

THE OFFICE OF THE INSPECTOR GENERAL 2022 ANNUAL REPORT

Including an Annual Opinion
on Governance, Risk Management
and Internal Controls



WHAT IS THE OFFICE OF THE INSPECTOR GENERAL?

- We safeguard the Global Fund's assets, investments, reputation and sustainability
- We critically assess the organization's risk management, governance and internal controls
- We investigate alleged fraud, abuse, theft, corruption, sexual exploitation & abuse, and human rights violations within Global Fund programs
- We agree management actions to ensure the organization is taking the right measures and managing risks effectively in the fight against AIDS, tuberculosis and malaria
- We report to the Global Fund Board through the Audit and Finance Committee



54
Staff



28
Nationalities

Global fund languages spoken by OIG staff

English	100%	Russian	6%
French	52%	Arabic	4%
Spanish	19%	Portuguese	2%



Gender

42%
Female

58%
Male



Donor-Implementer

53%
Implementer Countries

47%
Donor Countries



OUR STAFF have on average **17 years** of experience in a wide range of professions including public accounting and assurance, risk management, health, law and law enforcement. We have worked in development banks, United Nations Agencies, government departments, public and private companies, NGOs and anti-corruption organizations.

Our staff hold a diversity of globally recognized professional certifications and qualifications, and include Certified Internal Auditors, Certified Fraud Examiners, Chartered Accountants, Risk and Project Management experts, holding degrees ranging from Masters in Public Health, to Business Administration and Law.



Learn about fraud, abuse and human rights violations

Our e-learning site, www.ispeakoutnow.org, contains a wealth of case studies, animated videos and quizzes about the different kinds of wrongdoing that Global Fund grants are exposed to, as well as a practical toolkit to help grant implementers fight fraud and corruption.

In 2022, OIG published **19 audit and investigation reports**. In line with the Global Fund's commitment to transparency and accountability, reports are available in both English and French on the [Global Fund website](https://www.globalfund.org).

HOW TO CONTACT US

If you suspect wrongdoing connected with Global Fund grants, **please tell us**. Reporting to the Office of the Inspector General is **secure and safe**, and we will keep your identity **confidential**.

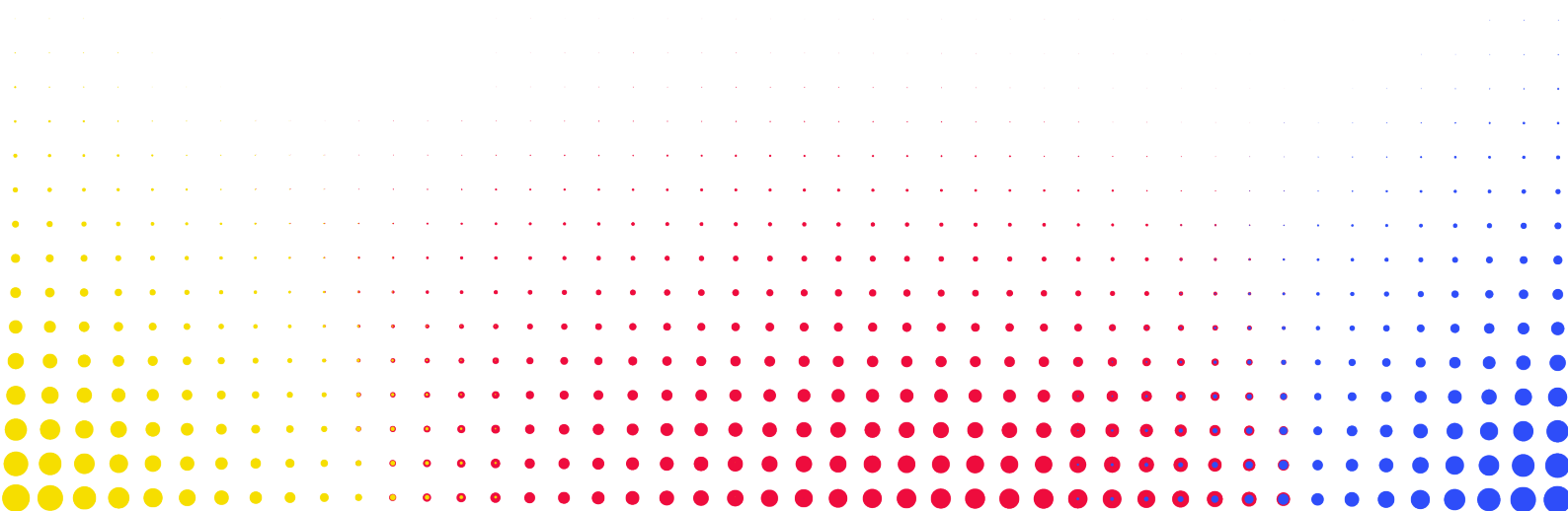
Email : hotline@theglobalfund.org

Online form: www.ispeakoutnow.org

Our reporting channels are available in English, French, Spanish and Russian.

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1. FOREWORD

Despite being hailed as a “return to normal”, 2022 proved to be one of the most challenging years in recent decades. By the end of the year, public health issues, including the COVID-19 pandemic, were quickly eclipsed by Russia’s invasion of Ukraine, the subsequent energy crisis, and the spiraling costs of living that impacted both donor and implementer countries. The confluence of so many major global risks threatens the ability of the Global Fund to deliver on its mission against the three diseases.

Over the course of 2022, the Office of the Inspector General (OIG) observed a worrying regression in our fight against malaria. In tackling HIV and TB, there was solid progress in general populations, but the same progress was not achieved in key population interventions, which experienced delayed and suboptimal implementation driven by the challenges of complex operating environments.

OIG work continues to highlight that good quality data is important in Global Fund programs. Not only is it crucial for program monitoring, but it also allows for effective decision-making at the country level. Bolstering both the use of robust health data and the interoperability between key systems drives better impact. Our audits found that data quality is undermined by inadequate supervision and assurance over key data sets.

Relatedly, the OIG noted the emergence of new risk areas such as data fraud and manipulation. This, combined with a considerable spike in allegations in 2022, reflects an increase in both the incidence of fraudulent and corrupt practices and the broadening awareness of the need to report to the OIG. It is indicative of the widening array of wrongdoing being reported, characterized by more complex cases.

The OIG also screened more allegations of sexual exploitation, abuse and harassment (SEAH) in 2022 than in previous years. This increase does not necessarily reflect an actual rise in incidence but could point to a greater awareness and willingness to report. It underscores the importance of intensifying support to those grant recipients implementing programs more vulnerable to SEAH risks. These programs, often essential in curbing new infections in the most vulnerable populations, in complex operating environments, are critical to achieving the impact we all desire.



There is a need to constantly anticipate and adapt to new and emerging risks

TRACY STAINES (SHE/HER)
Inspector General

Despite the emergence of new risks, we must not become complacent in terms of more customary fraud risks that continue to be prevalent and are not always well mitigated by measures in place at the Global Fund. In Liberia, for instance, extensive risk mitigation failed to prevent and detect systemic fraud within Global Fund programs for many years. Persistent oversight issues in Sierra Leone led to multiple frauds and disappointing audit results over the last few years, meaning that critical grant activities are yet to be implemented or have performed poorly.

It is clear from this overall picture that the Global Fund needs to constantly anticipate and adapt to new and emerging risks. The Global Fund and partnership should be very proud of securing record-breaking levels of funding in 2022 amid such challenging economic circumstances. However, this success could be short-lived if the Global Fund does not continue to innovate and to leverage its relative strengths. Increasing the Global Fund’s focus on value for money – or more “health for the money” – is critical as it becomes increasingly tough to secure public health funds. Equally, innovating and challenging where our current ways of working have proven ineffective is important, particularly for mission-critical programs or in contexts where the risk of wrongdoing is very high. Ensuring that quality medicines and health product reach beneficiaries on time is also critical for maximizing impact.

Finally, my team and I at the OIG remain ever grateful for the Global Fund Board’s unrelenting support and commitment to transparency and accountability, sending a clear message to donors and beneficiaries that the organization holds itself to the highest standards in ensuring that services reach the most vulnerable populations.

2. ANNUAL OPINION

ON GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS

The Office of the Inspector General (OIG) provides the Global Fund with independent and objective assurance over the design, effectiveness and quality of controls or processes in place to manage the main risks impacting programs and operations.

In line with its charter, the OIG issues an annual opinion on the effectiveness of the governance, risk management and internal controls, based on its engagements, including audits, investigations and follow-up of agreed management actions.

In formulating its opinion, the OIG considered:

- ▶ the results of its activities,
- ▶ the work performed by the external auditor of the Global Fund,
- ▶ the work of second-line internal functions, such as the Ethics Office and Risk Management Department,
- ▶ information from Board and Management Executive Committee meetings.

The risk-based engagements performed by the OIG in 2022, and the above information, provide a basis to support the annual opinion. This analysis takes place within the context of the inherent limitation in the methodology as highlighted below.

Methodology

OIG audit engagements are risk-based, and do not cover every business process, organizational unit or country supported by the Global Fund. Audits are selected based on a comprehensive risk assessment and a prioritized use of audit resources. In addition, each audit is supported by an engagement-level risk assessment, which is performed to ensure a focus on the most important residual risks. For investigations, when identified and reported, all allegations and complaints of fraud and abuse are triaged through a case intake process and assessed for credibility, verifiability

and materiality. Those that meet all three criteria and that are within the OIG mandate are generally investigated by the OIG, which focuses its activities on high priority wrongdoing and misconduct.

All OIG activities are conducted in accordance with its charter and applicable international professional standards. There has been no interference in determining the scope of activities, or the work performed by the OIG, or the communication of the results from its work during the period under review. The OIG has adequate resources to effectively discharge its mandate.

Opinion

Nothing that would significantly compromise the overall achievement of the Global Fund's strategic and operational objectives came to the OIG's attention in 2022. There was no indication of material weaknesses in the Global Fund's governance, risk management or control processes.

Without modifying its opinion, the OIG draws the attention of the Board, the Audit and Finance Committee and executive management to the strategic themes emerging from the OIG's 2022 engagements, presented in the following section. These issues require consideration to ensure the organization can effectively and efficiently achieve its strategic objectives.

3. SIGNIFICANT THEMES IN 2022

Our 2022 engagements have identified the following five strategic themes that require the attention of the Board, the Committees, and the Secretariat to ensure the Global Fund continues to maximize its impact.

3.1. PROGRAMS ARE ACHIEVING IMPACT, BUT SIGNIFICANT IMPROVEMENT IS NEEDED IN MALARIA INTERVENTIONS WHILE GAPS IN HIV PREVENTION AND KEY POPULATION ACTIVITIES RISK ERODING GAINS

The Global Fund continues to achieve impact with the 2022 Results Report, indicating that supported programs have saved 50 million lives, including putting 23.3 million people on antiretroviral treatment, treating 5.3 million people for tuberculosis (TB), and distributing 133 million bed nets. OIG country audits in 2022 saw evidence of this positive performance. Overall, HIV and TB programs have made substantial progress in recovering from the adverse effects of the pandemic, with some areas for improvement especially in programs for key and vulnerable populations and prevention activities. Malaria programs on the other hand are off track, with rising morbidity and mortality, in several countries audited in 2022.

For TB, the OIG found that India has demonstrated strong programmatic results with increases in treatment and case notifications. The country's HIV program has also demonstrated good results, with declining trends for HIV prevalence, new infections, and mortality. Our [Bangladesh](#) audit indicates significant progress has been made in fighting TB with an increase in case notification and a decline in mortality. Similarly, our audits in [Zambia](#) and [Tanzania](#) show significant progress across the HIV treatment cascade for adults, putting the countries either close to, on par, or ahead of, global and regional results. HIV deaths and new infections have also significantly reduced in these countries.

Despite the progress, challenges in prevention and key population activities remain. Our audits in Zambia, Bangladesh and Tanzania identified material issues in the design and implementation of key population activities that need attention, such as follow up of identified patients into treatment services.

The situation is less positive in Challenging Operating Environments (CoEs) audited in 2022 such as [Sudan](#), [Niger](#), [Congo](#) and [Madagascar](#). Significant setbacks have caused stagnation in HIV and TB programs in these countries, where considerable improvement is needed to achieve impact. In Congo, progress has declined since 2012, with performance on HIV and TB programs consistently below the regional average. Antiretroviral treatment coverage in Madagascar remains the lowest in Africa and Sudan's HIV cascade progress is stagnant. Our 2022 audit in Niger shows most planned HIV and TB grant activities were only partially implemented, or not implemented. These environments face significant challenges such as limited availability of human resources and security constraints that reduce effective program implementation. Limited differentiation and adaptation can further reduce program effectiveness. These challenges were previously reported in the OIG's [West and Central Africa Advisory](#) in 2019. In Sudan, and Niger, the OIG found that the Secretariat does not always effectively differentiate assurance processes, meaning countries continue to follow standardized processes that can undermine programmatic impact.

Malaria has the worst performance among the three diseases with a rise in mortality and morbidity across many portfolios audited. Whereas Niger shows positive progress with strong vector control, malaria diagnosis, and treatment in line with national guidelines. Performance in countries such as Zambia, Tanzania, Sudan, Sierra Leone, Congo, Madagascar and Chad have deteriorated for key malaria program indicators.

For instance, our [Zambia](#) audit revealed negative trends in malaria cases and deaths, which have increased in both relative and absolute terms since 2018, reflecting a similar trend among other countries in the region. Tanzania achieved significant progress in reducing estimated malaria-related deaths by 70% between 2015 and 2021, but has fallen short in other important targets, including bed net coverage and use (49% versus the target of 70%). The recurring higher number of dispensed anti-malaria medicines compared to the number of confirmed malaria cases in Tanzania also increases the risk of poor malaria treatment, misuse of medicines and the risk of undetected potential diversion. In Sierra Leone, the OIG found declining malaria results in vector control, diagnosis and treatment, highlighting the inability of grants to achieve intended objectives. Our audits in Congo, Madagascar and Chad found similar problems. Weak capacity of program management units (see page 10) and underlying weaknesses in health systems across the countries impacted the effective implementation of programs.

The above challenges underline the importance of maximizing the impact of Global Fund programs, as well as ensuring that countries prioritize and take ownership of disease programs. OIG audits in 2022 revealed that this has not consistently occurred, resulting in lack of government funding and delays in resolving program recommendations. For instance, the Republic of Congo met just 4% of its financial commitments as of April 2022, with no assurance of further payments during the 2020–2022 funding cycle. In 2014–2016, a similar non-fulfilment of government co-financing resulted in treatment interruption for patients on antiretroviral therapy. In Zambia, the government does not consistently honor its commitment to procure anti-malaria medicines and commodities, contributing to stock-outs.



OIG auditors discuss challenges in Tanzania for **Adolescent Girls and Young Women** programs with a peer educator

These funding gaps are likely to worsen in the next implementation period due to a widely predicted tightening of the fiscal space. This will require monitoring and validation of co-financing commitments, as well as increased transparency by the Secretariat on how commitments are honored. To date, these have been weak with varying data quality and limited delineation of roles between country teams and the Domestic Finance Team, as indicated in our [Domestic Financing for Health Advisory report](#).

3.2. POOR DATA QUALITY UNDERMINES PROGRAMMATIC MONITORING AND DECISION-MAKING

Reliable, quality, and timely data is essential for strategic and operational decision-making in Global Fund-supported programs. Given its importance, the Global Fund included objectives to strengthen data quality and systems in both the 2017–2022 and 2023–2025 funding cycles. It has invested US\$1 billion in data systems, tools and processes since 2017. Yet OIG audits in 2022 continue to identify material

weaknesses in the accuracy and completeness of strategic information and routine data used for decision-making. This undermines program quality and services to beneficiaries, ultimately threatening progress against the three diseases.

Inadequate programmatic data quality reduces performance monitoring and capacity to adapt programs to changing contexts

Significant improvements have been made to integrate HIV, TB and malaria data into national data systems; and there is increased use of health information management systems (DHIS2). Despite this progress, material data quality issues persist. In all eight countries the OIG reviewed as part of our *In-country Data Systems* audit, data quality for at least one disease component was assessed as “poor” or “very poor” following the most recent national or targeted data quality review (DQR), which includes assessment of health facility level data.

Our 2022 country audits show that the quality of program data for investment decisions and performance monitoring varied across and within different countries. In India, the OIG found a good TB data system, while the HIV program is fragmented with legacy systems. In Tanzania, the OIG found no material data quality issues in the HIV program, owing to the collaboration between The Global Fund and the United States President’s Emergency Plan for AIDS Relief, but significant issues – such as over reporting of confirmed malaria cases and bed nets distributed to infants – exist in the malaria program. In Zambia, there were variances of over $\pm 30\%$ between reported results and the underlying records of key community-level malaria indicators, due to a lack of reporting tools and gaps in supervision. In Niger, the OIG found that while malaria data is reliable due to improved supervision by the National Malaria Control Program, HIV data is unreliable due to the absence of tools and to limited supervision. These data quality challenges could undermine the ability of implementers and the Secretariat to monitor grant performance and adapt interventions accordingly.

Deficient procurement and supply chain (PSM) data negatively impacts ability to mitigate stock-outs and expiries

Reliable PSM data is critical to allow countries to determine and order the necessary quantity of medicines and commodities. In Zambia, Tanzania, Congo, Madagascar, Sudan and Chad, the OIG reported limited availability of reliable data for quantification and forecasting. This means that quantification exercises for medicines and commodities are based on outdated, inaccurate, and incomplete data with limited consideration of transmission dynamics, contributing to stock-outs of medicines at service delivery points. Our audit of *In-country Data Systems* found that six of eight



Our team verifies malaria health records at a hospital in Tanzania

sampled countries do not routinely reconcile patient data with health product consumption data. This can result in significant variances that are either not identified on time or not resolved.

The aforementioned data quality issues are mostly caused by inherent health information systems limitations in countries, weak data assurance and supervision:

Health information systems not effectively used to support data quality: Functional health information systems are essential to ensure the availability of reliable data to support program decisions. The Global Fund continues to support the roll-out and implementation of the open-source health information system (DHIS2).

The system facilitates strengthening data collection and analysis, and – when used effectively – has contributed to improvements in reporting timeliness at the country level. However, the health facility data aggregated in the system at the national level contains inaccuracies that are not identified or resolved on time. There is limited interoperability between health management information systems (HMIS) and logistics management information systems (LMIS) making it difficult to identify and reconcile discrepancies on time.

At the grant implementation level, the OIG found that most countries continue to make excessive use of manual registers. While critical for maintaining records at the facility level, these manual processes are prone to error and undermine timely reporting and analysis to inform decision-making. This is exacerbated by the limited number of human resources for capturing and analyzing data.

Supervision and assurance on data remains weak, limiting reliability of results: The underlying weaknesses at the health facility level require routine supervision and assurance on the reported results to ensure data quality issues are identified and corrected on time. However, these activities are often either delayed, not performed, or poorly designed to address the underlying risks.

Our audit on *In-Country Data Systems* notes delays or cancellation of planned national supervision visits at the health facility level to assess data quality partly due to the COVID-19 pandemic. Only 27% (15 of 54) of high impact and core countries performed a national DQR in the last four years. This is despite a Global Fund requirement for countries with “moderate” or “good” data quality to complete a DQR every 3–4 years and every two years in countries rated “poor” or “very poor”.

There are material deficiencies in the design and execution of the Secretariat’s assurance on programmatic data. Most assurance activities on performance results do not involve in-depth verification of the accuracy of reported data, a departure from previous requirements for LFAs to perform data verification at the health facility level albeit with a limited sample. In six of eight countries, primary data sources of performance results were not verified.



Our team engages with the central facility for nurses and data technicians in Port Sudan

The Secretariat has recently made changes in internal structures, realigning teams to improve second line oversight on data analysis and use. The Secretariat will need to adapt its assurance processes and define clear roles and responsibilities between Country Teams, Supply Operations and the new Programmatic Monitoring Department to ensure early identification and resolution of data issues at the service delivery level.

3.3. IMPROVEMENT REQUIRED IN OVERSIGHT AND RISK MANAGEMENT FOR EFFECTIVE GRANT IMPLEMENTATION

The Global Fund continues to enhance its enterprise risk management processes, systems, and tools. However, the actual use of outputs from risk management processes and implementation of mitigation actions has been slower than expected.

Implementation of key management actions at the Secretariat improved from 28% in Q4 2021 to 56% in Q4 2022. In some cases, mitigation measures to address known and emerging risks either do not fully address issues, are improperly implemented, or not adequately followed up. This was reported in our Zambia, Tanzania, Sudan, Niger and Sierra

Leone audits, and forthcoming report on India. Similar challenges were noted in 2021 audits in Kenya, Nigeria and Mozambique.

The varied maturity level of Country Teams, as well as the limited accountability of risk management for both Supply Operations and the Strategic Investment and Impact Division, reduce effective identification and implementation of mitigation actions as found in our LFA Advisory report. While the Finance Division effectively supports Country Teams in responding to fiduciary risks, support from critical second-line functions – including the

Supply Operations – is not consistently effective. This creates deficiencies in managing supply chain and programmatic risks, including data as indicated previously in 3.2.

Weak capacity of in-country Program Management Units affects grant implementation

In some countries, the Secretariat wholly or substantially finances Program Management Units (PMUs) to support in-country grant management. However, OIG audits in 2022 show that these PMUs have varying levels of success across countries due to gaps in leadership and ownership of programs at country level. For example:

- ▶ In Tanzania and Zambia, recurring issues surrounding the traceability of commodities, weak implementation of HIV key prevention activities and suboptimal oversight of sub-recipients remain unaddressed.
- ▶ Persistent weaknesses in the Integrated Health Project Administration Unit (IHPAU) within Sierra Leone's Ministry of Health and Sanitation (MOHS) continue to pose material programmatic and financial risks to the Global Fund programs. A [2019 OIG audit](#) identified delays in program implementation and serious indications of fraud, supported by a subsequent [OIG investigation](#) in 2020 that found over US\$2 million of non-compliant and fraudulent transactions. While implementing the mitigation measures, IHPAU staff engaged in further fraudulent activities amounting to US\$0.4 million, as documented in our 2022 [investigation report](#). Our 2022 [follow up audit](#) found that IHPAU continues to have weak capacity resulting in under absorption, as well as critical grant activities remaining unimplemented or performing poorly.
- ▶ Our audit report on [Niger](#) shows that the capacity of the grant management unit at the Ministry of Health was overstretched, contributing to low absorption of HIV and TB grants, which stood at 29% and 24% respectively as of June 2022.

Bolstering design and effectiveness of controls at country level helps to safeguard investments but can also delay implementation

Balancing fiduciary risk with the importance of programmatic impact is critical in the Global Fund. Mitigation measures in Congo, Madagascar, Chad and Niger are helping to reduce the inherent high fiduciary risks. However, these measures have



OIG auditors visit an HIV and TB commodities warehouse in Zambia

delayed implementation of certain in-country activities due to the use of standard assurance requirements that need to be better tailored to COE contexts. Other implementers were found to have inadequate control design and to be non-compliant with guidelines. This has compromised the transparency and competitiveness of procurement processes as found in Bangladesh and Madagascar.

Fiscal agents are used as a mitigation measure in some portfolios with high fiduciary risks. This measure enables program implementation in such portfolios, but is not consistently effective. There are deficiencies in the design of reviews expected to be performed by some fiscal agents. This has resulted in transactions already reviewed by some agents then being found by the OIG to be either ineligible, unsupported or fraudulent. For instance, in Liberia, our investigation found systemic fraud and misappropriation at the Ministry of Health, affecting 91% of expenditures reviewed. Non-compliant expenditures totaled US\$1.1 million, of which we recommended recovery of US\$0.99 million. What began as opportunistic fraud, as far back as 2015, then became systemic and program-wide despite fiscal agent and other assurance reviews.

Recognizing the need to improve controls and assurance mechanisms, the Secretariat requested the OIG's advice to strengthen the LFA model. The OIG report on the [Evolution of Local Fund Agents Approaches for Country-Level Monitoring](#) identifies specific actions to enhance the model and engagement with other assurance providers. The Grant Management Division is considering these recommendations for 2023, including improving capacity at the LFA level, modifying operational policies and LFA terms of reference to better guide the level of assurance. The Risk Department is also engaging with relevant teams to strengthen second line functions across the Secretariat.

3.4. INADEQUATE RISK ASSESSMENT AND PRIORITIZATION OF COUNTRY-LEVEL INTERVENTIONS HAVE SLOWED PROGRESS IN MITIGATING SEXUAL EXPLOITATION AND ABUSE

Sexual exploitation, abuse and harassment (SEAH) is devastating to the people involved and destroys community relationships and trust, posing material threats to the Global Fund mission. SEAH risks have programmatic consequences. Our SEA investigations have revealed that risks are heightened in programs that target key and vulnerable groups, such as adolescent girls and young women, or female sex workers. Given that these groups are usually also disproportionately severely affected by the three diseases, inherent SEAH risks could prevent intended beneficiaries of Global Fund programs from accessing services.

Following the OIG's investigation into [sexual exploitation and abuse in Ghana](#) in 2021, the Secretariat implemented several key management actions as indicated in the [OIG progress report to the Board](#).

In late 2022, the Secretariat piloted the PSEAH risk assessment in South Africa and identified mitigation measures to incorporate in grants. However, implementation of critical SEAH interventions at the country level has been slower than expected.

Prioritizing risk assessments to better target SEAH interventions

The Secretariat performed the first SEAH risk assessment of countries supported by the Global Fund. This assessment is a work in progress and will need to be continuously enhanced. For instance, the assessment needs to be refined to incorporate the inherent SEAH risks in the Global Fund's funded activities, as well as external risk factors. Better leveraging of the outcome of the assessment to better inform prioritized interventions at country level will be important to reduce SEAH risks in programs where the risks are high.

Limited reporting channels and awareness of SEAH delays reporting of cases to the Global Fund

The ability of an organization to respond to cases is fundamental to SEAH interventions, which requires timely reporting of alleged cases by implementers.

However, SEAH cases are usually reported to the OIG several months after the incident happened or after implementers became aware of the alleged abuse.

These delays are partly due to defective reporting channels at the country level and limited awareness of SEAH risks. Principal Recipients do not consistently track and follow up on allegations, and the mechanisms to do so can be manual and cumbersome. There is also limited education on SEAH and reporting channels to staff at Principal Recipients and sub-recipients, as well as a practice of conducting their own investigations, which can miss critical investigative steps and not be in line with the victim-centered, trauma-informed approach.

Managing SEAH and other forms of wrongdoing requires the ability to prevent offenders from being reengaged in Global Fund programs. As indicated in our [Fraud Risk Management Maturity Assessment](#), the Global Fund has measures to ensure sanctioned individuals and suppliers are not reengaged at the corporate level. However, there are no controls to ensure subjects of sexual exploitation and abuse are not reengaged by grant implementers. This is particularly challenging when offenders are staff of government implementers due to the Global Fund's limited leverage.

3.5. LOOKING AHEAD: HOW TO INCREASE IMPACT

The Global Fund partnership continues to demonstrate its significance in global health. The partnership successfully mobilized over US\$15.7 billion during its seventh replenishment conference hosted by the United States. This sum is the highest raised in a single replenishment since the Global Fund's creation, a significant achievement in the context of global economic and security constraints. As the Global Fund begins translating the replenishment into grants, the OIG has identified factors that can potentially derail its efforts and should be carefully considered to ensure optimal impact.

Improving “value for money” in decision-making processes bolsters impact

Intensified global economic and security concerns will inevitably impact the totality of global funding available for health. The partnership should expect that this will lead to relatively less funding to implement the 2023-2028 strategy. Meeting this challenge requires the Secretariat and implementers to make trade-off decisions and to focus on activities with the greatest “value for money” (VfM).

The Secretariat developed a VfM framework, presented to the Board in 2018. It defines how to maximize and sustain high quality and equitable health outputs and impact for a given level of resources. When applied, it should help to create fiscal space, reduce waste and maximize impact in programs.

Our forthcoming *Value for Money Audit of Health and Laboratory Equipment* reveals that the framework is comprehensive and tailored to the Global Fund's mission. However, the framework is not yet fully operational and embedded in grant and corporate processes. Key metrics and parameters to assess VfM for investments in health and laboratory equipment have not been defined, which has led to missed opportunities to fully achieve VfM.

The Secretariat has formed a working group to operationalize value for money at the corporate and grant level. The OIG will continue to monitor its progress as part of our Value for Money audit of human resource investments in 2023.

Delivery of 2023-2028 strategy requires innovation and differentiated approach in challenging country contexts

The Global Fund's 2023-2028 strategy includes

new focus areas to put an end to the three diseases. While the new priorities are important, the partnership needs to also ensure continued focus on the core objective of ending HIV, TB and malaria, as well as innovating to maximize impact on the wider health landscape. This is even more critical given the lower levels of resources available to implement the strategy.

This requires adaptations at the Secretariat, as well as differentiated engagement with in-country stakeholders. Global Fund grants are implemented in over 100 countries at different maturity levels and stages of programmatic achievement. The increasing global security and economic threats are creating additional challenges in implementer countries. Grant oversight is more challenging for national programs and assurance providers, for example, when they cannot easily access key sites. Therefore, a differentiated and innovative approach is required to achieve impact in such environments. In Sudan, options to provide assurance and improve grant implementation in hard-to-reach and conflict zones have not been explored. Consequently, the OIG noted long outstanding and reoccurring issues raised by various assurance providers. In Niger, we found similar challenges that could hamper timely grant implementation.

The Secretariat, relevant Committees, and the Board need to better align on risk expectations and grant oversight in these challenging environments where implementers, Country Teams and assurance providers struggle to operate.

Ensuring quality assurance of medicines and health products

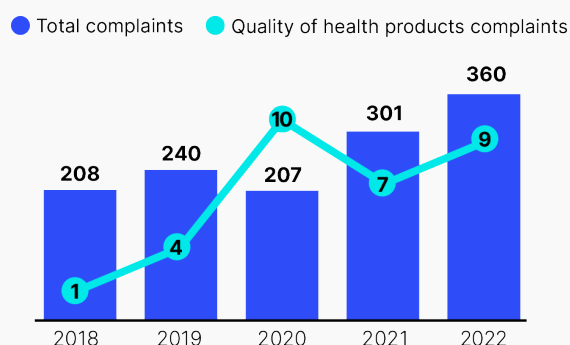
Most Global Fund grants are spent on procuring the health products that are a prerequisite to defeating the three diseases. The Pooled Procurement Mechanism (PPM) facilitates sourcing of health products from WHO prequalified suppliers. There are nonetheless known weaknesses in the Secretariat's oversight and monitoring of quality assurance of health products. Despite several attempts, including recent commitments in the Supply Operations To-Be Operating Model and increased expertise at the Secretariat, limited progress has been made.

The rise in allegations related to quality of products, weak in-country storage practices and programmatic ramifications of substandard or counterfeit medicine are symptomatic of known weaknesses, and

necessitate increased oversight on quality assurance of medicines and health products. Allegations reported to the OIG increased significantly between 2018 and 2020, with a sustained increase since, as shown in figure 1 below.

Figure 1

Quality of health products complaints vs. total complaints



Weak storage practices can reduce the quality of medicines, yet our audits in many countries continue to show that quality assurance testing is inconsistently performed post shipment. This persistent issue had been highlighted in the OIG's [2019 annual report](#) and continues to be identified in 2022 audits.

Implementation of the recommendations and agreed actions from our PSA advisory, previous investigation on [TANA Netting](#), and the Supply Operations To-Be Operating Model, will improve the Secretariat's oversight of quality assurance of health products.

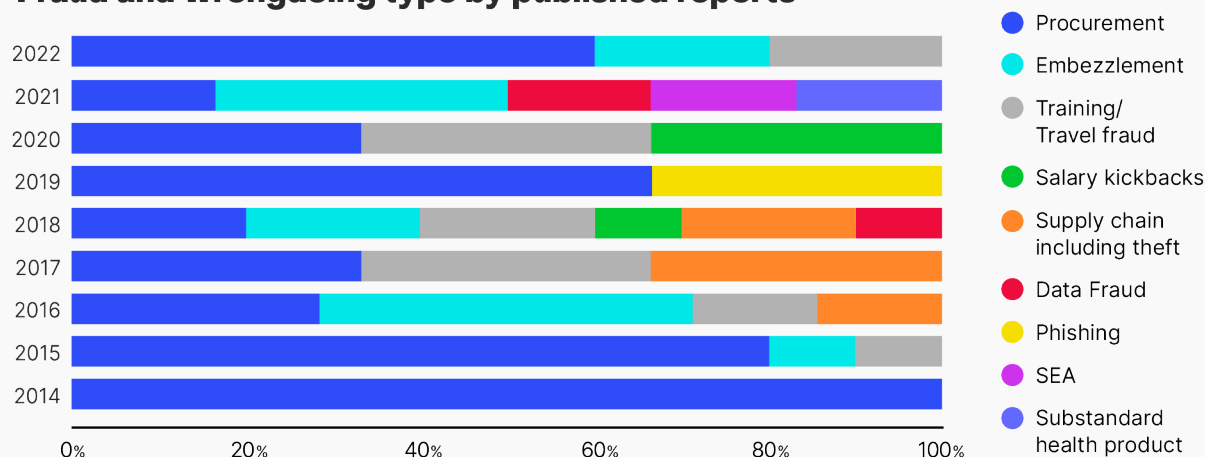
Evolving risk of fraud and wrongdoing calls for an adapted response

As indicated in our [2021 annual report](#), the pandemic and related economic constraints have led to a rise in fraud risk, as well as more reports of wrongdoing to the OIG. The nature of fraud and wrongdoing continues to evolve. As mainstream fraud risks (such as procurement and per diem fraud) are being addressed, more complex programmatic risks like product theft, data manipulation and SEA have emerged. This requires the continuous monitoring and adapting of fraud prevention and detection measures, as well as more technical investigation resources. Figure 2 below shows the evolution of the fraud and wrongdoing types in OIG-published reports since 2014.

While the Global Fund's preventive and detective measures vary across countries, they have generally supported the management of traditional fraud risks. However, a changing operating environment has led to material gaps in measures to prevent and respond to non-traditional risks. For instance, our investigation in [Guinea](#) revealed that two critical underlying data sets were manipulated due to insufficient controls and a lack of clear accountability for data accuracy contributing to fraudulent data being used in the campaign. Global Fund-financed bed nets meant for Guinea were diverted for sale in Mali. Further, our [Fraud Risk Management Maturity Assessment](#) indicated there are no defined measures to prevent programmatic fraud risks, partly because the related schemes had not been comprehensively defined. The OIG will continue monitoring progress on agreed management actions from this assessment and related investigation reports in 2023.

Figure 2

Fraud and wrongdoing type by published reports



4. INSIDE OIG

4.1. PERFORMANCE AGAINST 2022 WORKPLAN – INCREASED COUNTRY-LEVEL OVERSIGHT ACTIVITIES

OIG's activities returned to pre-pandemic levels following the easing of global travel restrictions. Key components of our workplan have been delivered and exceeded in some areas. Figure 3 below provides status of our workplan as of 31 December 2022.

Figure 3

OIG activities in 2022

Audits



All 11 country audits¹ completed²

2 internal audits completed³

2 advisories completed

Investigations



360 reports opened

74 cases opened

22 OIG-led investigations

69 cases closed of which 63 were case closure memos

4 published investigation reports

Outreach



13 wrongdoing awareness events conducted including

7 focused on sexual exploitation and abuse

Audit and Advisory

2022 was another busy year for the Audit and Advisory Unit, with a significant increase in activity and work completed compared to 2021. This was mainly due to the easing of the COVID-19 pandemic restrictions and the ability of teams to travel to countries to perform in-country fieldwork. The unit continues to leverage lessons learnt during the pandemic and remote audit practices to gain efficiencies in the execution of its workplan. However in-country missions remain at the heart of our efforts. By the end of the year, the team completed all 11 country audits. In these countries, audit teams performed fieldwork across multiple regions of the country visiting a significant number of Health Facilities and Medical Warehouses.

In addition, two out of five internal audits have been completed. One has been deferred to the 2023 workplan and the remaining ones will be published by the end of Q2 2023.



OIG team, accompanied by the Inspector General, visits Zambia's Ministry of Health Project Management Unit (PMU) in Lusaka

1 Stage 4 of the [Audit Stakeholder Engagement Model](#)

2 One internal audit - Grant Monitoring - was deferred and included in the 2023 workplan

3 One planned country audit – Audit of Global Fund Grants in Burkina Faso – was adjusted to an internal audit, of the COE policy implementation in Burkina Faso, due to security reasons.

Two of the three planned advisories were completed at the end of year. The other advisory was delayed at the client's request and restarted in late 2022.

Overall, 15 audits and advisories were published during 2022, of which nine were part of the 2021 workplan.

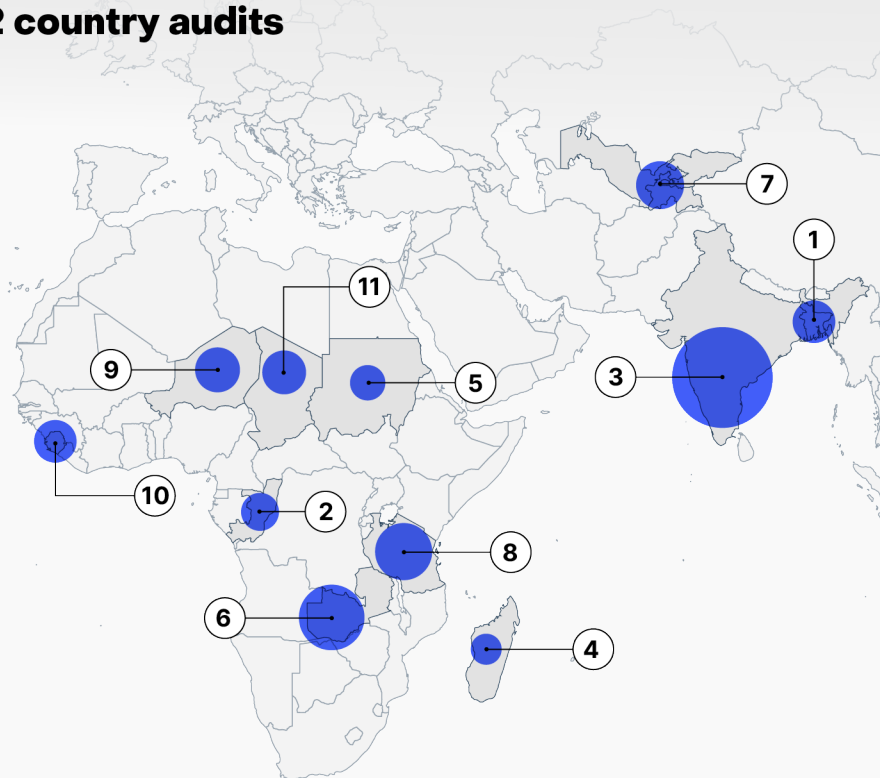
The findings from the audits and advisory engagements are incorporated in the strategic themes in Section 3 of this report.

Figure 4

Health facilities and medical warehouses visited during 2022 country audits

● Health Facilities and Medical Warehouses

1.	Bangladesh	19
2.	Congo	15
3.	India	106
4.	Madagascar	10
5.	Sudan	13
6.	Zambia	45
7.	Eastern Europe and Central Asia	24
8.	Tanzania	34
9.	Niger	21
10.	Sierra Leone	19
11.	Chad	20



Investigations

2022 saw exceptional levels of complaints of wrongdoing and misconduct reported to the OIG. This reflects an increase in both the incidence of fraudulent and corrupt practices, as well as the broadening awareness of the need to report to the OIG.

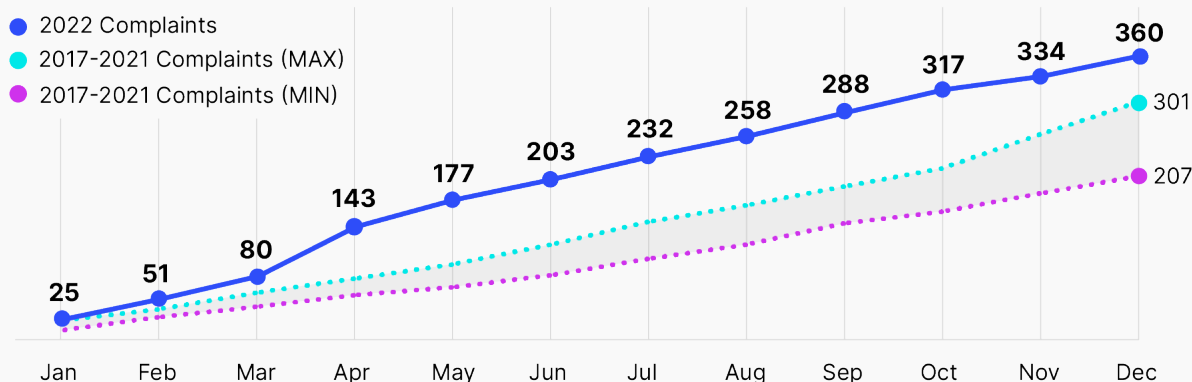
Allegations and Screening: For 2022, we estimated opening 220 screening reports. However, the rise in reporting resulted in 360 screening reports opened, which is 164% of our target – see figure

5 below. This unprecedented volume required a differentiated response in our screening approach to respond in a timely manner to allegations. This included a higher focus on material or high-priority allegations, including sexual exploitation and abuse, human rights violations and issues affecting product quality. This reduced our ability to meet the 30-day target for responding to allegations in all cases (average time was 36 days). In response to the significant increase in complaints and allegations of wrongdoing reported in 2022, we have hired additional staff to support our case intake activities in 2023.

Figure 5

Evolution of total allegation comparison

(2017-2021 vs. 2022 YE)



Cases opened: We opened 74 new cases during the year, which is 85% more than the anticipated target of 40 for 2022. The higher-than-expected number of cases opened is driven by an increase of 81% in allegations received from implementers (compared to 58% in 2021). We have recruited additional resources to support our response to the increase in the number of cases.

At the close of the year, the OIG had 83 active cases, 39 of which are OIG-led while 44 relate to oversight cases.

Cases closed and published: In 2022, we closed 69 cases, which represents 115% of our annual target of 60 cases and published four reports. The total cases closed resulted in non-compliant

amounts of US\$2.5m and proposed recoveries of US\$1.7m. A report on data fraud in Guinea was published in early 2023. An additional three reports on SEA are in advanced stages and expected to be published in Q2 2023. Of the 69 closed cases, 37 were OIG-led while 32 related to oversight cases. See Annex 3 for a summary of findings from our most significant cases closed.

Proactive investigations: Screening, assessing and investigative work for reactive cases dominated the team's capacity during 2022 due to the unprecedented volume of allegations as mentioned above. We prioritized our resources to focus on the high number of reactive investigations and as such no proactive case was opened in 2022.

Wrongdoing awareness and outreach activities:

During 2022, we conducted 13 wrongdoing awareness sessions including seven webinars to raise awareness on sexual exploitation and abuse in Global Fund grants. The webinars reached grant implementers and sub-implementers spanning 44 countries (see figure 6). In addition, we conducted six awareness events on financial fraud that leveraged lessons-learned from two reports published in 2022 – [Liberia](#) and [Embezzlement of fund in the Netherlands](#).

Figure 6

SEAH webinar statistics

44

countries



97%

satisfaction



409

participants



44

participants
requested further
OIG engagement



Renewed and refreshed

I SPEAK OUT NOW! platform upgrade aims to encourage more reporting

Enabling people everywhere to report fraud and abuse in Global Fund programs in a way that is safe, confidential and easy is a top priority for the OIG. The *I Speak Out Now!* website, first launched in 2015, is now better fit for this purpose.

As the world becomes increasingly connected and mobile, we set to work in 2022 to refresh the site to meet today and tomorrow's reporting needs. The site now offers a more interactive and user-friendly experience with content instantly translatable into 133 languages. Videos

are now also available in French, Spanish, Arabic, Russian, and Portuguese. These changes are set to improve the visibility of anti-fraud activities, increase awareness of fraud affecting Global Fund programs, and encourage the prompt reporting of alleged wrongdoing.

As a result of this upgrade, we expect to see significant engagement with implementers and beneficiaries. The site is ready for use in March 2023 and will be formally launched later this year with revised content.



Professional Services

2022 was the first full year of the team operating under a new OIG Strategy 2022–2027. A significant portion of the year was invested in building the team and strengthening our processes and systems. This enabled the Audit and Investigations units to deliver their workplans and the OIG mandate, whilst simultaneously driving insights, operational efficiency, integration, and quality for a world-class OIG.

Enhancing our analytics and insight

generation capabilities: Significant milestones were achieved during 2022 to drive strategic insights by enhancing our knowledge management and analytics capability. In the Knowledge Management space, we upgraded the OIG SharePoint site which better structures OIG's data, improving access and search capability to support our audits and investigations. Several initiatives were also completed in 2022 to bolster our analytical capability. This included enhancing the OIG

DataMart, which provides OIG staff with integrated access to real-time qualitative and quantitative portfolio information for annual and engagement-level risk assessments. The Professional Service Unit (PSU) leveraged structured data to produce the OIG's 2023-2025 rolling assurance plan supported by processes to continuously monitor the organization's risk landscape to ensure the right levels of risk coverage and agility in our assurance approach.

Maximizing and measuring OIG's impact:

The PSU team concluded significant initiatives supporting the OIG's ability to measure and maximize the OIG's impact. The team led the re-evaluation of the OIG's key performance indicators to improve performance. The new performance indicators in our progress update were approved by the Audit and Finance Committee in October 2022. Furthermore, several OIG systems have been integrated with other Global Fund systems (while safeguarding the security of OIG information) to produce timely, quality management information dashboards and aid in monitoring the OIG's operational performance.

4.2. OUTREACH AND STAKEHOLDER ENGAGEMENT

Collaboration and capacity-building initiatives with Supreme Audit Institutions (SAI) in implementing countries remained a key priority for the OIG in 2022. We renewed our Memorandum of Understanding with the African Sub-Saharan Organization of French Speaking Supreme Audit Institutions (CREFIAP) for another three years. The Inspector General and the Head of Professional Services attended and were keynote speakers for several events with Aidspan, AFROSAI-E and CREFIAP, in support of SAI Capacity Building. The OIG also engaged with AFROSAI-E at the Global Health Campus in November to discuss lessons learnt for 2022 and to begin planning for collaboration with SAIs in audits and investigations in 2023.

We also continued our engagement with SAIs during country audits. In 2022, the Auditor General of Zambia provided five staff to support the OIG's review of the country's portfolio. In Chad, the OIG engaged the '*Cour des Comptes*' as part of our audit.

Throughout the year, the OIG participated in many professional conferences to share and leverage best practices in the industry. This included the 2022 Conference of International Investigators in Luxembourg, where we exchanged with leading integrity units on emerging fraud risks and cutting-edge investigative practices. In addition, the OIG



OIG team meets Cour des Comptes/Auditor General in Chad to discuss collaboration and capacity-building activities surrounding audit

leadership participated in the Representatives of Internal Audit Services (RIAS) annual conference where the Inspector General provided a keynote speech on emerging risks and the evolving role of internal audit.



OIG Inspector General and Head of Audit attend 51st RIAS conference in Vienna 2022

4.3. QUALITY ASSURANCE AND STAKEHOLDER FEEDBACK

Quality Assurance

The OIG carries out an annual self-assessment in line with international standards. This is supplemented by a triennial external assessment, surpassing the international standard that requires such assessment every five years.

In 2022, the OIG invested significant time to address the improvement opportunities identified in the [2021 external assessment](#). Ten of the 11 actions have been implemented. The remaining one will be completed by the end of Q2 2023.

The OIG's 2022 annual self-assessment found that the Audit and Investigation Units continue to generally conform with applicable international and professional standards or guidelines. The self-assessment identified some areas of improvement including enhancing the training and development program for staff, better adherence to timelines in the Stakeholder Engagement Model and streamlining multiple systems used for document repository. Actions are being implemented to address the improvement areas identified in the self-assessment.

Stakeholder Feedback

Stakeholder feedback remains a valuable input into the OIG's performance. It provides key insights into areas working well and those that the OIG can improve on.

Board and Committee feedback

The Global Fund's Board and Audit and Finance Committee members are asked once a year to evaluate the quality, scope and impact of the OIG's work. In 2022, 24 survey responses were received in comparison to 23 in 2021. An overall satisfaction rating of 98%, compared to 85% in 2021 and 2020. This represents the highest satisfaction rating for the past three years. Full results are in figure 7 below.

Audit Engagement Feedback

Following each audit, the auditees respond to a survey to assess the overall performance of the audit. The average for the 2022 surveys gave the audit function a score of 3.48, on a scale of 1 to 4 (full results in figure 8 below).

Figure 8

Summary ratings 5 main categories

Effectiveness of the audit/review in covering key areas	3.50
Audit/review organization and scheduling	3.46
Audit/review field work	3.46
Final Audit/review report	3.45
Overall, the audit added value to the organization	3.51
AVERAGE RATING	3.48

Figure 7

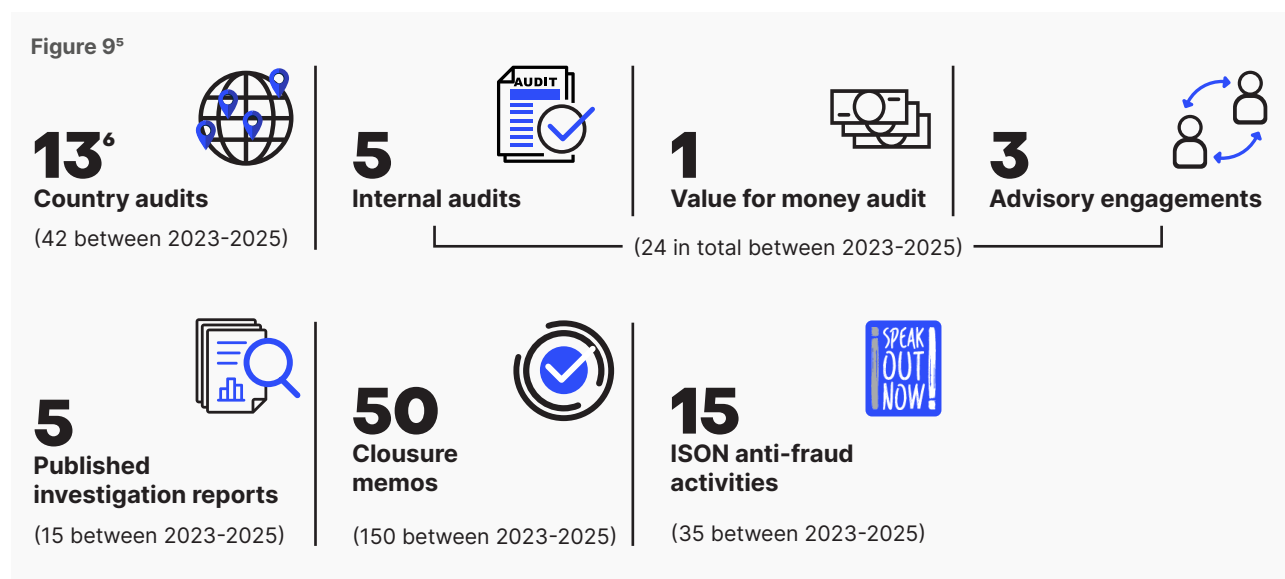
Satisfaction rating for the past three years

100%	Q1	OIG adds value to and strengthens the Global Fund.
100%	Q2	OIG's work is of high quality and provides appropriate assurance.
100%	Q3	OIG's work demonstrates a sound understanding of the Global Fund.
96%	Q4	OIG maintains effective cooperation with the Secretariat while preserving independence.
100%	Q5	Audits and investigations focus on the key risks and priorities.
96%	Q6	OIG provides effective support to the Board and AFC.
96%	Q7	OIG effectively communicates its findings at Board/AFC meetings.
100%	Q8	OIG's engagement with the Board/AFC fosters trust & confidence.
92%	Q9	OIG is responsive to the expectations and priorities of the Board/AFC.
100%	Q10	OIG communications with the Board/AFC provide appropriate information and insight.

Highest satisfaction rating for past three years

4.4. OIG THREE-YEAR WORKPLAN 2023-2025 SET TO ENHANCE VISIBILITY OF RISK COVERAGE AND COLLABORATION

In 2022, the OIG presented a three-year rolling assurance plan instead of an annual workplan to the Board. This enables a holistic view of planned assurance activities⁴, clearly linked to the Global Fund strategy. It will also aid coordination with other assurance providers, such as the newly established Evaluation Unit at the Secretariat, the external auditor, as well as peer agencies and partners. Figure 9 provides an overview of the OIG's assurance activity for 2023-2025.



Audit and advisory workplan

Our 2023 workplan increased the number of audits and advisories from 14 in 2020, and 19 in 2022, to 22 planned for 2023. This brings our activities in line with pre-pandemic OIG activity.

Country audits

The OIG updated its risk assessment following the Global Fund's announcement⁷ of new allocations for countries. For 2023, we will perform 13 country audits that cover 17 countries in total, as shown in figure 10. These countries have either very high residual risk, significant issues from previous audits and/or were not audited in the last three years.

These countries represent 26% of the 2023-2025 allocation (US\$4.5 billion), which is respectively 18%, 11%, 35% of the HIV, TB, and malaria disease burden for Global Fund eligible countries.

Internal audits

In 2023, the OIG will perform five internal audits (compared to four in 2022). The 2023 reviews will assess effectiveness of grant monitoring (deferred from 2022), the effectiveness of the Global Fund model in delivering the new strategy; the Country Team model and its supporting functions; the Global Fund approach to reallocating grant funds; and the management of strategic initiatives.

⁴ 11 country audits and two thematic reviews are foreseen. The first thematic review for malaria will cover Senegal, the Gambia, and Mauritania. The second will focus on HIV and TB and cover Viet Nam, Thailand, and Laos.

⁵ A full view of the OIG three-year rolling assurance plan can be found on https://www.theglobalfund.org/media/12479/bm48_08-oig-operational-progress-report_en.pdf

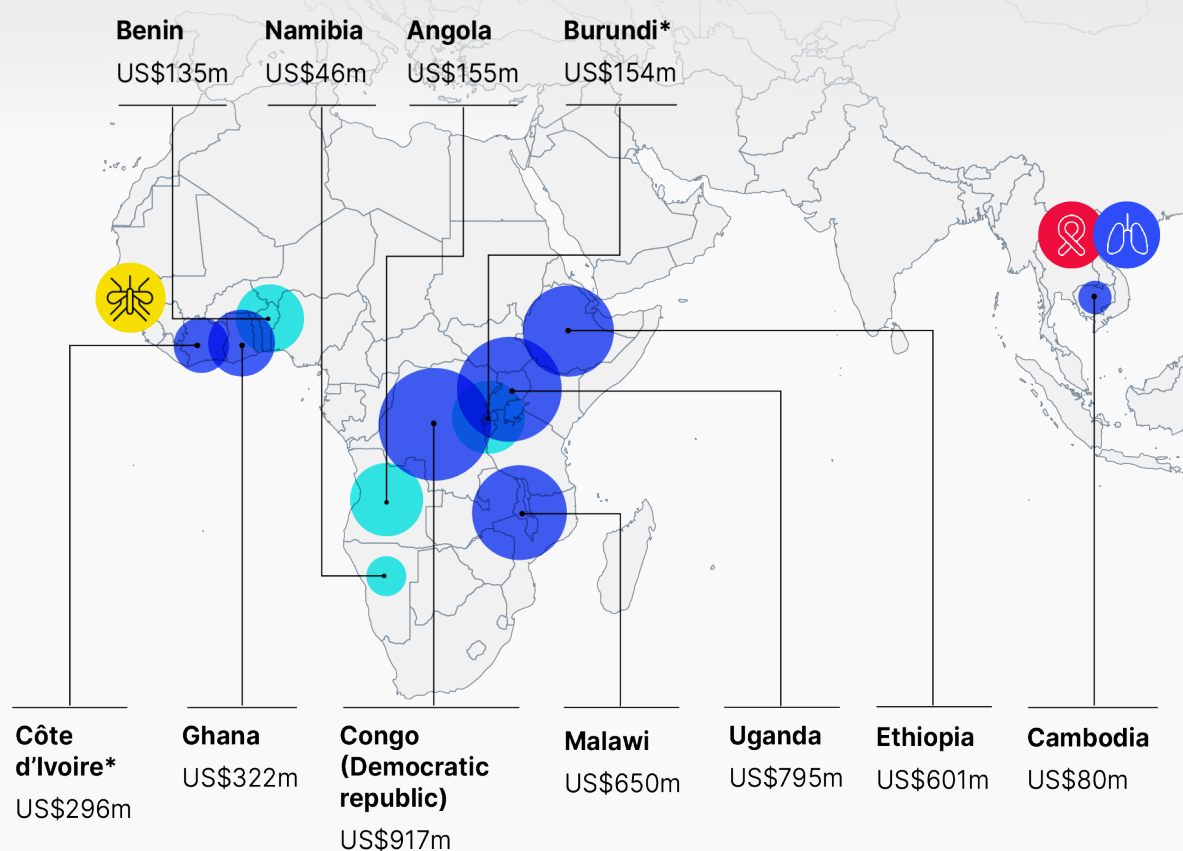
⁶ The audit planned for Haiti has been replaced with an internal audit on Grant Monitoring and the Mali audit replaced with one on Côte d'Ivoire.

⁷ 2023-2025 Global Fund Allocations: <https://www.theglobalfund.org/en/updates/2023/2023-01-18-2023-2025-allocations-now-available>

Figure 10

2023 planned audits

● High-impact portfolio ● Core portfolio



* For security reasons, the country audits planned in Central African Republic, Haiti and Mali were cancelled, with new audits planned for Burundi and Côte d'Ivoire.

Cross-cutting country reviews



Malaria in West Africa region

Senegal
(Core)
US\$31m

Gambia
(Core)
US\$20m

Mauritania
(Core)
US\$12m



HIV-TB in South East Asia

Viet Nam
(High Impact)
US\$115m

Thailand
(High Impact)
US\$68m

Lao
(Focused)
US\$16m

Value for money (VfM) reviews

VfM reviews assess the extent to which the Global Fund's investments have generated the intended results, looking at economy, effectiveness, efficiency, equity, and sustainability. This includes interdependencies and trade-offs, including the balance between short- and long-term results. As in 2022, we will produce one VfM review in 2023 on Global Fund investments in human resources for health, including community health workers.

Advisory reviews

We will conduct three advisory reviews based on requests and business needs. This includes requests from the Board, Committees, Secretariat, and in-country stakeholders. One advisory in our 2022 workplan sponsored by the Executive Director – Internal Justice Mechanisms – is expected to be completed in 2023. Additional reviews are under consideration.

Investigation workplan

Our 2023 workplan is designed to ensure trusted, confidential reporting channels, to disrupt and interrupt wrongdoing at the earliest opportunity, and mitigate risks going forward, as well as identify and quantify misappropriated grant funds.

Historically, the OIG workplan has been based on predicted investigative activity that remains challenging in a context of increasing uncertainty. Our objective is to remain agile and to respond efficiently and effectively to allegations of wrongdoing. Our 2023 workplan anticipates the following level of activity.

- **Screening:** Provide screening outcomes for all complaints and allegations received within 30 days on average (20 days on average for high-priority complaints and allegations, including SEA and human rights). We estimate that we

will receive approximately 300 complaints and allegations of wrongdoing in 2023.

- **Assessments and new cases:** Produce assessment outcomes within 90 days (60 days for high-priority assessments). Open 32 new assessments and investigations and 47 oversight cases. This is based on forecasted levels of complaints and allegations of wrongdoing.
- **Case-closure memos:** Issue at least 50 case-closure memos in a calendar year, taking an average of one year to complete a case.
- **Published investigations:** Publish at least five investigation reports in a calendar year, taking an average 14 months to publish a report.
- **Awareness raising:** We will conduct at least 15 awareness-raising events targeting Secretariat staff, implementers, and in-country assurance providers.

Professional Services Unit (PSU) workplan

PSU will focus on the following activities in addition to critical support to OIG delivery teams.



Leverage analytics and insights

PSU will further enhance the OIG's analytics capabilities, designing new risk models to identify more precisely areas where audit and investigation activities can be impactful. By leveraging text analytics and predictive risk models, PSU will support audits, investigations, and advisory reviews more proactively and will facilitate continuous risk monitoring.



Optimize processes and seek continuous improvement to core systems

PSU will continue to streamline processes and systems to improve the OIG's efficiency, including automating sub-processes that allow teams to focus on more high impact activities. This will involve continuous investment in resilient IT infrastructure and implementing ongoing security measures to protect confidential and sensitive OIG data.



Strengthen our capability to conduct OIG outreach

Outreach and engagement are vital to fulfil the OIG's mission. To ensure we deliver on this promise, we will develop and implement a new OIG outreach strategy for all stakeholder groups and communication channels. One priority will be the continued strengthening of relationships with, and the capacities of, Supreme Audit Institutions, implementers, and partners. The strategy will also involve enhancing and coordinating OIG input into key organizational initiatives at the country and Secretariat level.

ANNEX 1: Staffing and Budget

STAFFING

As of December 2022, the OIG had 54 employees (52.5 FTEs)¹ out of a budgeted headcount of 57. The OIG had four vacancies at end of 2022 in comparison to 10 as of 2021². The vacancies are due to resignations in the last quarter of 2022, as well as unsuccessful recruitment efforts. Recruitment processes are ongoing for four roles.

These vacancies have not had any impact on the OIG's capacity and ability to deliver its mandate, as temporary professional resources have been hired to fill gaps. See below Budget for more details on Professional Fees.

BUDGET

At the end of December 2022, the OIG had an underspend of US\$83k (-1%) based on budget exchange rate.

OIG Actual Expenditure in thousands of US\$ as of 31 December 2022 and Operational Budget for 2023

UNIT	2022 BUDGET ³	2022 C19RM BUDGET	YTD ACTUALS	YTD BUDGET VS ACTUALS VARIANCE		2023 BUDGET
Workforce ⁴	10,690	375	9,869	-1,196	-8%	11,479
Professional fees	2,487	250	3,811	1,074	52%	2,833
Travel	1,171	-	1,335	164	14%	1,566
Meetings	40	-	76	36	80%	28
Communications	150	-	208	58	39%	281
Office Infrastructure	356	-	140	-216	-61%	287
Depreciation	4	-	1	-3	-75%	-
Total	14,898	625⁵	15,440⁶	-83	-1%	16,474⁷

Budget vs Actual Expenditure Variance 2022:

Workforce expenses had the largest underspend of US\$1.2m. This was driven largely by the number of vacancies during the year. The workforce underspend resulted in a corresponding overspend of US\$1.1m on **Professional Fees** to supplement vacancies. The OIG also overspent by US\$0.2m on **Travel Costs** due to pandemic-related travel restrictions being less than anticipated. All other cost categories had minimal variances for 2022.

¹ The difference between number of employees and FTE is due to 1 staff who is on long term medical leave and another staff working at 50% capacity for the 2022 year

² In March 2023, one of the four vacancies had been filled and three were in early recruitment phases due to previously unsuccessful recruitments.

³ 2022 Work Plan and Budget Narrative and the 2022 Operating Expenses Budget - B46-DP07 and can be found on <https://www.theglobalfund.org/kb/board-decisions/b46/b46-dp07/>

⁴ Workforce actuals includes staff salaries and individual consultants engaged to support OIG's work due to vacancies in 2022

⁵ US\$2.5m between 2022 – 2025 amounting to US\$625k per year

⁶ Of which US\$15,354k is operational expenditure and US\$86k is C19RM funding

⁷ 2023 Work Plan and Budget Narrative and the 2023 Operating Expenses Budget - B48-DP05 and can be found on <https://www.theglobalfund.org/kb/board-decisions/b48/b48-dp05/>

ANNEX 2: Performance Against Key Performance Indicators for 2022

THEME	PERFORMANCE OBJECTIVE	PROGRESS AT 31 DECEMBER 2022
A TO DELIVER AN EFFICIENT AND EFFECTIVE SERVICE	A1. Audit 80% of reports as per the work plans issued in draft by year end (Stage 4 of the Stakeholder Engagement Model “SEM”), as a proportion of all engagements in the work plan.	KPI Met 13 of 16 audits (81%) were issued in draft by end of 2022, increasing to 94% at end of March 2023.
	67% of advisory reports per workplan issued in draft by year end.	KPI Met Two of three (67%) Advisory reports had been issued in draft by end of 2022. The remaining advisory was in the assessment phase at the end of the year and delayed at the request of the client. <i>See KPI C6 below for more on Advisories.</i>
	A1 Investigations 80% of reports as per the workplans (in reporting phase Stage 4a of the Stakeholder Engagement Model at the beginning of the year) issued in draft by year end (Stage 6 of the Stakeholder Engagement Model).	KPI Met 100% of reports had reached stage 6 of the SEM or been closed.
	Produce 100% screening outcomes for all reports received within 30 days up to 31 December 2022.	KPI Not Met 47% of screening outcomes approved within the 30-day deadline. This target was not achieved due to a substantial increase in allegations reported. <i>See Section 4.1 of this report for more details.</i>
	By 31 December 2022, close 90% of high priority investigations carried over from previous year(s) in Stage 3 or above of the Stakeholder Engagement Model.	KPI Not Met 70% (seven out of 10) of high-priority investigations carried over from previous year have been closed.
	By 30 June 2022, close 90% of assessments carried over from previous year(s).	KPI Not Met By 30 June, we closed 85% of assessments carried over from previous years driven by the volume of investigation cases opened and requiring assessments during 2022. <i>See Section 4.1 of this report for more details.</i>
	Complete 80% of ISON training activities.	KPI Met 13 of 15 (87%) wrongdoing awareness events including seven focused on SEA were completed during 2022.
	A2 Cost Management Costs managed within 10% of the approved budget.	KPI Met As of 31 st December 2022, the OIG had a budget underspend of US\$83k (~1%). <i>See Annex 1 for more details.</i>

B TO FOSTER CONFIDENCE BY BEING ACCOUNTABLE AND TRANSPARENT	B1 Quality Self-Assessment Annual quality self-assessments completed to confirm ongoing conformance with our Quality Assurance and Improvement Program (QAIP), including general conformance with the Stakeholder Engagements Model timeline.	KPI met The annual quality self-assessment has been completed and the results are detailed in Section 4.3 of this report. All audits and investigations have, to date, followed the stages in the Stakeholder Engagement Model. However, we have experienced delays on our audits and investigations.
	B2 External Quality Assessment Triennial external quality assurance review to confirm that the quality of assessment processes, work papers, reports, and interaction with key stakeholders adheres to professional standards and guidelines	KPI met The external quality assurance took place in Q3 of 2021. Both the audit and investigations functions fully comply with relevant industry standards. The results were presented to the Audit and Finance Committee in March 2022 and are published on the Global Fund website.
	B3 Annual assurance statement Annual assurance statement on governance, risk management and controls at the Global Fund.	KPI met The 2022 Annual Opinion is included as Section 2 of this of this report

C TO ENSURE IMPACT IN OUR WORK	C1 Tracking of AMAs Agreed actions tracked, reported on monthly and validated within 30 days of Secretariat reported "Completed" date. Reports of slippage on agreed actions are escalated.	KPI met As of 31st December, 100% of the Agreed Management Actions reported as implemented during the year by the Secretariat had been validated by the OIG within the 30-day limit.
	C2 Client Engagement Client engagement surveys are conducted for at least 90% of audit engagements completed during the year.	KPI met At 100% . OIG sent surveys for all audit reports published in 2022. The overall score received was 3.5 (88%) on a scale of 1 (poor) to 4 (good).
	C3 Board and Committee satisfaction Conduct annual stakeholder satisfaction survey, including all AFC and Board members (or alternates), and achieve an overall satisfaction score of 80% or better.	KPI met The OIG received a 98% satisfaction rate (85% in 2021) from the Board and Audit and Finance Committee in the survey carried out in January 2023.
	C4 Implementation of AMAs 60% of Agreed Management Actions (AMAs) are remediated by the Secretariat, by their due date, over a rolling period of eight quarters.	KPI not met 24% of AMAs were implemented by the Secretariat by their due date between January 2021 and 31 December 2022. However, in 2022 the number of overdue AMAs had decreased by 5% and long overdue AMAs by 34%. This is a significant improvement to remediate issues identified in OIG Audits and Investigations.

	C5 Audit plan coverage Achieve following coverage targets over a three-year audit cycle: <ul style="list-style-type: none"> • 60% of the disease burdens (for each of the three diseases) • 60% of the country allocation amounts • 30% of the countries classified as High Risk. 	KPI met for most targets At the end of 2022 for the 3-year audit cycle of 2020 – 2022 , we covered: <ul style="list-style-type: none"> • 60%/60%/46% of HIV, TB, and Malaria • 43% of country allocation amounts • 21% of countries rated as high-risk and very high-risk Overall shortfalls in planned coverage for country disease burden and allocation amounts are due to the pandemic since no country audits were performed in 2020. Country allocation coverage will improve in 2023. See Section 4.4 on OIG 2023 – 2025 workplan for more details on planned coverage.
	C6 Advisories At least three advisory engagements during 2022.	KPI met Three advisories were confirmed for 2022. Two of three (67%) Advisory reports had been issued in draft by end of 2022. The remaining advisory is in the assessment phase.

D TO RECRUIT AND RETAIN THE BEST PEOPLE AND FOSTER A CULTURE OF TRUST AND TEAMWORK	D1 Development All employees have a development plan approved by their managers by end of Q1.	KPI met 100% of staff have had their development plans approved in the system within the deadline.
	D2 Training At least 90% of staff will complete by year end a minimum of 20 hours of formal training.	KPI met 95% of staff had completed a minimum of 20 hours of formal training as of 31 December 2022.

ANNEX 3: Summary of Significant Cases Closed During 2022





SUMMARY OF SIGNIFICANT CASES CLOSED DURING 2022




During the year, 69 cases were closed. Six of these cases were closed through four published investigation reports and 63 closed through closure memos.

Not all investigations result in a published report; we issue case closure memoranda when an allegation is unfounded (the evidence does not support the allegations), inconclusive (insufficient credible or substantive evidence) or has already resulted in a proportionate response (not material, risks mitigated, or deficiencies addressed, e.g. a

low-level expense fraud committed by one staff member where monies had been returned and disciplinary action and risk mitigating measures taken.

The 63 closure memos included, 27 unfounded, six inconclusive and five insignificant cases. The remaining 25 cases, summarized below, were significant with confirmed outcomes of wrongdoing, misconduct and/or non-compliant amounts identified but proportionate response were taken by the Secretariat and implementers.

WRONGDOING TYPE	WHAT HAPPENED?	OUTCOME / ACTION
PRODUCT THEFT (four cases in four countries) 	Anti-malaria medicines, long lasting insecticides nets and condoms financed by the Global Fund were stolen or diverted from various storage facilities/warehouses. Total loss of US\$64,098	Staff involved were either terminated, arrested or facing criminal charges in court. Some implementers have agreed to refund the loss to the Global Fund. Distribution arrangement has been changed in our country, and standard operating procedures strengthened.
PROCUREMENT FRAUD (five cases in five countries) 	Procurement processes were manipulated, irregular and/or steered to favor certain suppliers, which involved payment kickbacks in some cases. Total loss of US\$31,027	One procurement process was cancelled and relaunched with strong oversight. Perpetrators in some cases were suspended and later resigned and internal controls strengthened.
EMBEZZLEMENT (five cases in five countries) 	Staff fraudulently claimed travel allowance payments, paid for services not delivered or adequate supporting documentation was not provided. Total loss of US\$404,035	The Secretariat is pursuing recoveries. Some implicated implementer staff have been imprisoned or separated from the program and grant oversight strengthened.
PHISHING FRAUD (one case in one country) 	A fraudster posing as a grant sub-recipient's equipment supplier and duped a program director into paying US\$34,193 to a foreign bank account. It was not possible to identify the perpetrators of the scheme. Total loss of US\$34,193	The Principal Recipient repaid the Global Fund in full. The sub-recipient no longer makes Global Fund procurements or disbursements. Staff are now following Global Fund training to avoid phishing fraud with monitoring.

<p>KICKBACKS (three cases in three countries)</p> 	<p>The Executive Director of a non-governmental organization systematically forced staff to pay salary kickbacks and retained allowances from community facilitators and outreach workers. Some staff of the implementer demanded supplier to pay money for award of contract; and the Principal Recipient received a bribe from the intended sub-recipients.</p> <p>Total loss of US\$49,000</p>	<p>Implicated staff separated from the program. The Secretariat is pursuing refunds and also, assurance over some activities and implementers will be enhanced.</p>
<p>MISAPPROPRIATED FUNDS (five cases in four countries)</p> 	<p>Some implementers' staff misappropriated project funds and falsified documents due to weak internal controls and corrupt practices.</p> <p>Total loss of US\$411,344</p>	<p>Employees were terminated, and parts of the loss already refunded to the Global Fund. Internal controls and LFA's oversight have been strengthened.</p>
<p>SEXUAL EXPLOITATION AND ABUSE (two cases in one country)</p> 	<p>A person employed by a Principal Recipient inflicted sexual abuse on a program beneficiary and a Project Manager was also accused of sexually harassing a community health worker.</p>	<p>Although the allegations are serious, initial investigative work revealed the victim is not a Global Fund beneficiary, and therefore the OIG does not have a mandate to perform further investigative work. The partner involved is taking measures in response, including field visits and awareness-raising about sexual exploitation, abuse and harassment. The Project Manager resigned and is now on a Do Not Hire/Rehire list, and several other SEA risk mitigation actions being implemented. The organization offered further support to the victim, but the victim declined and requested not to be contacted further.</p>



THE GLOBAL FUND

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