

The Office of the Inspector General

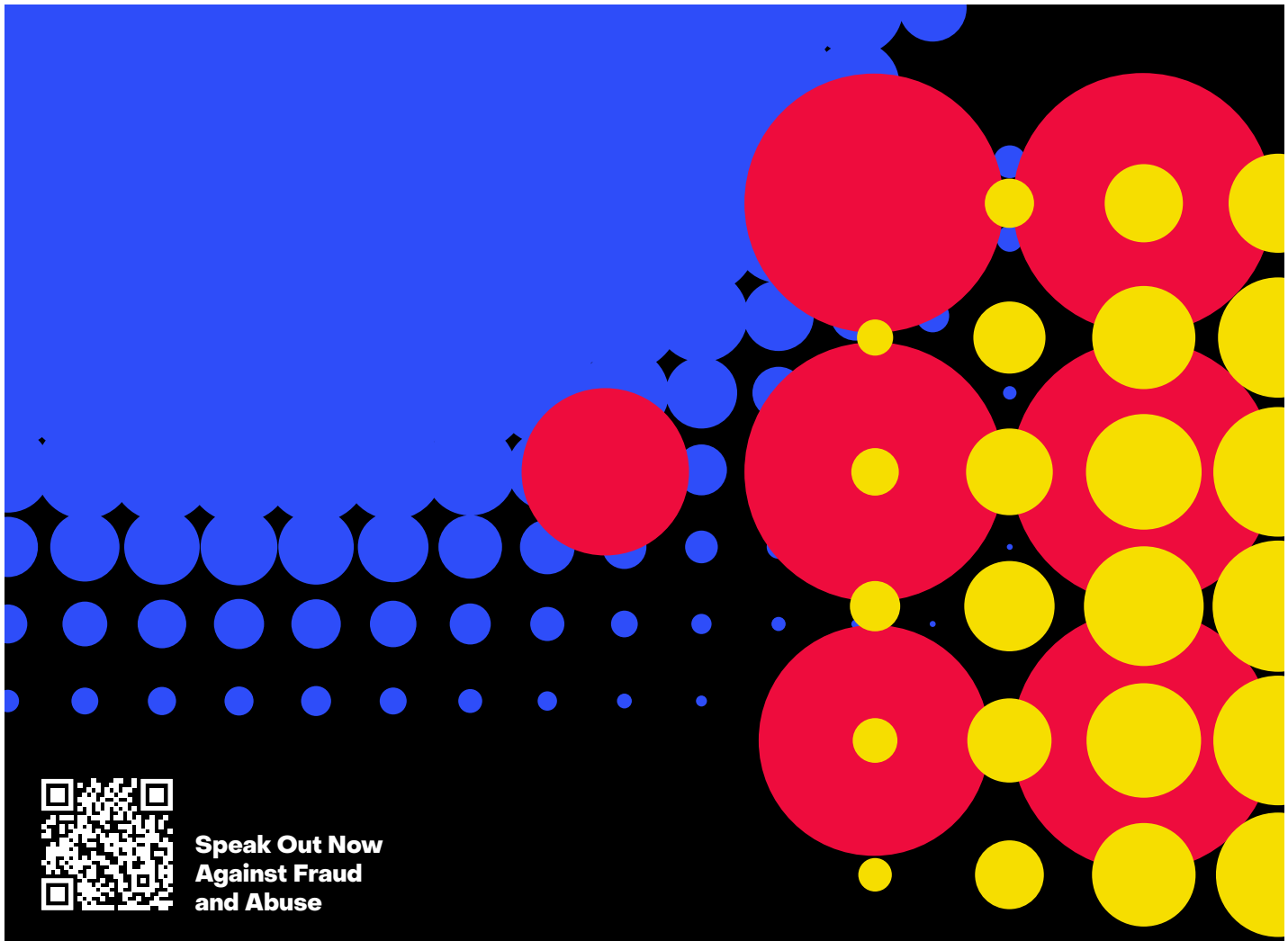
2023 Annual Report

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

GF/B51/07A
51st Board Meeting
22-24 April 2024



**Speak Out Now
Against Fraud
and Abuse**



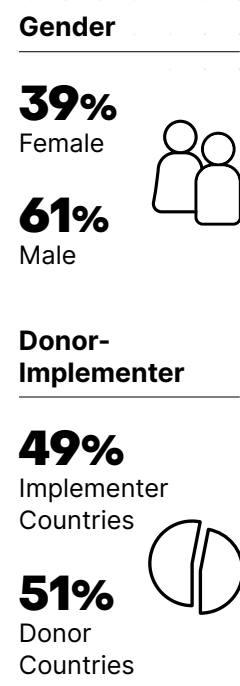
What is the Office of the Inspector General?

- 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.



Global Fund languages spoken by OIG staff

English	100%	Russian	5%
French	53%	Arabic	5%
Spanish	17%	Portuguese	2%



OUR STAFF have extensive 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, management consulting and strategic advisory, NGOs and anti-corruption organizations, as well as national audit offices with mature Value for Money methodologies.

Our staff hold a variety 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. Our staff undergo extensive training annually to maintain their professional certifications and qualifications, as well as to develop strategic organizational priorities such as Value for Money.

In 2023, the OIG published **20 audit and investigation reports**. In line with the Global Fund's commitment to transparency and accountability, reports are available on the [Global Fund website](#).

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.

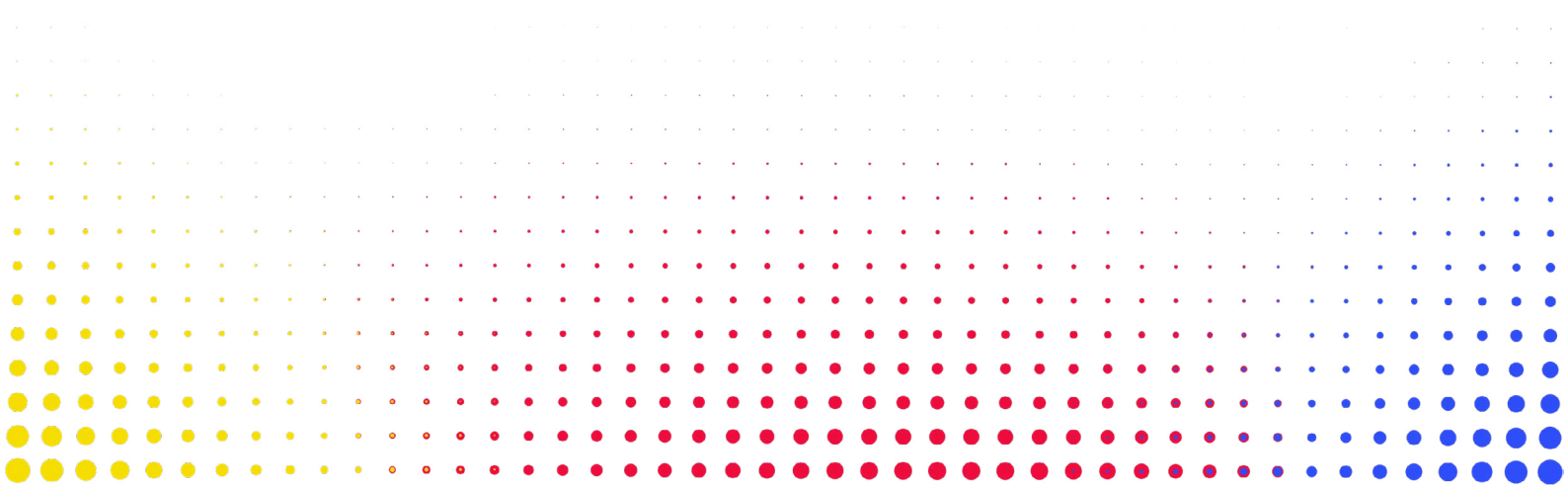
SPEAK OUT NOW!

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.

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1. Foreword

The Global Fund has consistently delivered lifesaving services since its inception, with 59 million lives saved from the three diseases, as published in the [2023 Results Report](#). But expectations remain high. Most of the record-breaking resources from the Seventh Replenishment have been converted into grants, setting the stage for programmatic impact guided by the ambitious 2023-2028 strategy. However, fiscal constraints, political instability, global security and climate change will inevitably impact our mission. The Partnership needs to continuously evolve and adapt to an external operating environment, a few years after a global pandemic, in which health is being crowded out of a very busy international agenda.



Tracy Staines
(she/her)
Inspector General

The Global Fund continues to make significant gains in fighting HIV and tuberculosis (TB). HIV new infections are at an all-time low since 1980 and there is a continuous rise in the number of people enrolled in treatment. AIDS-related deaths have also fallen by 72% between 2002 and 2022 with many UNAIDS global HIV targets than ever before. Similarly, TB programs have achieved major progress despite disruptions caused by the COVID-19 pandemic. The highest number of people were diagnosed for TB in 2022 since WHO monitoring started in 1995. Treatment success rates are also generally high and progressing in most countries.

However, more complex work will be required in reaching the last mile. This includes better targeting of key and vulnerable populations and finding missing TB cases. Worsening human rights and legal barriers, and suboptimal community and active case finding make it even more difficult to reach key populations. For malaria, our audits in 2023 found the situation exacerbated in most countries in recent years, with a rise in cases and often in related deaths. While context factors such as funding gaps, insecurity, climate change and insecticide resistance contributed to this, we also found that key prevention interventions were suboptimally executed. The effective use of dual active ingredient nets is expected to improve program results in the new grants, but is reliant on effective rollout campaigns.

Ending the epidemics will require reinforcing national health systems to be more sustainable. While the Global Fund invests significantly in Resilient and Sustainable Systems for Health (RSSH), getting these activities effectively and timeously implemented is still a challenge. RSSH activities have historically had lower absorption rates than core HIV, TB, and malaria grants, over which the Global Fund has more

influence. Improving absorption of these grants relies on better implementation arrangements and monitoring of RSSH activities at the country level.

Managing strategic risks that could thwart the Global Fund's mission will also be crucial to ending the three diseases. The operating environment is evolving rapidly, but existing risk management practices do not systematically consider strategic external risks as effectively as country-level risks. The evolution of fraud and abuse also requires continuous monitoring and process agility. The Global Fund has put in place additional measures to support program implementation in high-risk environments, but weaknesses in implementer capacity can hamper the effectiveness of these measures.

The next Global Fund replenishment is likely to be challenging, given the scale and number of competing priorities and budgetary constraints. The Board, Secretariat, partners, and implementers must prepare for an increasingly complex context by anticipating the difficult trade-offs necessary to ensure that we focus on impact and sustaining the gains already made. The Secretariat will also face difficult choices in the next implementation period over focusing on optimizing its operations and simplifying its processes.

Reflecting internally, the OIG performed well against its workplan in a year characterized by changing country security situations and evolving risks. This required an agile workplan, particularly as we assessed a record number of allegations. Overall, our work resulted in 20 published reports – 15 audits and five investigations. We intensified our engagement with external partners, with the aim of driving best practices and sustainable in-country assurance in a challenging fiscal environment.

2. Annual Opinion

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 2023, 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.

Opinion

Nothing on governance, risk management and controls that would significantly compromise the overall achievement of the Global Fund's strategic and operational objectives came to the OIG's attention in 2023.

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.

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 2023 engagements, presented in the following section. These issues require consideration to ensure the organization can effectively and efficiently achieve its strategic objectives.

All OIG activities are conducted in accordance with its charter and applicable international professional standards.

3. Themes Emerging from OIG work in 2023

Despite achieving impressive results in 2023, the Global Fund, its partners, donors and implementers, will continue to face unprecedented challenges both externally and with program implementation in 2024. The OIG outlines the following themes that have emerged from the portfolio of work undertaken in 2023. These require careful consideration by the Global Fund Board, the Audit and Finance Committee and the Secretariat, as they confront this difficult environment.

1. Significant progress made in HIV and TB programs, with many countries achieving global targets, but challenges remain in reaching key populations and finding new TB cases



OIG auditors visit a tuberculosis and leprosy control program in Uganda

The Global Fund Partnership has achieved major success over the years in fighting the three diseases, especially HIV and TB. The 2023 Global AIDS report shows the number of HIV new infections was the lowest since 1980, with the strongest improvement in sub-Saharan Africa. The number of patients enrolled in HIV treatment continues to rise, standing at 29.8 million (out of the estimated 39 million people living with HIV). AIDS-related deaths have also fallen by 72% between 2002 and 2022 based on the Global Fund's Results Report. Many countries audited in 2023 – such as Namibia, Burundi, Malawi, Ethiopia, and Uganda – were, as of 2022, closer to achieving UNAIDS global HIV targets than ever before, and infection rates were reducing.

Similarly, TB programs have achieved major progress despite disruptions caused by the COVID-19 pandemic. The 2023 Global TB Report indicates that around 7.5 million people were diagnosed with TB in 2022, the highest number since WHO began global TB monitoring in 1995. Across most countries audited, there was a steady decline in TB incidence and mortality consistent with the Global Fund's Results Report. Treatment success rates are also generally high and progressing in most countries. For instance, the TB treatment success rate in Burundi is among the highest in Africa at 95%, exceeding the WHO End TB Strategy target of 90%. Malawi also meets the treatment success rate target of 90%.

The Global Fund Partnership, underpinned by key principles such as country ownership and community engagement, has significantly facilitated the successes found in countries audited in 2023. But challenges exist in ending the epidemics.

For HIV, key population groups – such as Adolescent Girls and Young Women, Female Sex Workers (FSWs), Men having Sex with Men (MSM) and Prisoners – are disproportionately affected by new infections and treatment coverage in most countries audited. For instance, low coverage and the use of out-of-date strategic information in Ghana and Ethiopia are contributing to low coverage of prevention and testing interventions. Insufficient coverage of prevention services for key populations continues to be a challenge in Uganda, with only 36% of MSMs and 40% of FSWs receiving preventive services in the latter half of 2022.

The local legal and political context has very likely contributed to greater human rights barriers to services for key populations and service providers, which require the services provided to be adapted. In Cambodia, 83% of new infections in 2022 occurred among key populations and their partners or clients, partly due to low treatment initiation and high attrition rates. The continued rise of infections in key populations could derail the fight against HIV. This requires carefully balancing programs adapted to country contexts.

For TB, case detection has improved in some high-burden contexts, but countries audited in 2023 showed mixed results for case detection. In Ghana, there has been limited progress, with case detection and treatment coverage remaining low – at around 30% – for the past 15 years. Malawi misses one third of TB cases and 80% of multi-drug resistant TB cases. Similarly, Thailand misses 35% of its TB cases. Suboptimal community and active case finding interventions explain some of the missing cases. In Ghana, there is a missed opportunity to leverage the country’s extensive community services in over 7,000 Community-based Health and Planning Services sites to support TB activities. The private sectors in Malawi and Cambodia are not actively engaged in TB case detection and their contributions are significantly lower than the national targets. Existing effective TB diagnostics, such as Cepheid’s GeneXpert system, are not well-implemented in Ghana, Malawi, and Cambodia, with utilization rates of 23%, 33%, 35% respectively. Limited equipment maintenance contracts and warranties, stock-outs of cartridges partly due to funding gaps (expected to improve following the recent 20% price reduction¹) and challenges in sample transportation affect better use of the machines.



OIG team carries out an audit at a health center in Burundi

2. External threats and program implementation delays in high-burden countries have derailed the fight against malaria

While malaria programs had many successes in the past, they have recently been experiencing material challenges. Globally, malaria cases continued to rise while death rates have slightly reduced as indicated in the 2023 World Malaria Report. Our audits in 2023 found malaria programs are not progressing well. Countries audited – such as Côte d’Ivoire, Uganda, Ethiopia, Burundi, and Namibia – showed worsening malaria results, with increases in either incidence and/or mortality. For instance, in Côte d’Ivoire, malaria incidence has consistently increased since 2015 and cases have more than doubled to eight million in 2022. Ethiopia also had an 84% increase in malaria incidence in just one year (from 2021 to 2022). None of the key indicators for malaria improved between 2021 and 2022 for Uganda, with malaria cases and malaria-related mortalities increasing by 37% and 28%, respectively. One notable exception is Ghana, where malaria incidence was reduced by 40% between 2015 and 2020, meeting the WHO targets. Ghana also achieved a 17% decline in malaria-related deaths in the same period. This success story is due to robust approaches for malaria prevention through vector control, preventive chemotherapies, and vaccination.

In the countries where malaria programs are off track, factors outside of the Global Fund’s control – including widening funding gaps, insecurity, climate change and insecticide resistance – have undoubtedly contributed to the rise in cases. However, suboptimal execution and monitoring of vector control interventions, which are within the span of control of Global Fund programs, also contributed to weak performance. For example, Côte d’Ivoire’s bed net campaign had several inefficiencies, including not performing key activities to improve utilization. Bed net campaigns were conducted late and, in multiple countries, distributed nets were also not effectively used. Malawi, Ethiopia, Côte d’Ivoire, and Uganda have bed net utilization rates of 37%, 44%, 52% and 58% respectively.

New and more effective vector control interventions such as dual active ingredient nets introduced at scale, and better last-mile distribution arrangements, are expected to improve the results in GC7. Efficiency gains in prices and the accelerated lead time of the new nets are expected to be reinvested in programs. However, a deeper analysis of low use of nets and related mitigation measures will be essential in reducing the malaria burden.

1 Global Fund. (19 September 2023). [Global Fund, Stop TB Partnership and USAID Announce New Collaboration with Danaher to Reduce Price and Increase Access to Cepheid’s TB Test](#)

3. Major investments made in health system strengthening interventions but challenges in implementation and monitoring persist

The Global Fund's strategy recognizes the importance of building Resilient and Sustainable Systems for Health (RSSH) with significant resources invested in such interventions. In the aftermath of the COVID-19 pandemic, the Global Fund re-purposed C19RM funds, thereby substantially increasing its financing of RSSH activities. These interventions are fundamental to ending the HIV, TB and malaria epidemics in a sustainable manner and are expected to generate positive outcomes for the entire health sector. However, there are inherent challenges at the country and Secretariat levels that adversely affect the execution of RSSH activities.

Grant implementation arrangements tend to be more aligned with disease programs than long-term interventions: Unlike disease programs, there is often no designated single entity for RSSH activities at the country level because implementation typically spans many sectors. However, Global Fund grants are typically implemented by national disease programs, entities that either do not implement cross-cutting RSSH activities or may not have the required capacity or competence needed to implement them. RSSH activities require strong coordination between multiple in-country actors that do not always collaborate or coordinate effectively. This means that Country Teams have to engage with many in-country bodies for planning and execution of related interventions, which can lead to delays. For instance, OIG audits found limited coordination between partners, governments and the Global Fund, resulting in delayed strengthening of national procurement and supply management (PSM) systems and health management information systems (HMIS) in Malawi, Angola, and Ghana.

Limitations in routine monitoring of RSSH interventions: Health system strengthening activities by their nature take a long time, and specific results may not be generated or expected on an annual basis, with some activities spanning multiple cycles. As such, monitoring of longer-term activities often requires robust planning and phasing across grant cycles to track incremental progress over time. Better monitoring facilitates early identification of bottlenecks for resolution. This is not carried out thoroughly in Global Fund

programs. In Malawi and Ethiopia, our audits found that a significant number of RSSH activities were not properly sequenced and critical activities were not prioritized during the grant period.

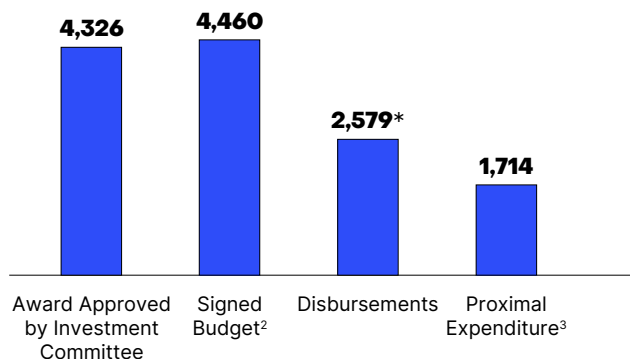
Delayed implementation of activities may reduce the overall value of RSSH investments. RSSH activities have historically had lower implementation rates compared to core HIV, TB, and malaria grants. For instance, in GC6, absorption of RSSH interventions as of June 2023 was 58% compared to 80% of non-RSSH activities. Our audits in Malawi, Angola and Ethiopia identified late implementation of health system strengthening activities, exacerbating long-standing portfolio issues:

- In Malawi, the planned construction of health posts to support community health care delivery has been substantially delayed, and completed facilities are not effectively used. About 20 out of the 55 health posts have been completed as of November 2023 (target completion date of all facilities was March 2023). The delays resulted in the completed projects suffering from inflationary pressures, with costs rising by 15%. Costs are also likely to increase for those facilities yet to be executed. In addition, 12 of the 20 completed health posts in Malawi are not being used due to an unmet government co-financing commitment to procure the equipment and supplies required to make the facilities operational.
- Angola continues to have weak data quality and supply chain systems, partly due to delayed implementation of related health system strengthening activities. Only 33% and 15% of the RSSH resources to improve data systems and supply chain have been used as of December 2022.
- In Ethiopia, the Global Fund is supporting the development of a logistic management information system, but the project has been significantly delayed, contributing to recurring inventory management challenges.

The C19RM funding and subsequent extension made more resources available to address health system challenges. The Secretariat has made significant progress in the refocused investments, with all available funds approved as of December 2023. The volume of activities in the refocused C19RM investments – in addition to core grants and related challenges in implementing RSSH activities – further compounds the execution risk. The target C19RM absorption of 85% by 2025 is unlikely to be met. Figure 1 below shows progress made in translating the refocused C19RM resources into grants.

Figure 1

**C19RM 2021 Funds
as of 31 December 2023,
US\$ Millions**



* US\$1,752 of the US\$2,579 is related to non Pooled Procurement.

Source: *C19RM report to the Board – February 2024*

The Secretariat presented specific actions to improve implementation of RSSH interventions to the Strategy Committee in October 2023. These include active support to 25 portfolios to accelerate implementation, engagement of relevant implementers for RSSH activities, and the addition of new monitoring approaches for Grant Cycle 7 (GC7). The effective execution and follow-up of these actions will help to reduce the risks of RSSH. However, the fundamental challenge of country-level implementation arrangements – which will need to be adapted to ensure better and timely execution of scaled RSSH activities – still exists. Further, the Secretariat’s relatively limited influence over institutions responsible for cross-cutting RSSH activities compared to HIV, TB and malaria will likely affect the execution of long-term investments.

4. Global Fund’s risk management has evolved positively but limited consideration of strategic external risks, and slow implementation of mitigation actions, limit its effectiveness

The Global Fund’s risk management reached an embedded level of maturity in 2019. Since then, processes to manage and mitigate risks have been enhanced and were further adapted to respond to the COVID-19 pandemic. The operating environment remains volatile with multiple cross-cutting or global risks that affect the achievement

of the Global Fund’s mission. These risks are often outside the Secretariat’s control and are not easily identified through the Global Fund’s existing risk management processes. Policies, tools and processes could be further adapted to the current context, including better monitoring of strategic risks at the organizational level.

The Portfolio Performance Committee (PPC) is responsible for both country and enterprise risk management. The PPC routinely performs portfolio-level reviews. While thematic reviews on fraud and performance of malaria programs have been performed by the PPC, there has been limited enterprise-level review of external threats – as referenced previously – that affect the Global Fund’s mission or implementation of its strategy. For example, challenges in reaching key populations in the context of legal constraints and finding missing TB cases could benefit from careful and formal consideration at the enterprise level. The Global Fund’s 2023-2028 strategy recognizes communities as central to its execution. These communities often lack the technical, financial, and managerial competence to meet Global Fund requirements. However, required trade-offs in service delivery through communities and their respective risks have not been assessed and agreed at the organizational level. Similarly, external threats such as climate change, political instability and security issues have been discussed in country reviews but less formally considered at enterprise level.

The operational-level risk management has generally improved with an average of 80% alignment since 2019 between the Secretariat risk rating and OIG audits. There are inconsistencies, however, in execution and monitoring of key mitigation actions (KMAs), which are critical in either reducing risk levels or for enabling better grant implementation in a volatile context. Where mitigation measures are identified, there are often delays in execution and effective monitoring. For instance, the completion rate of key mitigation actions, due by the end of 2023, stood at 50% against a target of 75%. This is partly due to limited capacity at implementers, limited follow up of the actions by Country Teams, and gaps in accountability for risks in some second-line functions. These gaps relate particularly to limited oversight of mitigation measures by supporting technical divisions, such as the Supply Operations and the Strategic Investment and Impact Divisions. Delayed implementation of KMAs may contribute to occurrence of risks. For instance,

2 Signed budget as of 29 February 2024 to reflect latest budget revisions. Amount is greater than C19RM 2021 awards due to integration of C19RM 2020 rollover into C19RM 2021 budgets.

3 C19RM 2021 proximal expenditure is derived using received Pulse Check submissions for Core and High Impact grants (Focused grants are not required to submit a Pulse Check). It is therefore a representative indicator only and not the final validated expenditure. Compliance rate for Q4 2023 Pulse Check is 95.%.

delayed implementation of KMAs on data quality risks contributed to significant inaccuracies and incompleteness in data used to assess program performance, as found in our in-country data and data systems and Ghana, Uganda and Ethiopia audits. Similarly, identified KMAs to improve TB case detection in Ghana, Côte d'Ivoire and Cambodia are yet to be addressed, partly contributing to low case detection in those countries.

As the external context becomes more complex, active and formal engagement between the Board, Committees and Secretariat on implications of global risks that are not within the Partnership's control is essential. At the Secretariat level, timeously identifying and implementing mitigation actions will be critical in achieving the Global Fund's strategic objectives.

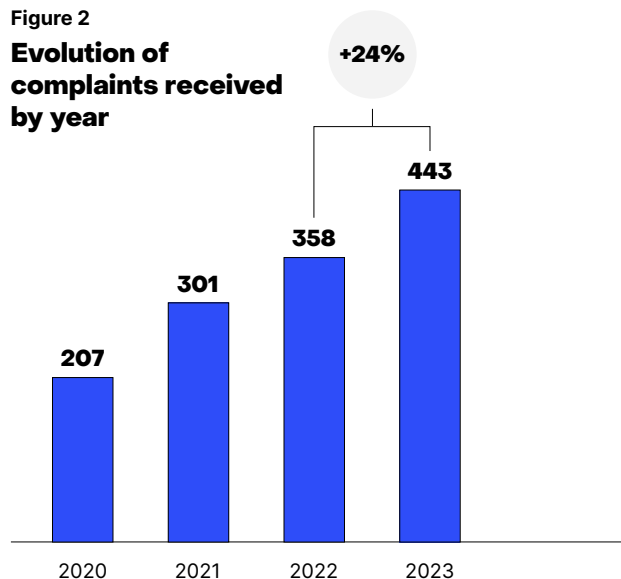
5. Agility will be critical as the Secretariat continues to mature its management and response to evolving fraud risks

Over the last ten years, the Global Fund has dedicated significant amounts of human and financial resources to managing financial risks, including country-level measures that aim to balance program implementation with managing donor funds responsibly. Following the OIG's audit of the Fraud Risk Management Maturity Assessment, the Secretariat has defined the level of maturity for each component of the fraud risk management cycle with specific actions being implemented, including closure of all Agreed Management Actions. The PPC performed a thematic fraud risk review, attended by all relevant functional teams, which is helping to improve the Secretariat's monitoring and response to fraud risk. These efforts, as well as increased investigative capacity at the implementer level, have made it more difficult for Global Fund grants to become the target for fraud and abuse.

Complaints received by the OIG increased by 24% from 2022 and 95% since 2020, as shown in Figure 2. Although global economic constraints and urgency to implement programs can contribute to heightened fraud risks, the rise in allegations does not necessarily mean fraud risk in Global Fund programs has increased. For example, ongoing OIG fraud risk awareness campaigns at the implementer level and the Secretariat's internal incident reporting mechanism can contribute to these increases, and the conversion rate of complaints into OIG

investigations has not seen a sharp rise. This indicates that incidence of fraud is relatively stable.

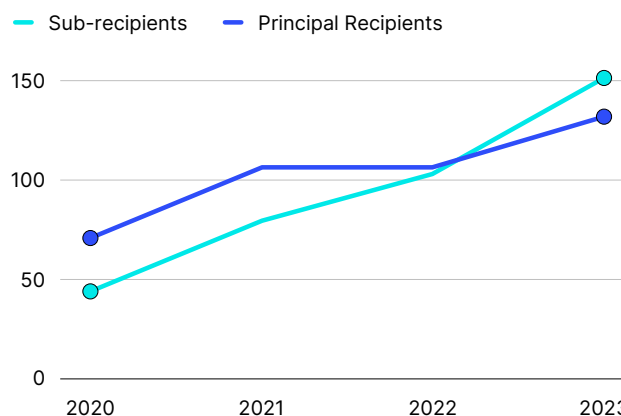
Figure 2
Evolution of complaints received by year



Nevertheless, OIG investigative and allegations analysis in 2023 shows that the type of fraud risk continues to evolve.

Increasing trend of allegations and substantiated cases at sub-implementer level requires an adapted fraud response: the percentage of complaints involving sub-recipients and sub-sub-recipients has increased by 55% between 2022 and 2023, surpassing Principal Recipients. A third of these resulted in cases being opened. Figure 3 below shows the trend in allegations at Principal Recipient and sub-implementer levels.

Figure 3
Evolution of complaints for Principal Recipients and sub-recipients as subjects



The Secretariat has direct engagement with Principal Recipients, with most mitigation measures targeted at that level. Principal Recipients are expected to cascade relevant Global Fund requirements to their sub-recipients and oversee them. However, weaknesses in the capacity of Principal Recipients and supervision arrangements can affect timely identification and resolution of issues at the sub-implementer level. OIG audits noted weaknesses in Principal Recipients' supervision across multiple countries. Supervision activities can be often either not risk-based or not adequately executed, as seen in [Ethiopia](#), [Ghana](#), [Cambodia](#), [Namibia](#), and [Burundi](#). The weaknesses can provide opportunities for opportunistic fraud to become systemic if not addressed.

The Secretariat has started to address some of these issues. For example, the Finance Division is currently varying its assurance plans to target aspects of the delivery chain for high risks in GC7, and similar measures will be needed in addressing non-finance related fraud risks.

Evolving complexity of schemes: As mitigations are designed to guard against known fraud schemes, more complex ones emerge. Collusion and conflict of interest can also reduce the effectiveness of these controls, if not identified and addressed early. This requires continuous agility in the response.

Misappropriation of funds accounts for most substantiated cases over the years. New related schemes linked to programmatic changes continue to emerge. For instance, mobile or digital payments are being introduced to address traditional cash payment fraud schemes. However, a recent substantiated investigation uncovered ways in which representatives at the implementer or sub-implementer levels are using mobile payments to defraud beneficiaries of payments owed. There is an increase in substantiated cases of a non-fiduciary nature, in particular product theft and diversion cases. These non-financial schemes require continuous monitoring, reporting, and response to ensure early identification and

response. Our [Fraud Risk Management Maturity Assessment](#) and [Guinea](#) investigation found the need to address fraud risks beyond financial schemes. The Secretariat has recently developed fraud mitigation approaches for non-financial schemes, which are expected to be implemented as part of GC7 grants.

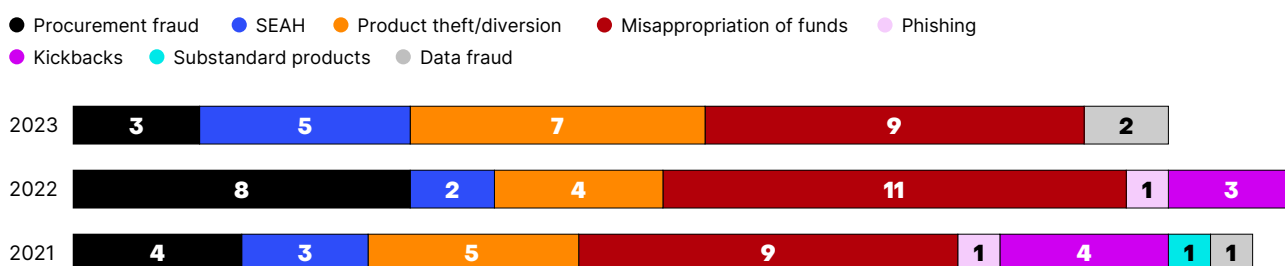
In 2023, there were five sexual exploitation and abuse (SEA) substantiated cases compared to two in 2022. This does not mean that SEA risks are increasing. The OIG surmises that this rise is likely due to more SEAH awareness activities being delivered by the OIG and Secretariat since late 2020. In 2022 and 2023, the OIG completed 16 SEAH awareness sessions with over 500 participants spanning more than 40 countries. The Secretariat continues to implement activities to operationalize the PSEAH Framework for reducing SEAH risks in programs. In 2023, assessments to respond to the risk of SEAH were completed for 10 countries. Activities aimed at bolstering implementers' capacity for responding to SEAH risk were also conducted in 12 countries.

6. Looking ahead: Tackling potential derailers to implementation and preparing for the future

The Global Fund has set an ambitious strategy in the difficult context of fiscal constraints, global security issues and climate change. The Partnership has successfully converted most of the available funds into grants – approved by the Grant Approval Committee – for GC7 and amounting to US\$9.3 billion (70%) of fund allocation as of December 2023. However, the environment in which the next Global Fund replenishment will be held is likely to be very challenging. A tough fiscal outlook, and multiple global priorities are distracting attention away from health. Other ongoing challenges and potential derailers could hinder progress unless effectively tackled.

Figure 4

Fraud and wrongdoing type by substantiated cases*



* As per the OIG [Disclosure Policy](#), not all investigation cases are published

Driving implementation through streamlined and differentiated processes:

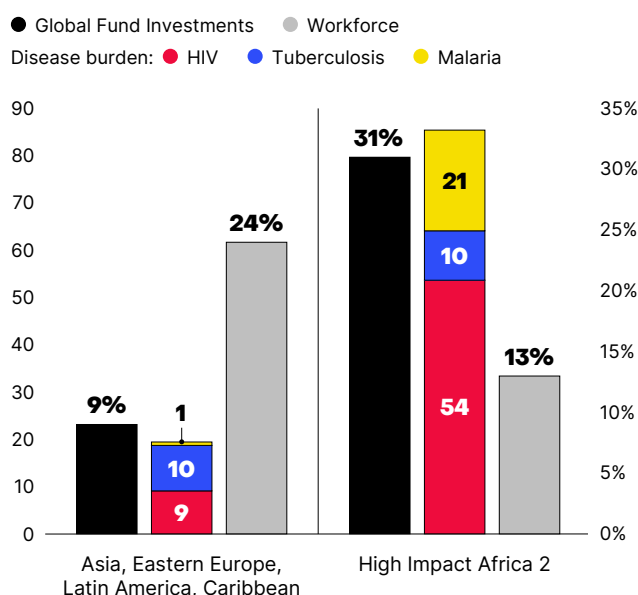
The countries and implementers executing Global Fund grants are of different maturity levels with varied operating contexts and programmatic performance. Some face acute crises and natural disasters that make implementation difficult, while others have succeeded in harnessing innovation and building strong and robust national accountability systems. While the Global Fund generally classifies countries based on disease burden and size of allocation, there is room for further differentiation and simplification of Secretariat processes to better support implementation. For instance:

- Our audit in [Ethiopia](#) highlighted that existing mechanisms were not leveraged to support grant implementation in the regions affected by ongoing crises.
- Multiple layers of internal Secretariat reviews sometimes dilute accountability and contribute to delays. The [Reallocation of Grant Funds](#) audit identified multiple approvals for a Portfolio Optimization, which can delay the end-to-end process and increase the administrative burden for Country Teams.
- Several reporting requirements in the context of multiple competing interventions to be executed at country level may distract implementers from executing critical activities. The Secretariat is aware of this burden and has already made efforts to reduce some of the reporting requirements, with further enhancements planned for GC7.

Streamlining processes will free up resources from technical teams and smaller portfolios to better support high-impact countries. While the Secretariat had a 46% increase in overall staff between 2016 and 2023, the core Country Teams have seen a 6% growth. This has contributed to an increase in technical functions with a 1:1 ratio between Country Team specialists who oversee programmatic and supply chain implementation, and their respective counterparts in technical functions responsible for policy development, advice, and second-line oversight. Continuous assessment of this balance will be critical to ensure resources are efficiently deployed for program impact.

Although a crude and unnuanced measure, it is worth highlighting that 24% of the grant-facing workforce is allocated to oversee 9% of Global Fund investments in Focus countries in Asia, Eastern Europe, Latin America and Caribbean regions. These regions account for 9%, 10% and 1% of the HIV, TB and malaria disease burden, compared to 13% of workforce in High Impact Africa 2, which oversees 31% of investments and 54%, 10%, and 21% of the disease burden respectively.

Figure 5
Proportion of the Country Team workforce compared to allocation and disease burden



Actively incorporating supply chain sustainability in programs:

As a performance-based financing mechanism, it is essential for the Global Fund to demonstrate impact while simultaneously mitigating risks of implementation. In the context of Global Fund programs, this often requires trade-off between using national systems with inherent challenges and parallel systems to achieve results that may contradict sustainability principles. For instance, the Global Fund's use of national supply chain systems in [Ethiopia](#) and [Uganda](#) has contributed to continuous strengthening of such institutions. However, inherent challenges of using national supply chain systems in some countries have led to use of parallel supply chains, potentially weakening national systems, or leading to use of multiple supply chains. In [Malawi](#), [Ghana](#), and [Benin](#), while the use of parallel supply chains is ensuring availability of medicines and reducing supply chain risks, these measures are not sustainable in the long term.

The Global Fund's supply chain road map acknowledges the importance of building sustainable in-country supply chain systems. However, implementation of previous supply chain transformation or master plans has experienced significant delays in multiple countries as our audits found, for example, in Malawi and Ghana. Capacity of national systems could evolve when there are changes in the country context requiring relatively high levels of risk acceptance in using such systems. For instance, while Kenya's supply chain was functional and effectively used by the Global Fund, underlying inherent risks in supply chain occurred due to changes at country level as found in the OIG's audit report. Continuous review of parallel arrangements with the focus on making measures sustainable, and adapted to each country context, will support broader health care delivery beyond Global Fund programs.

Adapting to limited funding across the partnership:

Mobilizing domestic financing for health remains critical in ending the epidemics. The Seventh Replenishment investment case indicated that about US\$58.6 billion was needed in domestic financing for the 2023-2025 cycle. Global economic constraints are negatively impacting most Global Fund countries and will make it difficult to achieve this funding. Some countries audited in 2023, such as Ghana, Uganda, Thailand, Viet Nam, and Côte d'Ivoire have experienced difficulties meeting co-financing requirements, potentially contributing to programmatic disruptions and, in some instances, stock-outs. In some cases, the Global Fund has

needed to step in to reduce program disruption. However, clarity in roles and accountability at the Secretariat, as well as effective tracking and monitoring of co-financing requirements, remain essential as previously identified in our 2019 Annual Report and Domestic Financing for Health Advisory.

Finally, as external assistance and domestic financing become challenging, the Global Partnership will likely have to do 'more with less'. Implementation and adherence to value for money principles, including use of data for decision-making at the Secretariat and country levels, will be essential. This may include active collaboration and coordination with other organizations to improve efficiency in Secretariat-level operations and in-country program delivery.

Mobilizing domestic financing for health remains critical in ending the epidemics.



The Inspector General, accompanied by teams from the Global Fund Secretariat and the OIG, meets with Prime Minister of Namibia Saara Kuugongelwa-Amadhila, third from the right

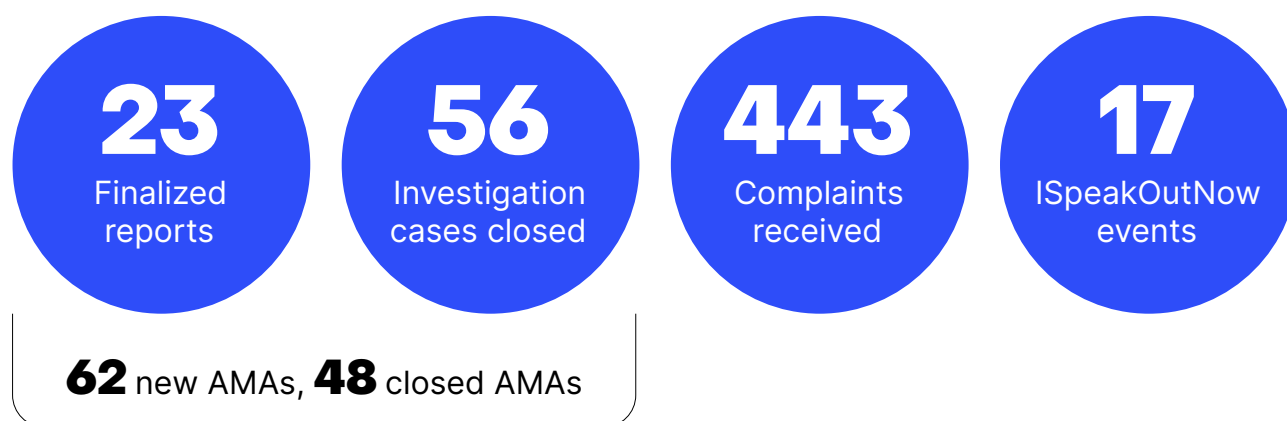
4. Inside OIG

4.1 2023 Review and Looking Ahead

The OIG made significant progress in 2023 against its workplan, despite a worsening of country security situations and evolving risks. The OIG continued to see an increase in the number of complaints received, and put in place a new case intake process to best address this trend to enable more agile prioritization of the most serious cases. The OIG also intensified its engagement with external partners, with the aim of driving best practices and sustainable in-country assurance in a challenging fiscal environment.

Figure 6

Highlights of OIG activities in 2023



Audit and Advisory

2023 Operational Overview

Figure 7 provides a snapshot of the Audit and Advisory Unit's activities in 2023.

Figure 7

2023 Workplan as of 31 December



Country audits

6 published
6 in reporting phase



Internal audits

4 in reporting phase



Advisory engagements

2 finalized
1 in planning & fieldwork

The Audit and Advisory Unit continuously adapted its workplan to evolving country security conditions, and the risk profile of the organization and its programs. Four country audits – for the Democratic Republic of Congo, Central African Republic, Haiti and Mali – were replaced, deferred or cancelled, primarily due to security concerns. This enabled resources to be reallocated to focus on other strategic reviews, such as assessing the Global Fund’s model in delivering the organization’s new strategy and examination of the Country Team model. The three-year workplan approach facilitated this flexibility in adjusting audits because it allows for routine changes without significantly compromising long-term coverage indicators.⁴

Mission-driven assurance continued to be a core priority for the unit in 2023 with 12 country audits (two were thematic audits covering six countries) completed during the year. The unit visited 212 health facilities in 16 countries during the year. Thirty-one staff from Supreme Audit Institutions were also engaged in all country audits. (See Outreach and Stakeholder Section for more details).



An OIG team performs an audit at a health centre in Uganda

Looking Ahead

In 2024, the Audit and Advisory (A&A) Unit has planned 21 reviews, up from 19 performed in 2023.

Figure 8

2024 Audit & Advisory workplan at a glance

13
Country
audits



(39 between 2024–2026)

4
Internal
audits



1
Value for
money audit



3
Advisory
engagements



(24 in total between 2024–2026)

Country audits

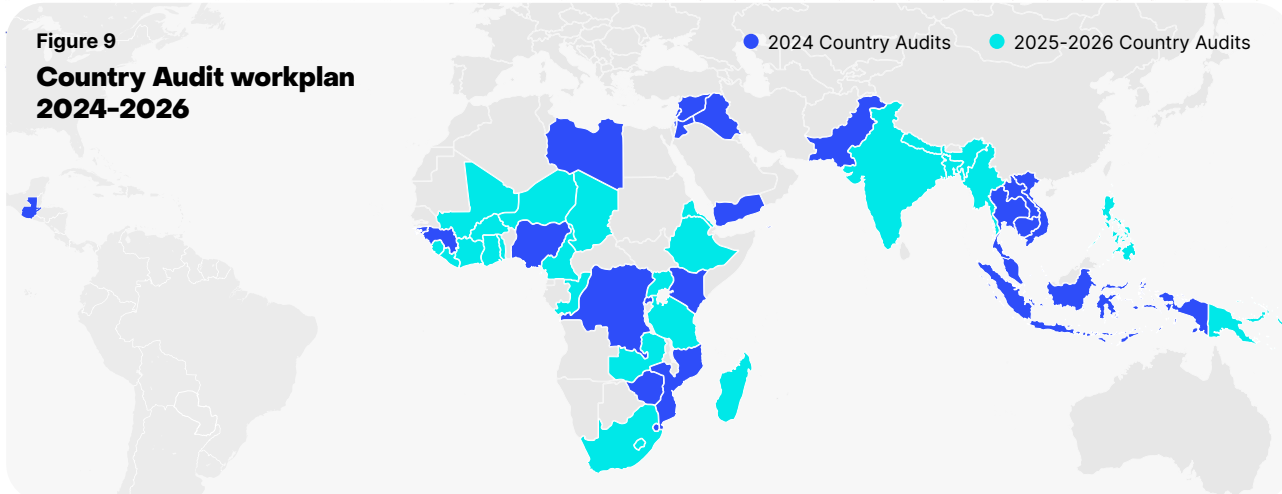
In line with our risk-based approach, we aim to perform country audits of all high-impact portfolios in a three-year cycle and all core portfolios in a five-year cycle.

The portfolios planned to be audited during 2024–2026 are available in the OIG’s [Operational Progress Report](#) to the 50th Global Fund Board Meeting.

⁴ Since the Progress Update report GF/AFC23/04A, in which the OIG presented its progress against the 2023 workplan, the Value for Money review on “Global Fund investments in human resources for health, including community health workers” has been deferred to 2024

Figure 9

Country Audit workplan 2024-2026



Internal audits

In 2024, the OIG will perform audit engagements on the following processes:

- Health Product Quality Assurance⁵
- Risk Management
- Human Resources
- Evaluation and Learning Office⁵

Value for Money reviews

The A&A Unit will complete the Value for Money review of Global Fund investments in human resources for health, including community health workers, deferred from the 2023 workplan. As part of its 2024 workplan, the Unit will prepare for an upcoming review of the Secretariat's investments in Information Technology-related initiatives, which will likely be scheduled for the first half of 2025.

Advisory reviews

In 2024, the A&A Unit will complete the ongoing advisory on the Additional Safeguard Policy and launch two further reviews in response to requests from the Secretariat.

Professional Services

2023 Operational Overview

The Professional Services Unit (PSU) continued to play a pivotal role in executing the OIG's mandate. In 2023, PSU managed the OIG's case intake process, continued to improve the OIG's analytic and insight capabilities, and provided operational support to the Audit & Advisory and Investigations teams.

Case Intake Process

The number of complaints received by the OIG increased by 24% in 2023 over the previous year, reaching a total of 443 complaints. This required significant prioritization and a more targeted response to allegations, including referral to second-line functions and other assurance providers where relevant. The increase in complaints has not resulted in an equal increase in investigations opened. This is due to the focus on more detailed assessment at case intake and prioritization of the OIG's resources in responding to allegations.

The Case Intake team completed 387 screening reports, in an average of 42.5 days. The unprecedented increase in complaints and inclusion of the deeper allegation assessment affected the case intake timelines. This assessment process, which previously had a KPI of 90 days, is now part of the screening stage instead of the investigation process. The screening KPI has been revised for 2024 to reflect the ambitious timeline of the revised process with dynamic prioritization in assessing complaints.

5. Timing to be agreed in conjunction with Strategy Committee leadership for both reviews

Generating insights and referrals from complaints

Although a complaint does not always result in a formal investigation case, the findings of each allegation undergo thorough examination. Some are directed to other partner organizations, the Secretariat or the A&A Unit for necessary action, or are analyzed with our intelligence capabilities to generate Information Reports. Complaints falling outside our mandate still provide important information and these are used to provide critical information, crucial for fraud prevention, and program management activities.

Technology innovations and infrastructure advancements

The OIG has developed a Speech-to-Text solution, currently in pilot, which will soon be enriched with topic recognition and summarization features. Concurrently, we have integrated Artificial Intelligence tools into our Text Analytics, aiming to extract deeper insights from our data.

Our IT Servers were migrated for accentuated security controls and greater performance, and changes were made in the investigation system to reflect screening and investigation process changes.

Accelerated operational support enabling delivery of OIG 2023 workplan

In 2023, the Unit has provided critical support required for the delivery of the A&A and Investigations Units' workplans. This included the recruitment and onboarding of skilled consultants to support both delivery teams. All audits and investigation reports also underwent quality assurance reviews performed by the Unit, prior to publication.

OIG launches a rebrand of its I Speak Out Now platform

To mark International Anti-Corruption Day on 9 December, the OIG unveiled a refreshed version of www.ISpeakOutNow.org. This significant overhaul of the structure and content followed a technology upgrade – implemented in March 2023 – that had enhanced the website's functionality and user experience. The objective of I Speak Out Now has been expanded beyond its core function as a platform for reporting wrongdoing. It now provides additional information on mitigation measures for identified prohibited practices.

"Corruption is the silent scourge faced by the Global Fund in supporting life-saving programs against HIV, malaria and tuberculosis."

**Tracy Staines
Inspector General**

**Speak Out Now
Against Fraud
and Abuse**

Looking Ahead

In 2024, the Unit will continue implementation of the advanced analytics roadmap, including system enhancements, to generate more insights and bolster the OIG's knowledge management.

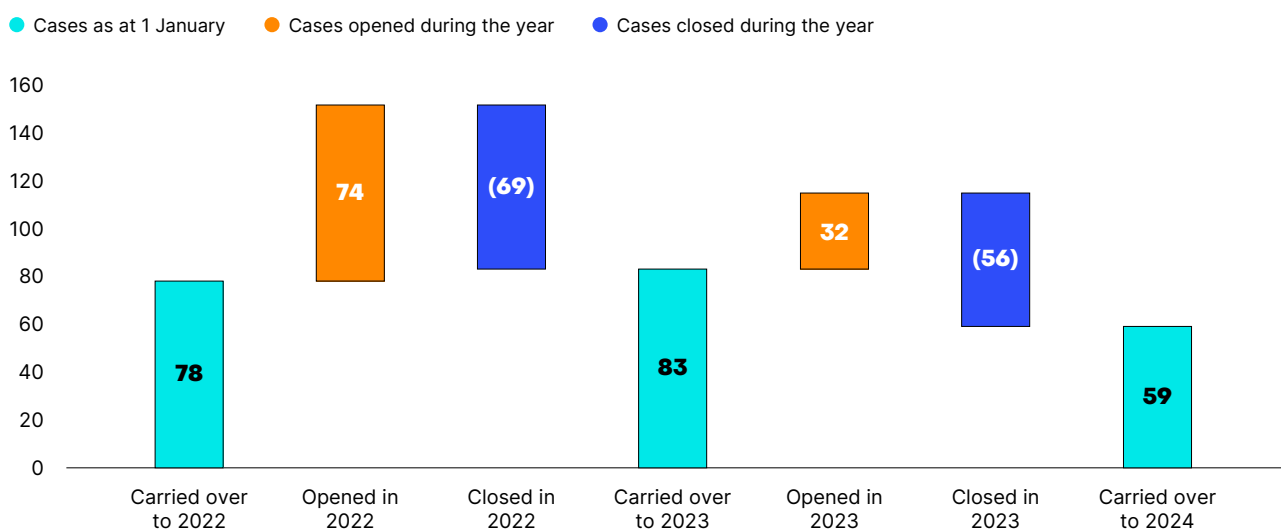
Quality assurance of the OIG's activities will be a key focus of PSU's activities in 2024. In line with the new Global Internal Auditing Standards, published by the Institute of Internal Auditors, the Unit will perform a comprehensive review of current OIG audit and quality assurance practices and, where necessary, revise current processes. Additionally, the Unit will lead on the External Quality Assessment of OIG activities in 2024, coordinating with the Global Fund's Audit and Finance Committee to select the external service provider, as in previous years.

Investigations

2023 Operational Overview

The year was characterized by change for the Investigations Unit, with the new Head of Investigations joining in July, paving the way for new priorities for the Unit in 2024. The return to pre-COVID-19 levels of unrestricted travel allowed investigative teams to address several cases that were paused during the pandemic.

Figure 10
Case evolution in 2022 and 2023

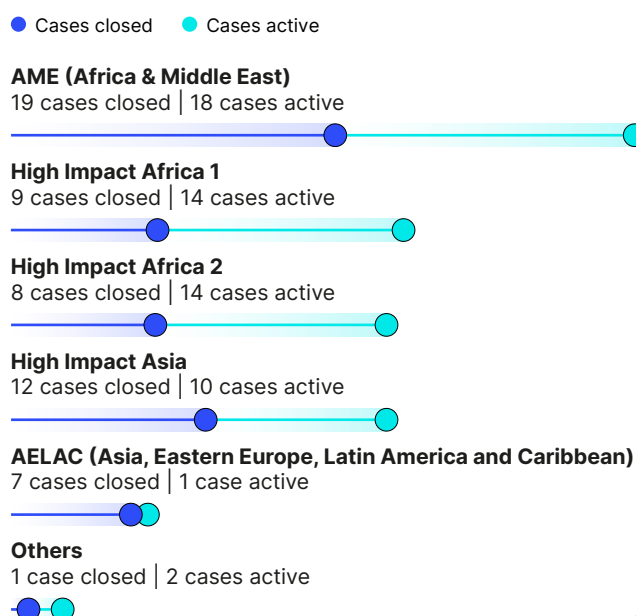


Cases closed and published: In 2023, the OIG closed 56 investigations out of a total 115 active cases, representing a completion rate of 49%, slightly above 45% the previous year. Of these, the OIG substantiated 46% (26 cases) of its completed cases, meaning that the OIG found evidence to support the allegations received. As assessments performed at the case intake level become more thorough, the OIG anticipates that substantiation rates will increase further in 2024, while completion rates will likely remain stable. Improvements in these areas will provide important metrics in further refining the effectiveness of case selection processes and the use of investigative resources.

Of the 26 substantiated cases, five OIG-led investigations were published, three of which related to SEAH in South Africa, Uganda and Zimbabwe. The remaining two related to fraudulent and abusive practices in Guinea and collusion in COVID-19 procurement in Zambia identifying a total of US\$132,854 in non-compliant expenditure. In Q4 2023, the OIG introduced a new mechanism, the Management Briefing Note, which aims to report less material investigative findings to the Secretariat and related integrity recommendations linked to those substantiated cases in which proportional responses were taken but publication was not deemed to add

further value. Unsubstantiated cases from which no lessons learned were derived are no longer reported to the Secretariat. This focuses the OIG's communications on substantiated cases and value-adding related lessons learned.

Figure 11
2023 active and closed investigation cases by region



A summary of the findings, from the 21 substantiated cases that were not published, are provided in Annex 4. These cases involved significant lessons learned and potential recovery amounts of US\$410,032, which were communicated to the Secretariat for resolution.

Case processing: Enhancement of the screening process enabled the OIG to complete many of its aged cases. On average, OIG-led investigations were completed in 15 months (23.3 for published reports and 13.3 for non-published reports). Implementer-led investigations took slightly longer at 16.8 months. Lowering the average completion times of investigations, whether OIG- or implementer-led, will be a priority for the OIG in the year ahead.

Maximizing impact with implementer-led investigations: Implementer-led investigations accounted for over half of the completed investigations in 2023. Allowing implementers with demonstrable ability to conduct certain investigations under the OIG’s oversight has many benefits. These benefits include supporting capacity building of implementers, drawing on local or regional resources to conduct investigations, and allowing the OIG to focus its resources on more material and systemic fraud cases. However, this approach can occasionally present challenges including inconsistent or inadequate coordination of investigations with the OIG, as well as delays. To combat this, the OIG consolidated its management and oversight of implementer-led investigations in 2023.

Prevention outreach: Increased awareness of OIG complaint mechanisms encourages more people to speak up. Indeed, complaints received have increased by nearly 95% since 2020. In 2023, the OIG continued with its outreach efforts and led 17 training and outreach sessions with stakeholders. Seven sessions were specifically tailored to address SEAH awareness among high-risk populations. The OIG also facilitated awareness-raising courses on the prevention of sexual exploitation, abuse and harassment (PSEAH), led by the Ethics Office.

Looking Ahead

Figure 12
2024 Investigation workplan



Investigation outcomes: In 2024, the OIG anticipates that it will focus on concluding 50 investigations, and primarily on its remaining long-standing cases. It will also concentrate on case development, with the aim of embedding a more strategic focus on investigations that are more likely to identify systemic integrity risks, lessons learned and, where appropriate, recoveries. The approach will entail a robust understanding of identifying high-impact cases early on and prioritizing resources.

At least five of the cases are expected to result in published investigation reports. Based on historic volumes, conversion rates, and the number of cases initiated in 2023, 22 new OIG-led investigation cases and 18 oversight cases are projected for 2024.

Proactive investigations: To further drive its focus on high-impact investigations, the OIG will develop a methodology to proactively identify integrity risks indicative of potential prohibited practices. In 2023, the OIG benchmarked its operations against its peer organizations to learn from tested models for proactive integrity reviews and investigations. Application of these models will be modest in 2024, until the OIG determines the optimum approach and resource requirements for the program.

Enhanced fraud prevention: The Charter of the OIG considers counter fraud and consulting services as core activities. While the Investigations Unit has provided such support to the Secretariat, traditionally only fraud prevention training was formally monitored and tracked. In the year ahead, the Investigations Unit will develop a more robust strategy for prevention and will centralize and track integrity-related consultations with the Secretariat. Through this process, the OIG will be able to better consolidate fraud prevention knowledge and improve awareness and demand for advisory support across the Secretariat.

4.2 Outreach and Stakeholder Engagement

Outreach activities and stakeholder engagement are critical to delivering the OIG's strategy and reinforcing its mandate. They are also central to building capacity for effective and impactful oversight across the development sector, as well as in implementer countries.

Collaborating with Supreme Audit Institutions and anti-corruption agencies

The OIG has progressively strengthened ties with Supreme Audit Institutions (SAIs), which are key actors in developing strong Public Financial Management systems in country. The OIG collaborated with SAIs in most of its country audits and worked with 31 staff from eight SAIs in Africa.

The Global Fund and the OIG also sponsored the first SAI-Donor Indaba conference in South Africa, bringing together Auditor Generals from the African Organization of English-speaking Supreme Audit Institutions (AFROSAI-E). Over 100 participants from the African Sub-Saharan Organization of French-Speaking Supreme Audit Institutions (CREFI AF), the African Organization of Public Accounts Committee, USAID, the U.S. Government Accountability Office (GAO), Aidspan, African Development Bank and World Bank attended the conference.

Earlier in the year, the OIG attended the annual INTOSAI⁶ conference – in Kingston, Jamaica – which was aimed specifically at building and strengthening capacity in human resources for public financial management. The Global Fund and the OIG also hosted CREFI AF in Geneva in September 2023, with the aim of strengthening cooperation with SAIs in francophone Africa.

The OIG also actively collaborated with anti-corruption stakeholders and partners. It participated in Transparency International's Global Health online event "Ending impunity to corruption in health systems". The OIG provided training at anti-corruption events, such as the Southern African Institute of Government Auditors (SAIGA) 3rd Annual Conference in Johannesburg, on how

auditors can better recognize indicators of fraud during their work and how to approach potential fraud situations in the audit context.

Partnering with oversight offices in the industry

The OIG regularly meets and exchanges best practices with oversight functions in organizations with comparable mandates. In 2023, the OIG leadership met with peer leaders including the World Bank, Inter-American Development Bank, USAID, GAO, International Monetary Fund, the European Investment Bank, and United Nations organizations. We leveraged findings from these engagements to review and refine our strategy and operational plans.

The OIG attended the 23rd Conference of International Investigators hosted by the European Bank of Reconstruction and Development to discuss emerging integrity issues, share lessons learned and best practices with other oversight functions.

The OIG also participated in the 15th annual UNRIAS and 52nd RIAS (Representatives of Internal Audit Services) conferences in Washington D.C. These events brought together more than 100 leaders from 50 organizations that serve the humanitarian and development sector globally. Alongside GAVI and WHO, the OIG will chair the 2024 event at the Global Health Campus. This is an exciting opportunity to partner and collaborate with many peer organizations as part of our mission to drive impact through trusted assurance and advice.

The OIG will also host investigation units from Principal Recipients to share best practices and improve communication around red flags and the reporting of alleged wrongdoing.



SAI-Donor Indaba Conference, Pretoria South Africa, November 2023

6 The International Organization of Supreme Audit Institutions which facilitates collaboration among over 190 SAIs in member countries

4.3 Quality Assurance and Stakeholder Feedback

Quality Assurance over OIG work

The OIG carries out an annual quality self-assessment in line with international professional standards.⁷ This is supplemented by a triennial external assessment, surpassing the international standard that requires such assessment every five years. In 2023, the OIG addressed five out of the six improvement opportunities identified in the 2022 internal assessment. The remaining action, which related to enhancing the staff training and development program, has started and will be completed in mid-2024.

The OIG's 2023 annual quality self-assessment, performed in January 2024, found that the Audit and Investigations Units continue to generally conform with applicable international and professional standards or guidelines. The self-assessment identified some minor areas for improvement, including timeliness for audits and investigations, and actions are being developed to address these areas. In line with the OIG's KPI, external quality assessment will be performed by independent assessors, which will be selected by the Audit and Finance Committee in 2024.

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. For 2023, 31 survey responses were received. All areas scored over 80% with an overall satisfaction rating of 95% (in 2022, 24 responses were received with 98% satisfaction). Full results are in Figure 13.

Figure 13

Board and AFC performance survey responses

OIG adds value to and strengthens the Global Fund.	97%
OIG's work is of high quality and provides appropriate assurance.	100%
OIG's work demonstrates a sound understanding of the Global Fund.	100%
OIG maintains effective cooperation with the Secretariat while preserving independence.	94%
Audits and investigations focus on the key risks and priorities.	97%
OIG provides effective support to the Board	97%
OIG effectively communicates its findings at Board meetings.	94%
OIG's engagement with the Board fosters trust and confidence.	94%
OIG is responsive to the expectations and priorities of the Board.	81%
OIG communications with the Board provide appropriate information and insight.	97%

Audit engagement feedback

Following each audit, the auditees respond to a survey to assess the overall performance of the audit. The average for the 2023 surveys gave the audit function a score of 3.06 on a scale of 1 to 4 (full results in Figure 14 below).

Figure 14

Audit engagement feedback ratings across five main categories



⁷ Conference of International Investigators Principles and Guidelines for Investigations Unit and Internal Auditing Standards for Internal Audit and Advisory

Annex 1:

Staffing and Budget

Staffing

As of 31 December 2023, the OIG had 55 full-time staff equivalent (59 employees) out of a budgeted headcount of 65 (including temporary C19RM resources). Three vacancies relate to staff on medical leave, and five positions are in the process of being filled. The remaining two vacancies were paused in 2023 and repurposed in 2024 as part of the OIG's mid-strategy review. Temporary professional resources were used to fill gaps and deliver on the OIG workplan, meaning that there was no material impact on the OIG's capacity and ability to deliver its mandate.

Budget

At the end of December 2023, the OIG had an underspend of US\$92,000 (-1%) based on budgeted exchange rates.

Figure 15

OIG operational budget in thousands of US\$ as of 31 December 2023 and 2024 budget

Unit	2023 Budget	2023 Actuals	YTD Budget variance	vs. Actuals	2024 Budget
Workforce	11,479	10,738	-741	-6%	11,543 ⁸
Professional Fees	2,833	3,242	409	14%	2,585 ⁹
Travel	1,566	1,936	370	24%	1,509
Meetings	28	127	99	354%	29
Communications	281	79	-202	-72%	70
Office Infrastructure	287	257	-30	-10%	142
Depreciation	-	3	3		25 ⁹
Total	16,474	16,382	-92	-1%	15,903⁸

In addition to operational expenditure, the OIG spent 31% of the US\$2.5 million funding received under C19RM. With the increase in allegations continuing (see Section 3.4, Figure 2 for rise in allegations of wrongdoing), we anticipate fully using the C19RM budgeted resources – which are allocated mainly to case intake and investigation activities – by the end of 2025.

Significant variations for budget and actual expenditure included the following:

- Workforce had the largest variance, with an underspend of US\$0.7 million. This was due to staff vacancies and delays in recruiting which was partially offset by an increase in insurance premium costs for Global Fund staff. The underspend was compensated by an overspend in professional fees of US\$0.4 million.
- Travel costs were above budget by US\$0.4 million, mainly due to higher travel fares and additional security costs incurred during country-level assurance activities.

8 Subsequent to the AFC budget approval in October 2023, an immaterial adjustment of US\$5,560 was made in line with corporate cost classification

9 This sum was reclassified from professional fees to depreciation, better reflecting the depreciation cost of developing the new investigation case management system

Annex 2:

Performance Against Key Performance Indicators for 2023

A. Delivery on Core Assurance

Performance objective	Results at 31 December 2023
A1. RESPONSE TO COMPLAINTS	
<p>1. Screening and Assessment:</p> <p>On average, triage and complete assessment of allegations/complaints received within 120 days (average of 80 days for high-priority complaints/allegations including SEA and human rights).</p> <p>[KPI adapted to reflect proposed timelines for Screening and Assessment in GF/B49/05. The screening and assessment phases each had 30 days and 90 days respectively - with average of 80 days for high-priority complaints/assessments]</p>	<p>Met (Revised)</p> <p>42.5 days for all cases, and 50.7 days for high-priority complaints.</p> <p>In 2023, the screening and assessment phases were combined as part of OIG internal process improvement. This adjustment was made in late 2023 after the AFC approved the 2023 OIG KPIs and budget. The current result of 42.5 days is within the adapted KPI.</p> <p>The 2024 KPI has been revised to reflect the changes and complexities in the case intake process.</p>
A2. INVESTIGATIONS	
<p>1. Case Closure Memos:</p> <p>a. Issue at least 50 case closure memos in a calendar year.</p> <p>b. Average of 12 months to produce investigation case closure memos.</p>	<p>Met</p> <p>a. 51 case closures memos issued in 2023 (20 OIG-led cases and 31 oversight cases).</p> <p>Not Met</p> <p>b. OIG-led investigations took an average of 13.3 months. However, implementer-led cases took 16.8 months due to complexities in coordinating such investigations and limited the OIG's control of the timelines.</p>
<p>2. Investigations:</p> <p>a. Publish at least 5 investigation reports in a calendar year.</p> <p>b. Average of 14 months to produce investigation draft report for publication.</p>	<p>Met</p> <p>a. 5 investigation reports published in 2023.</p> <p>Not Met</p> <p>b. Average of 23.3 months. These investigation cases were opened during the pandemic and faced difficulties in evidence collection. Three out of the five cases published were SEAH and had additional safeguards applied prior to publication, thereby increasing the length of time.</p>
<p>3. Anti-fraud:</p> <p>80% (15 events) of anti-fraud awareness activities completed as per workplan.</p>	<p>Met</p> <p>113% of anti-fraud awareness activities completed, with 17 events reaching 900 people across several Global Fund portfolios.</p>

Performance objective	Results at 31 December 2023
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A3. AUDITS & ADVISORIES

<p>1. Audits:</p> <p>a. Issue at least 13 audit reports (80%) in draft by year end (stage 4 of the Stakeholder Engagement Model), as a proportion of all engagements in the workplan.</p> <p>b. Issue at least 19 audit reports to the Audit and Finance Committee by March/end of Q1 of the next calendar year.</p>	<p style="text-align: center;">Met</p> <p>a. The target of 15 audits was based on 80% of the AFC approved workplan. As indicated in Section 4.1, the audit plan was continuously adapted to the operating context, which resulted in some audits either deferred or cancelled with 16 audits remaining in the audit plan as communicated to the AFC in October 2023. The target was therefore reset to 13 audits or 80% of the revised workplan of 16 audits.</p> <p>14 out of the revised 16 audits (87.5%) reached Stage 4 as of 31 December 2023.</p> <p style="text-align: center;">Met</p> <p>b. 19 audits have been issued to the AFC, 10 of which are from the 2023 workplan.</p>
<p>2. Advisories:</p> <p>Issue at least 2 advisory reports in draft by year end.</p>	<p style="text-align: center;">Met</p> <p>Two advisory reports - Internal Justice Mechanism and Replenishment Lessons - have been finalized from the 2023 workplan. The Advisory of the Procurement Service Agents (PSA) model, from the 2022 workplan, was also finalized in 2023.</p>

B. Risk and Impact

Performance objective	Progress at 31 December 2023
-----------------------	------------------------------

<p>B1. Audit coverage: Cover at least 75% of allocation and 75% each of HIV, TB and malaria disease burden over a rolling three-year cycle.</p>	<p style="text-align: center;">Partially Met</p> <p>At the end of December 2023, we have covered with the 2021-2023 audit cycle:</p> <ul style="list-style-type: none"> • 77% / 68% / 69% of HIV, TB, and malaria • 65% of the previous allocation (2020-2022) and C19RM funds <p>The pandemic and related travel restrictions affected country audits in 2021. We expect this to recover in 2024.</p>
<p>B2. Assurance activity on 100% of risks rated as high in the Organizational Risk Register over a rolling three-year cycle.</p>	<p style="text-align: center;">Met</p> <p>100% as reported in our previous Progress Update in October.</p>
<p>B3. 60% of Agreed Management Actions are remediated by the Secretariat, by their due date, over a rolling 2-year cycle/period of 8 quarters.</p>	<p style="text-align: center;">Not Met</p> <p>26% of Agreed Management Actions were implemented by the Secretariat by their due date. <i>See OIG AMA Progress Report for more details.</i></p>

B4. Stakeholder engagement – Satisfaction scores

<p>1. 80% overall satisfaction score from engagement satisfaction surveys conducted.</p>	<p style="text-align: center;">Partially Met</p> <p>77% satisfaction rate from audit engagement satisfaction surveys conducted to date.</p>
<p>2. 80% overall satisfaction score from Board & Audit and Finance Committee satisfaction surveys.</p>	<p style="text-align: center;">Met</p> <p>95% is the overall score of the Board and AFC satisfaction surveys.</p>
<p>3. 80% overall satisfaction score from post-event surveys conducted for anti-fraud awareness activities.</p>	<p style="text-align: center;">Met</p> <p>99% overall satisfaction score for events where satisfaction surveys were rolled out.</p>

C. Operations and Quality

Performance objective	Progress at 31 December 2023
C1. Costs managed within 10% of approved budget.	<p>Met</p> <p>The OIG actual expenditure was 1% below the 2023 budget. See <i>Annex 1 – Staffing and Budget</i> for more details.</p>
C2. 100% of Agreed Management Actions (AMAs) tracked and validated within 30 days of Secretariat reporting as “Completed”.	<p>Met</p> <p>100% of the Agreed Management Actions reported as implemented during the year by the Secretariat had been validated by the OIG within 30 days.</p>
C3. Provide an annual assurance statement on governance, risk management and controls at Global Fund.	<p>Met</p> <p>2023 annual opinion on Governance, Risk Management and Internal Controls is included in Section 2 of this document.</p>
C4. Completion of annual internal quality self-assessments to confirm ongoing conformance with IIA and CII requirements as per OIG QAIP.	<p>Met</p> <p>Refer to Section 4.3 of this document.</p>
C5 Performance of triennial external quality assurance review to confirm conformance with IIA and CII requirements.	<p>Not Due</p> <p>The next external quality assurance will take place in 2024.</p>

D. People & Culture


Performance objective	Progress at 31 December 2023
D1. 100% of staff development plans have been approved by end of Q1.	<p>Met</p> <p>100% of staff have had their development plans approved in the Human Resources system by Q1 2023.</p>
D2. 100% of staff complete by year end, a minimum of 40 hours of formal training .	<p>Met</p> <p>100% of staff had completed a minimum of 40 hours of formal training (internal and/or external).</p>
D3. 80% overall score in employee satisfaction survey.	<p>Met</p> <p>80% is the overall score of the staff satisfaction survey.</p>

Annex 3:


Reports Published in 2023

High-level summary of OIG reports published in 2023


Audit of Global Fund Grants in the Republic of Chad GF-OIG-23-001

 Progress has been made in fighting the three diseases in Chad, where the Global Fund's Additional Safeguard Policy has been applied since 2009. But many challenges remain, particularly in procurement and supply chain. For HIV, the rate of viral load suppression was low. For malaria, community interventions were delayed, undermining coverage for this disease. Efforts to improve the in-country supply chain with a transformation plan stagnated due to lack of funding and low government commitment. The adequacy and effectiveness of grant implementation also faces several obstacles.


Investigation of Global Fund Grants in Guinea GF-OIG-23-002

 A major finding of this investigation was that two critical data sets from the Guinea long-lasting insecticidal net (LLIN) mass distribution campaign were fraudulently manipulated. The OIG also found that insufficient controls and a lack of clear accountability for data accuracy contributed to fraudulent data being used in the campaign. This lack of controls created the risk of fraudulently inflated population counts leading to the allocation of more LLINs to certain areas than the actual number of LLINs required. This left the campaign open to the diversion of nets.


Audit of Global Fund Grants to the United Republic of Tanzania GF-OIG-23-003

 Overall, there was solid programmatic progress in the HIV response and in reducing malaria mortality in Tanzania. There was also remarkable improvement in the availability of lifesaving commodities for beneficiaries, highlighting the significant progress made by the country since the last OIG audit. All these achievements were made with the health system operating at 50% of its required human resource capacity. But recurring issues were noted regarding the traceability of commodities, sub-optimal implementation of key malaria and HIV prevention, as well as gaps in financial management.


Follow-up Audit of Global Fund Grants to the Republic of Sierra Leone GF-OIG-23-004

 Several mechanisms were introduced in NFM3 (2020-2022) to strengthen fund accountability and mitigate fraud risks following audits and investigations in Sierra Leone. However, the capacity of the Project Management Unit (PMU) to monitor grant implementation remains limited. This follow-up audit observed significant achievements in Sierra Leone's efforts to implement integrated Community Health Worker interventions. However, it also noted challenges in the rollout of training which resulted in delayed implementation. There were ongoing supply chain challenges with lack of consistently available drugs to patients.

Audit of Global Fund Grants in the Republic of Niger GF-OIG-23-005

 The Global Fund has classified Niger as a challenging operating environment (COE) since 2016 because of its volatile political and security situation. Despite this challenging context, the incidence and mortality rate of malaria and tuberculosis reduced significantly between 2012 and 2021. The malaria intervention cost, accounting for 59% of the overall New Funding Model 3 (NFM3) investment, shows good performance regarding case management, vector control and drug preventive therapy for targeted children, though assigned targets are not fully met. However, most planned grant activities for HIV, TB and COVID-19 were only partially, or not, implemented.

Audit of In-country Data and Data Systems GF-OIG-23-006

 The Global Fund invested US\$1 billion in in-country programmatic data systems, tools and processes in the New Funding Model 2 and Grant Cycle 6. These investments have improved programmatic data availability, disaggregation, and reporting completeness at the country level. However, there has been less success in enhancing data accuracy and timeliness. While in-country programmatic data timeliness improved, further progress was hindered by country-level challenges with data systems, use of manual tools and multiple fragmented systems. Data accuracy of key programmatic indicators also continued to vary significantly.

Audit of Global Fund grants to the Republic of Sudan GF-OIG-23-007



Although the Global Fund has classified Sudan as a challenging operating environment, the flexibility, innovation, and partnership principles that this policy allows have yet to be effectively leveraged. Implementation approaches are not yielding the expected results and, as a result, Sudan is currently losing ground in the fight against malaria and HIV. Improvements to the supply chain management system for health commodities in Sudan have been slow since the last audit in 2019. This has contributed to material stock-outs and expiries of medicines.

Global Fund grant to South Africa GF-OIG-23-008

No rating

An OIG investigation substantiated that a sub-recipient executive abused his position of power to sexually exploit, abuse and harass at least eight sub-recipient staff and program beneficiaries. The Networking HIV/AIDS Community of Southern Africa (NACOSA), a Principal Recipient in South Africa, had contracted the sub-recipient to implement a sex work program. The executive demanded sex acts from the beneficiaries through coercion, threats of physical harm, false promises of payments, and as a condition to access program benefits or employment with the sub-recipient. Both NACOSA and the sub-recipient had failed to take adequate action to address the sexual misconduct.

Investigation of Global Fund grant in Uganda GF-OIG-23-009

No rating

The OIG substantiated an allegation that coercive practices had occurred in a sub-recipient's Adolescent Girls and Young Women (AGYW) program in Uganda. The alleged coercive behavior led to at least three beneficiaries of Global Fund-supported activities being sexually exploited and abused by an employee working for the sub-recipient's AGYW program. Both the Principal Recipient and the sub-recipient failed to report coercive practices to the Global Fund. The OIG was not notified about the allegations until over a year after the abuses took place.

Investigation of Global Fund grant in Zimbabwe GF-OIG-23-010

No rating

An OIG investigation found that a member of staff in a government hospital in Zimbabwe abused his position of power and authority to sexually exploit at least one patient. The incident took place at a hospital managed by the Ministry of Health and Child Care (MoHCC), which serves as a referral center in a rural community. The hospital administration denied knowledge of the incident to the OIG investigation team.

Audit of Global Fund grants in the Republic of India GF-OIG-23-011



Overall, India has achieved strong programmatic results for both TB and HIV, with notable declines in morbidity and mortality. TB case notifications have increased, linked to innovative interventions with the private sector and active case finding. However, issues were identified around the timely handover of interventions to domestic financing, operational challenges with key diagnostic equipment and poor results on Lost To Follow-Up targets. The OIG found that issues in the design of HIV targets and operational gaps, as well as delays in risk assessment, could impact the effective implementation of Payment for Results and limit potential benefits. It also noted partial gaps in risk management and oversight over some data quality and data system related risks.

Audit of Global Fund Country Coordinating Mechanism GF-OIG-23-012



The CCM Evolution Strategic Initiative was expected to increase the maturity of Country Coordinating Mechanisms (CCMs) and optimally support the implementation of the Global Fund strategy. Many CCMs have benefited from the CCM Evolution Strategic Initiative with some improvement in operations of the CCMs. However, not all the gains were sustained, and not all of the planned activities were implemented after the pilot. The project threshold assessment process has not been fully optimized to support CCMs to prioritize interventions that could move them to more strategic maturity.

Audit of the Global Fund Challenging Operating Environment Policy Implementation – Burkina Faso GF-OIG-23-013



In 2017, the Global Fund Secretariat issued an Operational Policy Note (OPN) to provide guidance for Country Teams to manage challenging operating environment (COE) portfolios according to the Board-approved COE policy. The OIG found that although the Secretariat made several changes to the tools and methodology over time, the OPN has not been updated to reflect current practices and emergency contexts.

Audit of Global Fund Grants in the Republic of Namibia GF-OIG-23-016



Namibia is one of the few countries in the world that have achieved the 90-90-90 UNAIDS targets, with reported achievement of 92-99-93 in 2023. To ensure this progress is sustained, community intervention needs improvement. Global Fund-supported programs in the country face challenges including low fund absorption and non-achievement of some of the previous grant objectives. There is a need to enhance the design and compliance of financial management and procurement processes to safeguard grant funds.

Audit of Global Fund Grants in the Republic of Burundi GF-OIG-23-017



Despite many challenges, Burundi has managed to achieve strong progress in the fight against HIV, stabilized the mortality rate of malaria and reduced the incidence of tuberculosis in the past five years. Malaria mortality has declined due to the effectiveness of the country's case management system, but the increasing incidence raises questions about the efficiency and effectiveness of the current national response. Controls and processes in place to ensure continuous availability of quality-assured health commodities and accountability across the supply chain are assessed as effective. However, the OIG found that governance, oversight mechanism and implementation arrangements in place to ensure accountability, as well as timely and effective implementation of grant activities, are partially effective.

Audit of Global Fund Grants in the Republic of Côte d'Ivoire GF-OIG-23-018



Programs in Côte d'Ivoire have been impactful in enrolling 97% of the estimated 380,000 People Living with HIV in treatment and stabilizing tuberculosis (TB) incidence and mortality. But recurring issues hamper the efficiency and effectiveness of the malaria response, as well as the availability of TB and malaria commodities. The design and implementation of malaria and TB interventions need significant improvement. While there is an effective stock monitoring mechanism in place at the central level, domestic financing is insufficient, and the procurement of the Government's share of health products is often delayed.

Audit of Global Fund Grants in the Republic of Uganda GF-OIG-23-019



Overall, there has been substantial programmatic progress in the HIV response in Uganda. TB incidence and TB-related deaths have also decreased. Uganda has made strong progress in the fight against HIV, decreasing new infections and mortality, leading to a prevalence standing at 5% below the regional average. The report highlights challenges in HIV prevention, linkage to care, and antiretroviral treatment adherence that could impact the gains made. Between 2021 and 2022, malaria cases and malaria-related mortalities increased by 37% and 28%, respectively. Challenges included delayed indoor residual spraying and insecticide-treated net campaigns, treatment provision interruption through integrated community case management and inadequate data quality. While there was some improvement in supply chain management, visibility of commodities at the peripheral level remained challenging. The OIG also found inadequate sub-recipient management and gaps in financial management of grant funds.

Audit of Global Fund Grants in Ghana GF-OIG-23-020



The OIG noted increased antiretroviral therapy coverage for people living with HIV and availability of first-line HIV, TB and malaria commodities, highlighting progress since its last audit. However, there were continued challenges in terms of HIV testing and prevention, TB treatment coverage and data accuracy. There were solid improvements in procurement and supply chain management since the last audit. However, delays in the government fulfilling domestic procurements have led to stock-outs of key prevention and diagnostic commodities. Large data inaccuracies in routine programmatic data were noted, with variances over 20% at the majority of the 17 sites visited by the OIG.

Audit of Global Fund Grants in the Federal Democratic Republic of Ethiopia GF-OIG-23-021



Ethiopia has made significant progress in addressing the HIV, TB, and malaria epidemics. HIV and malaria programs, however, require improvement in prevention and vector control programs respectively. Ethiopia achieved significant malaria treatment coverage but has experienced a surge in malaria cases in the last two years. Inadequate coverage and use of insecticide-treated nets resulted from delays in the procurement process and inadequate social and behavioral change activities. Supply chain processes and systems to ensure the timely availability and accountability of commodities, at all levels, are only partially effective and there is limited oversight of sub-recipients by the Principal Recipient.

Investigation of Global Fund Grants in Zambia – Collusion in a 2020 COVID-19 procurement GF-OIG-23-022

No rating

The OIG found that some Procurement and Supply Unit staff within the Republic of Zambia's Ministry of Health, the Principal Recipient of Global Fund COVID-19 grants in the country, were involved in collusive practices. During the OIG's investigation, the Global Fund Secretariat put into place measures to mitigate the risks of prohibited practices. Starting with NFM2, the Local Fund Agent pre-award reviews all procurements above US\$50,000 for no objection, and Pooled Procurement Mechanism and UN channels are used for all strategic and non-strategic health products procurements respectively.

Key: OIG Ratings

- Effective: no issues or few minor issues noted
- Partially effective: moderate issues noted
- Needs significant improvement: one or some significant issues noted
- Ineffective: multiple significant and/or (a) material issue(s) noted

Annex 4:

Summary of Cases Closed without published reports in 2023

Not all investigations result in a published report. Unsubstantiated allegations are recorded in internal case closure memoranda. Substantiated allegations can result in Management Briefing Notes (MBNs) if identified risks are immaterial or resulted in a proportionate response from the Secretariat.

MBNs summarize investigative findings and OIG recommendations as well as significant lessons learned from the cases. During the year, 21 cases were closed through MBNs or predecessor case closure memorandums (17 of which were oversight cases and four were OIG-led cases).

The outcomes of these cases, summarized below, were confirmed outcomes of fraud and abuse and/or non-compliant amounts identified, but immaterial or with a proportionate response having already been taken by the Secretariat and implementers to address the issues identified.

Wrongdoing type	Total value of non-compliant amount	What happened?	Action
Procurement fraud (two cases in two countries)	US\$6,622	Collusion, conflict of interest and non-competitive practices related to procurements at Principal Recipient and sub-recipient level.	The Secretariat is pursuing recoveries. AMA in process of being implemented to address fiduciary risk of Principal Recipient conducting procurements.
Sexual exploitation and abuse and harassment (SEAH) (two cases in two countries)		Implementers led investigations and substantiated allegations against sub-recipient and Principal Recipient employees who were found abusing and harassing program beneficiaries and other employees.	The subjects were dismissed and placed on do-not-hire/rehire list. The sub-recipient is putting in place reporting mechanisms, updating policies and training staff for prevention of SEAH. Psychosocial support was offered to victims in both cases.
Product theft/diversion (Six cases in three countries)	US\$11,074	Health products and medicines, such as bed nets, HIV test kits and anti-malaria medicines, were diverted or stolen. In one case, an implementer staff member with access to a warehouse stole around 5,200 insecticide-treated nets.	Multiple actions have been taken including suspension of implicated staff, and recovery of some stolen items. Global Fund Secretariat is pursuing recovery of remaining items/funds.
Misappropriation of funds (nine cases in six countries)	US\$392,646	These include mobile money payment schemes in which ghost beneficiaries were used or transfers were made to staff's personal account, falsification of travel documents for fraudulent claims, creation of fraudulent training activities, inflation of expenses and transfers to undisclosed bank accounts.	All implicated staff have been terminated and arrests were made. Parts of the loss already refunded to the Global Fund. Implementers and vendors implicated have been sanctioned and enhancements made to underlying internal controls.
Data fraud (two cases in two countries)		Fictitious TB patient records were created by sub-recipients and in another case, contracted staff on campaigns were impersonated.	Implicated staff have been dismissed. Wages were withheld from the impersonators.
Total	US\$410,342		