

Audit Report

Global Fund Grants in the

Kingdom of Cambodia



GF-OIG-24-004
26 March 2024
Geneva, Switzerland

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Table of Contents

1. Executive Summary	3
2. Background and Context	7
3. Portfolio Risk and Performance Snapshot	10
4. Findings	11
4.1 Operational and administrative delays hinder optimal use of growing co-financing commitments, increasing the risk of commodity stock-outs and continued health workforce availability	11
4.2 Low TB case detection stalls reduction of TB prevalence	13
4.3 Gaps in HIV prevention programs for key populations and diagnosing children hamper control of the epidemic	15
4.4 Limited oversight impacts effective implementation of programs and robust financial management	18
Annex A. Audit rating classification and methodology	21
Annex B. Risk appetite and risk ratings	22

1. Executive Summary

1.1 Opinion

Cambodia is making significant progress in the fight against HIV and tuberculosis (TB). It achieved HIV treatment cascade targets ahead of global timelines.¹ It also surpassed the 2020 WHO Global End TB targets in TB incidence reduction. Grant implementation arrangements and financial management systems are adequately designed to support the effective execution of activities and the government increased commitments, paving the way for sustainable implementation.

Some 86% of People Living with HIV (PLHIV) are diagnosed – all of whom are enrolled on treatment and 98% of those on treatment are being virally suppressed. This has led to reduced rates of new infections and death, and the country aims to achieve epidemic control by 2025. However, low coverage, sub-optimal quality of HIV interventions targeting key population groups, as well as low rates of early infant diagnosis, threaten the progress made.

Treatment success rates for both Drug-Sensitive and Drug-Resistant TB are high, and the country employs various TB Case Finding approaches to enhance identification of TB cases. However, low treatment coverage (61%), due in part to inefficiencies in TB screening quality and low utilization of GeneXpert machines are limiting the impact of the good practices observed. As such, grant interventions to scale up TB treatment coverage and provide HIV prevention to ensure achievement of grant objectives are **partially effective**.

The design of grant implementation arrangements and financial management systems in place is appropriate to ensure effective execution of grant activities and the government has been honouring its counterpart funding. However, internal controls deficiencies within implementers' financial management systems and processes – paired with planning, monitoring and oversight limitations – are impacting the effectiveness of grant implementation and the full use of funds made available by the government. This creates further burden on already underfunded national plans. The adequacy and effectiveness of the financial management and implementation arrangements to support sustainable achievement of grant objectives are **partially effective**.

1.2 Key Achievements and Good Practices

Increased government financial commitment to disease programs: The Royal Government of Cambodia (the “Government”) funds first-line TB medicines for adults and antiretroviral medicines (ARVs). It also pays salary incentives and salaries for contractual staff working on the disease programs. For Grant Cycle 6 (GC6), the RGC had earmarked US\$15.8 million towards procurement of HIV and TB medicines. It has committed to increase this to US\$19.8 million during Grant Cycle 7(GC7),² demonstrating its intent to increasingly fund health programs in line with the Global Fund's Sustainability, Transitioning and Co-Financing requirements for Lower Middle-Income countries like Cambodia.

¹ [UNAIDS 90-90-90](#) targets by 2020 - 90% of diagnosed PLHIV on treatment and 90% of those on treatment virally suppressed. [UNAIDS 95-95-95](#) targets by 2025 - 95% of diagnosed PLHIV on treatment and 95% of those on treatment virally suppressed.

By 2020, 90% of all people receiving antiretroviral therapy will have viral suppression.

² Refers to grants that will be implemented under the 2023-2025 allocation period

Significant progress made in the fight against HIV and TB

Cambodia achieved the second and third UNAIDS HIV cascade targets ahead of global timelines,³ with current cascade at 86-100-98.⁴ New HIV infections have decreased by 33% and AIDS-related deaths by 30% between 2010 and 2022, showing once more the successes obtained in terms of quality of care and treatment. On prevention, Cambodia scaled up Pre-Exposure Prophylaxis (PrEP) during GC6 with further scale up planned during GC7, aiming to further reduce new infections.

Cambodia met the WHO End TB Strategy target,⁵ by reducing TB incidence by 25% between 2015-2020.⁶ Both TB incidence and mortality rate have reduced by 45% between 2000 and 2022.⁶ This resulted in Cambodia transitioning out of the list of WHO 30 high TB-burden countries in 2021.⁷

Among other factors, this was the result of high treatment success rates: 95% (Drug-Sensitive TB) and 85% (Drug-Resistant TB),⁸ increasing coverage for molecular TB testing platforms, with 15 Truenat platforms⁹ currently in use, in addition to 86 Operational Districts having at least one GeneXpert machine.

Through Global Fund support, the national TB Public Private Mix (PPM)¹⁰ Strategic Plan was developed, and PPM sites increased from 105 to 325 sites during GC6. This tripled the number of TB cases notified from PPM sites between 2021 and 2022. Finally, a TB prevalence survey is underway, and the results will inform program interventions for the next cycle.

The Resilient and Sustainable Systems for Health (RSSH) grant supported the upgrade and the ISO/IEC 17025:2017¹¹ accreditation of National Health Products Quality Control Center (NHQC). This will ensure quality testing for HIV, TB & malaria in accordance with international standards. Additionally, a policy for community health participation has been developed and awaits endorsement by the Minister of Health.

Improvements in implementation arrangements and financial management systems: Effective 2018, the Ministry of Economy and Finance was appointed as Principal Recipient with a Project Management Unit (PMU) at the Ministry of Health (MoH) appointed to oversee day-to-day implementation of grants, and technical assistance – both international and local – support grant implementation and the strengthening of implementers' capacity. Additionally, since Q4 2022, implementers benefited from the controls and automated processing of a new financial accounting and reporting system for financial transactions processing.

1.3 Key Issues and Risks

Co-financing commitments are not fully realized: The counterpart funds provided by the government for procurement of HIV & TB medicines were not fully used by the national programs. Lack of planning, coordination and monitoring between the various entities involved in the process of committing, disbursing and utilizing funds have resulted in delays in the initiation, review and approval of procurements and disbursement of funds.

³ Cambodia achieved the second and third treatment cascade targets of 90-90-90 by 2020 in 2017 and 95-95-95 by 2025 in 2018

⁴ [2023 UNAIDS Data](#) (accessed 21 November 2023)

⁵ The [WHO End TB Strategy](#) aims for a 90% reduction in TB deaths and an 80% reduction in the TB incidence rate by 2030, compared to the 2015 baseline. Milestones for 2020 include a 20% reduction in the TB incidence rate and a 35% reduction in TB deaths.

⁶ [2022 MoH Cambodia TB Report](#) & [WHO 2022 Cambodia TB profile](#); (Accessed 17 November 2023)

⁷ [WHO 2021 Global TB Report](#) (Accessed 17 November 2023)

⁸ [WHO 2022 Cambodia TB profile](#); (Accessed 17 November 2023)

⁹ [Truenat](#) is a WHO-endorsed rapid molecular diagnostic platform for use at peripheral health facilities and community settings for the initial diagnosis of TB

¹⁰ [Public-Private Mix \(PPM\)](#) the involvement of all health care providers - public and private, as well as formal and informal - in the provision of TB care, in line with International Standards for TB Care for patients who have or are suspected of having TB.

¹¹ [ISO/IEC 17025](#) - general requirements for the competence of testing and calibration laboratories, which help them increase the effectiveness of their activities to provide reliable data and technically valid results.

Low TB treatment coverage is contributing to increasing TB prevalence: TB treatment coverage remains low,¹² underpinned by resource constraints. Limited coverage of TB screening coupled with low utilization of GeneXpert machines affect timely diagnosis and impact the ability to find missing patients.

Low coverage of key populations and EID testing threaten to stall and reverse progress made: The HIV prevalence in Cambodia is low among the general population but remains concentrated among key populations. HIV incidence increased by 8% between 2020 and 2022, HIV prevalence among key populations has increased,¹³ with 83% of new infections in 2022 occurring among these populations and their partners/clients. Challenges in enhancing coverage of HIV preventive activities among key populations, as well as high attrition of Pre-Exposure Prophylaxis (PrEP) clients, threaten the gains made against HIV.

While PMTCT coverage is high and vertical transmission is reducing, the current cascade for children is 59%-59%-53%⁴ due in part to limitations in systematic Early Infant Diagnosis (EID) testing.

Limited monitoring and oversight have resulted in gaps in financial management, and impact grant implementation: Low execution of planned oversight and monitoring visits has resulted in delayed reprogramming process, quality of service gaps and varying efficiencies in implementation of program interventions. Poor segregation of duties coupled with weaknesses in the treasury management processes, pose a risk to the accountability of grant funds and accuracy of financial information.

1.4 Objectives, Ratings and Scope

The audit's overall objective was to provide reasonable assurance to the Global Fund Board on grants to the Kingdom of Cambodia. The audit's specific objectives, ratings and scope are outlined in the below table.

Objectives	Rating	Scope
Grant interventions to: <ul style="list-style-type: none"> scale up TB case detection and treatment coverage; and provide HIV prevention and testing to ensure achievement of grant objectives 	Partially Effective	<p>Grants and implementers: The audit covered the Principal Recipient and sub-implementers of Global Fund GC6 HIV/TB & RSSH grants in Cambodia.</p> <p>Audit period: The audit covered grants from 1 January 2021 to 30 June 2023, as well as the design of future arrangements for the implementation of grants in Cambodia.</p>
Financial management and implementation arrangements to support sustainable achievement of grant objectives	Partially Effective	<p>Scope exclusion: The Global Fund Malaria grant to Cambodia implemented under the Regional Artemisinin Resistance Initiative (RAI) grant.</p>

The audit team visited 26 Service Delivery Points (15 public and five private health facilities and six Community Based Organization sites). In addition to nine GeneXpert diagnostic laboratory sites housed in the public health facilities.

¹² TB treatment coverage 61% (DS-TB) & 17% (DR-TB) [WHO 2022 Cambodia TB profile](#); (Accessed 17 November 2023)

¹³ Increased HIV prevalence among KPs over IBBS iterations – MSM 4% to 5.5% (2019 vs 2023); TG 9.6% to 13.5% (2019 vs 2023) and FEW 3.2 to 4.9% (2016 vs 2022)

The 26 Service Delivery Points (SDPs) are spread across 10 Operational Districts (ODs) in eight provinces in Cambodia. The ODs visited account for 23% of HIV patients on Antiretroviral Therapy (ART) and 21% of the TB cases notified in the country in 2022. The audit team also visited the Central Medical Stores in Phnom Pehn.

Details about the general audit rating classification can be found in [Annex A](#) of this report.

2. Background and Context

2.1 Country Context

Cambodia is a low-middle-income country in Southeast Asia and has a population of 16.9 million with an annual population growth rate of 1.1%. Its gross domestic product (GDP) per capita of US\$1,787, growing at 5.2% in 2022 compared to 3% in 2021.¹⁴

The Country is administratively divided into 25 provinces, which are further subdivided into 163 administrative districts. For health implementation, the 163 administrative districts are amalgamated into 103 Operational Districts (ODs).

Its health care system is organized in a pyramid structure with three tiers: national level, provincial health departments (PHD) and Operational Districts Health Departments, as well as the periphery level (Health Facilities & Health Centres).

Country data ¹⁵	
Population	16.9 million (2023 estimate)
GDP per capita	US\$ 1,787 (2022)
Corruption Perception Index	150/180 (2021)
UNDP Human Development Index	146/191 (2021)
Government spending on health (% of GDP)	7.5% (2020)

2.2 Global Fund Grants in Cambodia

Since 2003, the Global Fund has signed grants totalling over US\$601 million and disbursed more than US\$594 million to Cambodia.¹⁶ Active grants total US\$87 million for the 2020-2022 funding allocation period (i.e., the January 2021 to December 2023 implementation period), of which 93%¹⁷ has been disbursed.

For GC6, the Ministry of Economy and Finance (MEF) is the Principal Recipient for three out of four Global Fund grants:

- Combined HIV/TB grant: US\$59 million
- C19RM grant: US\$23.9 million
- RSSH grant: US\$4 million

The remaining grant for Malaria is managed under the Regional Artemisinin Resistance Initiative (RAI) grant, which is not in scope of this audit.

¹⁴ [World Bank data, 2022](#)

¹⁵ [UNFPA, World Bank, UNDP, Transparency International; National Institute of Statistics](#) all accessed in November 2023

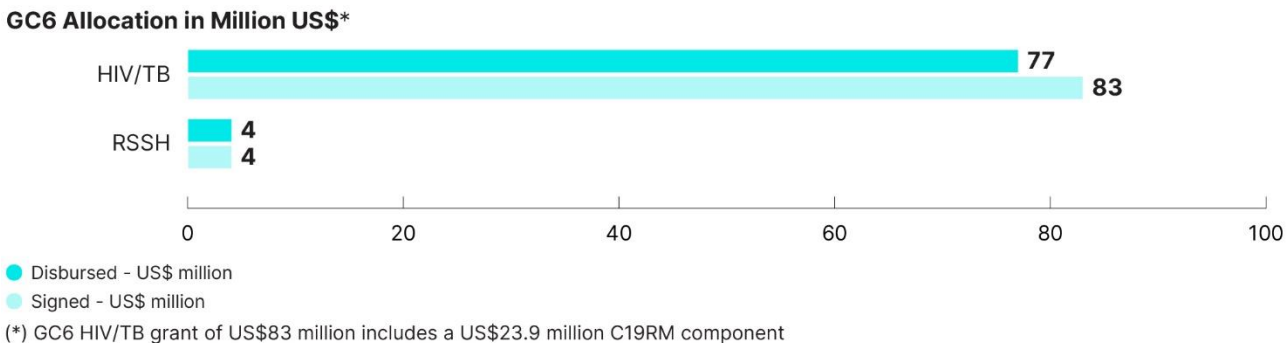
¹⁶ [Cambodia Overview – Global Fund Data Explorer](#) (accessed 17 November 2023)

¹⁷ Grant Operating System (GOS) data as of 26 October 2023

The day-to-day operation of the HIV and TB grants to Cambodia has been delegated by the MEF to a Project Management Unit within the Ministry of Health – the Lead Implementation Team (MoH-LIT). The national disease programs for HIV (National Center For HIV/AIDS, Dermatology & STDs – NCHADS) and for Tuberculosis (National Center for Tuberculosis and Leprosy Control – CENAT) are the sub-implementers for the HIV/TB and C19RM grants. There are six other sub-implementers for the C19RM and RSSH grants.

Grants are implemented by either the dedicated national disease program (CENAT/NACHADS) or by their sub-sub-implementers from civil society.

Figure 1: Funding allocation for the current funding cycle (GC6 as of October 2023)



2.3 The Two Diseases



HIV/AIDS

76,000 people are living with HIV as of 2022, of whom **86% know their status**.

100% linkage to treatment of those tested.

Annual **new infections decreased by 33%** from 2,000 infections in 2010 to 1,400 in 2022.

83% of the estimated new 2022 HIV infections are among key populations and their partners.

89% of pregnant women who tested HIV positive received ARVs in 2022.

9.9% rate of **mother-to-child transmission**, a **decrease** from 16.3% in 2015.

59-59-53 HIV cascade for children.

Source: [2023 UNAIDS Data](#) (accessed 21 November 2023)



Tuberculosis

Cambodia has **54,000** estimated TB cases.

TB incidence of **320 per 100,000** (2022) an **increase** from **288 per 100,000** (2021).

TB treatment coverage of 61% with a **case fatality ratio of 9%** in 2022.

High treatment success rate: **DS-TB 95%** (2021 cohort) and **DR-TB 85%** (2010 cohort).

Cambodia **transitioned out of the WHO 30 high TB burden** countries in 2021 but remains on the **WHO global TB watchlist**.

53% of HIV-positive TB patients are enrolled on TB preventative therapy (TPT).¹⁷

Source: [WHO 2022 Cambodia TB profile](#); [WHO 2021 Global TB Report](#) (Accessed 17 November 2023)

2.4 COVID-19 Situation in Cambodia

COVID-19 statistics¹⁸

Confirmed cases	8,293 (As of January 2024)
Deaths	182 (As of January 2024)
Recovered	8,101

COVID-19 was well contained during epidemiological Phase 1 (January 2020 to February 2021) with only 484 cases, mainly imported and no deaths. However, between February and October 2021 the country witnessed a large community outbreak that lasted for 252 days. During these two phases, city lockdowns, closures of establishments and travel and gathering restrictions were imposed. This negatively affected the implementation of the two national programs of HIV and TB. Reopening began in November 2021, with some restrictions still in place until June 2022, following massive vaccination campaigns that began April 2021.

The two national programs for TB and HIV (CENAT and NCHADS) implemented numerous actions to mitigate the effects of the pandemic such as:

- Multi-Month Dispensing of ARVs;
- ART Satellite Sites bringing services closer to PLHIV;
- Information Education and Behavioural Change Communication were adapted to provide COVID-19 messages aimed at PLHIV, implementation and rapid scale up of virtual outreach;
- Implementation of virtual, online meetings and trainings;
- Community delivery/provision of ART through Community Action Approach (CAA) during lockdowns.

¹⁸ University of Oxford, Our World in Data, 7 February 2024

3. Portfolio Risk and Performance Snapshot

3.1 Portfolio Performance

GC6 (Jan 2021 – Dec 2023) Grant performance and grant ratings are shown below.^{19,20}

Comp	Grant	Principal Recipient	Grant Period	Total Budget Amount (US\$)	Total Signed Amount (US\$)	Budget as at Dec 22 (US\$)	Expenditure as at Dec 22 (US\$)	Absorption as at Dec 22 (%)	Grant Rating				
									June 2021	Dec 2021	June 2022	Dec 2022	June 2023
HIV/TB	KHM-C-MEF	Cambodia Ministry of Economy and Finance	1 Jan 21 – 31 Dec 23	85,436,624	82,976,762	64,978,834	43,918,084	68%	B1	C	C	C	C
RSSH	KHM-S-MEF	Cambodia Ministry of Economy and Finance	1 Jan 21 – 31 Dec 23	4,000,000	4,000,000	2,569,340	2,042,831	80%	Only in Dec	D	Only in Dec	B	Only in Dec
									5	5	4		
									Only in Dec	5	Only in Dec	3	Only in Dec
Total				89,436,624	86,976,762	67,548,174	45,960,915	68%					

3.2 Risk Appetite

The OIG compared the Secretariat's aggregated assessed risk levels of the key risk categories covered in the audit objectives for the Cambodia portfolio, with the residual risk that exists based on the OIG's assessment, mapping risks to specific audit findings. The full risk appetite methodology and explanation of differences are detailed in [Annex B](#) of this report.

Audit area	Risk category	Secretariat aggregated assessed risk level	Assessed residual risk based on audit results	Relevant audit issues
Programmatic	TB: program quality	Moderate	Moderate	Finding 4.2
	HIV: program quality	Moderate	Moderate	Finding 4.3
Sustainability	Health Financing	Not rated	Moderate	Finding 4.1
Implementation management	In-country governance	Low	Moderate	Findings 4.1 & 4.4
Financial management	Accounting and Financial Reporting by Countries	Moderate	Moderate	Finding 4.4
	Grant-Related Fraud & Fiduciary	Low	Moderate	

¹⁹Effective January 2022, Global Fund [Revised PU/DR and Performance Ratings](#) with programmatic performance assessed via alphabetic ratings while financial performance assessed via numerical ratings. (Accessed 17 November 2023)

²⁰ Effective June 2023, Global Fund updated [Principal Recipient Reporting](#) with expenditure reporting undertaken through pulse checks that are not verified by the LFA. (Accessed 17 November 2023)

4. Findings

4.1 Operational and administrative delays hinder optimal use of growing co-financing commitments, increasing the risk of commodity stock-outs and continued health workforce availability

Cambodia has been progressively increasing its investments in the fight against the three diseases which is crucial for sustainability. However, operational gaps are impeding full realization of co-financing commitments and could undermine progress made.

Cambodia is categorized as a lower middle-income country since 2015 and aims to become an upper middle-income country by 2030.²¹ It is also characterized by a high disease burden for both HIV and TB. As such, it requires robust sustainability and transition strategies, in line with the Global Fund's Sustainability, Transition & Co-Financing (STC) policy and the Global Fund's new strategy.²²

The country has developed National Strategic Plans that guide health programming. It has also increased its investments in health, which reached 7.5% of its GDP in 2020,²³ as well as its funding towards combatting the three diseases. For GC6, the Government committed to procure HIV and TB medicines worth US\$15.8 million, which it committed to increase by 25% to US\$19.8M in GC7.²⁴

There have been strides towards obtaining "more money for health".²⁵ However, there are challenges in the area of "more health for money"²⁵ that risk derailing the progress and sustainability of national responses to HIV and TB if not monitored and mitigated.

Procurement delays impact optimal counterpart fund utilization and threatens the continued availability of TB and HIV medicines

For GC6, 48% (US\$15.1 million) of HIV and TB funds from counterpart organizations were provided for procuring medicines. Counterpart funds earmarked for the procurement of medicines must be disbursed to the procurement agents within the fiscal year, otherwise they will be forfeited. However, as of October 2023, national programs had spent approximately 78% (US\$11.8 million)²⁶ of the earmarked funds. This is due to delays in the initiation and disbursement of funds, limiting the time to repurpose savings and un-committed funds. The initiations of procurements by the two implementers, CENAT and NCHADS, took on average 132 days and 66 days, respectively. There were further delays in disbursements by the MEF to the procurement agents, with an average of 126 days and 105 days for TB and HIV medicines, respectively. This is due to issues with:

Planning and coordination: The review, approval of requests and disbursement of funds for counterpart procurements is complex and involves multiple stakeholders. National Disease Programs raise procurement requests that are reviewed and authorized by the Ministry of Health (MoH) before their submission to the MEF for further reviews and approvals. Finally, the treasury, within MEF, disburses funds. The parties involved however, do not coordinate effectively to establish procurement plans, procurement initiation dates, or timelines for review and disbursement.

²¹ [World Bank Cambodia Country overview](#) (Accessed 8 Nov 2023)

²² [Global Fund Sustainability, Transition and Co-financing Policy](#) and [2023 – 2028 Global Fund Strategy](#) (Accessed 8 Nov 2023)

²³ [WHO Global Health Expenditure Database - Cambodia](#) (Accessed 8 Nov 2023)

²⁴ For GC6, Cambodia committed to procure first-line TB drugs for adults worth US\$4.8 million and ARVs worth US\$10.35 million & HIV test kits worth US\$ 650,000. For GC7, Cambodia has committed to procure first-line TB drugs worth US\$4.8 million and ARVs worth US\$15 million.

²⁵ "More money for health" refers to increased domestic spending for health, whereas "More health for the money" refers to increased efficiency and effectiveness of health spending. Both are key themes of [Sustainable Financing for Health](#) (Accessed 14 Nov 2023)

²⁶ US\$9.2 million and US\$2.6 million have been disbursed to procurement agents for HIV and TB medicines, respectively.

System and tools for tracking: There is no structured and formalized system or tool to track the process of procurement of medicines funded through counterpart funds impacting the overall oversight and ability of the Ministry of Health and MEF to ensure timely completion.

Monitoring and oversight: There lacked effective oversight and monitoring of the realization of co-financing commitments by the Ministry of Health, MEF, Country Coordinating Committee (CCC) and the Country Team. This resulted in the failure to identify and mitigate against the bottlenecks, impacting timely procurement initiations and fund disbursements, such as extended administrative and approval processes within the Principal Recipient.

During GC6, the risk of stock-outs for co-financed medicines did not materialize thanks to the Global Fund having ensured uninterrupted medicine availability through emergency procurements. However, the risk of future stock-outs remains unmitigated given that the Global Fund has reduced its funding towards these medicines owing to the increased commitments by RGC.²⁴

Furthermore, the national programs have forgone US\$3.3 million (22%)²⁷ of the counterpart funds despite funding gaps impacting both HIV and TB programs. This is a missed opportunity to better serve beneficiaries and to compensate the resource constraints under which implementers operate, especially due to the funding gaps observed in other areas.

Challenges in human resource management affect continued availability of health workforce for program implementation

The Global Fund STC policy envisions the transition of Human Resources costs to beneficiary governments.²⁸ Since 2018, the RGC has been paying incentives to permanent staff working on the HIV and TB programs, as well as paying salaries for contractual staff hired for both programs.²⁹ The OIG observed high staff turnover rates and prolonged durations before filling vacancies. For instance, at NCHADS there were 31 resignations between January 2021 to June 2023. Furthermore, it took between 90 and 730 days for NCHADS to recruit staff for 19 positions.

External factors within health labor market dynamics affect the retention of employees (e.g., compensation, job fulfilment, working conditions etc).³⁰ However, the delayed payment of salaries for contractual staff, averaging three months at both NCHADS and CENAT³¹ — resulting from the delayed disbursements highlighted before — could be aggravating the staff turnover rate.

The high staff turnover rate, coupled with the significant delays to recruit contractual staff, impedes the continued availability of health workforce and is a threat to the continued implementation of disease program interventions.

Agreed Management Action 1

The Secretariat will work with the Principal Recipient and Ministry of Health develop clear co-financing fulfilment plans with defined milestones and appropriate oversight by Ministry of Economy & Finance, Ministry of Health, Country Coordinating Committee and The Global Fund secretariat.

OWNER: Head of Grant Management Division

DUE DATE: 31 March 2025

²⁷ US\$1.1 million are savings from HIV medicines procurements while US\$2.2 million are funds earmarked for TB medicines that have not been committed for procurement of TB medicines with contracts. (US\$196,000 – 2021; US\$413,000 – 2022 & US\$1.6 million – 2023).

²⁸ [Sustainability, Transition and Co-financing - Guidance Note for Allocation Period 2023-2025](#)

²⁹ [2017 OIG Audit Report on the Global Fund Grants in the Kingdom of Cambodia](#)

³⁰ [Global strategy on human resources for health: Workforce 2030](#) (Accessed 20 Nov 2023)

³¹ Funds for payment of contractual staff salaries took on average 94 & 86 days from date of application to transfer at NCHADS and CENAT respectively

4.2 Low TB case detection stalls reduction of TB prevalence

TB notification coverage remains low due to challenges in optimal coverage of case finding interventions, quality of services and utilization of GeneXpert machines, which limit TB grants from achieving their intended impact.

Cambodia has progressed in its TB response, achieving high TB treatment success rates for both DS-TB (95%) and DR-TB (85%). The country has also seen a high rate of enrolment on ART for HIV/TB co-infected patients (98%)³² and the introduction of Tuberculosis Preventive Treatment (TPT) regimens.

Despite the progress made, the TB response is curtailed by suboptimal coverage of TB interventions, gaps in screening, low utilization of GeneXpert machines and resource constraints as detailed below.

Suboptimal coverage of the TB Case Finding interventions hinder identification of suspected TB patients

The 2021-2030 TB National Strategic Plan (NSP) focuses on strengthening Active Case Finding (ACF) approaches, including expanding scope and scale of Community-Based Directly Observed Therapy Services (CB-DOTS) services, and strengthening Public Private Mix (PPM) and key population services. To this end, CENAT developed a National PPM strategy and scaled up the PPM sites from 105 to 325 during GC6. However, low coverage of TB Case Finding interventions listed below could compromise its efforts:

- *Community TB screening (CTS)*: There are no criteria for targeting villages for CTS. Provider-driven CTS in Global Fund-supported Operational Districts (ODs) only covers around 51% of the population/villages.
- *Hospital linkages*: interventions are currently implemented in 93 out of 119 provincial and OD referral hospitals. There is no plan for the expansion of hospital linkages in the remaining 26 hospitals.
- *Public Private Mix (PPM)*'s current coverage is 325 PPM partner sites in 34 ODs. While there is a proposal for PPM partner site expansion to 64 ODs in GC7, there is limited evidence to inform the scale-up of PPM models and interventions.
- *Key Population groups*: In GC6, only 20 TB screening sessions in prisons were conducted out of 30 prisons implementing TB control activities. Childhood TB innovative diagnostic methods such as stool GeneXpert testing is currently only implemented in six hospitals. There is no plan for scaling up stool GeneXpert testing.

Suboptimal quality of TB case-finding intervention implementation limits effective screening and identification of cases

There are variances between the number of TB presumptive cases and the number of contacts screened across the various implementers and TB case-finding interventions, with the provider-driven CTS being the most impacted. Furthermore, there is limited improvement in the bacteriological confirmation of TB and use of GeneXpert machines as the first screening tool for TB cases. Coverage of Contact Investigation (CI) and TB Preventive Treatment (TPT) is insufficient with only 34% of household contacts of TB cases and 53% of HIV-positive people initiated on TPT.

While resource constraints³³ have limited the implementation of TB interventions, the issues above are also driven by the following factors.

³² [WHO 2022 Cambodia TB profile](#); (Accessed 17 November 2023)

³³ TB program is heavily reliant on external funding (68% of NSP) and for GC6, the estimated funding gap was US\$58 million (55%)

Low utilization of GeneXpert machines: Cambodia has increased its molecular TB testing platforms with 86 out of 103 ODs having at least one GeneXpert machine, in addition to 15 Truenat platforms, and 68 ODs being required to use GeneXpert machines as the first diagnostic test. GeneXpert machine utilization, however, remains low³⁴ primarily because of:

- *Stock-outs of GeneXpert cartridges:* Cartridges were stocked out for 58 days between January and June 2023 at the central level and 56% of health facilities visited by the OIG were stocked out, for one month on average, between January and June 2023.
- *Improvements needed in the sample transportation:* A standardized and formalized sample transportation arrangement is lacking. Consequently, all health centers referring samples to GeneXpert sites visited by the OIG had varying sample transportation and referral modalities, limiting effectiveness of the machines used in the sites observed. Furthermore, 83% of these health centers did not have appropriate sample collection and handling tools i.e., sputum cups, biohazard bags, zip-locks and safety boxes.

Limitations in existing strategic guidance to support effective TB case-finding interventions: The 2021-2030 TB NSP lacks targets for TB case-finding approaches with several key strategic documents planned under the NSP pending development (e.g., guidelines for TB in prisons). The technical guidelines on TB control and childhood TB guidelines are outdated,³⁵ in addition to the lack of a sputum transport system (STS) standard operating procedure (SOP) to guide and formalize the sputum transportation and referral.

Insufficient supervision: Training and monitoring/supervision of TB case-finding interventions is insufficient to ensure effective and consistent implementation of guidelines and SOPs. From the sites visited by the OIG, 90% did not have evidence of staff training on case-finding approaches, while half did not have the case-finding guidelines/SOPs. Additionally, 80% lacked evidence of monitoring visits/supportive supervision, including resulting action plans to improve observed deficiencies.

As a result, 39% of Drug-Sensitive (DS) TB and 83% of Drug-Resistant (DR) TB cases were missed in 2022.³⁶ This treatment coverage gap, linked to suboptimal coverage of TB interventions, gaps in screening, low utilization of GeneXpert machines and resource constraints, is a driver of the high TB incidence (320/100,000 population) and the increasing TB cases among children.³⁷

Agreed Management Action 2

The Global Fund Secretariat will work with the Principal Recipient, Ministry of Health, CENAT and partners, under Country Coordinating Committee, to:

- 1) Incorporate into the TB National Strategic Plan and other strategic documents (as required) the recommendations from the ongoing TB prevalence survey (once completed), in order to improve TB case finding strategy and interventions,
- 2) Enhance supervision effectiveness in TB program

OWNER: Head of Grant Management Division

DUE DATE: 31 December 2025

³⁴ For the period Jan-June 2023, the average utilization rate was 30% in the GeneXpert sites visited by the OIG

³⁵ Updates to the Childhood TB guidelines are currently in progress through WHO/USAID support

³⁶ [WHO 2022 Cambodia TB profile](#); (Accessed 17 November 2023)

³⁷ Between 2018 and 2022; TB cases among children <5 years have increased from 5.4% to 7.5%, while among children aged 5-14 years from 13.7% to 18%. (2023 TB Epidemiological Review)

4.3 Gaps in HIV prevention programs for key populations and diagnosing children hamper control of the epidemic

There is high HIV treatment coverage and viral suppression for adults, but not for children. Implementation of HIV prevention interventions for key populations remains challenging thereby impeding impact against HIV.

The number of People Living with HIV (PLHIV) in Cambodia is estimated at 76,000. Of the 86% of PLHIV diagnosed, 100% of those diagnosed as HIV positive are on treatment and 98% of those were virally suppressed in 2022.³⁸

Despite the progress made and strong performance in the HIV treatment cascade, HIV incidence increased by 8% between 2020 and 2022, with 83% of new infections in 2022 among key populations and their partners/clients.³⁹ Furthermore, despite the reduction in vertical transmission from mother to child (from 32% in 2007 to 10% in 2022), only 59% of children living with HIV are diagnosed. Challenges in enhancing coverage of HIV preventive activities among key population groups, quality of service and issues with critical HIV interventions such as Pre-Exposure Prophylaxis (PrEP) and EID testing, are hindering progress towards HIV epidemic control.⁴⁰

Limited coverage and quality of key population-targeted interventions prevent achievement of first 95 target

While the 2021-25 HIV National Strategic Plan (NSP) prioritizes HIV prevention interventions among key populations, it lacks prioritization based on size estimates, key population groups' risk profiles and HIV epidemiology. The national coverage of prevention interventions remains very low compared to the key population group size estimates and the UNAIDS recommendations⁴¹ to achieve impact. There are resource constraints for HIV prevention programs,⁴² with the Global Fund being the only donor for HIV prevention interventions among key populations.⁴³ On the other hand, GC6's Performance Framework targets were low in comparison to the size estimates and resources available. Therefore, implementers were able to surpass them for four consecutive reporting periods,⁴⁴ despite a budget utilization of 79% as of December 2022, an indication that more could be achieved with the resources available.

The HIV prevalence among all key population groups has increased based on the last two integrated biological and behavioral surveillance (IBBS)⁴⁵ studies. This could be driven by the suboptimal quality of the outreach and prevention activities:

Inability to reach new key population clients: At the central level, the RHAC⁴⁶ data shows only 18% of Men who have sex with men (MSM), 12% Transgender (TGs) and 22% Female Entertainment Workers (FEW) were reached for the first time between January 2021 and June 2023. From the CBO sites visited, only 11% from a sample of key population beneficiaries reached in June 23 were new. One cause for this observed by the OIG is the inability to leverage highest yielding outreach activities such as virtual outreach.⁴⁷

³⁸ [2023 UNAIDS Data](#) (accessed 21 November 2023)

³⁹ 2023 Cambodia HIV Estimates and Spectrum Modelling

⁴⁰ 2021-25 HIV National Strategic Plan (NSP) targets <250 new infections by 2025

⁴¹ GC6 Performance Framework KPs coverage targets vis-à-vis population size estimates: MSM – 38%; TG – 53%; FEW – 40%; PWID – 23%. [UNAIDS targets](#) recommend coverage of more than 90% among Key Populations to achieve targets.

⁴² The 2022 Mid-term review of the 2021-25 NSP estimates an annual US\$8 million gap for HIV Prevention activities

⁴³ The Global Fund-supported key population interventions are implemented in 17 out of 25 provinces

⁴⁴ Average GC6 PF % Target Achievement (4 Reporting Periods) – MSM 100%; TG 116% & FEW 106%

⁴⁵ Increased HIV prevalence among key populations over IBBS iterations – MSM 4% to 5.5% (2019 vs 2023); TG 9.6% to 13.5% (2019 vs 2023) and FEW 3.2 to 4.9% (2016 vs 2022)

⁴⁶ Reproductive Health Association of Cambodia (RHAC) is one of the sub-sub-implementers under NCHADs implementing key population prevention programs

⁴⁷ GC7 Concept note – Yield of various outreach modalities amongst key populations - Virtual 12.6%; Peer Driven Initiative Plus (PDI+) 4.8%; Mobile van 2.8% & Physical 1.3%

Non-adherence to SOPs for key population services: Inconsistencies were observed in the implementation of standard service delivery packages for key populations.⁴⁸ For HIV testing amongst key populations, from a sample of clients at KHANA⁴⁹ CBO sites visited, only 12% of key population clients reached were tested twice yearly as required.

Ineffective Supportive supervision: There are also gaps in monitoring and supportive supervision. All sites visited lacked evidence of supportive supervision/monitoring visits being executed or resulting action plans to remediate observations.

Defects in the design and quality of PrEP services prevent programs from achieving higher retention rates of PrEP clients

The 2021-25 HIV NSP highlights PrEP⁵⁰ as a core HIV prevention intervention. As of September 2023, 13,306 clients had been initiated on PrEP in 39 sites with further scale-up of PrEP planned in GC7. However, the OIG observed a Lost to Follow-up (LTFU) rate of 81% from a sample of PrEP clients at sites visited, with one 49% of PrEP clients retained on PrEP nationally due to:

- *Issues in the design of PrEP interventions:* 69% of the PrEP sites are co-located with ART clinics within public health facilities. Based on an NCHADS study,⁵¹ respondents raised concerns on the lack of privacy and confidentiality, resulting in resistance to visit health facilities for PrEP.
- *Nonadherence to PrEP guidelines:* While NCHADS has developed an SOP to guide the implementation of PrEP, non-adherence regarding requisite tests and initiation approval protocols limits treatment effectiveness. At all the sites visited, there was no evidence of following up on LTFU clients or supportive supervision/monitoring visits.

As Cambodia plans a rapid scale-up of PrEP in GC7, there is a need to address the challenges of low PrEP retention. Proper implementation of PrEP is crucial as an HIV prevention intervention, as well as a safeguard against ART drug resistance⁵² among PrEP clients.

Low Early Infant Diagnosis (EID) is an impediment to the children's HIV cascade

HIV testing among pregnant women is high, however, only 59% of HIV-positive children have been diagnosed. Children born to HIV-positive women are not systematically tested as required by the guidelines. The OIG noted the following:

- *Limitations in EID testing:* To supplement the two high-capacity laboratories performing EID tests, a pilot is currently in place with testing expanded to 15 GeneXpert sites. However:
 - 88% of HIV-Exposed Infants did not have requisite follow up tests.
 - A high rate of invalid test results (22%)⁵³ was observed
 - Stock-outs of Viral Load testing cartridges were noted.
- *Lack of guidelines and tools at health facility level and delays in updating guidelines:* EID registers are not systematically available or properly used. Guidelines and tools to support tracking mother-baby pairs in the community are not in place. There is no plan to track the HIV-positive children above 4 years of age, who represent 81% of HIV-positive children missing cases.

This has resulted in the low enrolment of children on treatment and the corresponding low cascade (59%-59%-53%).

⁴⁸ OIG noted instances where FEWs received fewer condoms, PWID received more condoms, while MSM/TGs did not receive lubricants as stipulated

⁴⁹ Khmer HIV/AIDS NGO Alliance (KHANA) is one of the sub-sub-implementers under NCHADS implementing key population prevention programs

⁵⁰ Pre-Exposure Prophylaxis (PrEP) is antiretroviral medication taken by HIV-negative people to reduce the risk of HIV acquisition. Currently, there are 3 WHO recommended forms of PrEP - oral medications; dapivirine ring for women at substantial risk of HIV as well as a long-acting injectable.

⁵¹ NCHADS data: Qualitative Assessment of PrEP Drop-out Clients by Agile Development Group

⁵² PrEP-selected HIV drug resistance could potentially negatively impact the effectiveness of treatment options among PrEP users who acquire HIV.

⁵³ Expected average percentage of failed tests due to machine or human error is less than 5%. GHSC-PSM: [A network approach to strengthening and scaling up laboratory services](#) (accessed 21 November 2023)

Agreed Management Action 3

Principal Recipient, Ministry of Health, NCHADS and partners, under Country Coordinating Committee, to:

- 1) Improve outreach and prevention interventions among MSM-2 and TG populations
- 2) Analyze key bottlenecks for retention of PrEP clients and to develop an action plan to address those challenges
- 3) Enhance supervision effectiveness in HIV program

OWNER: Head of Grant Management Division

DUE DATE: 30 September 2025

4.4 Limited oversight impacts effective implementation of programs and robust financial management

Grant implementers have defined policies, procedures and systems to process transactions. However, gaps in monitoring and oversight could prevent grants from achieving their intended impact.

The Global Fund has supported changes and made investments in building capacity, developing tools and processes that have enhanced implementation arrangements and general program management. All the implementers (i.e., MEF, MoH-LIT⁵⁴ and sub-implementers have grant-funded International and local Technical Assistance (TA)⁵⁵ to support and strengthen their capacity. Additionally, a new financial accounting and reporting system has been in use since the end of 2022.

The Oversight Committee of the Country Coordinating Committee (CCC) is functioning, and sub-implementers have approved quarterly supervision plans, as well as templates to guide these visits. There is general compliance with the robust procurement policies in place, including the oversight by the Procurement Review Committee (PRC) at MoH-LIT, NCHADS and CENAT.

However, oversight and monitoring processes at these implementers lack relevant components, and control deficiencies, particularly regarding proper Segregation of Duties in the accounting systems and gaps in treasury management. This affects the effectiveness of implementers' oversight and their internal control environment.

Critical components of effective grant oversight are missing, impacting effective grant implementation

The Principal Recipient MEF has delegated day-to-day management of grant activities to the MoH-LIT, which in turn has engaged the national disease programs as sub-implementers to put in place program activities. The OIG identified the following limitations with monitoring and oversight exercised at various levels of implementation:

- *Supervision plans by sub-implementers are not risk-based and not fully executed:* MoH-LIT and sub-implementers do not prioritize their quarterly monitoring and supervisions based on risk severity. As such, the most effective resource utilization is not ensured. Furthermore, the execution rate of quarterly plans is low, especially at MoH-LIT and CENAT.⁵⁶ Finally, the Oversight Committee of the CCC does not have a periodic workplan to guide its oversight activities.
- *Reporting and monitoring tools:* Quarterly reports on grant implementation submitted by MoH-LIT to the Principal Recipient do not contain key mandatory information,⁵⁷ while quarterly reports by the international TA at the MEF were not prepared. Furthermore, while MoH-LIT have developed tools and templates to guide monitoring visits, the templates focus on qualitative aspects and lack quantitative parameters.⁵⁸ This limits their effectiveness by not enabling objective measurement of implementation status.

⁵⁴ The Ministry of Health – the Lead Implementation Team (MoH-LIT) a Project Management Unit within the Ministry of Health which has the delegated mandate from the MEF (Principal Recipient) for the day-to-day operation of the HIV and TB grants to Cambodia.

⁵⁵ Technical assistance is defined as the engagement of people with specific, relevant technical expertise to support implementation of Global Fund-supported programs.

⁵⁶ For the period Jan 2021 to June 2023, of the planned monitoring & supervision visits; CENAT executed 20%; MoH-LIT executed 36% and NCHADS executed 79%.

⁵⁷ The SOPs on Project Management for All Externally Financed Projects/Programs require quarterly reports by MOH-LIT to include utilization of counterpart funding, compliance with grant covenants and implementation progress.

⁵⁸ For instance, financial monitoring tools/templates do not include expenditure vouching/verification yet other assurance providers have been flagging issues on non-compliant & unsupported expenditure.

- *Lack of structured follow-up mechanisms:* There was no evidence that MoH-LIT and the national disease programs communicate the results and remedial actions from monitoring and oversight visits with the relevant stakeholders. The issues identified, and their recommendations are not tracked to ensure effective resolution despite SOPs mandating their monitoring.⁵⁹

The suboptimal supervision, oversight and monitoring throughout the portfolio results in failure to identify challenges, mitigate and ensure their effective follow up on a timely basis, impacting grant activities as detailed below:

*Reprogramming delays:*⁶⁰ Suboptimal quality of reprogramming requests, necessitating long iterations between the Country Team and implementers, coupled with delays in the revision of guidelines,⁶¹ causes savings to not be effectively reprogrammed in a timely manner. Some 83% of reprogramming requests were prompted by the Country Team instead of implementers, highlighting a gap in the adequacy of the monitoring and oversight.

Gaps in capacity assessments: Capacity assessments of key implementers are not properly executed, and follow-up mechanisms are lacking for monitoring remediation of the deficiencies raised. For instance, for a key implementer for People Who Inject Drugs (PWID) interventions, with identified capacity gaps, required follow-up actions that were not undertaken. In the case of a key implementer for C19RM interventions, no capacity assessment was undertaken. These have impacted program activities with poor performance for PWID indicators and caused significant delays in the setting up of C19RM-funded Pressure Swing Adsorption (PSA) oxygen plants.⁶²

Internal control weaknesses in treasury management and financial accounting systems pose a risk to the accountability of grant funds and accuracy of financial information

Robust internal controls and financial management systems support effective program implementation and provide timely and accurate financial information for program management. The OIG noted weaknesses in the internal controls and financial accounting systems within the Ministry of Health in Cambodia:

Single signatory to bank account at MEF/MoH-LIT: To prevent unauthorized use of cash, Global Fund guidelines⁶³ require grant bank accounts to have at least two signatories on checks and bank transfers. Grant accounts jointly operated by MEF and MoH-LIT only require one signatory to effect fund disbursements and no further compensating control is in place to mitigate the risk of unauthorized payments and disbursements.

Poor Segregation of Duties: Segregation of Duties is an internal control designed to prevent error and fraud by ensuring that at least two individuals are responsible for the separate roles of any transaction. In accounting and financial transactions, individuals must be restricted from having sole authority to authorize, record a transaction and/or have custody over the resulting asset. The OIG noted issues in the financial accounting and reporting system's configuration. In 368 instances across five implementers, users initiated and approved the same transaction. This poses the risk of erroneous and fraudulent transactions being posted and processed without detection.

Lack of assurance over Enterprise Resource Planning (ERP) disaster recovery effectiveness: The financial accounting and reporting system is configured to automatically perform daily back-ups. However, regular back-up restoration and testing are not undertaken to assess and confirm the

⁵⁹ The SOPs on Project Management for All Externally Financed Projects/Programs requires the MEF to establish and maintain a Project Management Information System that includes among other information a schedule of issues and recommendations for management review and decision.

⁶⁰ It took an average of 116 & 93 days for the submission and approval of reprogramming requests from NCHADS and CENAT, respectively.

⁶¹ In November 2022, the Country Team prompted revision of the 2018 Supplementary Guideline for the Global Fund Grants Implementation to align it with the updated Global Fund grant processes. However, this had not been finalized as at the time of the audit.

⁶² PSA plants, a source of medical-grade oxygen, are part of [Global Fund's investments](#) in strengthening health systems and a key component of pandemic preparedness.

⁶³ [Financial Management Handbook for Grant Implementers](#)

integrity of back-up files. This poses the risk of financial information loss in the event of system disruptions.

It should be noted that the issues pertaining to Segregation of Duties and ERP disaster recovery effectiveness highlighted above have been immediately taken into consideration by the Country Team and the Principal Recipient and are currently being addressed. This action is sufficient to remedy the issues identified, and therefore no further agreed management actions are necessary

Draft Management Action 4

The Secretariat will work with the Principal Recipient & Ministry of Health to enhance monitoring & oversight by:

- 1) Updating to the Cambodia Supplementary Guidelines for the Global Fund Grants Implementation in finance & monitoring and evaluation, ensuring that key processes and procedures are adhered to; and
- 2) Establishing risk-based monitoring plans coupled with a systemic feedback and follow up mechanisms of recommendations are put in place.

OWNER: Head of Grant Management Division

DUE DATE: 30 April 2025

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.

The OIG audits 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 particular focus on issues related to the Impact of Global Fund investments, procurement and supply chain management, change management, and key financial and fiduciary controls.

Annex B. Risk appetite and risk ratings

In 2018, the Global Fund operationalized a Risk Appetite Framework⁶⁴, setting recommended risk appetite levels for eight key risks affecting Global Fund grants, formed by aggregating 20 sub-risks. Each sub-risk is rated for each grant in a country, using a standardized set of root causes and combining likelihood and severity scores to rate the risk as Very High, High, Moderate, or Low. Individual grant risk ratings are weighted by the grant signed amounts to yield an aggregate Current Risk Level for a country portfolio. A cut-off methodology on high risks is applied (the riskiest 50% of grants are selected) to arrive at a country risk rating.

OIG incorporates risk appetite considerations into its assurance model. Key audit objectives are generally calibrated at broad grant or program levels, but OIG ratings also consider the extent to which individual risks are being effectively assessed and mitigated.

OIG's assessed residual risks are compared against the Secretariat's assessed risk levels at an aggregated level for those of the eight key risks which fall within the Audit's scope. In addition, a narrative explanation is provided every Time the OIG and the Secretariat's sub-risk ratings differ. For risk categories where the organization has not set formal risk appetite or levels, OIG opines on the design and effectiveness of the Secretariat's overall processes for assessing and managing those risks.

Global Fund grants in Cambodia: comparison of OIG and Secretariat risk levels

The updated Secretariat risk levels assessment (November 2023) is aligned with the OIG audit rating except for:

Health Financing: For GC6, the Secretariat has not rated all sub-risks for this risk and is therefore not reporting on it in its Risk Reports. It should be noted that the risk for the GC7 grant in the making, is rated 'Moderate', in line with OIG's rating.

In-Country Governance and Grant-Related Fraud & Fiduciary: the Secretariat rates the risk as 'Low' as a result of all sub-risks on all grants being rated 'Low.' The OIG has raised relevant observations pertaining to treasury controls, National Program Governance, PR Governance, Implementation Effectiveness and CCM Governance in Findings 4.1 and 4.4 which raise the risks to a 'Moderate' level.

⁶⁴ [Risk Appetite Framework](#).