



THE OFFICE OF THE INSPECTOR GENERAL



The Global Fund to Fight AIDS, Tuberculosis and Malaria

Audit of Global Fund Grants to the Republic of Ghana

Executive Summary

**GF-OIG-10-018
29 October 2012**

EXECUTIVE SUMMARY

Introduction

1. The mission of the Office of the Inspector General is to provide the Global Fund with independent and objective assurance over the design and effectiveness of controls in place to manage the key risks impacting Global Fund-supported programs and operations.

2. As part of its 2010 work plan, the OIG carried out an audit of Global Fund grants to Ghana from 01 November to 09 December 2010. The audit covered grants totaling USD 351 million, of which USD 270 million had been disbursed.¹ The Principal Recipients were:

- The Ministry of Health/Ghana Health Service;
- AngloGold Ashanti (Ghana) Malaria Control Limited;
- The Adventist Development and Relief Agency of Ghana;
- The Planned Parenthood Association of Ghana; and
- The Ghana AIDS Commission.

Overall conclusion

3. Ghana has made solid strides in its response to HIV/AIDS, Tuberculosis and Malaria and the PRs' capacity to manage Global Fund grants has grown from 2003 to 2010. Nonetheless, there are still key areas in which the PRs need to strengthen their capacity to implement the Global Fund-supported grant programs.

4. The OIG has identified areas for improvement in the internal controls particularly around financial management, but also in grant oversight, procurement and service delivery. This report makes recommendations for their mitigation, 15 of which are classified as critical and require immediate action by management, while an additional 15 are rated important. A letter to management lists further desirable areas for improvement that do not form part of the body of this report.

5. Based on the findings in this audit, the OIG is not able to provide the Global Fund Board with reasonable assurance that at the time of the audit oversight arrangements ensured that grant funds disbursed had been used for the purpose intended and that value for money had been secured in Global Fund investments.

6. Annex 4 in the report identifies an amount of USD 6,497,987 that relates to expenditures that were found not to be in the approved budget at the date of the audit. Annex 5 identifies an amount of USD 3,309,850 that relates to expenditures which exceeded the approved budget. Annex 6 identifies further amounts relating to financial discrepancies. While these expenditures were used for program purposes, they had not been included in the approved budgets and had not been approved by the Global Fund Secretariat.

7. Issues arising from the audit have been referred to the Investigations Unit of the OIG, which is undertaking further work in Ghana.

Oversight

While the Country Coordinating Mechanism was constituted in line with Global Fund requirements, it should strengthen its Principal Recipient selection process and oversee the selection of competent Sub-Recipients. There was scope for improvement in the way in which the Global Fund Secretariat managed the Local Fund Agent. The Local Fund Agent should ensure that its approach is risk-based and that accurate data for decision making are available to the Secretariat.

Financial Management

¹ Amounts as at 1 November 2010.

8. There was extensive scope for improvement in financial management. In particular, the Ghana Health Service needed to pay greater attention to improving controls in the areas of bank and cash management, budgetary controls, the need to ensure approval from the Global Fund for changes in the workplan and budget, and related areas of compliance with the grant agreements.

Procurement and Supply Chain management

9. All procurement for Global Fund-supported activities was undertaken by the Ministry of Health/Ghana Health Service. Only WHO and Global Fund pre-qualified drugs and bed nets meeting the WHOPEs recommendations criteria were procured. There was scope for improvement in the quantification of procurement needs and in the attention paid to procurement regulations and specifications. Medical storage conditions and information management should be improved to avoid drug expiry.

Service Delivery and Monitoring & Evaluation

10. The quality of public health programming in Ghana was generally strong. However, the Global Fund and Ghana could better align reporting indicators and ensure higher quality of data. Ongoing training of health personnel should take place to ensure adherence to national standards, particularly for malaria diagnosis and treatment. Condoms should be made more widely available through additional outlets.

Events Subsequent to the Audit

11. Following the preliminary audit findings and draft recommendations shared with the auditees, the Global Fund Secretariat and the CCM/PRs in Ghana proactively took the following steps to address the findings. These have not yet been validated by the OIG.

CCM

- In response to the CCM request, a Tax Waiver for the Global Fund grants was granted by the Parliament of the Republic of Ghana on 21 March 2011. The PRs are currently computing all VAT payments made within the validity period of the exemption to request a refund from the Ghana Revenue Authority in collaboration with the CCM.

MOH/GHS

- At the request of the Global Fund Secretariat, the LFA now reviews the procurement process documentation within Malaria and HIV programs (from tendering and supplier section to payment of invoices);
- The PR has started using the accounting software. The Deputy Financial Controller (a chartered accountant) has been seconded to the program;
- Separate bank accounts have been opened for six of seven grants to prevent comingling of funds;
- All interest earned on bank deposits is now reported in the PUDRs; and
- The HIV, TB and malaria performance frameworks are either in the course of negotiation or have already been updated, in large part taking into account alignment of Global Fund with national M&E frameworks.

Adventist Development and Relief Agency of Ghana

- Interests earned on accounts and income generated activities (mainly from sale of condoms) are now reported in the PU/DRs.

Planned Parenthood Association of Ghana

- According to the Global Fund Secretariat, a significant reprogramming has been done for the Phase 2 of the Round 8 HIV portfolio (including the PPAG grant) to streamline funds for PMTCT treatment and MARPS services.

AngloGold Ashanti (Ghana) Malaria Control Limited

- According to the Global Fund Secretariat, a Tax Waiver was granted to AngloGold Ashanti by the Parliament of the Republic of Ghana on 22 December 2010. Subsequently, the Global Fund Secretariat made a special request to the GF Board to obtain an exceptional approval of the extension of the program by 1 year (end date of Phase 1 from 31 December 2011 to 31 December 2012 and end date of the entire program from 31 December 2014 to 31 December 2015). Approval from the Board was obtained in May 2011. A revised performance framework and budget were prepared and finalized to accommodate the change in timing of grant implementation.

A summary of recommendations was provided to each PR and SR to facilitate timely implementation of the OIG recommendations pending the issue of the final report. The comments received from each entity and the actions initiated, where applicable, were incorporated into the final report.