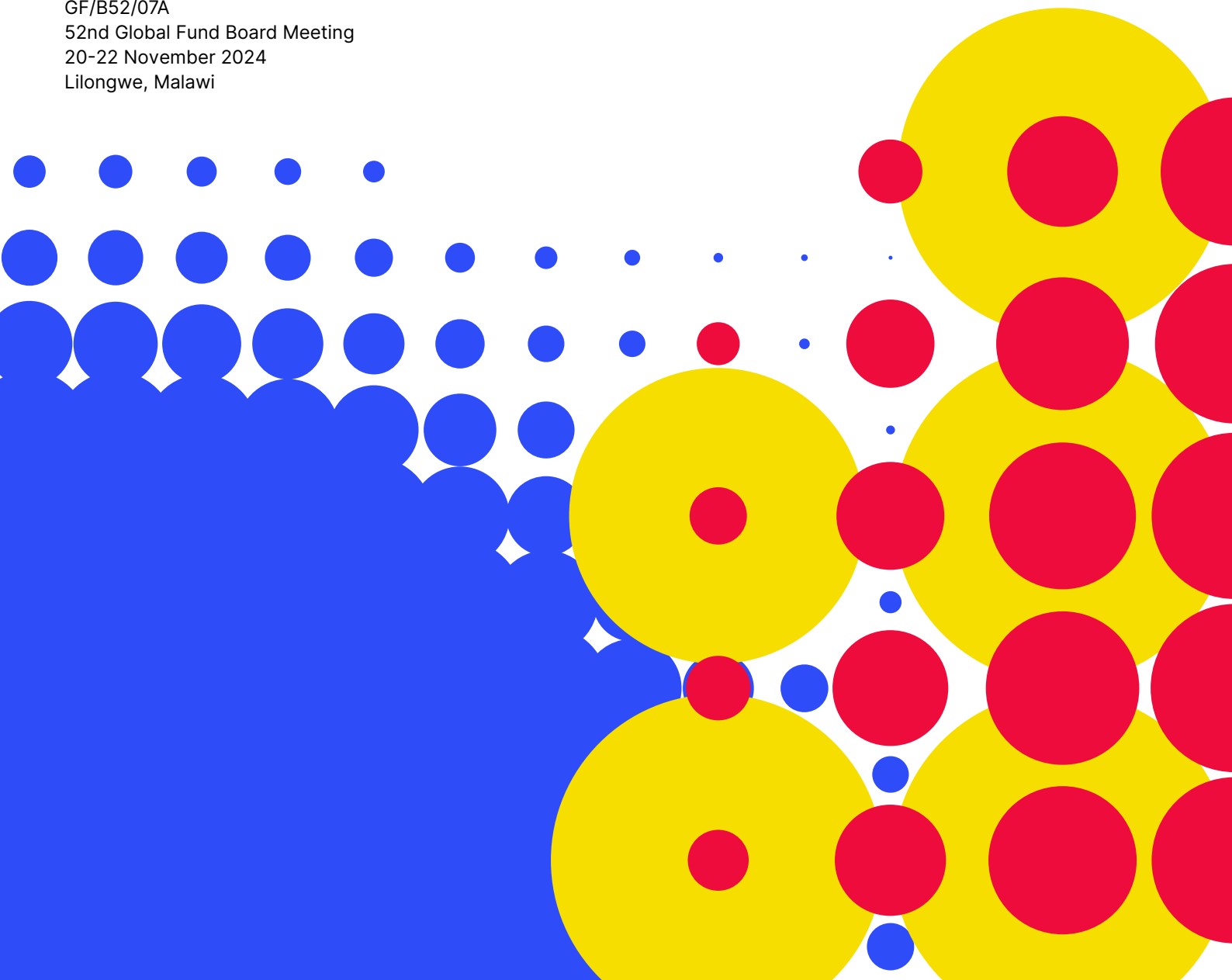


Global Fund Board Report
Office of the Inspector General

Operational Progress Report

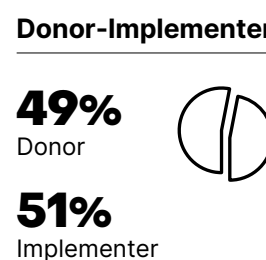
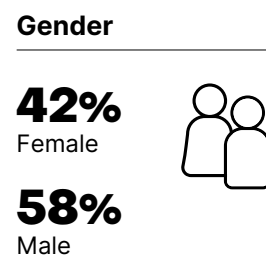
January to August 2024

GF/B52/07A
52nd Global Fund Board Meeting
20-22 November 2024
Lilongwe, Malawi



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.



Figures as of August 2024

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.

OIG has published **nine reports** so far in 2024. 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.

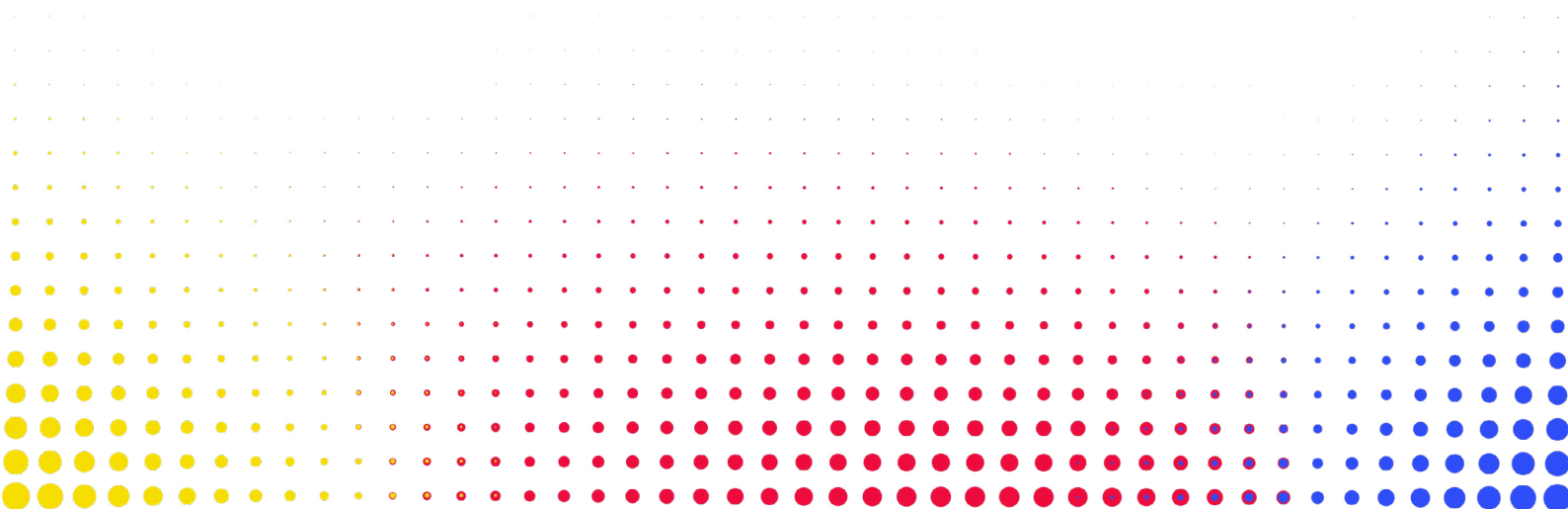
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Foreword

The end of 2024 will mark the end of my fourth year as Inspector General. During this time, I have been privileged to witness firsthand the incredible work of the Global Fund, its partners and implementers. Its unique model, which brings together voices from communities, donor and implementer governments, private sector entities and civil society organizations, is a leading example of international collaboration and partnership. But don't take my word for it. The 2024 Results Report shows impressive outcomes: 65 million lives have been saved, and the combined death rate from the three diseases has reduced by 61% since 2002.



Tracy Staines
(she/her)
Inspector General

During my tenure, I have often been amazed at the Partnership's resilience when facing adversity. The response to the COVID-19 pandemic is a prime illustration of this strength, showing how efficient and effective the funding model is in saving lives and delivering transformative advances in health.

The Global Fund now faces a new, more dangerous wave of challenges. The global fiscal outlook is bleak and affects donors and implementers. The planet is in peril: the last 10 years were the hottest recorded, with climate events disproportionately impacting vulnerable populations. These same communities are impacted by conflict, and their governments are too often burdened with escalating debts. While the need has become more urgent, **these poly-crises jeopardize our progress and deprioritize health from the political agenda.** Four years after a global pandemic that stunned the world, health is no longer considered a priority risk by many global leaders.¹

Not for the first time, the Global Fund is facing a pressing need to adapt and evolve to meet this confluence of risks. This OIG Progress Report highlights some of these key challenges and opportunities, based on observations from our recent work.

Our ability to withstand adversity requires increased clarity and cohesion across the strategic priorities. Despite significant progress, there is not yet formal alignment across the Partnership on areas to be deprioritized and to what extent. There is broad consensus that multiple levers must be pulled, but as the global outlook worsens, **more radical differentiation may be needed.**

The Global Fund has continuously adapted its model in response to an evolving mandate, by relentlessly differentiating and streamlining operations. Global instability, competing priorities and a commitment to *Leave No One Behind* inevitably means **intensive effort is needed to become even more agile and efficient.**

As well as internal efficiencies, there are opportunities to further optimize, including closer alignment with other global health partners. While there is good collaboration with partners throughout the grant life cycle, **identifying synergies and maximizing human and financial resources are opportunities that we should seize, regardless of replenishment outcomes.** At the country level, while differences in operating models exist, synergies must be found, and adaptations made in implementation to maximize resource use with partners.

Discussions on risk appetite and trade-offs have intensified over the last few years, and these will take on greater significance over the next 12 months. OIG has worked with the Secretariat to better articulate the circumstances where risks can be mitigated, transferred or formally accepted. Each step is tentative, but as we head into 2025, these steps will need to be bolder. Furthering these discussions will require clarity and cohesion on the relative roles, responsibilities and accountabilities of all involved: Board, Committees, Secretariat, independent bodies and partners.

Our proposed 2025 workplan, based on quantitative data analysis as well as inputs from constituencies and management, is designed to deploy OIG resources on areas of greatest value for the organization. **The plan will remain adaptable to support the needs of the Board and its Committees to navigate future uncertainties and inform future decisions.**

¹ The Global Risks Reports 2024, 19th Edition, World Economic Forum, https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2024.pdf (last accessed; 24 September 2024)

Themes emerging from OIG work in 2024

1. The grants signed under the seventh grant cycle are aligned with the Global Fund Strategy and programs continue to achieve impact. However, recurring challenges in incidence reduction and executing Resilient and Sustainable Systems for Health (RSSH) investments, require further attention to maximize impact.

There is an abundance of evidence to indicate that Global Fund grants are having a positive impact. The 2024 Results Report shows that 65 million lives have been saved by the Partnership and combined death rate from the three diseases has reduced by 61% since 2002. The percentage of people living with HIV on antiretroviral treatment has increased from 22% in 2010 to an impressive 78% in 2023. TB treatment coverage has improved with the treatment success rate consistently high at 88% between 2012 and 2021. Mosquito net population coverage has also improved from 30% in 2010 to 57% in 2022.

OIG audits have found that Global Fund supported programs have made significant progress against the three diseases.

- In Malawi, HIV incidence and death rates have decreased since 2016 by 41% and 61% respectively. The country is close to reaching 95-95-95 UNAIDS targets with an achievement rate of 94%, 93% and 87% in 2022. In the last 10 years, TB incidence and TB-related deaths have decreased by 44% and 67% while malaria incidence and deaths decreased by 46% and 61% respectively between 2016 and 2022.
- Similarly, Ethiopia's HIV incidence and death rates have decreased by 54% and 56% respectively since 2010. The country has reached 84%, 93% and 96% of UNAIDS HIV targets. Since 2002, TB incidence has decreased by 55% and TB-related deaths decreased by 53% between 2010 and 2021. Malaria incidence and deaths decreased by 63% and 58% respectively between 2010 and 2021.

- A forthcoming Zimbabwe audit found that Global Fund supported programs integrated into national systems contributed to the country achieving the global 95-95-95 HIV targets and reducing TB incidence by 53%. Malaria incidence and deaths also decreased by 67% between 2010 and 2022. Today more than 50% of the country's districts are in malaria pre-elimination phase. Similarly, our forthcoming audit in Indonesia shows the country achieved a 42% increase in TB case notifications since 2019 and recorded significant progress against malaria response, with 76% of districts now malaria free.

Looking to the future to Grant Cycle 7, the US\$15.8 billion raised from the successful seventh replenishment has been converted into grants. OIG's Audit of the Effectiveness of Global Fund Model in Delivering the New Strategy indicates that GC7 grants are aligned with the 2023-28 Strategy, particularly for the ambitious primary goal of ending the three diseases.

However, these successes can be hampered by recurring operational and strategic challenges, in incidence reduction and in executing RSSH investments, that require further attention of the Secretariat and implementing countries to maximize impact.

There is an abundance of evidence to indicate that Global Fund grants are having a positive impact.

Investments in Resilient and Sustainable Systems for Health

Integral to the Global Fund's response are its investments in Resilient and Sustainable Systems for Health (RSSH). In Grant Cycle Six, OIG's Audit of the Effectiveness of Global Fund Model in Delivering the New Strategy found that 60% of investments were support interventions – salaries, training, supervision costs with the new strategy – to strengthen health systems. While the Global Fund has taken some actions to better design and execute RSSH interventions, ensuring targeted activities and timely execution has proved difficult in some cases.

In large part, this difficulty reflects the inherently more challenging work of implementing RSSH activities compared to disease programs as well as challenging country contexts. In contrast to fighting the three diseases, countries often lack a national strategy on systems strengthening. In cases where they are available, national health plans are often high level without sufficient detail to enable investment mapping. The implementer and donor landscape is also very fragmented with multiple entities in charge of various pillars of systems strengthening. While partnerships are well established for HIV, TB and malaria at both global and country levels, RSSH investments are still not well defined.

Managing and mitigating these constraints requires better design, execution and monitoring of RSSH interventions. Our forthcoming Indonesia audit found that about 67% of Grant Cycle Seven standalone RSSH grants is allocated to travel-related costs (per diem for supervision visits, trainings and meetings) with no plan to transfer these activities to the government, despite this recommendation in the technical guideline. Notably, the bulk of system-strengthening activities across portfolios are also currently funded through C19RM investments, which end in December 2025. Maintenance and operational costs for these investments are critical to ensure long-term effectiveness. However, these costs were not considered in the design and approval of investments, meaning that future fiscal constraints could reduce the ability to safeguard the effectiveness of long-term interventions beyond 2025.

Historically, the Global Fund has worked with national disease programs using various units in charge of RSSH components (operating as sub-recipients). These arrangements have created integration issues and limited Principal Recipient oversight, typically leading to low RSSH absorption.

Finally, monitoring RSSH interventions has been a constant focus for the Global Fund, but limitations remain. Indicators have been routinely refined and defined both at grant and strategic levels through modular and KPI frameworks. Currently four KPIs for RSSH are measured through targeted health facility assessments. They are based on a limited cohort of countries measuring 32% of the Global Fund's total direct and disease-specific RSSH investments in Grant Cycle Six. It is critical to adapt implementation arrangements and enhance grant and strategic monitoring of RSSH interventions to support execution. The Global Fund has initiated some actions to improve RSSH effectiveness. Timely execution of these activities by implementers is essential to achieve impact.

Incidence reduction

The 2023-28 Strategy acknowledges that to end the three diseases there must be more focus on reducing new infections. To further advance the Strategy, the Secretariat installed well-designed plans to reduce incidence for each of the three diseases in a timely manner. Simultaneously, the Secretariat enhanced processes to design grants focused on prevention. But more clarity is needed on how the Secretariat plans to successfully implement and monitor these plans and processes. The Secretariat has defined various approaches to reduce HIV incidence including enhanced support to identified priority countries. However, lack of a clear differentiated approach for HIV prevention and the competing priorities of testing and treatment may limit the possibility of scaling up intervention to a level that will have a clear impact on HIV incidence reduction.

The achievement of mutually reinforcing contributory objectives to reduce HIV incidence reduction among key populations are impacted by inherent financial challenges and difficult local legal contexts. Given that need outweighs the funding available, there are competing priorities between the desire to expand HIV primary prevention efforts and the pressing need to maintain and expand testing, treatment, and vertical transmission prevention programs to meet the 2025 targets. In many countries where the Global Fund allocates resources, the increase in punitive and discriminatory laws and policies hinders access to essential healthcare services for key populations.

Disruptions to malaria control services during the COVID-19 pandemic in 2020 and 2021 contributed to an increase in malaria-related deaths and cases. This was exacerbated by funding constraints, drug and insecticide resistance and the impact of climate change. The Global Fund has identified

various mitigation actions to address these challenges, but their effectiveness is hindered by limited prioritization and tracking of mitigation actions. As highlighted in our [2023 annual report](#), implementation challenges in malaria programs persist, including suboptimal execution and monitoring of vector control interventions (i.e. delayed distribution and low use of bed nets). Our forthcoming audit in Zimbabwe found that while the country's malaria program has had positive results, suboptimal vector control activities partly contributed to a rise in cases by 72% in 2023 with an approximately 79% increase in malaria deaths in the same period. Issues in implementing vector control measures, such as procurement delays, commodity quality issues and low community awareness of campaigns, undermine the gains achieved in malaria control and elimination.

The Secretariat's strategic planning for TB incidence reduction is well designed. The Secretariat identified change levers throughout the grant life cycle to operationalize TB strategic priorities under the new Strategy. The Secretariat has also adopted a tiered approach to provide comprehensive proactive support during the grant life cycle to 20 High TB burden countries. In addition, quarterly analysis is conducted for the same 20 countries to assess their performance against targets, discuss progress and tailor solutions during TB partner "situation room" meetings. However, funding gaps and recurring implementation challenges require continued follow up. These include inadequately focused interventions targeting private providers in countries with a large private sector; weaknesses in sample transportation network that were either fragmented or limited in coverage; and maintenance issues that impact GeneXpert utilization rates. For instance, in Indonesia, our forthcoming audit found that limited national operational policies and guidelines on TB and suboptimal community health worker focus has contributed to the increasing number of diagnosed people failing to start HIV and TB treatment.

Since its inception, the Global Fund Partnership has successfully raised US\$84 billion.

2. A sharpened focus on sustainable impact, priority investments and an efficient delivery model is critical over the next cycle.

Since its inception, the Global Fund Partnership has successfully raised US\$84 billion with consistently increased replenishment, raising a record US\$15.7 billion in 2022. However current global challenges such as climate change, conflict, fiscal constraints for donors and implementing countries draw political attention and resources away from global health and the three diseases. Meeting this challenge requires the Partnership to be more sharply focused on impact and efficiency in the future.

Over the summer of 2024, the Global Fund Board, Committees and Secretariat considered multiple programmatic levers to support its mission in the context of lower funding. Several policy related decisions are expected by the Committees and Board in the next 18 months. There is not yet formal alignment across the Board, Committees and Secretariat on how and which areas of Global Fund work should be deprioritized and to what extent, particularly in the event of a lower replenishment scenario. There is a recognition that multiple programmatic levers will need to be pulled. But as the global outlook becomes more volatile, the needs of the most vulnerable continue to grow. More radical differentiation – and more painful choices – are likely needed to free up resources for more critical burden areas.

Better monitoring and use of domestic resources, and transition planning

The Global Fund's sustainability, transition and co-financing, eligibility policies, as well as its allocation methodology, have been effective to ensure funds are appropriately awarded to eligible countries and diseases. The Global Fund is in the process of revising these policies to respond to the changing context. However, the principles underpinning these policies must be more effectively built into grants to ensure investments continue to target the appropriate interventions and maximize impact.

The Secretariat and the wider partnership understand well that the current fiscal environment requires better leveraging of domestic financing to improve health outcomes. However, given the ongoing context of reduced revenues, rising debts, security challenges and other emergencies at the country level, resources are being deprioritized away from health.

The Secretariat is implementing actions to improve its approach to domestic resource mobilization and tracking co-financing. Past audits and advisories, as well as Secretariat analysis, have shown that many countries have struggled to consistently meet co-financing requirements. The Secretariat's data shows that as of September 2024, 46% of disease components realized the policy-stipulated minimum financial requirements for the previous allocation period (Grant Cycle Six). For the current allocation period (Grant Cycle Seven), 59% of disease components sufficiently met the policy-stipulated minimum requirements in the commitment letter. The rest were either waived, exempted or conditionally met the requirement. OIG noted that internal processes are being refined to support better oversight and reporting of co-financing commitments. As these actions mature, more consistent and diligent monitoring is critical for the effective use of co-financing resources when provided by governments. For instance, our audit in Cambodia found that while the government has increased domestic resources for the three diseases, challenges with national programs using resources on time resulted in a 22% loss of resources despite existing funding gaps.

The Global Fund has worked with the governments of Viet Nam and Indonesia, for instance, to increase domestic funding of critical HIV, TB and malaria activities. In Viet Nam, the government finances the procurement of medicines which enable the use of grant funds for other services. In Indonesia, the government increased its domestic health financing, including its co-financing commitments, almost tripling their investment from US\$400 million to US\$1.2 billion between Grant Cycle Five and Seven. The government has progressively taken over procurement of antiretroviral (ARV) and malaria medicines. It also established a strong national health insurance mechanism to support access to services.

Need to better embed transition and sustainability principles in programs.

The Global Fund aims to work closely with countries to achieve sustainable health programs, enabling progress to continue and services to expand after Global Fund support ends. For upper middle-income countries and/or lower middle-income countries with low disease burdens, the Global Fund encourages national sustainability and transition planning processes that are ideally informed by a transition readiness assessment or equivalent analysis. However, OIG audits have found that these plans are not consistently developed to resolve structural barriers that may impede implementation post transition. While Viet Nam and Indonesia have increased domestic financing, the transition plans with sustainability actions recommended by the Technical Review Panel were not available. Their absence undermines both governments ability to address structural and operational challenges to the sustainability of investments.

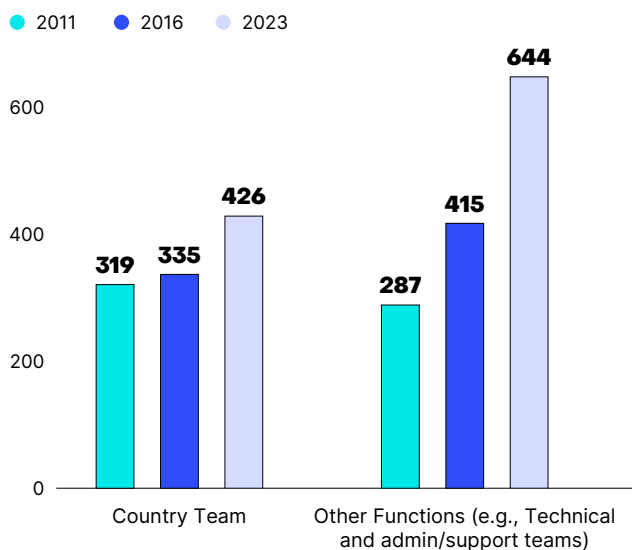
Opportunity to optimize resources at the Secretariat level

Since inception, the Global Fund has continuously adapted its model in response to its evolving mandate with internal capabilities aligned with new strategic requirements. There has been a relentless effort to differentiate, and streamline operations, policies and processes to maximize the impact of resources. However, there are opportunities to better align internal resources to core activities, and to integrate operations with other global health partners. The Secretariat has initiated actions with other partners to identify areas of further collaboration.

As the main interface with in-country stakeholders, country-facing teams play a crucial role in grant support and oversight. Recognizing this importance, the Independent High-level Panel Report in 2011 advised that this team should comprise at least 50% of the overall Secretariat headcount. OIG's Audit of the Effectiveness of Global Fund Model in Delivering the New Strategy found that there has been a significant increase of 43% in the Global Fund's workforce over the last six years. The substantial rise in full-time equivalent (FTE) positions was partially due to the COVID-19 pandemic and the demands of the response mechanism (C19RM), as well as the need to build more capacity in areas key to the new strategy. While this growth has been significant, it has been disproportionate between Country Teams and other functions, including technical functions and corporate enablers. Despite experiencing a 43% increase in overall staff between 2016 and 2023, the core Country Team grew by 27% in contrast. Figure 1 shows the headcount evolution in Country Teams and other functions.

Figure 1

Evolution of grant-facing workforce (2011-2023)



The Global Fund supports grants in different countries, with varied contexts and risk profiles. Thus the Secretariat employs differentiated approaches to support and oversee country programs. Since 2012, grants have been differentiated using size, disease burden and risk to ensure more resources are deployed to higher impact portfolios. In recent years, operational policies and processes have been further differentiated for High Impact, Core and Focused portfolios.

The Global Fund supports grants in different countries, with varied contexts and risk profiles.

The 2016 “differentiation for impact approach” optimized Country Team staffing by considering factors such as grant size and risk. This helped to improve programmatic results for the three diseases in some countries. In our forthcoming report on the Effectiveness of the Global Fund Model to Deliver the New Strategy, OIG found that approximately 25% of the grant-facing workforce within the Grant Management Division oversees 9% of Global Fund investments in focus countries in Asia, Eastern Europe, Latin America and Caribbean (AELAC) regions. This is partly due to the number of portfolios managed in different regions. The AELAC region has 45 portfolios, for example, representing 9% of the total budgets for Grant Cycle Six and represents 21% of the total OPEX share of the Grant Management Division. Similarly, High Impact Asia, which represents 17% of Grant Cycle Six, has nine portfolios and 14% of the OPEX share. Although there is no “perfect” answer, there is a need for sharper focus and alignment on impact and risk to maximize scarce funds.



The OIG audit team during fieldwork in Guinea Bissau

Operational Update and Outlook for 2025

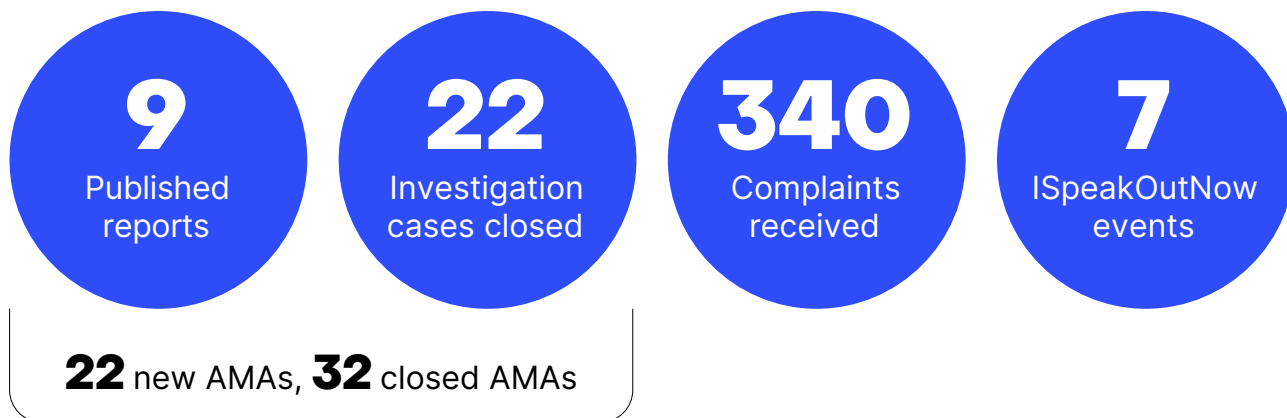
The 2024 workplan remains largely on track despite a rise in the number and complexity of allegations received, and the need to adapt to the fast-changing landscape at the country level and Secretariat needs.

This has led the OIG to carefully prioritize resources on areas of greatest value and impact for its 2025 workplan. The proposed workplan also considers the uncertainties and key expected decisions from the Committees and Board over the next 18 months, and the OIG remain committed to respond appropriately to future change in the operating environment.

See Annex 2 for progress against our key performance indicators.

Figure 2

Highlights of OIG activities as of August 2024



Audit and Advisory

Operational Update

Figure 3

2024 Audit and advisory workplan at a glance (August 2024)



Audit

As of August 2024, we have published nine audit reports since the beginning of the year. Two audits remain to be published from the 2023 workplan.

The 2024 workplan is progressing well, with eight audits at the reporting stage and three in planning and fieldwork stage, at the end of August. The remaining engagements will start in Q3/Q4 in line with our planned schedule.

Informed by our multi-year plan and changes in the operating context, we have brought our audit of the grants to Togo forward to 2024 and deferred the audits of the grants to the Democratic Republic of Congo to 2025, due to operational

reasons including the crisis caused by the ongoing mpox epidemic. As previously communicated, the Evaluation and Learning function and Health Products Quality Assurance audits have been postponed to 2025. A new audit of Global Fund procurement processes is planned to start in Q4.

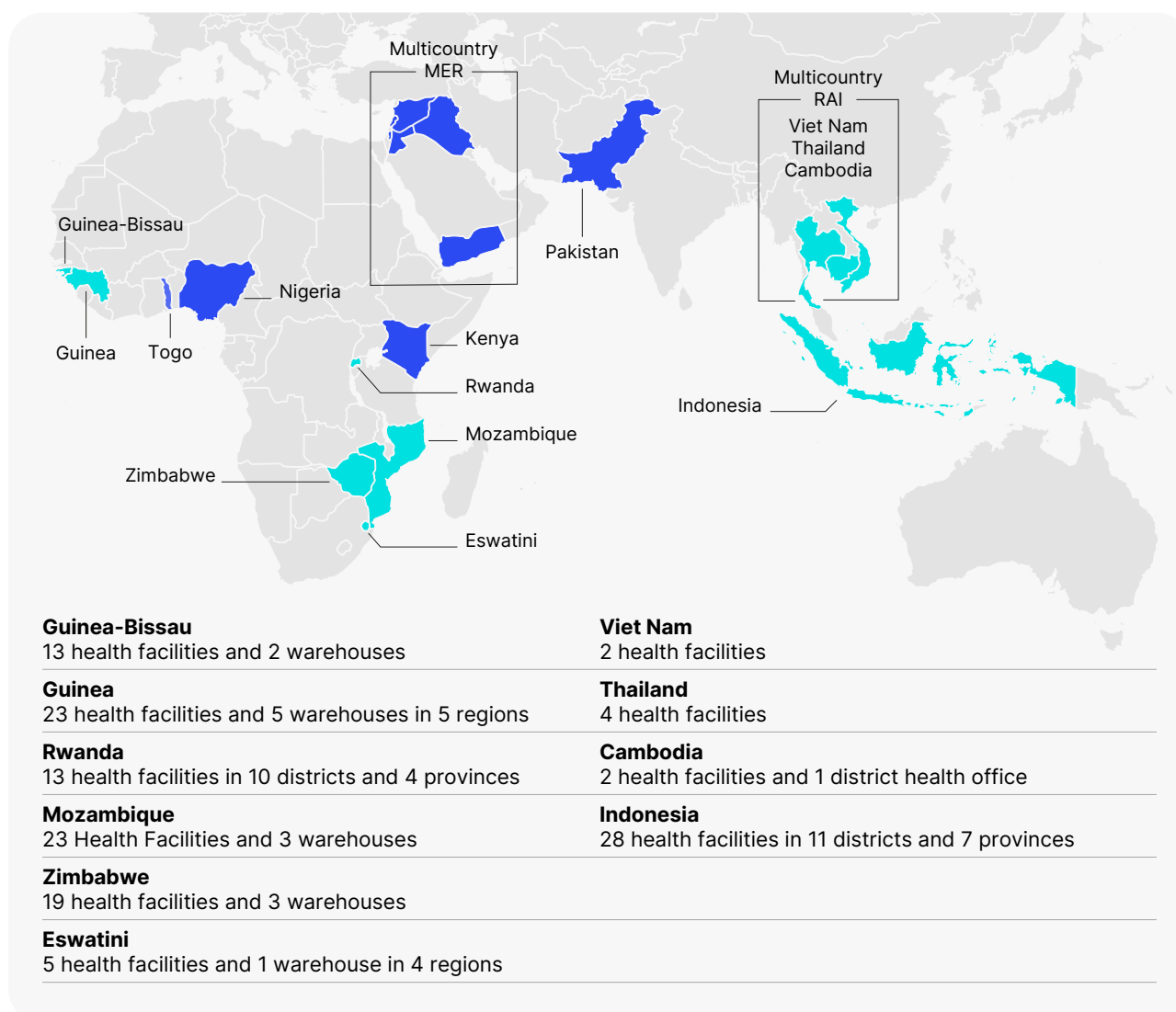
So far in 2024, our auditors have worked with 16 staff from Supreme Audit Institutions (SAIs) or Health Inspectorates in four country audits, with further engagements planned for the remaining 2024 audits.

During their 2024 work to date, OIG auditors visited more than 130 health facilities and warehouses.

Figure 4

Health facilities and warehouses visited during 2024 country audits

● Completed ● Ongoing



The depiction and use of boundaries are not guaranteed to be error free, nor do they necessarily imply endorsement or acceptance by the Global Fund

Advisory

The advisory review of the Additional Safeguard Policy from our 2023 workplan has been finalized and has been published in October 2024.

All three advisories from our 2024 workplan are in progress. As of August 2024, two advisories (i) Travel Security and (ii) Risk Management are at planning and fieldwork stage. Another advisory on the Global Health Campus Shared Services is being finalized.

In addition to standard advisory reviews, our team provided ad-hoc analysis to support the Secretariat's key decisions. For instance, the team provided analysis and insights on sustainability levers to support the Secretariat's preparation for the Board retreat in July 2024. The team also conducted reviews to support coordination of Secretariat activity with partners at the Global Health Campus.

Looking Ahead

Planning for 2025-2027

OIG follows a risk-based approach to determine its workplan, aligning with the Global Fund strategy, organizational priorities and key risks. We apply both quantitative and qualitative analysis to identify and prioritize risks.

Our methodology evaluates inherent and residual risks, emphasizing materiality, likelihood and relevant mitigating factors. OIG ensures inclusivity by engaging extensively with Board, Committees and Secretariat stakeholders.

The 2025-2027 workplan builds on the previous one by adapting to recent changes in risk, uncertainty, priorities, processes and country security.

It also incorporates the work of other assurance providers, such as the External Auditor. OIG and the Evaluation and Learning Office (ELO) have continued their collaboration to avoid duplication and reduce overlaps while maintaining the OIG's independence.

This ensures relevant risks are identified and addressed without overburdening the Secretariat and country-level implementers.

Figure 5

2025 audit and advisory workplan at a glance

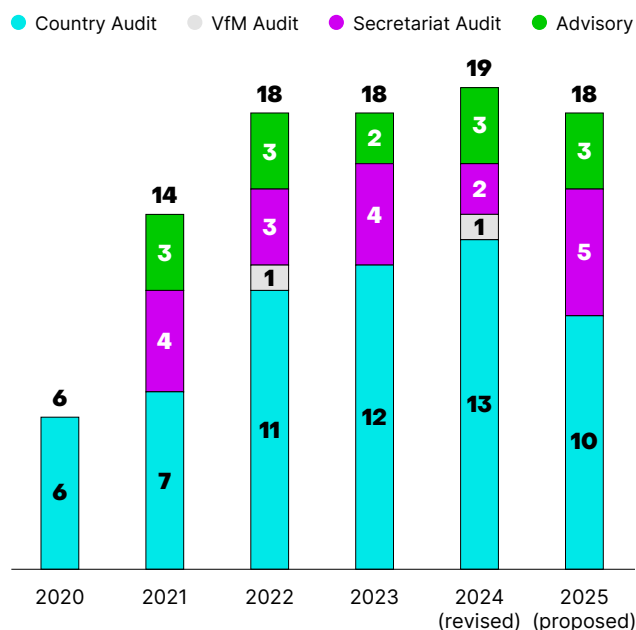


Inherent in the 2025 audit and advisory workplan is a consideration of the likely uncertainties in the future operating environment and reflects a commitment to remain agile in responding to these changes, including supporting the Secretariat and Board for critical decisions.

A snapshot of planned engagements is shown in Figure 6.

Figure 6

Evolution of audit and advisory engagements



Country audits

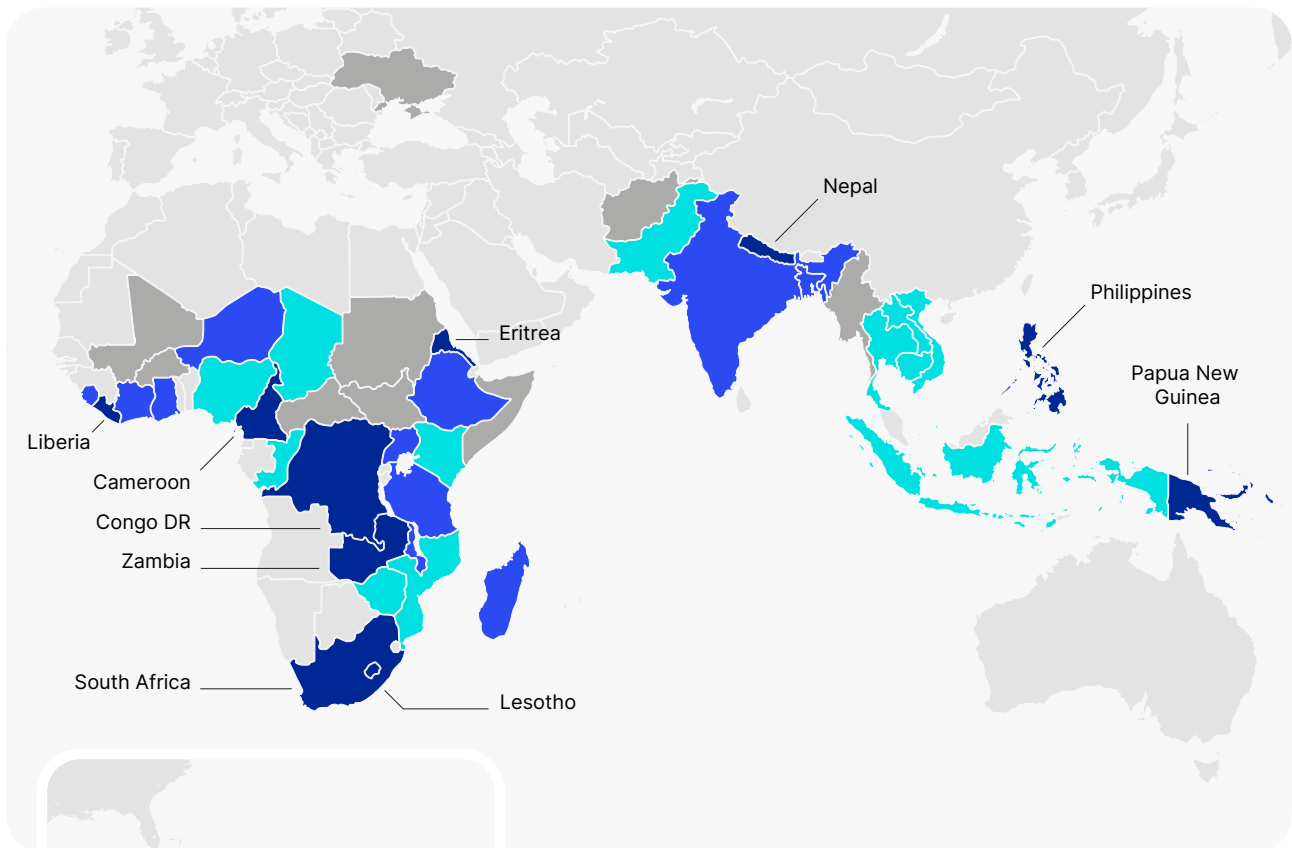
In line with our risk-based methodology, we anticipate conducting audits of all high-impact portfolios at least once within a three-year cycle. Selected high-risk core countries will undergo audits every five years. For 2025, some planned country audits have been deferred due to conflict and security concerns.

In response to this and to enable OIG to provide assurance over these and other portfolios, OIG proposes a thematic review on the Global Fund Approach to Managing Grants in High and Extreme Security Risk Settings, as detailed on page 14. This means that, despite the number of specific country audits reducing from 13 to 10, OIG's coverage over high and very high-risk portfolios is not materially impacted.

Figure 7

Country audits proposed for 2025-2027

● 2025 audits ● 2026 audits ● 2027 audits ● GF approach to managing grants in High/ Extreme security risk settings*

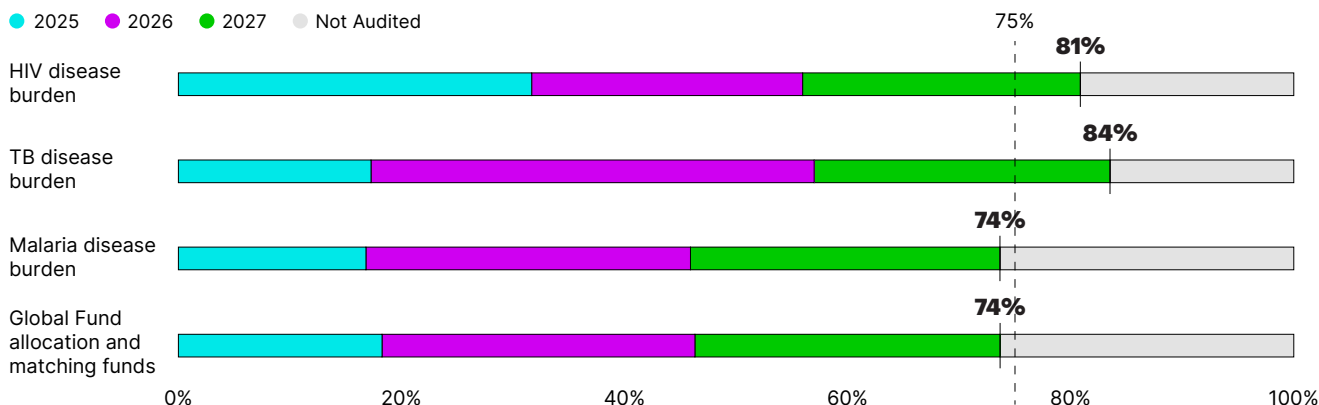


* Review will include sample of countries among the following ones: Burkina Faso, Mali, Myanmar, Haiti, Central African Republic, South Sudan, Sudan, Ukraine, Afghanistan, Somalia and Venezuela

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The proposed three-year workplan aims to maintain high levels of coverage of the grant portfolios in terms of Global Fund allocation and disease burden as shown in Figure 8.

Figure 8
Coverage of 2025-2027 country audits



Internal audits planned for 2025

1. Global Fund Approach to Managing Grants in High & Extreme Security Risk Settings

This audit will focus on the Global Fund approach to managing portfolios where it is not possible to travel due to ongoing conflicts or high systemic risks. The audit will cover Secretariat management of grants in countries such as Burkina Faso, Mali, Myanmar, Haiti, Central African Republic, South Sudan, Sudan, Ukraine, Afghanistan, Somalia and Venezuela. Final portfolios will be selected based on the evolving risk profile and other factors determined during audit planning.

2. Indirect Procurement

This audit will focus on the adequacy and effectiveness of internal processes, including the roles and responsibilities of various Secretariat teams involved in the procurement of goods and services at the Global Fund Secretariat. In 2024 the value of the indirect procurements is expected to be over US\$160 million.

3. Health Products Quality Assurance

Deferred from the 2024 workplan, this audit will assess the Global Fund's approach and measures to ensure medicines and health products procured and delivered to patients are quality assured.

4. Review of the Evaluation and Learning Function

Deferred from the 2024 workplan, this review will assess the effectiveness of processes and measures to safeguard the independence of the Evaluation and Learning Office.

5. Information Technology General Controls

This audit will focus on the effectiveness of IT general controls, leveraging the scope and outcome of other assurance review such as the external audit and other external reviews. It should help to ensure a combined assurance approach in responding to IT related risks. The last IT controls audit was performed in 2015. Two other audits with IT application controls in scope were performed in 2019 (GOS) and in 2021 (Wambo).

Value for Money reviews

These audits assess the extent to which Global Fund investments have generated intended results, considering economy, effectiveness, efficiency, equity and sustainability. This includes interdependencies and trade-offs required when making investment decisions, as well as the balance between short and long-term results.

In 2025, we will finalize the value for money review of Global Fund Investments in Human Resources for Health and Community Health Workers. Given this, we have deferred our planned review on information technology investments to 2026.

Advisory reviews

We expect to complete three advisories in 2025. A shortlist of topics has been drafted in response to requests, business requirements, and input from the Board, Committee members and Secretariat staff. These advisories will focus on supporting the organization as it navigates future key decisions and uncertainties. The list will be refined and agreed on an ongoing basis with the Executive Director.

Professional Services

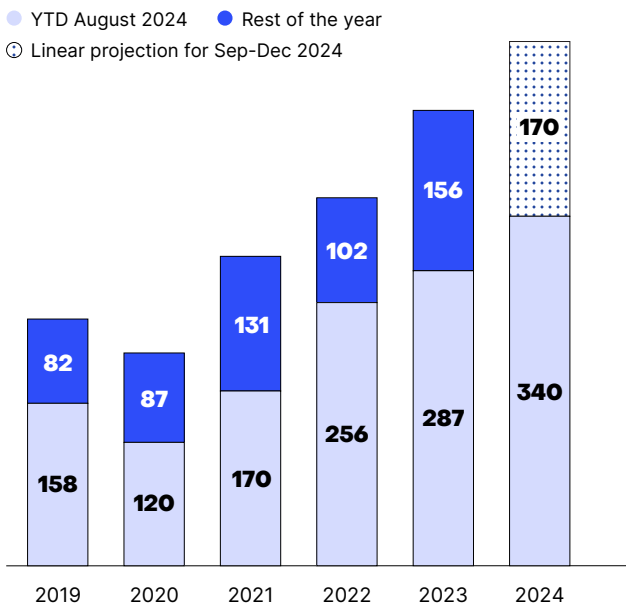
Operational Update

The Professional Services Unit (PSU) plays an important role in supporting the execution of OIG investigations and core audit and advisory activities.

Allegations of wrongdoing continue to rise

The record trend of increasing complaints to OIG has continued, with an 18% rise year to date - meaning a total of 340 new complaints were recorded at the end of August 2024, compared to the same period last year.

Figure 9
Evolution of complaints received



Greater prioritization and more targeted responses to these complaints are required.

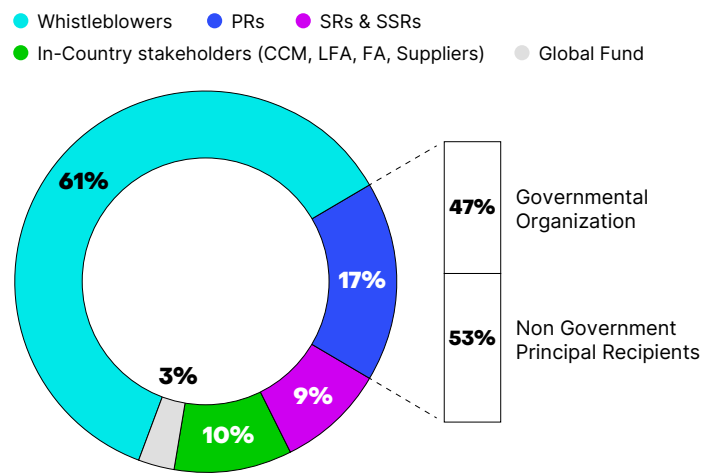
How we respond to complaints

OIG coordinates closely with the Secretariat and implementers to assess and respond to allegations appropriately. This can involve referring the matter to second-line internal and oversight functions within the Global Fund or to other assurance providers. Collaboration enables the effective and efficient use of all available resources.

As of August 2024, complaint screening and assessment was performed in 49 days on average, which is within the KPI of 60 days. This was achieved despite 52% more complaints compared to August 2023.

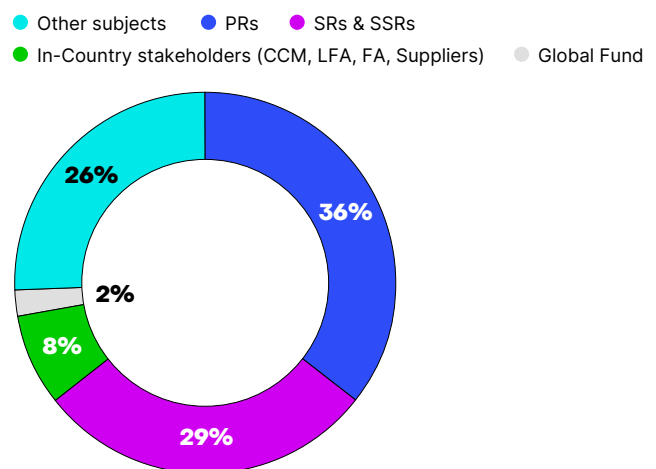
In 2024, almost two-thirds of complaints came from whistleblowers and one third from implementers and in-country assurance.

Figure 10
Complaint sources



Principal Recipients were the main subject of complaints, split between Government, and Non-Government (mainly International/Local Non-Governmental Organizations and Civil Society Organizations).

Figure 11
Complaint subjects



To date, the increase in complaints has not resulted in an equivalent increase in new investigations opened. This is due to the detailed assessment of allegations prior to opening a case.

Advanced analytics and insights to support OIG activity

In addition to routine analytics, PSU has enhanced the capability of generative Artificial Intelligence (AI) to support investigation and audit engagements. AI has enhanced our ability to identify key risks and insights from unstructured Global Fund data, as well as past and current OIG activities. It can also create efficiencies when developing our workplan and targeting our efforts for country audits.

Ongoing operational support and performance monitoring

PSU provided critical operational services to facilitate the delivery of OIG audits and investigations. The team followed up, reviewed and closed 23 AMAs submitted by the Secretariat within 30 days, in line with the KPI.

Quality assurance

PSU performed quality assurance of all completed audits and applicable investigations. PSU worked with delivery teams to complete most actions from the 2023 self-assessment. Ongoing work on the revision to the Audit Manual and Investigation Standard Operating Procedures (SOP) will be completed in Q4. As part of the quality assurance and improvement program, OIG conducts External Quality Assessments (EQA) every three years (surpassing the international standard for assessments every five years).

Together with the leadership of the Global Fund's Audit and Finance Committee, OIG is currently at the initiation stage to select an independent assessor. The EQA work is planned to start by the end of 2024 and be completed in Q1 of 2025.

Looking Ahead

In 2025, PSU will refine case intake processes, further the implementation of our advanced analytics and continue our support to delivery teams, including quality assurance reviews and the timely response to allegations.

Evolving the advanced analytics roadmap

In the coming year, PSU will further strengthen OIG's generative AI capabilities to drive insights and identify emerging trends, risk evolution and actionable findings. In addition, these investments should enable OIG to be more targeted and efficient in its engagements.

Optimizing processes and continuous improvements to core systems

System enhancements

The selection process for the provider of a new case management system is now finalized. The project began in October with roll-out expected by June 2025.

This new system will improve overall system performance, including enhancing case intake and management workflows, analytics capabilities and documentation trails.

Quality assurance

In addition to executing OIG's routine internal quality assurance program, PSU will coordinate the implementation of actions from 2024 External Quality Assessments (EQA).

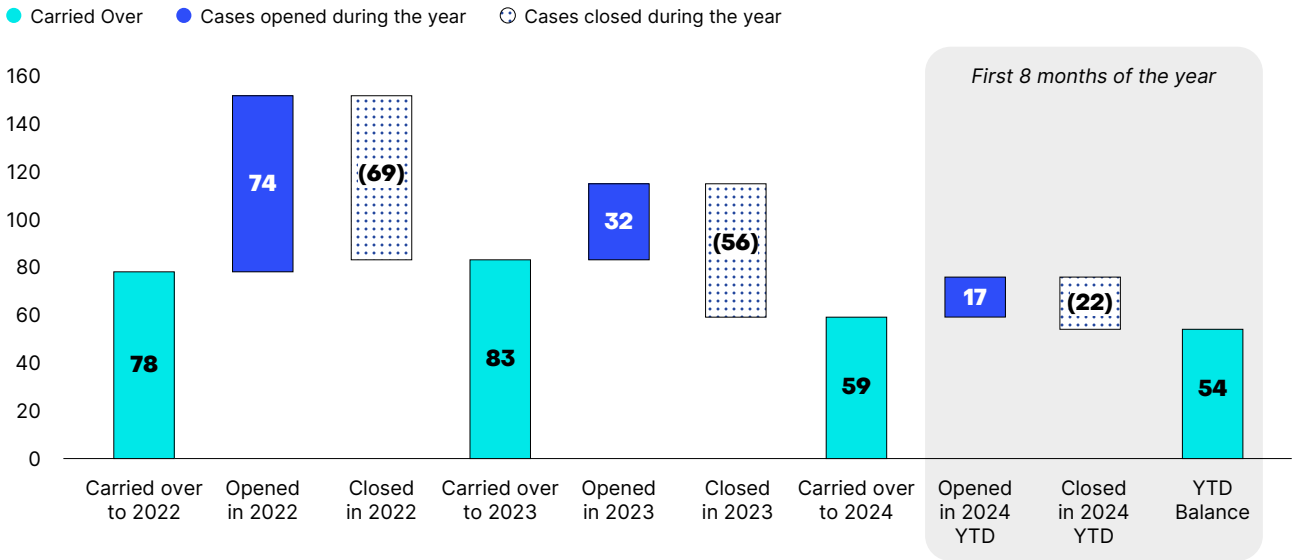


OIG Audit Team attend IIA Switzerland annual training on new IIA standard requirements

Investigations

OIG currently has 54 open investigations, of which 35 are OIG-led and 17 are implementer-led with OIG oversight and guidance. Two other cases are proactive OIG-led investigations. Most open cases relate to allegations of Fraudulent, Collusive and Abusive Practices.

Figure 12
Case evolution from 2022 to present



Cases closed

The Investigations Unit shares a Management Briefing Note (MBN) with Secretariat staff when either i) a prohibited practice has been substantiated by an investigation carried out by an implementing partner with a proportional response to the matter; ii) the identified wrongdoing resulted in minimal impact to the related program; or iii) when OIG completed investigation has not substantiated a prohibited practice but nevertheless contains valuable information concerning integrity risks that Secretariat colleagues should be made aware of.

So far this year, the Investigations Unit has issued 22 MBNs. Fifteen of which (68% of the total) detailed substantiated prohibited practices (see annex 4 for case summaries).

OIG-led investigations closed so far in 2024 took on average 13 months to complete, this is significantly improved compared to 16 months in 2023. So far in 2024, implementer-led cases closed in 2025 have taken 17 months, the same as in 2023. OIG continues to take steps to improve responsiveness.

Figure 13
2024 Investigation workplan at a glance (August 2024)

22
Investigation outcomes

- 18 oversight cases
- 4 OIG-led cases



7
ISON anti-fraud activities

- 8 planned by year end



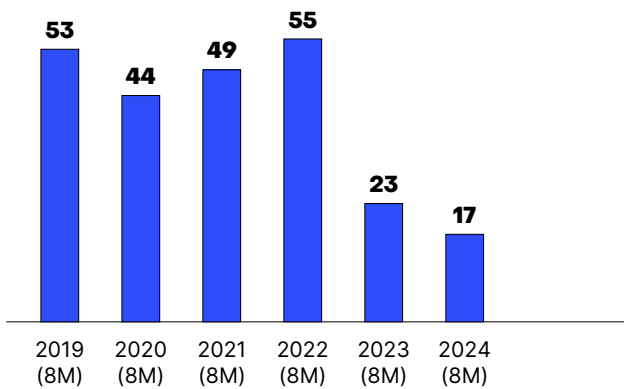
Cases opened

So far in 2024, the Investigations Unit has opened 17 new cases led by both OIG and implementers. This represents a decline in the number of opened cases compared to previous years. This can be attributed to a change in our approach. Assessments of whether a complaint should be subject to investigation (based on the pillars of materiality, credibility and verifiability) is carried out at the complaint assessment stage for a more stringent case conversion.

Figure 14

Comparison of open investigation cases

Cases opened in each year (8 months)



Fraud and abuse awareness activities

OIG has conducted seven awareness raising activities as of August 2024 in 6 implementing countries, reaching over 300 participants. This includes awareness activities on human rights and abuse hosted jointly with the Community Rights and Gender Department, and Communities Delegation.

OIG plans to conduct eight more awareness activities before the end of 2024.

We have developed a revised outreach approach that leverages the combined skills of our auditors and investigators and are on track to meet our fraud awareness KPI by year end.

Looking Ahead

This year, the OIG developed a methodology to proactively identify integrity concerns that warrant investigation. The methodology identified countries and grants that appear to present greater risk, despite very few allegations of prohibited practices received. OIG has progressed its proactive cases methodology and is currently investigating the first case resulting from this new methodology.

As in previous reports, OIG remains concerned about coordination, timeliness and reporting challenges related to investigations led by certain implementers and has taken steps to improve coordination on these matters. Our current caseload includes cases concerning late or non-reporting of integrity matters by Global Fund Recipients, and the failure to fully cooperate with OIG investigations into such matters.

Given the Global Fund's obligations to its donors and beneficiaries, alongside OIG's limited investigative powers, timely reporting and complete cooperation are essential to protect both funds and beneficiaries.

Figure 15

Investigation workplan at a glance

27

Investigation outcomes



10

ISON anti-fraud activities



Stakeholder engagement and outreach

Collaboration, coordination and capacity building initiatives with Supreme Audit Institutions (SAI) and oversight bodies in implementing countries are one of OIG's key priorities. During this period, we hosted two major conferences for both audit and investigation.



Investigation and Integrity Risk Management Conference

Investigation and Integrity Risk Management Conference in June 2024

OIG together with the Secretariat hosted over 80 representatives of second line functions from grant implementers. The conference focused on how the Global Fund Secretariat, OIG and implementers coordinate activities to better respond to increasing fiduciary and fraud risks. During the event, we discussed our role and the challenges to safeguard Global Fund activities from prohibited practices and SEAH. Participants shared their lessons learned and agreed on concrete ways to better coordinate activities.

Beyond this event, OIG is exploring new ways to regularly share best practices with implementing partners as well as maintain awareness and build capacity.

Representatives of Internal Audit Services (RIAS) annual conference September 2024

OIG hosted and co-chaired the 16th annual UNRIAS and 53rd RIAS (Representatives of Internal Audit Services) together with GAVI and WHO at the Global Health Campus. "Impactful Auditing in a Changing World" was the theme for this conference attended by over 100 Inspectors General, Auditors General and Heads of Internal Audit Services from UN organizations, multilateral development banks and International Organizations. The meeting focused on how oversight functions respond to various disruptions that impact their organizations.

Key Performance Indicators (KPI) and budget

Our KPIs remain largely the same with minor revisions to better reflect our 2025 workplan and working practices. The minor changes made are highlighted in Annex 2. We will continue to internally track operational metrics including, but not limited to, adherence to internal timelines, non-compliant and proposed recovery amounts from investigations and staff diversity and turnover.

2025 Budget

Cognizant of the current fiscal environment and after carefully reviewing our activities and associated costs, we identified a total of US\$1.5 million in savings from our 2024 budget. By realigning some roles, we reduced FTE staff from 63 to 60. We created further efficiencies by adapting processes and applying remote review methodologies where appropriate.

These savings were largely negated by rising staff insurance costs and travel costs, which are largely out of OIG control. Overall, the operational budget for 2025 is now US\$15.8 million (a 0.8% decrease from 2024).



16th UNRIAS / 53rd RIAS

Annex 1:

Staffing and Budget

Staffing

At the end of August 2024, OIG has 57 full-time equivalents (60 employees) out of a budgeted headcount of 67 (63 staff and 4 temporary C19RM resources).

Three vacancies relate to staff on medical leave. Three remaining vacancies are at various stages in the recruitment process. These vacancies have not had a material impact on OIG capacity and ability to deliver its mandate. Where necessary, temporary professional resources have been hired to fill gaps and deliver on the workplan.

Budget

OIG has spent US\$9.8 million (94%) of its operational year to date budget, based on expected exchange rates, and expects to utilize its entire budget by the end of the year.

Figure 16

OIG operational budget, actuals (August 2024) and forecast (F2), OIG budget for 2025, in US\$ thousands

	2024 Budget	YTD Budget	YTD Actuals	Budget vs. Actuals variance	2024 Forecast	2025 Budget
Workforce*	11,543	7,695	7,233	-462	10,983	11,847
Professional fees	2,585	1,671	1,278	-393	2,505	2,016
Travel	1,509	896	996	100	1,825	1,451
Meetings	29	22	35	13	46	28
Communications	70	40	61	21	256	120
Office Infrastructure	142	64	148	84	178	211
Depreciation	25	-	8	8	12	97
Total	15,903	10,388	9,759	-629	15,805	15,770

*Workforce includes staff and individual consultants engaged to support OIG's work due to vacancies

In addition to operational expenditures, OIG has spent 53% of its US\$2.5 million funding from C19RM funds. This is expected to be fully absorbed by end of 2025, and will be deployed mainly on case intake and investigation activities by the end of 2025.

Budget and actual expenditure variations

- Workforce had the largest variance with an underspend of US\$0.5 million year-to-date due to staff vacancies and delays in hiring. This sum was partially reduced by an increase in corporate-wide accidental insurance premium costs for staff.
- Professional costs are currently underspent by US\$0.4 million due to delayed or cancelled IT projects, totaling \$US0.2 million, as well as due to timing differences in billing.
- Travel costs are above the expected budget due to increases in travel fares and more investigation missions conducted earlier than anticipated.
- Office infrastructure expenses are above the expected year to date budget due to a rise in the cost of software licenses.
- Variances in other cost categories are minimal and mainly due to timing differences in planned budgeted spend versus actual expenditure.

Annex 2:

Progress on Key Performance Indicators

A. Delivery on Core Assurance

Performance objective	Progress as of 31 August 2024	Proposed KPI
A1. RESPONSE TO COMPLAINTS		
On average, triage and complete assessment of complaints received within 60 days.	Met (as of 31 August)	Completed the screening and assessment of complaints in 49 days , in line with KPI.
A2. INVESTIGATIONS		
1.a. Closed investigation cases (number): Close on average 50 cases over 3 calendar years, including the current year of assessment.	In Progress	Revised KPI proposed: Complete 50% (27 cases expected for 2025) of the investigation cases open at the end of the previous year.
	22 cases closed at the end of August 2024, 63 closed in 2022 and 51 in 2023. OIG does not expect to fulfill this KPI by year end due to the low number of open cases. Improvements in the assessment phase and an increased focus on finalizing long outstanding cases led to fewer new investigations opened.	
1.b. Close Investigation cases (duration): Average of 12 months to close investigation cases in KPI 1.a.	Not Met - 14 months	Revised KPI proposed: Average of 14 months to complete investigation cases in KPI 1.a.
	The cases not published and closed between January 2022 and August 2024 took on average 14.2 months . About 60% of closed cases were implementer-led. OIG led a training for implementers to improve their responsiveness in June 2024.	
		Revised KPI proposed: 1.c. Cases substantiation: 70% substantiation rate for OIGs investigation cases completed in KPI 1.a.
2.a. Publish at least five investigation reports on average over three calendar years.	In Progress	
	Three investigation cases were published per year on average over the last three calendar years 0 cases published have been published in 2024, 4 cases in 2022 and 5 in 2023. OIG expects to publish 4 cases by year end.	
2.b. Average of 14 months to produce the investigation draft report (Stage 5 of Stakeholder Engagement Model completion) for published cases in KPI 2.a.	Not Met - 21 months	Revised KPI proposed: Average of 20 months to produce an investigation draft report for publication in KPI 2.a. The KPI is being adjusted to reflect the increased complexity of our investigation caseload (data fraud, supplier fraud, corruption etc.).
	It took an average 21 months for investigation reports to reach Stage 5 before publishing in 2022 and 2023. No cases have been published in 2024.	
3.15 awareness-raising activities completed in a calendar year.	Partially Met (as of 31 August)	Revised KPI proposed: 10 awareness-raising activities to be completed in a calendar year.
	7 awareness raising events were held in 2024 to date, with the remaining events expected to be conducted before year end.	

Performance objective	Progress as of 31 August 2024
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A3. AUDIT & ADVISORIES

1.a. Issue 15 audits per year in draft (SEM Stage 4) in a calendar year with at least 4 per quarter.	<p>Partially Met (as of 31 August)</p> <p>In total, 8 reports were issued: 4 in Q1, 2 in Q2 and 2 so far in Q3 with further 2 audits expected by the end of Q3.</p> <p>Other audits are expected to be issued in 2024. For more details, see the Audit Section of the Operational Update.</p>
1.b. Publish at least 16 audits in a calendar year on a rolling three-year basis.	<p>Not Met</p> <p>Between September 2021 and August 2024, 40 reports were published (13.3 reports/ rolling year). 9 audit reports were published as of 31 August 2024.</p>
1.c. Issue 90% of audit reports in the annual workplan to the Audit and Finance Committee by 31 March 2025.	<p>In Progress</p>
1.d. Publish all audit reports in the annual workplan by 30 June.	<p>Not Met</p> <p>88% of the 2023 workplan published until June 2024. The remaining audits (GF model, CT model) are in advanced reporting stages.</p>
2. Issue at least 3 advisory reports in draft (SEM Stage 4) during the year.	<p>Partially Met (as of 31 August)</p> <p>One advisory report has been issued in draft in 2024.</p> <p>Three other advisories are in progress.</p>

B. Risk and Impact

Performance objective	Progress as of 31 August 2024
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B1. Audit coverage: Cover at least 75% of allocation and 75% each of HIV, TB and malaria disease burden over 3 calendar years, including the current year of assessment.	<p>In Progress</p> <p>At the end of 2024, we estimate that the 2022-2024 audit plan will cover:</p> <ul style="list-style-type: none"> • 60% of HIV, 73% of TB, and 72% of malaria disease burdens • 69% of the 2023-2025 allocation and C19RM funds <p>The lower coverage is due to few high impact portfolios being audited before 2022, including DRC, South Africa, Philippines, Burkina Faso and Mali. Most of these portfolios are included in the 2025 workplan.</p>
B2. Assurance activity on 100% of risks rated as high and very high in the Organizational Risk Register (ORR) over 3 calendar years including the current year of assessment.	<p>Met (as of 31 August)</p> <p>As of August 2024, 100% of ORR risks rated as “high” and “very high” were included in the OIG workplan over the last 3 years.</p>
B3. 60% of Agreed Management Actions are remediated by the Secretariat, by their due date, over a rolling 3-year cycle.	<p>Not Met</p> <p>Only 23% of AMAs were closed on time during the last 3 years (September 2021 to August 2024).</p>
B4. Recoveries identified or significant lessons learned from 100% of OIG-led substantiated cases.	<p>Met (as of 31 August)</p> <p>Investigation reports to be published in 2024 are expected to generate recoveries or significant lessons for the organization.</p>

Performance objective	Progress as of 31 August 2024
<p>B5. Stakeholder Engagement Satisfaction:</p> <ol style="list-style-type: none"> 80% overall satisfaction score from engagement satisfaction surveys conducted. 80% overall satisfaction score from Board & Audit and Finance Committee satisfaction surveys. 80% overall satisfaction score from post event surveys conducted for anti-fraud awareness activities. 	<p style="text-align: center;">Not Yet Due</p> <ol style="list-style-type: none"> OIG scored a 79% satisfaction rate from audit engagement satisfaction surveys until August 2024. The overall score of the Board and AFC satisfaction surveys for 2023 was 95%. The overall satisfaction score for events where satisfaction surveys were rolled out was 96%. <p>OIG will report on 2024 stakeholder engagement satisfaction in March 2025.</p>

C. Operations and Quality

Performance objective	Progress as of 31 August 2024
<p>C1. Costs managed within 10% of approved budget.</p>	<p style="text-align: center;">Met</p> <p>Actuals as of August YTD are at 94% of the YTD Budget.</p>
<p>C2. 100% of Agreed Management Actions (AMAs) tracked and validated within 30 days of Secretariat reporting as "Completed".</p>	<p style="text-align: center;">Met</p> <p>As of August, OIG has validated all AMAs within KPI timelines.</p>
<p>C3. Provide an annual assurance statement on governance, risk management and controls at Global Fund.</p>	<p style="text-align: center;">Not Yet Due</p> <p>The 2023 Annual Opinion on Governance, Risk Management and Internal Controls was presented to the AFC in March 2024.</p>
<p>C4. Completion of annual internal quality self-assessments to confirm ongoing conformance with IIA and CII requirements as per OIG QAIP.</p>	<p style="text-align: center;">Not Applicable</p> <p>2023 internal quality self-assessment to confirm ongoing conformance with IIA and CII requirements was completed and included in the OIG's 2023 Annual Report. In lieu of the independent external quality assurance review that will take place at the end of 2024, OIG will not perform the quality self-assessment.</p>
<p>C5. Performance of triennial external quality assurance review to confirm conformance with IIA and CII requirements.</p>	<p style="text-align: center;">Not Yet Due</p> <p>The OIG Charter calls for periodic independent review against prevailing international standards and best practices. OIG undergoes a triennial external assessment, surpassing the international standard that requires an external assessment every five years. OIG received the highest rating of "generally conforms" with the Conference of International Investigators (CII) Uniform Guidelines for Investigations. The last external assessment was performed in 2021. The next is planned for Q4 2024.</p>

D. People and Culture

Performance objective	Progress as of 31 August 2024
<p>D1. 100% of staff development plans have been approved by end of Q1 or within Global Fund HR agreed timelines.</p>	<p style="text-align: center;">Met</p> <p>100% of staff have had their development plans approved in the Human Resources system by Q1 2024.</p>
<p>D2. 100% of staff complete by year end, a minimum of 40 hours of formal training.</p>	<p style="text-align: center;">Partially Met (as of 31 August)</p> <p>To date, one third of OIG staff have fulfilled the expected pro-rated number of training hours by end of August.</p>
<p>D3. 80% overall score in employee satisfaction survey by year end.</p>	<p style="text-align: center;">Not Yet Due</p> <p>The 2024 survey will be conducted in January 2025.</p>

Annex 3:

Summary of Reports Published in 2024

Audit of Global Fund Investments in Health and Laboratory-Related Equipment GF-OIG-24-001

- The overall objective of this audit was to provide reasonable assurance to the Global Fund Board on whether the Global Fund has secured value for money in its investments in health and laboratory-related equipment. Value for money was assessed using the Global Fund defined dimensions of economy, efficiency, effectiveness, equity and sustainability across the grant and product life cycle and value chain. Overall, the achievement of value for money has been rated as partially achieved.

Audit of the Global Fund Approach to Reallocate Grant Funds GF-OIG-24-002

- This audit set out to provide reasonable assurance to the Global Fund Board on the adequacy and effectiveness of the Global Fund's portfolio optimization process and key components of the grant revision process. It found that the Secretariat has established an inclusive and collaborative process. Timeliness of grant revisions is improving steadily, supporting more agile grant implementation. Although these processes are well defined, further opportunities to enhance controls in some key areas were noted.

Audit of Global Fund Grants in the Republic of Benin GF-OIG-24-003

- Overall, the Global Fund lacks sufficient guidance to ensure diligent review and approval for Principal Recipients deviating from procurement policies. Within Country Coordinating Mechanisms (CCMs), weak governance and conflict of interest management – as well as noncompliance with Global Fund policies on Principal Recipient selection – threaten effective grant implementation. OIG also found delays in implementation of community health strategy are affecting the timely delivery of community health services. While health products are generally available, fragmented systems and limited coordination are causing inefficiencies.

Follow-up Audit of Global Fund Grants in Cambodia GF-OIG-24-004

- Cambodia is making significant progress in the fight against HIV and TB. However, OIG identified areas for improvement to ensure continuity of the progress achieved and support longer term success in the fight against these two diseases. Among the findings is that operational and administrative delays hinder the optimal use of increased cofinancing commitments, increasing the risk of commodity stock-outs.

Audit of Global Fund Malaria Grants to the Republics of Senegal, The Gambia and the Islamic Republic of Mauritania GF-OIG-24-005

- Gaps in malaria prevention activities and poor data quality are limiting the impact of Global Fund supported programs in the three countries. Key factors contributing to this result include low use of long-lasting insecticidal nets (LLINs), uneven quality of treatment resulting from lack of training, weak data quality and limited governance. While the three countries have made significant commitments towards malaria elimination through their national strategic plans, none can reasonably expect to achieve elimination without stepping up execution.

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

Audit of Grants to the Republic of Angola **GF-OIG-24-006**

- ● ● Despite improvements to monitor and report co-financing commitments and verify sub-recipient data since Angola's last audit, the OIG found that issues persist in numerous areas. OIG found that while robust principles underpin the innovative sub-national approach, execution issues are negatively impacting grants. In particular, OIG noted material stock-outs of key commodities for the three diseases due to weak PSM processes, systems and data.

Audit of Global Fund Grants to the Republic of Malawi **GF-OIG-24-007**

- ● ● Key commodities are available at all levels in Malawi under Global Fund grant implementation, but supply chain integration efforts are substantially delayed. Significant progress has been made in the malaria response, but prevention interventions could be improved. There were notable strides in HIV and TB program outcomes, but prevention and testing interventions stand to improve. Investments can be further optimized to drive efficiencies and ensure sustainability, while improvements are needed in financial and procurement oversight to safeguard grant funds.

Audit of Global Fund Approach to Grant Monitoring **GF-OIG-24-008**

- ● ● ● Design and implementation of the grant performance framework needs improvement to better track and monitor impact. Improvement is needed in the execution of risk management processes to ensure effective identification, prioritization and monitoring of grant risks. While improved, fragmented Principal Recipient reporting tools create a risk of reporting fatigue and delays for implementers.

Audit of Global Fund Grants for TB/HIV to Viet Nam, Thailand and Lao People's Democratic Republic **GF-OIG-24-009**

- ● HIV prevention for key populations and linkage to antiretroviral treatment need to improve to end the epidemic by 2030 in Viet Nam, Thailand and Laos. Limited TB case finding prevents these countries from achieving national and grant targets. HIV and TB programs must also realize greater programmatic and financial sustainability.

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 2024

Not all investigations result in a published report. Unsubstantiated allegations are recorded in internal case closure memoranda. Substantiated allegations could result in Management Briefing Notes (MBNs) if the identified wrongdoing resulted in minimal impact on the related program or resulted in a proportionate response from the implementer or Secretariat.

MBNs summarize investigative findings and OIG recommendations as well as significant lessons learned from the cases. At the end of August 2024, 15 substantiated cases were closed through MBNs all of which were oversight cases. The remaining cases were unsubstantiated.

The outcomes of these cases, summarized below, were confirmed findings of fraud and abuse and/or non-compliant amounts identified. The findings were either deemed not material or involved 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
Data fraud (1 case)	US\$200	In one case, 98 TB patients were fabricated without test results by a Principal Recipient Field Supervisor.	The employee was dismissed.
Misappropriation of funds (8 cases in 4 countries)	US\$71,580	Expense reimbursement frauds, fabricated expenses, diversion of per diems and mobile money payments met for training participants, improper accounting for staff advances.	The employee was dismissed and the amount recovered.
Procurement Fraud (3 cases in 2 countries)	US\$35,133	In one case, a vendor falsified information about its capacity to fulfill a procurement contract valued at US\$1 million. In a second case, a sub-recipient selection committee fabricated procurement documents, including proposals from fictitious companies and false evaluation reports for a completed procurement simulation. In the third case, sub-recipient staff supporting IT procurement engaged in collusive and corrupt practices, including favoring certain vendors and soliciting kickbacks.	In the first case, the Principal Recipient debarred the vendor without loss to the project. Disciplinary action has been taken against the head of supply chain responsible for the project. In the second case, the sub-recipient refused to acknowledge findings and only reimbursed US\$22,000. No disciplinary or administrative actions were taken by the sub-recipient. OIG has recommended for the Secretariat to confirm whether this amount refunded to the Global Fund and recover any further amount as appropriate. OIG further recommended that the Secretariat review the capacity building and oversight on the SR's procurement functions to ensure an appropriate level of risk mitigation has occurred. In the third case, vendors were blacklisted by the Principal Recipient and sub-recipient employees were terminated.
Salary kickbacks (1 Case)	US\$562	Senior sub-recipient staff coerced field staff to donate part of their salary as contributions back to the office.	The collected amount was returned to staff.
Stock Theft (2 cases in one country)	US\$245,782	Stock theft of health products valued at US\$230,000 from warehouses managed by a vendor sub-contractor. In another case, test kits and condoms worth US\$15K were stolen from one-stop-shops by sub-recipient staff or contractors entrusted with safe custody.	Implicated employees were terminated, and security providers were changed. Following investigation by the national police, several suspects were arrested and charged.
Total	US\$353,257		