



Audit and Finance Committee Report

The Office of the Inspector General 2020 Annual Report

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

45th Board Meeting
GF/B45/03
11-12 May 2021, *Virtual*

What is the Office of the Inspector General?

We safeguard the assets, investments, reputation and sustainability of the Global Fund by ensuring that it takes the right action to end the epidemics of AIDS, tuberculosis and malaria. Through our audits, investigations and advisory work, we promote good practice, reduce risk, and report fully and transparently on abuse. We're an independent yet integral part of the Global Fund, accountable to the Board through its Audit and Finance Committee. We serve the interests of all Global Fund stakeholders, aspiring to be a leading role model for the international aid community.

What do we focus on?

Our Auditors look at risk management, governance and internal controls in Global Fund programs, operations, management systems and procedures, as well as at institutions managing Global Fund grants. They also deliver advisory work, aiming to increase impact and efficiency. Our Investigators focus on raising awareness of, and uncovering, wrongdoing. Following an audit or investigation, we agree management actions with the Global Fund Secretariat which address the root causes of issues and make them less likely to occur in future. Our Professional Services Unit provides the tools and systems the OIG needs to deliver world-class work.

Our people

The OIG is committed to a diverse, equitable and inclusive work environment. Our people come from a wide range of cultural, ethnic, racial, religious and national backgrounds. Diversity of skills, experience and viewpoints is encouraged and is important to us:

- Our 44 full-time staff represent 25 different nationalities, with 53% of staff from implementer countries. We have a 40%/60% female/male workforce ratio, and 40% of our senior-grade staff are women.
- We have a wide range of professional experience including public accounting and assurance, risk management, health, law and law enforcement. Our previous careers have been spent in development banks, United Nations Agencies, government departments, public and private companies, NGOs and anti-corruption organizations.
- 47% of our staff speak 3 languages or more. From Arabic to Wolof, from Danish to Urdu, we're here to listen to you.



44

Staff

25

Nationalities

33

Languages spoken

Contact Us

If you suspect irregularities or wrongdoing in programs financed by the Global Fund, you should report them to us. Reporting to us is secure and safe; we keep your identity confidential, and you can remain anonymous.

Online: www.ispeakoutnow.org

Email: hotline@theglobalfund.org

Free Telephone: +1 704 541 6918

Learn about fraud, abuse and human rights violations at our e-learning site, www.ispeakoutnow.org



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**The Global Fund
proved once again
that it represents one
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deadly infectious
disease.**

**The steady build-up
of internal control
and risk management
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five years provided a
stable foundation.**

2020 will be remembered by most as a year to forget. COVID-19 has taken over two and a half million lives. The pandemic, and the resulting actions by governments desperately trying to control it, have hurt the delivery of health programs worldwide.

2019 was always going to be a hard act to follow. The Global Fund celebrated a 20% increase in the number of lives saved compared to the previous year and raised a record-breaking US\$14 billion in new funding. Following years of continuous improvements, the Secretariat's control environment and risk management processes reached an embedded stage of maturity.

But despite the challenges posed by 2020, the Global Fund proved once again that it represents one of the most agile, lean and effective investments to combat deadly infectious disease. Its response to the pandemic was meaningful and swift: in March 2020, grant flexibilities as well as new and redirected funds were provided to help countries fight COVID-19, mitigate the impact on HIV, TB and malaria programs, and prevent fragile health systems from being overwhelmed. This effort tested the organization's maturity and disrupted not only its core operations, but also its progress in embedding further planned improvements.

The Office of the Inspector General also reacted quickly, reformulating our assurance plan, adapting our investigation methods and mobilizing our people to help with the Secretariat's COVID-19 response. We provided more than 5,000 person hours of advice on pandemic-related risks, internal controls and governance.

Despite the disruption, the OIG continued to assess, analyze and report on fraud, corruption and abuse. Our work highlighted that the Global Fund needs to be particularly proactive regarding supplier oversight, product quality assurance, conflicts of interest, and in tackling sexual exploitation and abuse at the implementer level – issues that had previously been flagged in OIG audits.

OIG audit work in 2020, which concentrated on the immediate pandemic response, established that despite varying levels of disruption, HIV/AIDs, TB and malaria programs were generally able to continue. Key controls functioned, although planned improvement activities were disrupted. While the Global Fund's controls framework was severely and intensely tested during 2020, the steady build-up of internal control and risk management measures over the past five years provided a stable foundation. Key controls functioned as expected, and in some cases were further bolstered to respond to new risks. Secretariat-level operations, such as disbursements and grant making, continued, and governance activities moved to an entirely virtual platform. Quality assurance of medicines and health products, highlighted in our 2019 opinion, remains an area to be strengthened.

**The risk landscape
remains heightened
and volatile.**

The risk landscape remains heightened and volatile. While the Secretariat was forced to ruthlessly prioritize activities to focus on helping supporting countries respond to the pandemic, risk management considerations were evident. Routine risk management and assurance activities were adapted to suit the evolving risks, while risk trade-offs were considered in grant approval, business contingency plans, and in designing processes for the COVID-19 Response Mechanism.

**Controls, oversight
and assurance
practices risk being
compromised by
COVID-19.**

What lessons can 2020 teach us? The Global Fund's effectiveness in 2020 should not overshadow the areas that need strengthening. Navigating a global crisis is all-consuming and can distract from our core mandate for fighting the three diseases. Many processes have been severely tested, and will require constant development to remain robust and relevant. Global Fund programs will face a heightened risk of wrongdoing, as controls, oversight and assurance practices are further compromised by the pandemic and related disruptions. The management of these risks must be proactive rather than reactive; improving ethical, governance and other decision-making mechanisms will require sustained effort and expertise.

As COVID-19's inevitable financial impact is felt, it will be even more critical for the Global Fund to be efficient. Proving that the organization provides strong value for money will be vital, as will ensuring countries meet their domestic commitments and fight wrongdoing and abuse.

Perhaps most importantly, the current crisis reminds us that our mission is critical, and that health is a fundamental human right. It also underlines that we have a deep responsibility as guardians of donor money: *to whom much is given, much will be required*. This applies to the Secretariat, the OIG, the Global Fund Board and our in-country implementers alike.

Finally, I would like to publicly thank our staff for their commitment, objectivity and professionalism in continuing to lead and drive positive change during this challenging year.

Tracy Staines (she/her)
Inspector General

ANNUAL OPINION ON GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS

The Office of the Inspector General provides the Global Fund with independent and objective assurance over the design, effectiveness and quality of controls or processes in place to manage the key 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 as outlined above; 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; and information from Board and Management Executive Committee meetings. The risk-based engagements performed by the OIG in 2020 and the above information provide a basis to support the annual opinion in the context of the inherent limitations below.

Audit Methodology: OIG engagements are risk based, and do not cover every business process, organizational unit or country supported by the Global Fund. Engagements are selected based on a comprehensive risk assessment and prioritized use of audit resources, and an additional engagement-level risk assessment is performed to ensure a focus on the most important residual risks.

COVID-19 disruptions: The pandemic resulted in significant disruptions to the OIG and its work plan:

- *Assurance activities:* The OIG could not perform country audits and investigations in 2020 due to travel restrictions. The OIG needed to revise its 2020 assurance work plan in response.
- *Volatile risk landscape:* The COVID-19 pandemic significantly increased the inherent risk profile of the programs supported by the organization, and created uncertainties and volatility in data for decision making.
- *Fluctuations in standard management processes:* Standard risk mitigation and assurance processes are not designed for the fast-changing operating environment in a pandemic context. Some of these measures had to be suspended or adapted at the corporate and country level due to the changing operating environment.



As such, there are inherent limitations in the OIGs ability to express a comprehensive opinion on the overall governance, risk management and control processes at the Global Fund.

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

There has been no interference in determining the scope of activities, or the work performed by the OIG, or the communication of the results from its work during the period under review. The OIG has adequate resources to effectively discharge its mandate.

Opinion

Nothing came to the OIG's attention that indicates material weaknesses in the Global Fund's governance, risk management or control processes which would significantly compromise the overall achievement of its strategic and operational objectives.

Without modifying our opinion, the OIG draws the attention of the Board, the Audit and Finance Committee and executive management to the strategic themes emerging from OIG's 2020 engagements, presented in the following section. These issues require consideration to ensure the organization can effectively and efficiently achieve its strategic objectives.

1. Continuity of Global Fund Programs and Operations during the Pandemic

The COVID-19 pandemic has impacted many aspects of Global Fund activities. Country-level programs have generally continued, albeit with different levels of disruption, thanks to measures instituted by the Secretariat and by the countries themselves. Despite significant efforts, progress against programmatic targets have not met expectations.² Key Secretariat-level operations such as disbursements and grant making have carried on, and governance activities, whilst not comparable to in-person interactions, have persisted without excessive interruption. Looking beyond the pandemic, the Global Fund will need to ensure that grant programs get back on track in fighting the three epidemics. Learning from 2020 will help to maximize impact in a resource-constrained future.

Continuity of country-level programs

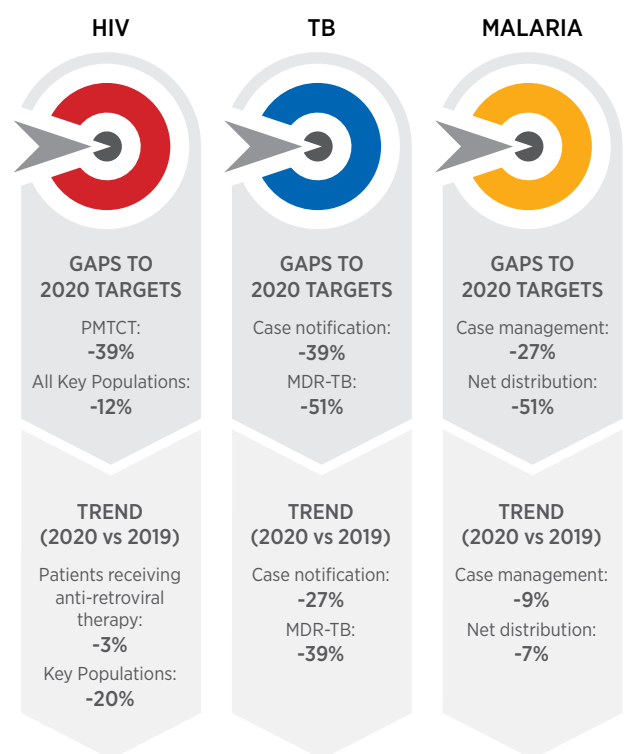
The pandemic, and the various mitigation measures deployed by countries, impacted the conventional grant implementation model. Our audit of *Continuity of Grant Programs* (to be published in Q2 2021) confirmed that the Global Fund and its in-country partners introduced flexibilities and other alternative approaches to ensure that HIV/AIDs, TB and malaria programs could continue. The three programs were affected differently, as shown in the figure opposite, illustrating results from 38 large portfolios.³

TB programs were severely disrupted. Case notification and Multi Drug Resistant-TB indicators were 39% and 51% down on targets. Similarities in TB and COVID-19 symptoms meant diagnosis platforms and TB program workers were redeployed to support national COVID responses. The lack of personal protective equipment and movement restrictions compounded the impact on programs.

For **HIV**, anti-retroviral treatment programs were disrupted but largely continued, due to the adoption of a service delivery model that encouraged remote support to patients. Prevention activities and programs targeting key populations were however significantly disrupted, with school closures hindering activities targeting students, girls and young women.

Malaria programs were the least affected, with 66% of bed net distribution completed as planned. Programs were supported by various innovations and flexibilities adopted by the Secretariat, implementers, partners and civil society. Anti-malaria medicines were widely available, although there was lower attendance at health facilities.

PERFORMANCE AGAINST TARGETS; 2020 VS 2019



While programs continued, they were unable to achieve their targets. The Global Fund and countries need to define and execute plans to get programs back on track towards ending the three diseases.

² Secretariat collated programmatic results as of September 2020 for selected indicators.

³ Idem.



The Secretariat remained focused and functional during the pandemic

Our [Emergency Preparedness](#) audit found that maturing organizational processes, early and active senior management involvement, clear reprioritized objectives and consistently available IT services allowed the Secretariat to function effectively during 2020. This facilitated program implementation at the country level and allowed the Global Fund to sign 92% (vs a 90% target) of new grants, representing US\$8.8 billion, as of 31 December 2020.

Prioritizing key activities at departmental level and reallocating human resources proved challenging, however. Reprioritized corporate objectives did not always translate into departmental actions. Reallocating staff to support prioritized activities was a slow and somewhat ineffective process, resulting in increased pressure on an already burdened workforce.

To improve its preparedness and enhance its response to future crises, the Secretariat is institutionalizing the structures and processes deployed as a result of COVID-19 and developing an IT Business Continuity Management System.

The Global Fund's C19RM was one of the last funding mechanisms to be approved and publicly announced, compared to its peers. But it has one of the highest conversion rates and covers the greatest number of countries.

A new funding mechanism, proactive support to implementers and program flexibilities reduced the impact of COVID-19 disruptions

The OIG's audit of the Adequacy of the [COVID-19 Response Mechanism \(C19RM\)](#) confirmed the mechanism was designed to support national emergency response through both redirected and new funding. C19RM's design was robust and inclusive, and clearly linked to the Global Fund's strategic objectives. Roles and targets were clearly defined, including for operational and approval structures. Key flexibilities were incorporated for facilitating timely activities. Risk assessment and mitigation was also incorporated into process operationalization.

The Global Fund's C19RM was one of the last funding mechanisms to be approved and publicly announced, compared to its peers. But it has one of the highest conversion rates and covers the greatest number of countries. While it provided a timely response to countries, and aimed to ensure inclusiveness and country ownership, there were challenges in rolling C19RM out and measuring its results.

The Secretariat's initial focus for C19RM was on approval timelines; subsequent activities and processes were not tracked until late 2020 and are yet to be reported to the Board. Designed as emergency funding, it is difficult to measure and attribute C19RM's results and impact; however, should the funding increase over time, there will be a growing need to do so.

Beyond financial resources, our [Continuity of Grant Programs](#) audit found that the Global Fund also provided tailored support to countries. The organization leveraged its partnerships to ensure medicines were continuously available in most implementing countries during 2020. Ongoing global supply chain pressures could however pose a risk of stock-outs of medicines and diagnostic supplies in 2021.

In 57 countries, the Global Fund provided technological assistance to implementers and civil society to facilitate country dialogue and grant making processes, supporting funding requests and the signing of new grants. Looking forward, the organization and its partners will need to help implementers access tools and technologies to monitor grant activities across service delivery points.



2. Evolution and Functioning of Key Organizational Controls during the Pandemic

A volatile operating environment and increasing risk profile will require the organization to continuously adapt its risk management and controls framework, which have reached an ‘Embedded’ maturity level, as reported in the [2019 OIG Annual Report](#). While the Secretariat has bolstered some previously identified control gaps, there has been less progress on other areas highlighted for improvement.

Regarding **Grant Management**, while Country Teams navigated significant organizational and country-level disruptions to exceed the target on the number of new grants signed (92% against a target of 90% by 31 December 2020), further operational improvements were also implemented:

- An integrated Grant Operating System has led to significant improvements in underlying processes: in 2020, the Secretariat introduced new modules in the system which provide better clarity on the status of key processes, including external audits.
- There has been significant progress in monitoring recommendations from the Technical Review Panel (TRP), an issue highlighted in OIG’s 2019 Annual opinion. A dashboard tracks the implementation of TRP⁴ recommendations, with results routinely reported to the Management Executive Committee and Grant Approval Committee. Country Teams now record TRP recommendations in the Integrated Risk Management module, providing better visibility on their status. As of September 2020, 85% of TRP recommendations had been self-certified as implemented by the Secretariat.

Country Teams navigated significant disruptions while implementing operational improvements.

Nevertheless, there is room for grant management processes to further mature:

- Monitoring and implementation of key mitigation actions remains a challenge: there is limited follow-up and weak accountability of actions which support grant implementation. Our 2020 audit of [Internal Financial Controls](#) found that key mitigation actions were not properly prioritized and classified. Multiple and often duplicated actions distract the Secretariat and implementers from focusing on key portfolio issues. Control weaknesses in the tracking system hinder effective follow-up which is needed to ensure the timely resolution of issues and reduce the likelihood of risks materializing.
- The timeliness of Country Team feedback to countries after each reporting period has improved since 2018, but material delays remain, as indicated in our [Internal Financial Controls](#) and [Recoveries Management Processes](#) audits. For instance, the former audit revealed that in 34% of sample cases, feedback was sent to implementers more than six months after the reporting end date, while in 25% of cases it was never sent at all.
- Challenges with the Grant Operating System such as inconsistent user interfaces and limited integration remain.

⁴ The Technical Review Panel is a group of independent experts who evaluate each request for funding submitted to the Global Fund for technical merit and strategic focus.



Regarding **Financial control and monitoring**, the Global Fund has continuously matured. The finance function continues to be a strategic enabler for the organization, with matured financial management processes and adequate ownership over financial data. There are well-defined processes and procedures for financial management at the Global Fund. Our 2020 audit of *Internal Financial Controls* found that the processes for disbursements or payments of strategic initiatives and operating expenses are effective.

Despite the progress made, improvement is needed in grant financial controls and in the management of financial risks.

- In 2020, various OIG audits and investigations revealed that even the most robust controls are vulnerable to fraud and abuse, meaning that care should be taken to continually review effective controls to ensure that weaknesses haven't emerged.
- Annual funding decision (AFD) and disbursement processes are key components of a performance-based funding model. Our audit of *Continuity of Grant Programs* (to be published in Q2 2021) found funds were available at implementer level to facilitate grant activities; however automated controls are needed to monitor adherence to defined exception levels in the AFD process as indicated in our *Internal Financial Controls* audit: an OIG sample of eight AFDs found 75% had non-compliant exception escalations and approvals, with insufficient documentation to support the lack of escalation.

The pandemic increased inherent risk levels, creating a significantly more volatile risk landscape.

For **Sourcing and supply chain management**, the availability of medicines and health products is critical in achieving impact. Procurement continues to function well, despite enormous global pressures and pandemic-related disruptions. Thanks to the flexibilities offered by the Global Fund in terms of procurement and supply chain arrangements, the OIG reported in its audit of *Continuity of Grant Programs* that medicines were largely available in nine out of ten sampled countries for most of 2020. A new Supply Chain Roadmap, currently being finalized, will enable more agile and resilient supply chain systems. It will need to be carefully monitored, however, to ensure it remains relevant and on track.

Quality Assurance remains an area that needs to be strengthened. In 2020, an OIG investigation highlighted specific deficiencies in processes to ensure quality-assured products are delivered to beneficiaries: a major supplier of mosquito nets used unapproved manufacturing methods and had insufficient quality control over 52 million nets, valued at over US\$106 million, which were sent to 21 countries. Subsequently, the Global Fund selected a panel of suppliers to provide quality assurance and quality control services, revised operational guidelines for sampling and testing, and strengthened requirements for quality control performed by Procurement agents (and their subcontractors) and Principal Recipients. The organization has allocated US\$750,000 to support the World Health Organization in conducting assessments and onsite visits to bed net manufacturers. Clear responsibilities and effective operational mechanisms to enforce Quality Assurance compliance will be essential to delivering on the Global Fund's mission.

With regards to **Risk Management**, the pandemic increased inherent risk levels, creating a significantly more volatile risk landscape. In response, the Secretariat adapted certain routine risk management and assurance activities (e.g. Country Portfolio Reviews⁵) while follow-up of implementation of Key Mitigation Actions for existing grants was deprioritized in order to focus on signing new grants. Similarly, some reviews of key organizational processes were deprioritized. Risk management considerations were evident in many parts of the Global Fund's response to the pandemic. For instance, risk trade-off decisions were considered in designing processes for the C19RM, grant approval, and developing business contingency plans.

⁵ Chaired by the heads of risk management and grant management, this committee conducts country portfolio reviews and enterprise reviews across the entire Global Fund portfolio, looking at programmatic, financial and risk considerations.



3. Managing and Responding to Fraud Risks

Fraud, corruption and wrongdoing tend to thrive in chaos, and the global disruption caused by the pandemic will inevitably lead to more opportunity for our grants to be exploited, abused or wasted.

Left unchecked, opportunistic fraud can become systemic

Much of the fraud that occurs within Global Fund programs is 'opportunistic' in nature, where perpetrators abuse their roles and their insider knowledge for illegitimate personal gain, often taking advantage of weak or non-existent controls. Where this happens, fraud can grow and become systemic, greater losses are incurred, and risks of collusion grow. This can happen at any level of the Global Fund program delivery and supply chain.

Echoing the 2019 *Investigation of transportation contract manipulation and overpricing in the Democratic Republic of Congo*, a 2020 OIG investigation, following a Secretariat referral, into *a similar issue in Nigeria* found a sub-contractor had defrauded grant programs of US\$3 million by systematically inflating invoices for the distribution of HIV commodities. There was evidence of collusion between a sub-contractor and a key Director at the prime contractor. Internal controls were ineffective because they relied, in large part, on the integrity of the people involved in the procurement and financial approval processes. As a result, the fraud went undetected for two years.

In addition to conducting its own investigations, in 2020 the OIG oversaw implementer investigations into 38 examples of 'opportunistic' fraud in 19 countries, with recoveries totalling over US\$1m.⁶

2020 OVERSIGHT INVESTIGATIONS



38
EXAMPLES OF
'OPPORTUNISTIC' FRAUD



19
COUNTRIES



TOTALLING OVER
US\$1M

Fraud risks of non-health procurements

Procurements of non-health products and services, often performed locally by Principal Recipients (PRs), are vulnerable to wrongdoing such as unfair competition leading to sub-standard, counterfeit or overpriced health products, non-delivery of services, or embezzlement of funds.

In 2020, the OIG conducted an *investigation into a Principal Recipient* in Pakistan. Rather than conducting a competitive tender, the PR fraudulently steered a technical assistance contract to a supplier, which then significantly overcharged the Global Fund grant. The PR also colluded with a different supplier on the provision of IT services, resulting in over US\$0.5 million of overcharging. In total, fraudulent and irregular procurements contributed to US\$1.2 million of potentially recoverable expenses. Unmitigated conflicts of interest, along with insufficient Global Fund oversight, were a key enabler of the wrongdoing in Pakistan. Our investigation exposed control lapses in how the Secretariat conducts technical assistance selection and budgeting, and how it addresses conflicts of interest and ineligible procurements identified by the Local Fund Agent.

Turbulent times demand additional vigilance

Opportunistic fraud is especially pertinent in the context of the COVID-19 pandemic, given the disruption to normal working practices. In 2021, all Global Fund partners will need to be vigilant in identifying the 'red flags' of fraud, to prevent corruption taking hold. Reports of wrongdoing can be made securely and confidentially via the OIG's www.ispeakoutnow.org platform, and the OIG will continue to cascade lessons learned and guidance on fighting fraud.

⁶ When an implementing partner with proven investigative capacity informs the OIG of suspected low-level wrongdoing, the OIG may choose to 'oversee' the implementer's investigation. Similarly, if the Secretariat commissions the Local Fund Agent to follow-up on a potential fraud risk, the OIG will open an oversight assessment to track the progress and outcomes.



4. Looking Ahead: Breaking Down Barriers to Impact

Given the disruption of COVID-19, the Global Fund will need to take a number of measures if programs are to achieve the desired impact.

Maximizing the use of resources

The pandemic's economic impact on donor and implementing countries is likely to make fundraising more challenging over the coming years. Similarly, increased demand for vaccines and other pandemic-related purchases, risk diverting funding away from the organization.

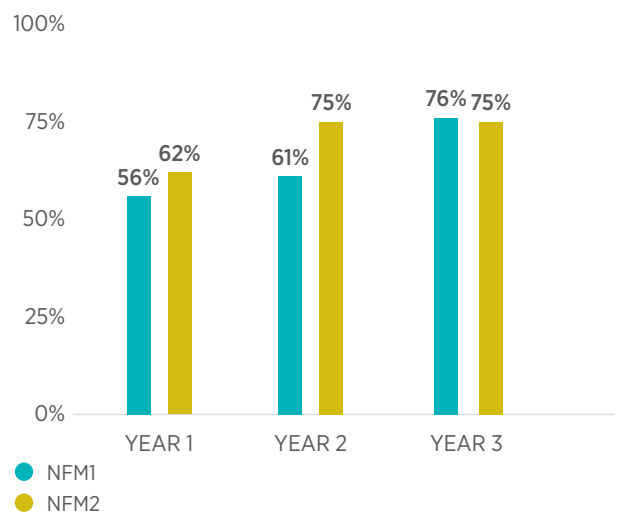
In light of the above, and responding to the challenge of increasing domestic financing for health (previously highlighted in our [2019 Annual Report](#)), the Secretariat is improving its internal processes and capacity, creating a new department for health financing. The Executive Director has sponsored an OIG Advisory to support the work in this area.

Equally as important as mobilizing international and domestic resources is ensuring that existing resources are effectively and efficiently utilized. This requires continuously prioritizing resources to focus on strategic interventions adapted to each country's context.

Implementing activities on time

The Global Fund signed 202 grants for the new implementation period (NFM 3 2020 – 2022). In the previous implementation periods (NFM1 and NFM2), relatively few activities take place during the first year of grants which results in low use of grant resources as shown in the figure opposite. This is due to delayed selection of sub-Recipients and limited definition of activities during grant making. These challenges could be more difficult for the new grants due to the current pandemic setting. To address this, the Secretariat has developed portfolio optimization processes and tools which assess grants' "implementation readiness" before their approval, albeit with some gaps in their effectiveness, as revealed by our audit of [Key Organizational Controls](#), to be published in Q2 2021.

EXPENDITURE COMPARED TO BUDGET FOR NFM1 AND NFM 2



Year 3 NFM 2 figures are as of June 2020 as H2 reports are yet to be submitted by implementers.

The Secretariat usually reprioritizes allocated resources as part of its portfolio optimisation processes, to ensure approved resources are effectively used. In 2021, the OIG will review the Secretariat's processes and systems to reprioritize grants and to ensure activities are implemented on time.



Leveraging lessons from the pandemic

The Global Fund's response to COVID-19 included increased engagement with partners and between Country Teams and implementers, internal cross-functional collaboration and coordination, agile decision making, and remote working. Grant implementers similarly innovated to support the continuity of services, e.g. through dispensing medicines to patients for multiple months and using differentiated service delivery approaches to reduce overcrowding at health facilities. The Secretariat and implementers could usefully assess and institutionalize these measures for use in a post-pandemic setting.

The pandemic's unique and uncertain nature has brought the relevance and effectiveness of the existing risk management framework, which was developed based on a stable operating environment, into question. Recognizing the need to evolve, the Secretariat has launched a project to adapt and enhance its risk management framework and supporting tools. This will require constructive engagement between the Board and the Secretariat in determining the relevant risk appetite and response framework for the organization in achieving its strategic objectives.

The pandemic has brought the relevance and effectiveness of the Global Fund's risk management framework into question.

Addressing sexual exploitation and abuse

Sexual exploitation and abuse (SEA) is one of the most insidious forms of wrongdoing, and is a barrier to impact. Not tackling these issues, or responding poorly, could have long term programmatic and reputational risks for the organization. The Global Fund currently lacks adequate measures to prevent and respond to SEA at all levels of the partnership. A 2019 OIG audit found that policies and procedures related to sexual harassment and the abuse of power needed significant improvement. While the Secretariat agreed to develop a SEA framework by the end of 2019 that would cover all stakeholders (including Country Coordinating Mechanisms, implementers and suppliers), as of February 2021 this remains largely outstanding.

Risks pertaining to this issue were identified in an OIG [investigation into misconduct in Ghana](#) which uncovered that staff at a sub-sub-Recipient of grant funds abused their positions of power and fostered a culture of sexual and financial exploitation, demanding sex acts and money from people living with HIV, as a condition of access to benefits.⁷

While policies and procedures might not have prevented the particular abuses highlighted above, they would have strengthened the Global Fund's overall framework for dealing with SEA matters and would have helped in educating and raising awareness of SEA, making it less likely to occur or go unreported.

In February 2020, the Global Fund created a Sexual Exploitation, Abuse, and Harassment Review Panel, to respond to any allegations from within the organization or the programs it supports. While an encouraging move, the Global Fund is not yet mature in terms of embedding safeguarding measures into its programs. Implementing the actions from the OIG reviews, and ensuring that implementers are aware of the risk of SEA and have the right reporting mechanisms and responses in place, will be key to maturing in this area. In 2021, the OIG will perform cross-portfolio analysis to identify potential exposures and mitigation measures to address the challenges.

⁷ Those impacted by sexual exploitation and abuse were connected with appropriately tailored support systems. The Global Fund suspended funding to the SSR pending the outcome of the investigation. Implementation of the affected programs was transferred to different grant recipients. In January 2020, the Global Fund re-allocated grant resources to provide ongoing supervision, legal counsel, and capacity building for all program participants at risk of exploitation and abuse.

1. Operational Update – Achievements and Challenges in an Uncertain World

Performance Against 2020 Workplan

As of 8 March 2021, six audits from the 2020 audit workplan had been issued in draft as per stage 4 of the OIG Stakeholder Engagement Model (SEM). During 2020, the investigations unit closed 66 cases, producing 63 case closure memos⁸ and publishing two reports ([Fraudulent Procurements and Payments in Sierra Leone](#), [Salary Fraud and Abuse affecting Global Fund Grants](#)). As of 8 March 2021, a further four investigations from the 2020 workplan had been issued to Stage 6 as per our Stakeholder Engagement Model.



6

AUDITS ISSUED



66

CLOSED CASES



4

INVESTIGATIONS ISSUED

The COVID-19 pandemic posed significant challenges and disruption to the OIG's 2020 workplan. Whilst our 2020 plan started in earnest, country audits and investigative missions were suspended in early March due to travel restrictions and other safety considerations. Likewise, competing demands on Secretariat resources and the need to reprioritize efforts towards the COVID-19 response meant that reporting timelines for internal audits and investigations were severely impacted.

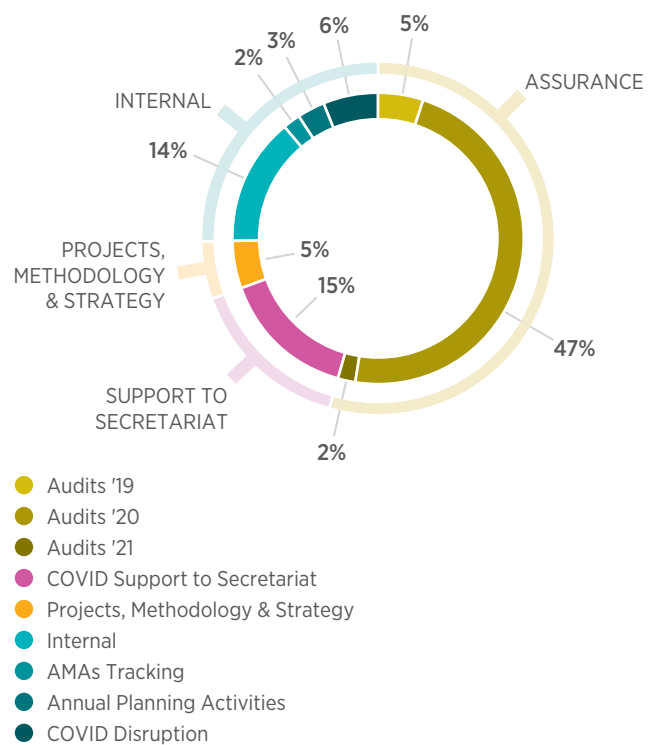
A revised assurance plan, adapted working practices

After assessing the evolving Global Fund landscape and COVID's impact on programs at country level, the OIG formulated a revised assurance plan. Two audits were retained from the original 2020 plan ([Grant Closure Processes](#) and [Internal Financial Controls](#), with the latter adapted to reflect COVID-19-related risks). New audits that specifically addressed the new and emerging risk environment were performed: [Management of the COVID-19 Response Mechanism](#), [Continuity of Grant Programs](#), [Emergency Preparedness](#) and [Key Organizational Controls](#). Due to significant disruption at the Secretariat, the [Procurement in a COVID-19](#) environment audit was deferred to 2021 and replaced with a strategic advisory on Domestic Financing for Health, sponsored by the Executive Director.

In addition to revising its assurance plan, the OIG has been adapting its working practices. This included embracing remote auditing techniques such as virtual platforms and remote interviewing. Assurance assignments were also adjusted in scope and duration to accommodate organizational priorities and staff availability.

The OIG provided significant real-time advice and guidance to the Secretariat's COVID-19 response through staff secondments in areas including Business Continuity Planning, Supply Operations, Grant Portfolio Solutions and the COVID-19 Response Mechanism. Two OIG staff members have remained with the Secretariat through temporary secondments to bolster and strengthen funding mechanisms, while another auditor is on secondment to Health Financing.

AUDIT RESOURCE EFFORT, 2020



⁸ Two similarly-themed investigations were combined to form the Salary Fraud report.

Investigation activity during 2020

COVID-19 placed Global Fund programs at increased risk of fraud and abuse as the pressure to rapidly buy and distribute health products and country-level lockdown restrictions strained controls, oversight and assurance practices.

In 2020, the OIG received **207** allegations of potential wrongdoing (see graphic below), slightly down compared to the 240 received in 2019. These allegations covered a wide range of wrongdoing, with instances of theft and fraudulent practice being the most commonly reported. **22** new investigations were opened, plus an additional **65** assessments. **66** cases were closed during 2020. **63** closure memos were also issued and shared internally with Secretariat staff for risk management purposes.

A published investigation report in 2020 included findings of [salary fraud and abuse](#) affecting Global Fund grants with proposed recoveries of US\$202,240. Another report found [fraudulent procurements and payments under Global Fund grants in Sierra Leone](#); over US\$2 million of non-compliant and fraudulent transactions in purchases of goods and services under the Global Fund's HIV/AIDS and TB/malaria/Health System Strengthening grants, over a three-year period.

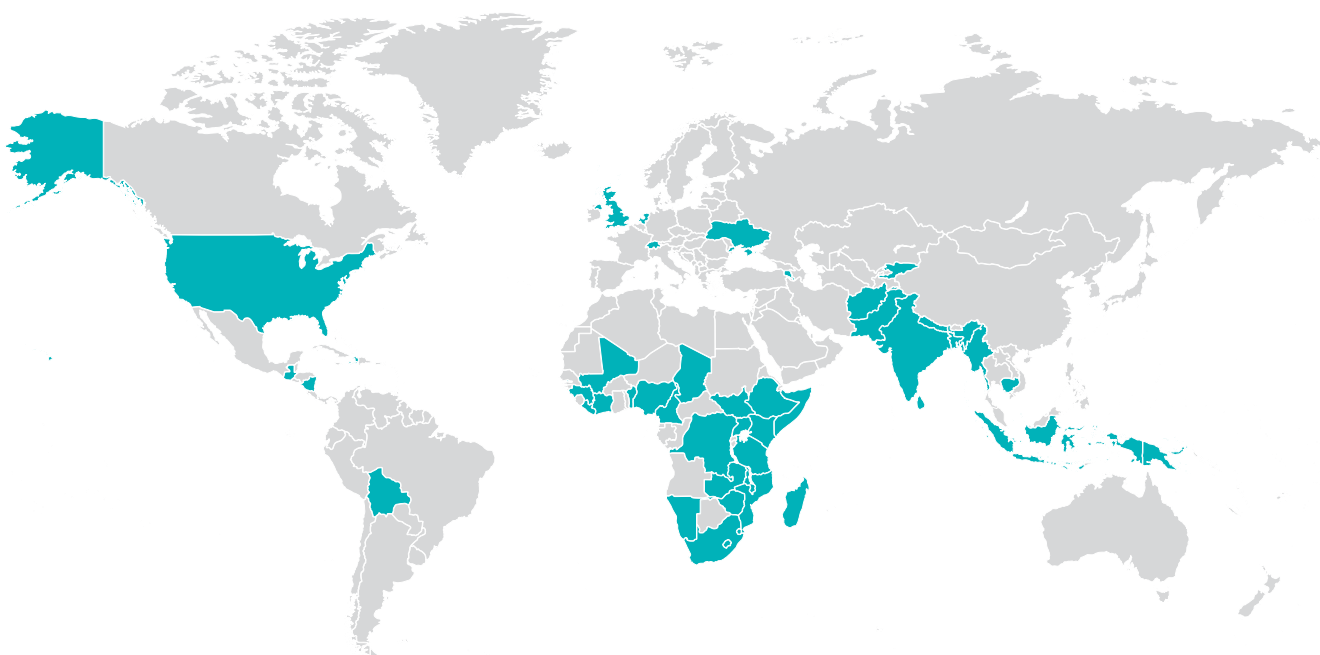
Published in Q1 2021, a further four investigations undertaken in 2020 reported on weaknesses in managing conflicts of interest, quality assurance, overcharging of transportation routes, and sexual and financial exploitation.

The OIG's [/Speak Out Now!](#) platform, an important tool in providing awareness raising and information for both Secretariat staff and implementers, is regularly updated and encourages people to report any concerns of potential wrongdoing.

Setting the OIG 2022-27 Strategy

Following the appointment of a new Inspector General, the Office will engage in a strategy-setting exercise to outline priorities for the next six years. Key areas of focus for the 2022-27 strategy will be: maintaining our core assurance offering with a sharpened focus on risk and impact; evolving and deepening our definition of impact; maintaining stakeholder relationships and demonstrating a return on investment; nurturing and developing the diverse OIG team.

GEOGRAPHIC REACH OF ALLEGATIONS RECEIVED IN 2020



**Our People:
focusing on learning and development**

In 2020, the OIG finalized the development of its People Strategy, a set of principles, policies, processes and tools to recruit, develop and retain staff and to create an optimal working environment. In 2020, implementation of this strategy focused on staff development: a unit-wide skills assessment highlighted the need for maintaining and enhancing our technology and data management skill set. Staff participated in learning and development programs in audit, risk, fraud, investigations, public health, strategy and leadership.

An OIG staff member is on the working group for the Global Fund's Diversity, Equity and Inclusion initiative, developing and embedding a framework which enables the organization to take full advantage of the uniqueness of its workforce and partnership.

**We embedded new
organizational tools
to conduct remote
interactions with our
audit and investigation
counterparts.**

Enhancing our systems and tools

During 2020, the audit unit's core software was upgraded to an enhanced version, TeamMate+ (the industry's leading audit software), and the OIG finalized the development of its data analytics strategy, designing and implementing an OIG Data Mart, which will allow auditors and investigators to derive extensive insight from exploiting Global Fund data.

The OIG embedded new organizational tools to conduct remote interactions with audit and investigation counterparts, enable remote consultant access to our virtual machines systems, and exchange evidence securely and reliably.

Our IT systems were integrated within the broader Global Fund infrastructure, thus benefiting from organizational enhancements and efficiencies in application and infrastructure support, as well as security. PAM (Privilege Access Management), SIEM (Security Information and Event Management), and additional firewall deployments were also completed during the year.

2. OIG's 2021 Workplan – an Ambitious Assurance Plan amidst continuing Global Disruption



The COVID-19 pandemic will likely continue to disrupt the Global Fund and its operations throughout 2021. OIG's workplan takes account of both the international and organizational context; it is the first year of a new grant implementation cycle and implementing countries are under tight fiscal pressure, meaning maximizing value will be key in achieving impact.

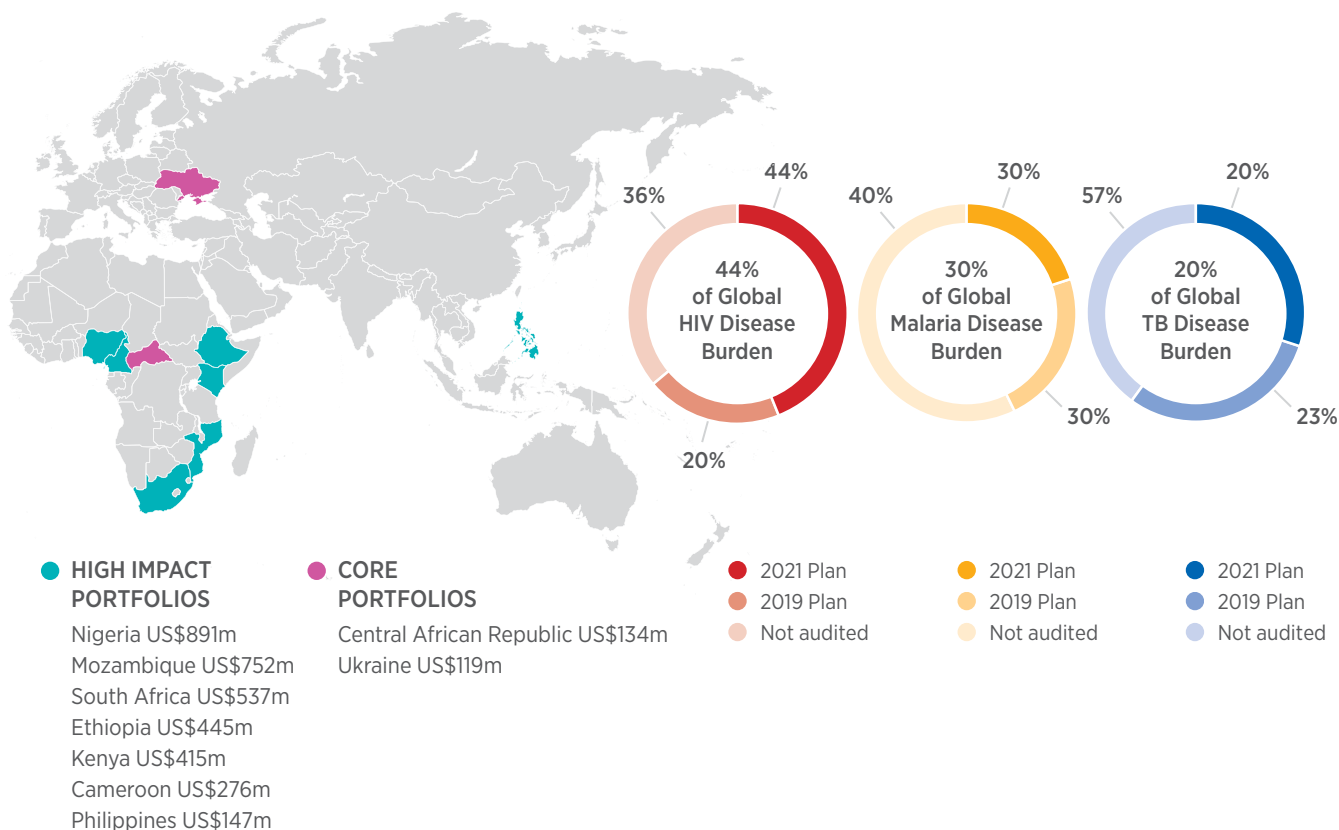
OIG's work will help ensure that the Global Fund manages and mitigates risks, that grants deliver impact, and that C19RM funds are effectively utilized. OIG's assurance response will remain dynamic, with risks and priorities continuously reassessed.

In line with the remote assurance model mentioned above, the OIG will make judicious use of in-country partners such as Supreme Audit Institutions and consultants, should global travel restrictions prevail.

(i) Audit

OIG will audit **nine countries** with high residual risk and significant value grants (cumulatively accounting for 26% of the total value of 2020-2022 funding).

COUNTRY AUDITS, 2021



Additionally, OIG will produce two cross-cutting reviews (*Global Fund Mechanisms to Reprioritize Grants, Fraud Risk Maturity Review*), one focused review (*Wambo.org*), and four advisory reviews, including an advisory on *Internal Justice Mechanisms*. The advisory review of *Global Fund mechanisms to manage domestic financing* (started in 2020) and the *Procurement in a COVID-19 environment* audit (deferred from 2020) will be completed in 2021. The former, sponsored by the Executive Director, was launched in December 2020 to provide insights and analysis to the incoming Head of Health Finance.

(ii) Investigations

The 2021 workplan combines work in progress (cases carried forward from 2020), new cases resulting from 2021 reports of potential wrongdoing, and awareness raising and prevention activities.

INVESTIGATIONS UNIT 2021 WORKPLAN



SCREEN
180
REPORTS



PRODUCE
45
ASSESSMENTS



CONDUCT
16
INVESTIGATIONS



CLOSE
54
CASES



RUN
18
OUTREACH SESSIONS

3. External Engagement – Leading and Driving Change

Despite the constraints caused by COVID-19, the OIG continued to develop its relationships with key stakeholders during 2020, both within the Global Fund ecosystem and with peer organizations.



Combatting fraud and abuse

With the fight against the pandemic putting Global Fund programs at increased risk from product theft, counterfeit goods and rushed procurements, we launched a series of COVID-19 Fraud Risk webinars. Head of Investigations Katie Hodson (pictured) and Audit Manager Collins Acheampong briefed over 450 grant implementers and partners from Nigeria, Malawi, Uganda and Ethiopia on fraud risks and wrongdoing associated with COVID and provided advice on controls and fraud prevention. We published an animated video on COVID-19 Fraud Risks on our www.ispeakoutnow.org platform.

Leveraging partnerships

The OIG continues to engage with Supreme Audit Institutions (SAI). In early 2020, we started a joint audit with the Cameroon SAI (subsequently deferred due to COVID-19) and the OIG's Bernardin Assiene updated the Regional Council for the Training of Supreme Audit Institutions of Sub-Saharan Francophone Africa (CREFIAF) on the collaboration and actions planned between our two bodies.

In September, the OIG co-hosted a virtual forum, *The Future of Global Health Oversight*, with U.S. Department of State, U.S. Department of Health and Human Services, and USAID. The event sought to improve understanding across oversight agencies, develop data-driven insights, and identify ways to enhance coordination and collaboration in the oversight of global health programs.

In November, the OIG held a webinar for Local Fund Agents, briefing them on how the shift to a remote work environment was affecting OIGs workplan, and our expectations from LFAs. At the start of the year, the OIG renewed its MOU with the Nigeria Economic and Financial Crimes Commission (OIG's David Wolfe pictured with then-acting Chairman Ibrahim Mustafa).

- Katie Hodson
- David Wolfe and Ibrahim Mustafa
- Innovation in Audit Reporting event

Influencing change

The Inspector General, Tracy Staines, was joined by the Chairs of the TERG and TRP in presenting their perspectives to the French constituency working group on the current and future Global Fund strategy in September. In October, the Inspector General spoke at the G20 Civil Society 20 (C20) Summit, discussing the need for cross-sectoral accountability with peers from the International Monetary Fund, the United Nations Office on Drugs and Crime, the Open Contracting Partnership and the International Budget Partnership.

In September 2020, the OIG hosted an online event on [Innovation in Audit Reporting](#) for over 80 audit peers from across the development community. The OIG's Tracy Staines and Daniel Petrescu (pictured on previous page with IDB's Jorge da Silva and CGIAR's Madina Bazarova) explained how we had revamped our audit reporting to drive and lead change, and led a discussion on how audit reporting can deliver maximum impact, and the use of innovative reporting tools.

Looking forward

2021 will be a similarly busy year for external engagement. In March, the Inspector General will participate in a meeting of Integrity Units within Multilateral Development Banks and Organizations. Pandemic permitting, the Inspector General and Global Fund Executive Director Peter Sands will host Gene Dodaro, the US Government Auditor and Comptroller General, and Ed Olowo-Okere, Director of Global Governance at the World Bank, on a visit to GAVI and the Global Fund. The Investigations Unit, meanwhile, will be holding regular fraud awareness webinars for grant implementers and partners.

4. Quality Assurance and Stakeholder Feedback

In line with international professional standards, OIG carries out an annual self-assessment and a triennial external assessment. In consultation with the Audit and Finance Committee, the 2020 external assessment was deferred to 2021 due to the effects of COVID-19 and the recruitment of the new Inspector General; this is now scheduled for Q3 2021. All improvement opportunities from the 2017 external assessment have been completed.

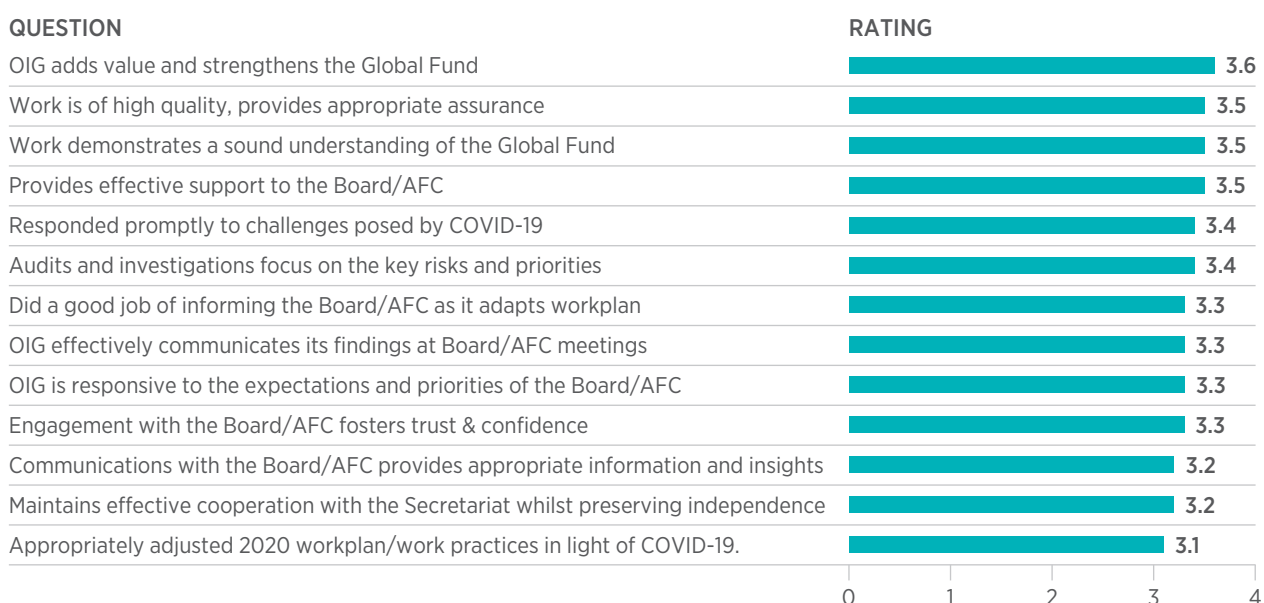
The Audit Unit's annual self-assessment for 2020, performed in line with the Institute of Internal Auditors' Quality Assessment Framework, found that the Audit Unit continues to achieve "general conformance" (the highest rating) with applicable International Standards for the Professional Practice of Internal Auditing. Besides ongoing quality monitoring, improvements made in 2020 included the transition to a more user-friendly audit documentation system. The self-assessment identified the need to continuously monitor the new system to address any post-implementation challenges.

The Investigations function remains compliant with industry best practices, as set forth in the Conference of International Investigators Uniform Principles and Guidelines for Investigations. Protocols for investigative work, reinforced by the comprehensive SOPs that were developed in 2018 and updated annually, remain intact and the Investigations Unit's

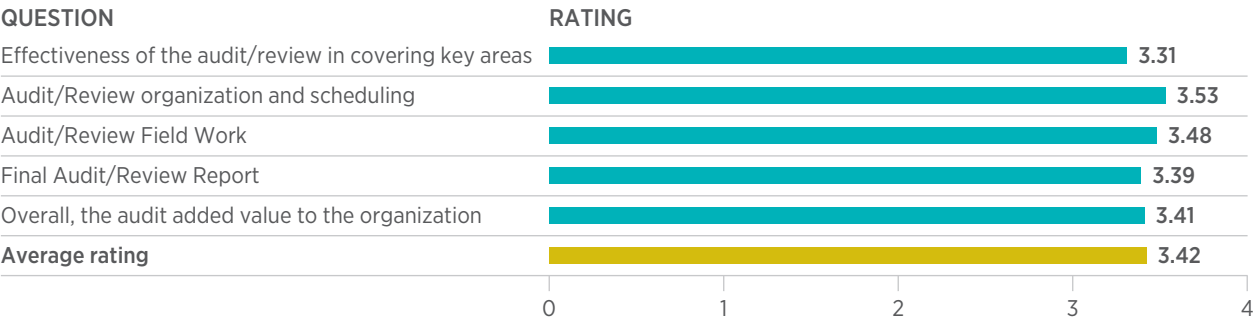
work continued, despite significant disruption to usual practices. In response to restrictions on travel, the Unit has developed a consultant risk plan to mitigate risks associated with remote field work and is looking to increase the diversity of its pool of external consultants to aid the efficiency and quality of this work. The 2020 self-assessment identified some areas for improvement, including the need for: enhancing case management and tracking systems; a SOP to provide more detailed guidance on screening and investigating sexual exploitation and abuse (SEA) cases; and a more-defined approach to using data to identify proactive investigations.

Stakeholder Feedback

Each year, Board and Audit and Finance Committee members are asked to evaluate the quality, scope and impact of the OIG's work. In 2020, their responses generated an average satisfaction rating of 3.4 out of 4, compared to 3.5 in 2019 and 2018, 3.45 in 2017, and 3.3 in 2016. Full results are in the chart below.



Following each audit, the OIG surveys auditees to assess its performance. An average of all 2020 surveys gave the audit function an overall score of 3.42 on a scale of 1 to 4, compared to 3.5 in 2019 (full results below).





OIG REPORTS RELEASED OR PUBLISHED IN 2020

The colored boxes show the number of objectives covered and how they were rated (cf. ratings chart at the bottom of this table). Thematic reviews, investigations, and most advisory engagements do not have ratings. Investigations closed by case closure memos are not included. Reports are available in full at www.theglobalfund.org/en/oig/reports/

AUDIT OF GRANTS TO INDONESIA

GF-OIG-20-001



Improvements are needed in grant design if program targets are to be achieved. There are delays in rolling out HIV outreach and prevention activities. The test and treat policy is not fully implemented, and monitoring of patients on treatment is not effective. There is a need to improve TB contact tracing activities and to improve utilization of GeneXpert diagnostics.

AUDIT OF GLOBAL HEALTH CAMPUS MANAGEMENT PROCESSES

GF-OIG-20-002



The Global Health Campus (GHC) was completed on time and the planned cost savings have been surpassed. There is strong contract and performance management of service providers. There are however gaps in the governance framework and operational procedures, hampering oversight and decision making

AUDIT OF GRANTS TO ANGOLA

GF-OIG-20-003



Grants are performing poorly, with a significant increase in both mortality and morbidity across all three diseases. This is due to a combination of multiple issues, including weak country ownership, government failure to fulfill domestic commitments, unreliable data and ineffective management structures in the Ministry of Health. The audit noted stronger financial controls than previously, with no ineligible expenditures identified.

INVESTIGATION INTO SALARY FRAUD AND ABUSE

GF-OIG-20-004

NO RATING

There has been a widespread increase in allegations of salary fraud and abuse affecting Global Fund grants. In Nigeria, a salary kickback scheme resulted in the misappropriation of US\$166,930 of grant funds, while in Indonesia a salary subsidy scheme resulted in the misdirection of US\$35,310 of grant funds.

AUDIT OF GRANTS TO LESOTHO

GF-OIG-20-005



There has been a 15% decline in AIDS-related deaths and a 35% reduction in new infections since 2010, while TB deaths have decreased by 17%, and incidence by 35% during the same period. Challenges remain however around governance and oversight. The audit identified several issues related to the Government not fulfilling its commitments towards procuring HIV and TB medicines and funding Human Resources for Health.

AUDIT OF GLOBAL FUND RECOVERIES MANAGEMENT

GF-OIG-20-006



Structures are in place to support the oversight and management of the Recoveries process, and recording systems have been enhanced within the Grant Operating System. There are however sub-optimal processes and controls around the identification, monitoring and reporting of non-compliant expenditures.

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 CÔTE D'IVOIRE

GF-OIG-20-007



Governance and procurement functions at UCP, the program management unit within the Ministry of Health, need to improve. UCP's internal audit function provides good oversight on funded commodities, and there is good traceability of drugs received at central and peripheral levels, although stock accounting at health facilities remains a challenge.

AUDIT OF GRANTS TO ZIMBABWE

GF-OIG-20-008



While good progress has been made in the fight against the three diseases, significant challenges remain. There are unexplained HIV data anomalies, with many more cases detected annually than estimates. Viral load testing mechanisms require significant improvement, and low warehouse capacity at all levels is preventing good inventory management.

AUDIT OF CAPACITY BUILDING AND TECHNICAL ASSISTANCE

GF-OIG-20-009



Investments in technical assistance and capacity building have been effective in achieving Global Fund program objectives and strengthening health systems. There is however a need for improved governance and oversight for partnership engagement, and for policies and procedures to guide the management of technical assistance.

GLOBAL FUND IT STRATEGY, ADVISORY REVIEW

GF-OIG-20-010

NO RATING

In 2019, the Secretariat's IT department set about revising its 2017- 2022 IT Strategy. The Chief Information Officer requested OIG to undertake an advisory review as a key input to the IT strategy refresh. The OIG review focused on whether the strategy covers all key areas of the business, and related implementation plans to support its operationalization.

INVESTIGATION IN SIERRA LEONE

GF-OIG-20-011

NO RATING

Between 2016 and 2018 there were over US\$2 million of non-compliant and fraudulent transactions in purchases of goods and services under the Global Fund's HIV/AIDS and TB/malaria/Health System Strengthening grants. This was facilitated by oversight errors by the Global Fund's Fiscal Agent, as well as weaknesses in the terms of the Fiscal Agent's contract.

AUDIT OF GRANTS TO PAKISTAN

GF-OIG-20-012



Pakistan has made good progress in the fight against malaria, but significant challenges remain in TB and HIV. There is a high number of missing TB cases, HIV infections and deaths are increasing. Defaults on Government commitments are impacting Global Fund programs, implementation arrangements need to be adapted to the devolved structure, and there are gaps in the design and effectiveness of procurement processes.

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 IN THE DEMOCRATIC REPUBLIC OF CONGO IMPLEMENTED BY POPULATION SERVICES INTERNATIONAL

GF-OIG-20-013



For the Global Fund malaria grant implemented by PSI, OIG's audit found non-compliant transactions amounting to US\$25.3 million, of which US\$6.2 million is considered potentially recoverable. There was ineffective use of grant funds due to weaknesses in internal controls, gaps over financial management and weak procurement practices.

AUDIT OF THE GLOBAL FUND'S GRANT OPERATING SYSTEM

GF-OIG-20-014



The Global Fund's development of a customized grant operating system (GOS) has produced a more integrated and effective system to support the Grant Management lifecycle, enhancing monitoring and catalyzing improvements across grant management processes. However, inconsistencies in system development and testing have impacted the efficient and effective use of GOS, as have weaknesses in incident management.

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 1:

BUDGET AND STAFFING

At end-December 2020, the OIG had 44 employees (43FTEs) out of a budgeted headcount of 52.

HEADCOUNT AND VACANCIES AS OF 31 DECEMBER 2020

UNIT	FTES 1 JAN 2020	HIRES	DEPARTURES	FTES 31 DECEMBER	BUDGET	VACANCIES
PSU	10	3	2	11	11	0
Audit	21	2	7	16	23	7
Inv	18	0	2	16	18	2
Total	49	5	11	43	52	9

The vacancies in OIG relate to the Audit and Investigations Units:

- There are six vacancies in the Audit Unit, including an Audit Manager following the appointment of Daniel Petrescu as the Head of Audit. The remaining vacancies include three auditors who have been seconded to the Secretariat until mid-2021, and two Lead Auditors, one of whom has been temporarily assigned to the OIG's Professional Services Unit. The two advisory positions have been filled on a temporary basis as planned.
 - In Investigations, the vacant manager role will be filled in Q2 2021. A vacant analyst position is expected to be filled in Q4 2021.
- These vacancies have not had any impact on the OIG's capacity and ability to deliver its mandate, as temporary professional resources have been hired to fill gaps.

COVID-19's impact on OIG and its operations (as outlined in Section IV) translated into a significant budget underspend of US\$3,944k (-26%) against the 2020 Operating Expenses Budget, as of December 2020.

OIG OPERATIONAL BUDGET IN THOUSANDS OF US\$

UNIT	2020 BUDGET	YTD ACTUALS	YTD VARIANCE BUDGET VS ACTUALS	
Salaries	10,596	9,909	-687	-6%
Professional fees	2,436	1,033	-1,403	-58%
Travel	1,713	218	-1,495	-87%
Meetings	76	7	-69	-91%
Communications	129	86	-43	-33%
Office Infrastructure	289	42	-247	-86%
Total	15,239	11,295	-3,944	-26%

NB: Actuals reported at spot rate

- The largest variances are on Professional Fees and Travel (-1,403k and -1,495k). The US\$2,898k underspend is attributed to assignments being cancelled/postponed due to COVID-19 travel restrictions and the inability to conduct country missions.
- The third largest variance is on salaries, to be attributed to vacancies. Consultants were brought in to temporarily fill vacancies in audit and investigations.
- Underspend in Office Infrastructure is to be attributed to the cancellation of a planned Case and Knowledge Management System.

ANNEX 2:

PERFORMANCE AGAINST KEY PERFORMANCE INDICATORS

THEME	PERFORMANCE OBJECTIVE	PROGRESS TO DATE
A To deliver an efficient and effective service	A.1 80% of reports as per the work plans issued in draft by year end (stage 4 of the Stakeholder Engagement Model for audits, stage 6 of the Stakeholder Engagement Model for investigations)	<p>As previously communicated to the AFC, the OIG suspended all 2020 audits and advisory engagements during the first half of the year due to the significant workplan disruptions resulting from Covid-19. As a result, no related KPI data is reported for this period for audit.</p> <p>As of 31 December based on the 2020 workplan, the Investigations unit was at 62%.</p>
	A.2 Costs managed within approved budget	<p>Owing largely to the disruption from the COVID-19 crisis, the OIG had a budget underspend of US\$3,944k (-26%) against the 2020 Operating Expenses Budget. The largest variances are on Professional Fees and Travel which are to be attributed to the ongoing travel ban and inability to conduct country missions as per the original workplan and staff vacancies.</p>
B To foster confidence by being accountable and transparent	B.1 Annual quality self-assessments completed to confirm ongoing conformance with requirements of Quality Assurance and Improvement Program, including general conformance with the Stakeholder Engagements Models timelines	<p>Annual quality self-assessments for both Audit and Investigation Units were completed in February 2021, and resulting actions are being followed up.</p> <p>All audits and investigations followed the Stakeholder Engagement Model in every area with the exception of timelines: 18% of the audits published in 2020 and 0% of the investigation cases closed in 2020 met SEM timelines. This is partially explained by the disruption caused by COVID-19.</p>
	B.2 Triennial external quality assurance review to confirm, once every 3 years, that the quality of assessment processes, work papers, reports, and interaction with key stakeholders adheres to professional standards and guidelines.	<p>An External Quality Assurance (EQA) review took place in 2017 and OIG received the highest possible rating on both its Audit and Investigations activities. The timing of the EQA was initially scheduled for 2020 but in the context of Covid-19 disruptions and the IG recruitment which was ongoing at the time, the AFC agreed to postpone the EQA until the incoming Inspector General had been appointed.</p> <p>The EQA is scheduled to take place in Q3 2021.</p>
	B.3 Annual assurance statement on governance, risk management and controls at the Global Fund	<p>The 2020 Annual Opinion is included as Section II of this of this report</p>

THEME	PERFORMANCE OBJECTIVE	PROGRESS TO DATE
C To ensure impact in our work	C.1 Agreed actions tracked, reported on monthly and validated within 30 days of Secretariat reported "Completed" date. Reports of slippage on agreed actions are escalated.	As of 31 December, 94% of the Agreed Management Actions reported as implemented during the year by the Secretariat had been validated by the OIG within the 30-day limit.
	C.2 Client engagement surveys are conducted for at least 90% of audit engagements completed during the year.	At 100%. 12 surveys out of the 12 audit reports issued in 2020 were sent.
	C.3 Conduct annual stakeholder satisfaction survey, including all Audit Committee members and all Board members (or alternates), and achieve an overall satisfaction score of 80% or better.	The OIG received a 98% satisfaction rate from the Board and Audit and Finance Committee in the survey carried out in January 2021. The next survey will be carried out in December 2021
	C.4 Sixty Percent (60%) of Agreed-Management Actions are remediated by the Secretariat, by their due date, over a rolling period of eight (8) quarters.	27% of Agreed Management Actions were implemented by the Secretariat by their due date between 1 January 2019 and 31 December 2020.
	C.5 Achieve following coverage targets over a three-year audit cycle: *75% of the disease burdens (for each of the three diseases), 75% of the country allocation amounts, and 35% of the countries classified as High Risk.	Due to workplan disruptions resulting from Covid-19, the coverage targets reported can only reflect the 2018 and 2019 workplans. These covered: <ul style="list-style-type: none"> ● 30% of the HIV burden, 42% of malaria burden and 30% of the tuberculosis burden ● 46% of the country allocation amounts ● 53% of the countries rated as high risk.
	C.6 At least four (4) advisory or consulting engagements requested by management and/or governance bodies during the annual work program cycle	No related KPI data is reported for this period due to workplan disruptions resulting from Covid-19. As detailed in Section IV, the OIG provided real-time advice and guidance to the Secretariat in developing and revising processes and frameworks to respond to the COVID-19 crisis. Although no formal report has been issued, this real-time guidance has provided proactive and risk-based advice to the organization during an uncertain and pivotal period.
D To recruit and retain the best people and foster a culture of trust and teamwork	D.1. All employees have a development plan approved by their managers by end of Q1. At least 90% of staff will complete by year end a minimum of 20 hours of formal training	89% of staff have had their development plans approved in the system within the deadline. 96% of staff had completed a minimum of 20 hours of formal training as of 31 December 2020