AUDIT REPORT

Audit of Global Fund Key Organizational Controls

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The Global Fund
Office of the Inspector General

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1. Executive Summary

1.1 Opinion

Global Fund internal controls continue to mature, with controls of several key processes having improved compared to 2019. Controls were severely and intensely tested by the COVID-19 pandemic, with teams required to make difficult choices in prioritizing activities to ensure program continuity without compromising key business processes. Given the volatile operating environment and the organization's increasing risk profile, internal controls will need to evolve further. While the Secretariat has bolstered some previously identified control gaps, certain issues remain.

Monitoring of grant revisions is improving, thanks to controls which ensure compliance with relevant policy. Isolated cases of non-compliance continue to exist, however. The monitoring of Technical Review Panel (TRP) recommendations has improved, but gaps in oversight and follow-up mean issues flagged by TRP continue to impact programmatic progress. The Secretariat has enhanced policies and supporting controls for the grant-making process. While "implementation-readiness" criteria[1] were largely met before current grants started, policies and controls are not yet embedded and applied consistently. Progress has been made to design the market shaping processes[2], however the gaps will remain until the controls are further designed and fully rolled out. As a result, functional team compliance and monitoring of selected controls in the grant making, grant revision and market shaping processes are **partially effective.**

The Risk department performs routine risk oversight over prioritized processes through mechanisms such as monitoring of agreed improvement actions, and exceptions reporting submitted by first-line functions. Oversight needs to improve, however, with monitoring taking place in a limited and inconsistent manner. Monitoring of implementation of Key Mitigation Actions by different second -line risk owners of grant related risks remains inconsistent. Second-line risk management, assurance and oversight of grant processes are **partially effective**.

Overall, this audit, combined with recent OIG work and other assurance providers' work[3], found that organizational controls are suitably designed with no material deficiencies, but that gaps remain in their implementation.

1.2 Key Achievements and Good Practices

Controls for key business processes have been strengthened

The Global Fund has adopted the COSO Internal Control Integrated Framework[4], which provides guidance on establishing internal controls. As a result, documentation and monitoring of internal controls for key business processes are now stronger, with regular tracking of improvement actions through Key Business Process Reviews, regular review of performance dashboards, and Risk department monitoring of exceptions.

In 2019, the Secretariat began implementing a Performance and Accountability (P&A) framework[5]. This has helped enhance the maturity of 52 business processes by developing a mechanism to mature process documentation through action plan. The framework also regularly monitors the effectiveness and efficiency of business processes through defined metrics and targets.

[1] Three out of four criteria for "Implementation Readiness" were largely met for the grants sampled.
[2] The market shaping processes include Quality Assurance, demand management and in-country inventory monitoring.
[3] OIG audits performed in 2019/2020 and External Auditor Management Letter dated 1 March 2021.
[4] Committee of Sponsoring Organizations of the Treadway Commission (COSO) is a voluntary private sector initiative dedicated to improving organizational performance and governance through effective internal control, enterprise risk management, and fraud deterrence. COSO framework defining internal control, describing the components of internal control and underlying principles, and providing direction for all levels of management in designing and implementing internal control and assessing its effectiveness.
[5] A defined set of business processes spanning the Global Fund's operations.

Monitoring of Technical Review Panel recommendations is improving

The Secretariat has improved its monitoring of the implementation of Technical Review Panel recommendations, notably through deploying a TRP issue module within the Grant Operating System, where Country Teams provide updates on the status of recommendations. For grants in the 2020-2022 funding cycle, TRP recommendations are included in the Integrated Risk Management (IRM)[6] module for each grant.

The Secretariat has enhanced policies and supporting controls for the grant-making process

In preparation for the 2020-2020 funding cycle, the Secretariat has placed a heightened focus on implementation readiness, enhancing policies and supporting controls for the grant-making process. These include an additional Implementation Readiness section within the Operational Policy Note for Grant Making, and review forms which highlight implementation readiness status to the Grant Approval Committee.

Monitoring of grant revisions is improving

Since 2017, the Secretariat has strengthened a number of control mechanisms to allow Global Fund investments to adjust to programmatic requirements during grant implementation. Indicators on the timeliness of grant revision processes have been defined as part of the Performance and Accountability Framework and are reported quarterly. In 2020, dashboards were implemented to monitor the revision process and to ensure grant revisions were executed in accordance with policy timelines.

1.3 Key Issues and Risks

Limited and inconsistent monitoring of prioritized business processes

Guidelines on the oversight of prioritized processes need to be enhanced. Since 2016 five of the 25 business processes prioritized by the Risk Department have never had a Key Business Process Review (KBPR), and there is no defined timeline for when they will be performed. Despite no compensating controls to replace the KBPR review, our audit did not find any significant consequences or material control gaps.

Second-line monitoring is inconsistent, including over the implementation of Key Mitigating Actions (KMAs). Different risk owners perform second-line functions to a varying degree, with different levels of maturity in providing monitoring and oversight.

Need for enhanced monitoring of Technical Review Panel recommendations

As of January 2021, only 75% of TRP recommendations[7] for NFM 2 grants had been implemented, largely due to inadequate follow-up and limitations in tracking[8]. The COVID pandemic and competing Secretariat priorities in 2020 (notably grant making) also contribute to this. This has resulted in the same issues being raised repeatedly by the TRP, which could hinder programmatic progress.

Policies and controls supporting implementation readiness are not yet embedded in the grant making process

Efforts to improve the timely implementation of new grants are not yet having the desired outcome. Although an Operational Policy Note requires grants to have an implementation workplan in place before the start date, 40% of grants (6 out of 15) in the OIG sample had not fulfilled Implementation Readiness requirements.

Controls gaps remain in market shaping processes

Improvements to controls in areas identified by previous OIG reviews made slow progress in 2020, due to COVID disruptions. Examples include developing an online platform to improve quantification and forecasting of health products, and a detailed roadmap to implement the Quality Assurance strategy. These control gaps will remain until initiatives are fully implemented, with formal policy/procedures and clearly defined roles and responsibilities.

[6] An online platform within the Grant Operating System. It is used by Country Teams to manage, prioritize and monitor grant-specific risks, as well as corresponding controls and mitigating actions, throughout the grant lifecycle.

[7] TRP recommendations that should be implemented during the grant implementation period

[8] The completion rate of 2017 – 2019 grants ending in 2021 is only 51%

1.4 Objectives, Ratings and Scope

The audit's overall objective was to provide reasonable assurance on whether the key controls over relevant and prioritized processes at the Secretariat level operated adequately throughout the period, despite the disruption caused by COVID-19.

Specifically, the OIG assessed:

Objective	Rating	Scope
a. Functional team compliance and monitoring of selected controls in the grant making, grant revision and market shaping processes.	**Partially Effective**	**Audit period:** January – December 2020 **Scope exclusion :** The audit excludes critical controls that were covered in 2019 and 2020 OIG audits, and controls reviewed by the External Auditor.
b. Risk management department prioritization and monitoring of organizational controls in 2020, and oversight by the relevant second line function.	**Partially Effective**	

2. Background and Context

2.1 Global Fund Processes

The Global Fund has established various mechanisms to enhance the development and monitoring of its internal controls and to strengthen performance and accountability, which has helped the organization to reach an 'Embedded' level of maturity. These include:

a. Adoption of the COSO Internal Control – Integrated Framework

In 2014, the Global Fund adopted COSO principles, a widely used framework for developing internal control systems to tackle organizational risks. The framework aids in developing and maintaining internal controls which support organizational objectives and which adapt to changes in the business and operating environment.

COSO principles are utilized in Global Fund risk management in various ways, e.g.

- developing risk and control metrics, and reviewing key business processes for further control improvements through Key Business Process Reviews (KBPRs);
- defining risk appetite as an integral part of decision making;
- establishing Board responsibilities for risk oversight.

b. Development of a Performance and Accountability (P&A) framework

In 2019, the organization established a P&A framework, a set of business processes that describe the Global Fund's operations and which measure process effectiveness and efficiency. A deliverable of the P&A is to develop a mechanism to mature process documentation through action plans. Overseen by the Strategy and Policy Hub, this informs the Management Executive Committee on organizational performance and evaluates overall accountability on a quarterly basis. The P&A has three main objectives:

- **Accountability**: Roles and responsibilities are defined and understood, and individuals are accountable for process design, execution, decision making, controls and continuous improvement.
- **Cross Team Collaboration**: Process owners and contributors work together toward aligned objectives, with a common understanding of their respective contributions.
- **Performance Improvement**: With a focus on continuous improvement, metrics will provide the data to drive process efficiency, resource allocation and individual performance.

Fifty-two business processes cover all aspects of Global Fund operations. For each process, metrics and targets have been developed to track performance.

2.2 Scope

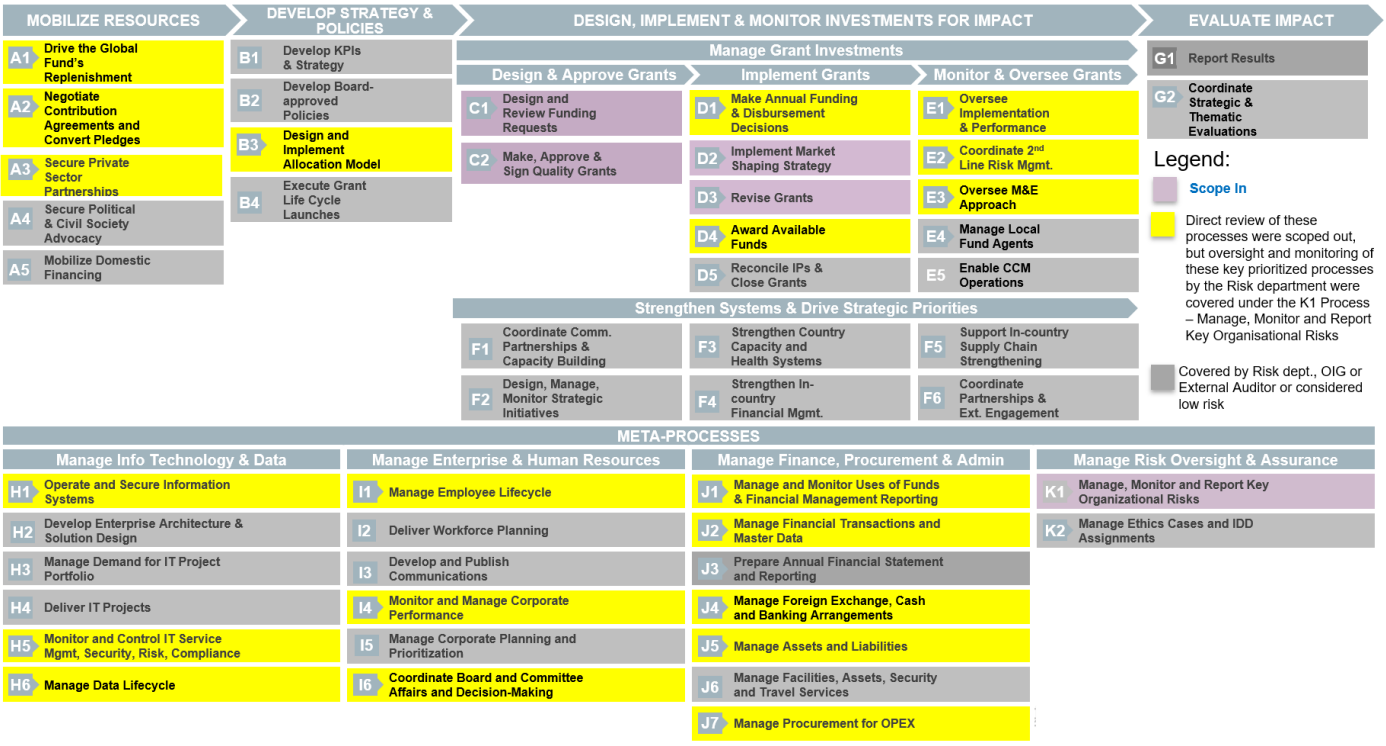
The OIG reviewed the P&A framework[9] using a risk-based approach to select relevant processes for testing. Processes covered by OIG 2020 audits, covered by 2019 audits (if not significantly impacted by COVID-19, e.g. Managing Ethics and Integrity), covered by other assurance providers or considered low risk were scoped out. Five key processes were selected for this audit, which also covers the oversight of 25 processes prioritized by the Risk Department.

- Design and Review Funding Requests, focusing on the monitoring of Technical Review Panel recommendations
- Make, Approve & Sign Quality Grants, focusing on the implementation readiness sub-process
- Implement Market Shaping Strategy
- Revise Grants
- Manage, Monitor and Report Key Organizational Risks

[9] There are 52 processes in the P&A Framework, however only 50 processes are owned by the Secretariat; the remaining two processes are owned by the Office of the Inspector General (i.e. Audit and Investigations) and were excluded from the scope.

While this audit covers the five key processes mentioned above, we have placed reliance on other key organizational controls tested by recent OIG audits as well as controls tested by the external auditor. For example, controls around "*Annual Funding & Disbursement Decisions*" were tested by the OIG's Internal Financial Controls Audit, while *"Operate and Secure Information Systems"* was tested by our Emergency Preparedness Audit. Similarly, key controls around "*Make Approve and Sign Quality Grants*" have been tested and found effective by the External Auditor. Of other scoped-out processes, the OIG has reviewed how the second-line function (the Risk department) reviews prioritized processes as part of its regular COSO reviews.

Figure 1: Global Fund P&A Framework



3. Findings

3.1 Oversight of key organizational controls could be enhanced, to ensure risks are identified, mitigated and monitored in a timely manner.

Routine risk monitoring activities, which have been operating at a reduced level due to the COVID crisis, could be improved through stronger oversight and an enhanced methodology.

As a second-line function, the Risk Department plays a key role in ensuring key organizational controls remain fit for purpose, and relevant to the changing risk landscape. Currently, the Risk Department monitors key organizational risks through various approaches:

- oversight of non-grant related organizational risks
- producing "deep dives" on enterprise risks
- reviewing internal controls for business processes
- monitoring and reporting on organizational risks and risk appetite through the Organizational Risk Register
- reporting on thematic risks and risk profile through Risk Reports

The Risk Department uses two different approaches for monitoring internal controls for the 52 processes in the Performance and Accountability Framework.

- **Oversight of 25 prioritized processes selected by the Risk Department, through a Key Business Process Review.** The Risk Department assesses all Secretariat business processes to identify processes that deliver business-critical functions, which are generally incentivized to take risks, have significant materiality and complexity, and have a high volume of transactions to be reviewed. The Risk Department conducts Key Business Process Reviews (KBPR) to assess the adequacy of internal controls following COSO framework principles[10]. The reviews check whether internal controls are present, and whether they operate effectively to provide reasonable assurance that process objectives will be met.
- **Non-prioritized processes.** Process owners (first line) are responsible for completing a Risk Control Matrix review, which provides the basis for determining how a risk should be managed. Systematic oversight by Risk Department is not mandatory and is performed in an advisory capacity.

Methodology over key prioritized Business Processes needs to be updated

A risk assessment is performed to select which key processes are deemed a priority for risk oversight, taking into account criteria such as business criticality and materiality. Operating procedures[11] specify that prioritization should be revisited on a periodic basis, and at least every three years or when there is significant change in the Global Fund's business process model. The latest prioritization exercise took place at the start of 2020, before the COVID-19 pandemic. Subsequently, in early 2021 an analysis of COVID's impact on organizational business processes (examining the levels of risk and disruption to the KBRP workplan) was performed. However, this analysis has not resulted in changes of the scoring used to prioritize business processes, even for those rated as high risk with moderate disruption ("*support in-country supply chain strengthening*" and "*manage Local Fund Agents*"). As a result, the 2021 prioritization remains unchanged from 2020, despite the increased level of risk for some key processes.

The Risk Department has developed operating procedures to review and provide oversight over business processes. While there is a process to determine what type of review should be performed for each prioritized

[10] Committee of Sponsoring Organizations of the Treadway Commission (COSO) is a voluntary private sector initiative dedicated to improving organizational performance and governance through effective internal control, enterprise risk management, and fraud deterrence. COSO framework defining internal control, describing the components of internal control and underlying principles, and providing direction for all levels of management in designing and implementing internal control and assessing its effectiveness.

[11] Operating Procedures - Manage, Monitor and Report Key Organizational Risks dated 20 February 2020

area, there is no defined timeline for when the KBPR should be performed. As a result, to date, five of the 25 prioritized processes have never had a KBPR, with no plans to perform one in 2021. "*Manage Data Lifecycle*" and "*Award Available Funds"* have been prioritized processes since 2018, and while Risk has determined the need to conduct full KBPRs for each, these have still not been performed.

Low completion rate of KBPR review against the workplan

The percentage of KBPRs completed against the annual workplan is one indicator for monitoring key organizational risk. In 2019 and 2020, the completion rate was low: 50% and 43% respectively. The completion rate was affected by various competing priorities in 2019, and business owner availability due to COVID disruptions in 2020. The annual plans for performing KBPRs were not subsequently adjusted to consider resource shortages or COVID-19 disruptions.

While first-line (process owner) controls over processes are defined and implemented, the lack of second-line review represents a missed opportunity to further improve processes. Although no compensating controls exist to replace the KBPR review, our audit did not find any significant errors or material control gaps for processes which had not been reviewed.

For non-prioritized processes, process owners are responsible for completing a Risk Control Matrices (RCM) review, which provides the basis for determining how a risk should be managed. However, to date, Risk Control Matrix reviews have only been completed for 32% of non-prioritized processes.

Second-line risk management, assurance and oversight of grants processes needs to improve

The OIG 2019 Annual Report noted limited follow-up in the implementation of Key Mitigating Actions (KMAs) by front-line grant management staff; our testing showed that implementation remains inconsistent. While grant risks may be correctly identified and mitigating actions properly designed, the risks themselves remain unaddressed.

Following the COVID-19 Business Contingency Planning exercise, various routine risk assurance and monitoring processes were deprioritized, including the follow-up of implementation of KMAs for ongoing grants. As of December 2020, the KMA implementation rate remains low: 28% for NFM 2 grants, against a 90% target.

A Risk Department review noted that other second-line functions' (e.g. Supply Operations for in-country supply chain risk, Monitoring Evaluation and Country Analysis) reviews are inconsistently defined and executed, including monitoring KMA implementation. Limited follow-up and ineffective monitoring of KMA completion does not incentive Country Teams to ensure timely implementation by grant Principal Recipients.

Currently, the Risk Department is leading an initiative to strengthen the coordination of second-line oversight over risk management, assurance and oversight of grants; this is expected to be completed in Q2 2021[12].

Agreed Management Action 1
The Secretariat will update operational guidelines to include principles and methodology for: • Determining periodicity and prioritization of key business processes (including review cycle for each KBPR) • Describing the annual planning mechanism of key business process reviews (describing criteria applied) • Describing actions that will be applied to processes that were planned for the year, but not executed due to competing priorities.
OWNER: Chief Risk Officer
DUE DATE: 31 December 2021

[12] As example, the oversight for in-country supply chain risk is strengthened through the Supply Chain Roadmap implementation where roles and responsibilities for monitoring supply chain risk have been better defined.

3.2 Monitoring of TRP recommendations is improving, although gaps remain. Controls over grant revisions are working effectively.

Indicators and tools have been introduced to monitor the timely implementation of Technical Review Panel recommendations. However, gaps were noted in oversight and follow-up within the departments responsible for implementation.

The Secretariat has improved its monitoring of the implementation of Technical Review Panel (TRP) recommendations, notably through deploying a TRP issue module within the Grant Operating System, where Country Teams provide updates on the status of recommendations. For grants in the 2020 – 2022 funding cycle, TRP recommendations with clearance delegated to the Secretariat are included as part of the Integrated Risk Management (IRM)[13] module for each grant.

Controls over grant revisions have improved and are effective

The primary goal of revising a grant is to allow Global Fund investments to adjust to programmatic requirements during grant implementation, thus ensuring resources achieve maximum impact, in line with the Global Fund's 2017-2022 Strategy.

Since 2017, the Secretariat has strengthened several control mechanisms to achieve this goal. A consolidated and enhanced Operational Policy Note on Grant Revision describes the various revisions and their approval requirements/criteria. Indicators have been defined as part of the Performance and Accountability Framework and are reported on a quarterly basis, to monitor the timeliness of grant revision processes. In 2020, dashboards were implemented to monitor the revision process and to ensure grant revisions were executed in accordance with policy timelines. The Operational Efficiency team within the Grant Management Department monitors and follows up on grant revisions on a quarterly basis, and currently on a weekly basis for COVID-19 Response Mechanism or grant flexibility revisions. Our sample (15 grants) noted immaterial policy non-compliances.

Need for enhanced monitoring of TRP recommendations during grant implementation

In 2020, the Secretariat developed a dashboard and tracking tool to monitor the implementation of TRP recommendations. An indicator was defined and reported for the first time in Quarter 3 of 2020, as part of Performance and Accountability Reports to management. As of January 2021, and based on our review of the tracking tool, only 75% of TRP recommendations had been implemented for 2017 – 2019 grants[14]. The rate is even lower for grants ending after 2020 (e.g. 51% for grants ending in 2021). The COVID pandemic and competing Secretariat priorities in 2020 (such as grant making) have contributed to the low completion rate.

Every three years, the Access to Funding Department follows up outstanding TRP recommendations to be actioned during grant implementation, before the TRP reviews a new funding request. The outcome of this review is communicated to Grant Management and to the Management Executive Committee. Follow-up mechanisms and accountability need to be enforced across all Country Teams to ensure TRP recommendations are implemented.

The gaps in monitoring TRP recommendations have resulted in the same issues repeatedly hindering programmatic progress. The Secretariat has identified 29 countries with 36 grants which suffer from issues which had already been flagged via TRP recommendations in the previous funding cycle.

Despite TRP recommendations being included as part of the IRM, with a specific timeline for implementation within the grant period (normally during the first years of implementation), this is not synchronized with specific deadlines in the TRP tracking tools, which set timelines only at the end of the grant period, hindering immediate attention to resolve any delays. There are also gaps in the TRP issue database - missing completion

[13] An online platform within the Grant Operating System. It is used by Country Teams to manage, prioritize and monitor grant-specific risks, as well as corresponding controls and mitigating actions, throughout the grant lifecycle.

[14] This is not a final figure and the percentage is likely to increase as there are several grants in the 2017-19 cycle that are still running until 2021 and 2022.

dates, inaccurate classification of TRP status, and lack of an audit trail evidencing implementation of recommendations.

Agreed Management Action 2
The Secretariat will strengthen the mechanism used to monitor the implementation of TRP recommendations by: 1. Defining the roles and responsibilities for monitor and follow-up on the TRP recommendations during grant implementation which are not fully completed by the agreed timelines. 2. Enhance the oversight and monitoring of TRP recommendations, including the potential to monitor those recommendations to be implemented over a period of more than one funding cycle.
OWNER: Head, Strategy, Investment, and Impact Division
DUE DATE: 30 September 2022

3.3 Policies and controls to ensure grants are implementation-ready are well designed, but not yet embedded.

The Secretariat has developed policies and controls for the grant-making process. Deficiencies were identified in the adherence to policies and functioning of controls, resulting in a key grant readiness component not being in place at the time of grant signing.

In 2020, the Global Fund Board approved 164 grants under the 2020 – 2022 funding cycle, for a total of US$9.2 billion[15]. During previous funding cycles, several issues related to implementation readiness were raised by the Grant Approval Committee, the Technical Evaluation Reference Group and various OIG audit reports.

Subsequently, and in preparation for the 2020 – 2022 cycle, the Secretariat placed a heightened focus on implementation readiness, developing policies and supporting controls for the grant-making process. These included an additional section of the Operational Policy Note for Grant Making processes on Implementation Readiness, an accompanying checklist (see box), and Grant Making Review forms to provide updates on implementation-readiness status[16].

Implementation Readiness checklist

- ✓ Early identification and contracting of Principal Recipient human resources
- ✓ Early identification and contracting of sub-recipients
- ✓ Early identification and contracting of suppliers for health products and critical services
- ✓ Agreed implementation work plan

Three out of four Implementation-readiness criteria were met before grants started

Operational Flexibilities introduced in early 2020 specified that countries suffering from COVID-related disruptions could request an exception from having implementation-readiness requirements in place before grant start dates; rather, this could be fulfilled within six months of grant implementation. Despite COVID disruptions, the OIG found that in 87% of grants sampled, the first three criteria of implementation readiness (recruitment of key staff, selection of sub-recipients, appointing a supplier for health product procurement) had been met before the grant start date.

Policies and controls supporting grant implementation are not yet fully embedded in the grant making process

Having implementation workplans in place before the implementation start date is critical to the timely implementation of program activities and is required in the Global Fund's Operational Policy Note. The OIG found 40% of grants (6 of the 15 sampled) did not have a such a plan in place. This is partly due to inconsistent understanding within Country Teams on the requirement; some Teams believed that a detailed budget was sufficient, or that a workplan was being developed by the Principal Recipient.

As of the end of Q4 2020, only 13% (against a target of 70%) of grants were signed at least one month before the start date. This is largely due to COVID-related challenges which occurred during the grant making process. Significant effort has been made by the Secretariat to improve the timeliness of grant signing, resulting in 92% of grants and purchase orders signed on time and 70% of the allocation signed by the end of Q4 2020.

For this section the OIG agreed to not issue an AMA, because in February 2021, the Secretariat instructed Local Fund Agents[17] to assess the fulfilment of the Implementation Readiness criteria for newly signed grants for High Impact and Core portfolio. The results of the LFA Implementation Readiness assessment will be tracked by each Country Team and are to be monitored by the Secretariat through centralized analysis and reporting (currently under development).

[15] Global Fund Central Data Information Systems

[16] The requirement to submit the implementation readiness checklist was waived for all portfolios due to the intense workload of the Country teams during grant making in 2020 (Email circulation from Grant Portfolio Solution Support dated 2 October 2020)"

[17] Email communication from the Head of Grant management division to the Country Teams dated 11 February 2021.

3.4 While progress has been made to design controls for market shaping processes, gaps will remain until the controls are rolled out.

The Secretariat has designed controls to improve gaps under the market shaping process, however these are not yet being fully implemented and used for decision making.

The Global Fund's Market Shaping Strategy[18] defines how the organization can contribute to health outcomes by leveraging its position to facilitate robust global markets for health products. Controls in related areas identified by previous OIG review are improving, despite COVID disruptions. For example:

- A Quality Assurance (QA) strategy, including a QA mandate for the Global Fund, was developed in 2020. A detailed road map of prioritized initiatives, roles and responsibilities, including the monitoring of QA requirements and Regulatory Strengthening, has been approved. However, controls are still to be developed.
- An online platform launched in 2020 to automatically aggregate health product needs for each grant should improve quantification and forecasting processes. A policy has yet to be established to set out roles and responsibilities around the use of Health Product Management Tools and aggregation, and the Secretariat has yet to design controls for this area.
- Indicators providing better visibility of health commodities at the country level were launched in 2018 and enhanced in 2020. Due to data challenges and inconsistent monitoring approaches among countries, the Secretariat is developing new indicators to monitor supply chain and inventory at various points of the supply chain, e.g. central medical warehouses, distribution. The pilot for these indicators is planned to be tracked from the second semester of 2021.

Agreed Management Action 3
The Secretariat will define and monitor supply chain performance indicators to provide visibility of the stock status and flow of health products and related reporting data at various points in the in-country supply chain from the central warehouse(s) to health facilities.
OWNER: Head, Supply Operations Department
DUE DATE: 31 December 2021

[18] See https://www.theglobalfund.org/en/sourcing-management/market-shaping-strategy/

Annex A: Audit rating classification and methodology

Effective	**No issues or few minor issues noted**. Internal controls, governance and risk management processes are adequately designed, consistently well implemented, and effective to provide reasonable assurance that the objectives will be met.
Partially Effective	**Moderate issues noted**. Internal controls, governance and risk management practices are adequately designed, generally well implemented, but one or a limited number of issues were identified that may present a moderate risk to the achievement of the objectives.
Needs significant improvement	**One or few significant issues noted**. Internal controls, governance and risk management practices have some weaknesses in design or operating effectiveness such that, until they are addressed, there is not yet reasonable assurance that the objectives are likely to be met.
Ineffective	**Multiple significant and/or (a) material issue(s) noted.** Internal controls, governance and risk management processes are not adequately designed and/or are not generally effective. The nature of these issues is such that the achievement of objectives is seriously compromised**.**

OIG audits are in accordance with the Global Institute of Internal Auditors' definition of internal auditing, international standards for the professional practice of internal auditing and code of ethics. These standards help ensure the quality and professionalism of the OIG's work. The principles and details of the OIG's audit approach are described in its Charter, Audit Manual, Code of Conduct and specific terms of reference for each engagement. These documents help safeguard the independence of the OIG's auditors and the integrity of its work.

The scope of OIG audits may be specific or broad, depending on the context, and covers risk management, governance and internal controls. Audits test and evaluate supervisory and control systems to determine whether risk is managed appropriately. Detailed testing is used to provide specific assessments of these different areas. Other sources of evidence, such as the work of other auditors/assurance providers, are also used to support the conclusions.

OIG audits typically involve an examination of programs, operations, management systems and procedures of bodies and institutions that manage Global Fund funds, to assess whether they are achieving economy, efficiency and effectiveness in the use of those resources. They may include a review of inputs (financial, human, material, organizational or regulatory means needed for the implementation of the program), outputs (deliverables of the program), results (immediate effects of the program on beneficiaries) and impacts (long-term changes in society that are attributable to Global Fund support).

Audits cover a wide range of topics with a focus on issues related to the impact of Global Fund investments, procurement and supply chain management, change management, and key financial and fiduciary controls.