstanding (see finding 4.3). The Committee has not followed up on the implementation of the Policy since its approval. Similarly, while some elements are being measured, there is no overall key performance indicator framework in place to measure implementation and maturity of the Ethics and Integrity Framework. In the absence of this, the EGC provides oversight on ethics and integrity based on the updates provided by the Ethics Officer, which relate mainly to case volumes, training and status of projects conducted by the Ethics Office.
- An overlap of responsibilities between the EGC and AFC is contributing to cross-cutting issues not being appropriately addressed. The current PCFC policy delegates oversight matters relating to the policy to both the Audit and Finance Committee (through its oversight of audit, investigations, finance and risk management activities, which includes fraud and corruption) and the EGC (through its oversight of the Ethics and Integrity Framework, which also includes fraud and corruption). However, no clarity has been established on how cross-cutting issues related to fraud and corruption are managed at Committee level. This includes the referral, discussion and oversight of fraud and corruption risk from one committee to another. This gap was noted as a concern by committee members in the 2017 committee self-assessment.
- Reporting of Ethics and Integrity issues to the committees has been in silos, with no structured coordination mechanism to enable the Committee to gauge the overall culture of the organization. The sanctions panel reports on its activities to the EGC, while the Human Resources department reports to the AFC. The Ombudsman issues an annual report that is shared with the Board and all staff, but not with the EGC. There is no mechanism to analyze the trends from these reports and their impact on the overall culture of the organization.

Monitoring ethics and integrity at Secretariat level. The Global Fund has taken several steps to operationalize the Ethics and Integrity Framework. For example, significant efforts have been made on communication, training and awareness. Within the secretariat, 652 staff attended interactive Code of Conduct sessions in 2018. In addition, a Code of Conduct and Values training session is provided to new staff, consultants and interns during onboarding training. For operations, the Ethics Office has performed conflicts of interest management training for 16 suppliers.

Nevertheless, the monitoring of ethics and integrity risks and issues by the Secretariat requires improvement in the following areas:

Roles and responsibilities for ethics and integrity at the Secretariat: The Secretariat has defined roles across teams, but some require improvement. The roles and responsibilities for implementing some components of the Ethics and Integrity framework and related policies have not been defined, delaying the rollout of certain key activities. For instance, the practice of embedding fraud risk

assessments into design and evaluation of key business processes, to ensure controls target the highest risks of fraud and are fit for purpose, has not been taken up. This is partly because responsibilities have not been assigned.

The Ethics Office is resourced to oversee and monitor the management of ethics and integrity. However, it performs additional responsibilities in operationalizing policies and codes of conduct, affecting its ability to deliver on its core mandate. Direct involvement in the implementation of these initiatives also reduces its ability to oversee and monitor relevant activities at the Secretariat, and to independently advise the EGC on their progress. Hence, the strategic positioning of the Ethics Function and related resourcing will have to be evaluated as the organization matures and roles become better defined.

Monitoring and oversight by the Ethics Office: The Office's mandate includes monitoring the effectiveness of existing systems and procedures for integrating ethics and integrity into Global Fund operations. However, effective structures and processes do not yet exist to perform this role effectively, due in some cases to limitations in the mandate. For example:

- The Ethics Office does not receive information from or participate in key supervisory and disciplinary structures that address ethics-related matters. These include: The Sanctions Panel (which advises the Executive Director on remedies for supplier misconduct), staff disciplinary panels (which assess and propose remedies on staff misconduct) and the Executive Grant Management Committee (which deals with fraud and corruption for implementers and their suppliers). The EGMC has sanctioned some local suppliers since 2016 without the involvement of the Ethics Officer. Similarly, the Secretariat reinstated sanctioned suppliers in December 2017, following a recommendation from the sanctions panel, without engaging with the Ethics Officer. The Ethics Officer does not receive formal updates on the activities of all these structures. As such, the Ethics Office lacks sufficient visibility and oversight of key ethics and integrity-related matters to be able to effectively work with the Secretariat on mitigation measures, and to report to the Board as per its terms of reference.
- In line with many similar organizations, the Ethics Office reports to both the Executive Director and the EGC. This enables the Ethics Office to escalate issues directly to the EGC when needed. However, the Ethics Officer's Terms of Reference do not include certain key aspects typically found in peer organizations, such as the authorities and privileges required to perform the role, the protection of confidential information, including the identities of informants and whistle blowers, and the Ethics Officer's right to access relevant information, with related limitations. Many of the gaps in the Ethics Officer's Terms of Reference were self-identified prior to the audit fieldwork.

The absence of these key aspects limits the effectiveness of the office and its role in implementing the Ethics and Integrity Framework.

Agreed Management Action 2:

The Chief of Staff, in collaboration with the Ethics Officer and Secretariat stakeholders, will review and where necessary clarify the accountabilities for managing, monitoring and overseeing a defined set of Ethics and Integrity Risks. This will be integrated into existing mechanisms, and will include a proposal for Committee oversight responsibility for specific risks, for decision by the appropriate body.

Owner: Chief of Staff
Due date: 31 July 2020

Agreed Management Action 3:

The Ethics Officer and Head of Human Resource Department will prepare a paper reviewing misconduct investigation mandates and required resources across the Global Fund, proposing options for decision by the relevant Committees, and if necessary the Board. This will incorporate input from the Office of the Inspector General. The terms of reference of the various functions will be updated, as needed, based on the decisions by the relevant Committees.

Owner: Chief of Staff

Due date: 31 December 2020

4.3. Inconsistent policies, codes of conduct and guidance affect the implementation of the ethics and integrity framework

The Global Fund has developed an Ethics and Integrity Framework as well as policies and codes of conduct to support its implementation. However, the policies and codes of conduct have been developed at different timeframes, and in isolation of each other; this has led to inconsistencies or gaps in implementing key ethics and integrity requirements, hindering the effectiveness of the framework. The Ethics Officer reported these issues to the Ethics and Governance Committee in 2018 and has planned a comprehensive review of the policies and codes of Conduct in 2019.

The broader Ethics and Integrity Framework was developed much later than many of the supporting ethics and integrity-related policies and codes of conduct. For example, the Global Fund Conflicts of Interest Policy was developed and revised six years before the Ethics Framework. The Code of Conduct for Suppliers and the Code of Conduct for Global Fund Recipients were developed five and two years, respectively, before the framework.

Figure 2: Development and recent updates of ethics and integrity-related Policies and Codes of Conduct.



Inconsistencies in guidance. The development and rollout of ethics and integrity-related policies and codes of conduct in an ad-hoc manner has created inconsistencies and conflicting guidance within the Ethics and Integrity Policy Landscape. For example, the organization's approach to accepting gifts differs between the different Policies and Codes of Conduct, creating confusion:

- Accepting gifts is prohibited under the Conflicts of Interest Policy. Exceptions are made if the value of each gift is under US\$20 and the aggregated value of gifts does not exceed US\$50.
- Accepting gifts is prohibited in the Code of Conduct for Country Coordinating Mechanisms.
- Accepting gifts is allowed, provided they are of a nominal value, in the Code of Conduct for Governance Officials.
- Accepting gifts is allowed, provided it is disclosed to the Global Fund, in the Code of Conduct for Global Fund Recipients.

The Global Fund has many stakeholders who often play multiple roles in line with its business model. The OIG recognizes that ethical requirements may be tailored to different stakeholders, but there is no guidance on which requirement should be applied where a stakeholder undertakes multiple roles.

Coverage of key ethics and integrity risks. Existing policies and codes of conduct do not comprehensively cover all relevant ethics and integrity issues which the organization is exposed to, as illustrated in Figure 3 below:

| Code/issue not covered | Harassment | Bribery & Facilitation | Confidentiality of information | Use of Social Media | Discrimination | Retaliation |
|------------------------|------------|------------------------|--------------------------------|---------------------|----------------|-------------|
| Suppliers | X | √ | √ | N/A | √ | X |
| Code for Governance | √ | X | √ | X | √ | √ |
| Grant Recipients | X | √ | X | N/A | √ | X |
| GF employees | √ | √ | √ | X | √ | √ |
| Whistle blower policy | √ | √ | √ | N/A | X | √ |

KEY: √ Covered
X Not covered
N/A Not applicable

Figure 3: Summary of key issues missing from various codes

Inconsistencies and gaps in coverage of key requirements and stakeholders within the Ethics and Integrity landscape create ambiguity on the expected behaviors and conduct of some key Global Fund stakeholders.

Agreed Management Action 4:

The Ethics Office will complete the review of Codes of Conduct and Policies within the Ethics and Integrity Framework, considering and addressing inconsistencies and gaps to good practice.

Owner: Ethics Officer
Due date: 30 June 2020

4.4. Limitations in implementing the Policy to Combat Fraud and Corruption

The Ethics Office, in collaboration with the Secretariat, has made efforts to address ethics and integrity risks at the Global Fund, notably through the development and approval of the Policy to Combat Fraud and Corruption and the Integrity Due Diligence Framework. While the Policy is adequately designed, material components and divisions have not yet been operationalized.

In 2017, the Secretariat developed the Policy to Combat Fraud and Corruption (PCFC) to ensure a comprehensive response to related risks. The Board approved the PCFC in November 2017 and asked the Executive Director to develop an implementation plan. Under the policy, the Executive Director is requested to periodically report to the Board through the Ethics and Governance Committee on the implementation of the PCFC, as part of regular updates under the Ethics and Integrity Framework.

However, the implementation plan envisaged under the policy to enhance the risk-based Anti-Corruption Program has not been finalized, resulting in an incomplete approach to rolling out the policy and its related anti-corruption framework. The implementation status of the main components of the comprehensive anti-corruption framework envisaged in the PCFC are:

- *Fraud and Corruption Risk Assessment:* The policy recognizes that fraud and corruption apply not only to financial management, but to other areas such as governance and program quality. It requires the Secretariat to conduct fraud and corruption risk assessments, but this has not been fully operationalised. Fraud risk is performed at the grant level, focusing largely on fiduciary risks. Fraud and corruption risks have not been assessed for processes such as Secretariat internal operations, corporate procurement, and in-country data. In the absence of this assessment, the Ethics Office has been working with Grant Management country teams and implementers to better understand the landscape, and design anti-corruption mechanisms and controls based on risk. To date, work has been completed in Liberia, Guinea Bissau, and Sierra Leone. The Ethics Office has plans to pilot this approach on a country-by-country basis before rolling it out to the entire Global Fund portfolio.
- *Accountability and incentive:* The accountability, roles and responsibilities for implementing the PCFC have not been fully defined. This policy affects all aspects of the Global Fund business and the absence of fully defined accountabilities to roll out these various aspects is contributing to delays in its operationalization. For instance, the implementation plan and the comprehensive fraud risk assessment have not been performed, partly because accountabilities have not been assigned.
- *Policies, procedures and controls:* There are ongoing initiatives to enhance existing policies and procedures. The Ethics Officer's annual opinion highlights three ongoing, related projects – a review of the Policies and Codes of Conduct, the implementation of the Country Coordinating Mechanism Code of Conduct, and the implementation of the Integrity Due Diligence Framework. The Ethics Office self-identified gaps in existing policies and procedures to prevent and combat fraud. The Ethics Officer has initiated a revision of the Ethics and Integrity landscape, including the framework and supporting policies and codes of conduct, which is expected to be completed by mid-2020, as outlined in section 4.3.
- *Training and Communication:* The OIG has organized an “I Speak Out Now!” campaign on fraud triggers and reporting measures for Global Fund staff and selected implementers. The Ethics Office had trained 88% of Secretariat staff on the code of conduct as of December 2018 and the Board¹⁵ on ethics and conflict of interest. However, a consolidated view of anti-corruption training for key stakeholders such as Country Teams, Local Fund Agents and grant implementers is not possible. There has not been any targeted training and awareness for anti-fraud and corruption (as required by the PCFC) for key stakeholders such as Country Teams, Local Fund

¹⁵ Board members, Board alternates, focal points, board meeting participants during the 40th Board Meeting in November 2018

Agents and grant implementers. This is due to roles and responsibilities for training on anti-corruption not being clarified between the Secretariat, Ethics Office and the OIG.

- *Whistle-blowers and investigations:* The Global Fund has a Whistle-blower Policy, and a hotline to receive allegations of fraud and corruption. The OIG, Ethics Office and the Human Resource departments conduct investigations as and when appropriate. However, there are challenges in following up cases between the HR and Ethics Office.
- *Response - enforcement and sanctions:* The Global Fund has adopted a zero-tolerance approach towards prohibited practices, responding appropriately when these are detected. Options available to the Global Fund include disciplinary action, recovery of funds, termination or freezing of grants, and debarment of suppliers. The Global Fund has established staff disciplinary procedures and a Sanctions Panel to handle misconduct related to staff and suppliers respectively. However, the list of sanctioned suppliers is not adequately maintained, increasing the risk of re-engagement of those suppliers without appropriate due diligence, as highlighted in section 4.5.
- *Reporting to the Board:* Fraud and corruption-related matters are currently reported to the Board by the OIG and the Audit and Finance Committee. The Ethics Officer also provides an annual opinion to the Board through the Ethics and Governance Committee. The Ethics Officer's annual opinion highlights three ongoing projects under the PCFC: Policies and Code of Conduct Review, implementation of the Country Coordinating Mechanism Code of Conduct, and implementation of the Integrity Due Diligence Framework. However, overall progress on implementation and compliance with the policy has not been reported to the Board.

The absence of a comprehensive approach to fraud risk assessment in Secretariat operations and grant program management limits the organization's ability to holistically assess fraud risks and proactively take appropriate measures to mitigate the risks without excessively impacting programmatic delivery.

Agreed Management Action 5:

The Secretariat will finalize a comprehensive risk-based implementation plan that will subsequently operationalize the PCFC. The plan will define the following:

- a) the scope and timeline for the implementation of the various components of the policy, including updating the corruption risk assessment and control design process;
- b) the specific accountabilities for the various components and activities, including the resource requirements if any;
- c) processes to monitor compliance with the policy.

Owner: Chief of Staff

Due date: 30 June 2020

4.5. Control weaknesses in prevention, detection and response to ethics and integrity risks and issues

The Secretariat has taken several steps to develop and implement ethics-related controls. These include the approval of an integrity due diligence (IDD) framework, processes to manage conflicts of interest, and sanctions procedures to address supplier misconduct. However, some control weaknesses in IDD for key business processes and sanctions procedures limit the Global Fund's ability to prevent, detect and respond to ethics and integrity risks and issues.

Various anti-fraud and anti-corruption policies, procedures, and controls are applied across all actors in the Global Fund environment. However, gaps were noted in the following areas:

Prioritization and rollout of IDD framework and screening of private sector partners and suppliers – The Global Fund Secretariat developed and approved an Integrity Due Diligence framework in 2018. The framework defines IDD as the process of gathering and analyzing information to evaluate the extent to which a counterparty might expose the Global Fund to integrity risk. It is expected to contribute to effective identification and management of ethics and integrity risks, with a focus on the counterparties that pose the highest risk. However, there are gaps in its prioritization and rollout.

Improvement required in prioritization and rollout of the IDD framework. The Secretariat has defined scope and timelines for implementation of the IDD framework across all departments, except the Grant Management Division and its counter parties, such as implementers. The Grant Management Division was not involved in the corporate wide IDD risk assessment and there is no established timeline to perform the assessment. As the main business of the Global Fund is carried out by implementers in various countries and with different profiles, inadequate IDD over these activities exposes the organization to ethics and integrity risks. The Grant Management Division has existing compensating measures such as implementer capacity assessments, but in their current form these do not adequately address IDD risks. In the absence of a clear implementation plan for IDD for Grant Management, ad hoc requests for IDD assessments on implementers are performed by the Ethics Office.

With respect to implementer compliance with Global Fund policies on Ethics and Integrity, the Secretariat has embedded ethics and integrity clauses into grant agreements with Principal Recipients (PRs). Most PRs include similar requirements in their contracts with sub-recipients, but sub-recipients do not include such requirements in contracts with their suppliers. The Secretariat is yet to define how it will monitor implementer compliance with key tenets of the PCFC, as part of the implementation plan. This will require a differentiated approach based on the maturity of controls and processes at implementer level, and cost-benefit considerations.

Screening of private sector partners needs improvement: Recognizing that private sector engagement could give rise to reputational risk, the Secretariat has developed Private Sector Engagement (PSE) guidelines including due diligence on private sector partners. These were recently updated, incorporating lessons learnt from the past three years. The IDD process at the PSE is the most matured, but a few areas could be further strengthened. Screening guidelines focus on the primary partner entity and do not cover the screening of related parties. Related parties for three out of five partners were not evaluated as part of the screening process, or treated as risks. In consequence, publicly available negative news and industry risk involving the related parties were not considered in the decision to engage the partners.

Gaps in monitoring integrity-related risks for Global Fund suppliers. The Global Fund is one of the largest buyers of bed nets in the world. In 2016, the Secretariat appointed an independent integrity monitor to facilitate industry engagement and reduce the risks of fraud and corruption among bed net manufacturers. This was expected to facilitate greater accountability and transparency for bed

procurement and represented a significant milestone for the organisation in monitoring anti-fraud and corruption. However, the Secretariat does not monitor the contract execution. As a result, the development of a project work plan and its implementation, as required in the contract, has not been provided by the independent integrity monitor for 2018 and 2019.

The Secretariat is in the early stages of reinstating an initiative called “Responsible Procurement”¹⁶ to design measures to monitor activities of significant service providers, such as manufacturers of antiretroviral and anti-malaria medicines.

Managing conflicts of interest: Conflict of interest risk is inherent in the Global Fund model. Membership of the Board and its Committees includes donors, implementers and civil society representatives, all with distinct interests in the activities of the organization. While the Global Fund derives significant benefit from this arrangement, it can create potential or actual conflicts in the decision-making process.

Recognizing this, the Secretariat has enhanced the code of conduct for governance officials, including triggers of conflict of interest. Governance officials, eligible staff and suppliers are required to declare conflicts of interests at defined intervals. Processes around completion of declarations of interest have improved significantly since the OIG’s Governance review in 2014, and further improvements at the committee level were noted between 2018 and 2019 (as shown in Figure 4 below):

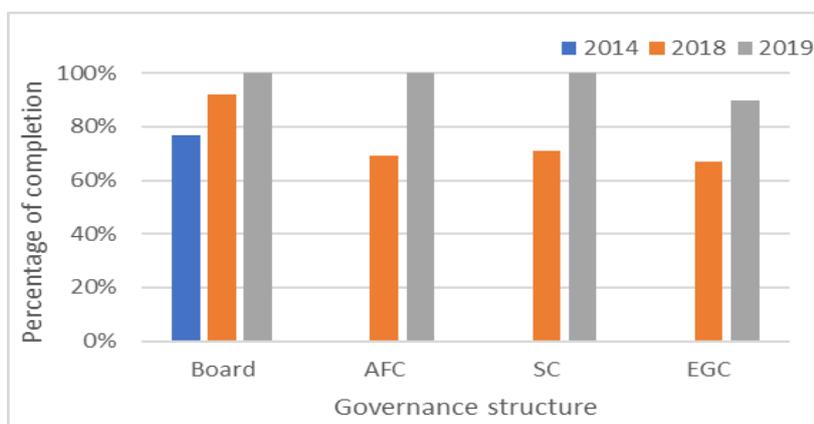


Figure 4: Completion rates for Declarations of Interest in 2014, 2018 and 2019.

The Global Fund has improved the process for declaring and managing conflicts of interest at the Secretariat level, and additional measures are underway to further refine the process. For instance, over 98% of eligible staff completed the process in 2018¹⁷. However, staff grade level C or below (who accounted for 39% of the total workforce in 2018) are not required to declare conflicts of interest. This differentiation by grade, rather than by risk or activity, may mean that certain staff who are exposed to potential significant conflicts by their role are not covered by the policy.

In March 2019, as one of the fundamental steps in managing conflicts, the Ethics Office analyzed the declarations by committee members, proactively informing committee leadership of any potential conflicts. This is expected to improve how the committee leadership manages conflict of interest.

Sanctions and enforcement: In 2014 the Global Fund instituted a Sanctions Panel, made up of independent and senior management members of the Secretariat. As of 31 March 2019, approximately 74 entities and people are on the Global Fund’s sanctioned list. A comprehensive list of sanctioned suppliers is not adequately maintained, increasing the risks of re-engaging those suppliers without appropriate due diligence. The audit found that one entity which was reinstated in December 2017 is still referred to as a sanctioned supplier as of April 2019. Two debarred suppliers

¹⁶ As part of the Global Fund’s Sourcing Strategic Meeting in October 2017, the Sourcing Team introduced the “Responsible Procurement” initiative to proactively deploy a procurement approach tailored to its end to end value chain in four elements (i.e. Economy, ecology, and society and business practices). However due to a vacancy at the CPO level, this initiative was postponed.

¹⁷ Ethics Declaration of Interest Master List, 2018

from OIG Investigations are not included on the sanction list, while the names of some suppliers are anonymized. As a result, the Secretariat risks re-engaging suppliers that have been debarred by the Global Fund sanctions process.

At the country level, key suppliers and senior management of implementers are not screened against the sanctioned lists prior to their engagement; this increases the risk of implementers engaging sanctioned suppliers and persons. For example, the OIG noted that in Pakistan, a staff member barred from working on Global Fund grants after an OIG investigation was re-engaged by the same implementer, without any due diligence or communication to the Global Fund.

Agreed Management Action 6:

The Ethics Office will complete the rollout of the ongoing IDD project, such that a risk-based approach is applied to all categories of Global Fund counterparties, including implementers and suppliers.

The accountabilities for triggering and performing due diligence and subsequent decisions based on the results will be developed.

Owner: Ethics Officer
Due date: 30 June 2020

5. Table of Agreed Actions

| Agreed Management Action | Target date | Owner |
|--|------------------|----------------|
| 1. The Ethics Officer, in consultation with the Secretariat, will define the target maturity level for the Ethics Program using the ECI framework, and use this an input to work planning and the Ethics Officer’s annual opinion. | 31 October 2020 | Ethics Officer |
| 2. The Chief of Staff, in collaboration with the Ethics Officer and Secretariat stakeholders, will review and where necessary clarify the accountabilities for managing, monitoring and overseeing a defined set of Ethics and Integrity Risks. This will be integrated into existing mechanisms, and will include a proposal for Committee oversight responsibility for specific risks, for decision by the appropriate body. | 31 July 2020 | Chief of Staff |
| 3. The Ethics Officer and Head of Human Resource Department will prepare a paper reviewing misconduct investigation mandates and required resources across the Global Fund, and proposing options for decision by the relevant Committees, and if necessary the Board. This will incorporate input from the Office of the Inspector General. The terms of reference of the various functions will be updated, as needed, based on the decisions by the relevant Committees. | 31 December 2020 | Chief of Staff |
| 4. The Ethics Office will complete the review of Codes of Conduct and Policies within the Ethics and Integrity Framework, considering and addressing inconsistencies and gaps to good practice. | 30 June 2020 | Ethics Officer |
| 5. The Secretariat will finalize a comprehensive risk-based implementation plan that will subsequently operationalize the PCFC. The plan will define the following: a) the scope and timeline for the implementation of the various components of the policy, including updating the corruption risk assessment and control design process; b) the specific accountabilities for the various components and activities, including the resource requirements if any; c) processes to monitor compliance with the policy. | 30 June 2020 | Chief of Staff |

| | | |
|---|-------------------------|-----------------------|
| <p>6. The Ethics Office will complete the rollout of the ongoing IDD project, such that a risk-based approach is applied to all categories of Global Fund counterparties including implementers and suppliers.</p> <p>The accountabilities for triggering and performing due diligence and subsequent decisions based on the results will be developed.</p> | <p>30 June 2020</p> | <p>Ethics Officer</p> |
|---|-------------------------|-----------------------|

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 work.

The principles and details of the OIG 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 auditors and the integrity of their work. The OIG 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 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 focus on issues related to the impact of Global Fund investments, procurement and supply chain management, change management, and key financial and fiduciary controls.