



Audit Report

Audit of Global Fund Grants to the Republic of Ghana

GF-OIG-15-018
27 October 2015
Geneva, Switzerland

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I. Background

Country context

The Republic of Ghana had an estimated population close to 26.4 million in 2013, with an annual population growth rate of 2.17% between 2010 and 2014. The World Bank has ranked Ghana as a lower middle income country. Ghana has achieved positive economic growth for two decades, averaging around 7.5% annually (2006-2010), reaching 14% in 2011. Since then, however, growth has decelerated to 9.3 % in 2012 and 7.3% in 2013.¹ The economic outlook for the country remains unstable and growth was projected at 4.2 % in 2014.

The United Nations placed Ghana at 138 out of 187 on the Human Development Index in 2013.² Transparency International scored Ghana at 61 out of 175 countries on the Corruption Perceptions Index for 2014, one of the highest scores in Africa.³

The three diseases in Ghana

Ghana accounts for 2.5% (ranked 12th) of the global malaria burden.⁴ Malaria accounts for about 38% of all outpatient illnesses and 36% of all admissions in Ghana. It also accounts for 33% of hospital deaths in children under five.⁵ Ghana's gains in malaria control remain fragile, due to a high potential of infection throughout the country. However, it is noteworthy that Ghana has made pronounced progress in scaling up intervention coverage to control malaria. Deaths due to malaria have declined from 6,054 in 2000 to 2,985 in 2013.⁶

For HIV/AIDS, Ghana has a generalized epidemic, accounting for 0.7% (ranked 23rd) of the global HIV burden, with high prevalence rates in some key populations. HIV prevalence is reportedly on a declining trend from 1.5% in 2010 to 1.3% among adults in 2013. Estimated AIDS related deaths increased from 18,000 in 2000 to 23,000 in 2006 but then dropped to 10,000 in 2013.⁷ The number of people in Ghana living with HIV was estimated to be 224,488 by 2013 with approximately 7,812 new infections that year.⁸ The main mode of transmission in Ghana is through heterosexual contact followed by transmissions from mothers to new born children.⁹

The tuberculosis (TB) epidemic in Ghana is generalized, with 0.2% (ranked 53th) of the global TB burden. A dedicated Ministry of Health program, called the National Tuberculosis Program, completed a national TB prevalence survey in 2013. In the survey, 290 TB cases were estimated per 100,000 adults, which is approximately **four times more** than previous estimates, and has led to the disease burden being classified as 'severe' by the World Health Organization.¹⁰

Grant Context

The Global Fund is a major contributor to fighting the three diseases in Ghana. Between 2003 and 2017, the Global Fund has allocated USD 911 million (USD 439 million for Malaria, USD 377 million for HIV and USD 95 million for TB), including a USD 273 million allocation under the new funding model.¹¹

¹ <http://data.worldbank.org/country/ghana>

² http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/GHA.pdf

³ <https://www.transparency.org/cpi2014/results>

⁴ Global Fund allocation data base

⁵ GHS Annual Report 2012

⁶ National Malaria Control Program Annual report 2013

⁷ The 2013 HIV Incidence and AIDS Prevalence Estimates from EPP/Spectrum modeling

⁸ Summary of the 2013 HIV Sentinel Survey, http://ghanaid.gov.gh/gac1/aids_info.php

⁹ The Ghana TB and HIV Concept Note (NFM): 10 March 2014

¹⁰ 2014 TB Prevalence Survey – Ghana.

¹¹ Extracted from Global Fund BART data base (January 2015) and Global Fund New Funding Model Allocation Letter

Ghana did not submit a separate concept note for health systems strengthening under the new funding model, but approximately USD 7.7 million and USD 4.4 million have been allocated for health systems improvements within the malaria and HIV/TB concept notes respectively.¹²

Earlier this year, the Central Medical Store in Ghana burned down in a major fire that led to loss of a major portion of drugs stored inside. The reasons for the fire are under investigation by the relevant authorities in Ghana. The Central Medical Store and commodities therein, including those of the Global Fund, were not externally insured.

The Global Fund Secretariat's initiatives on the risk management processes

The Global Fund currently uses a tool called Qualitative Risk Assessment, Action Planning and Tracking (QUART) for managing risks at country level.

The latest QUART overall risk rating for all three Ministry of Health grants is categorized as “medium”. Programmatic and performance risks, aid effectiveness and sustainability are rated as “high” for the Ministry of Health HIV and TB grants. Health services, product risks and the risk of treatment disruptions are also “high” for the HIV and malaria grants. Monitoring and data quality risks have been rated as “medium” for malaria and TB, and revised to “high” in 2015.

Previous Office of the Inspector General (OIG) reviews

The previous OIG audit for Global Fund investments in Ghana was conducted in 2010. The main recommendations related to strengthening the procurement and supply chain as well as data management and financial management systems in Ghana. The country was also selected for testing as part of the review of the processes underpinning grant closure.¹³

The OIG has also published two investigation reports in Ghana.¹⁴

¹² Global Fund Secretariat Briefing Note on malaria and HIV/TB grants.

¹³ GF-OIG-13-046

¹⁴ GF-OIG-14-021 and GF-OIG-14-013

II. Audit Objectives, Scope and Rating

Audit Objectives

The audit field work was informed by an initial planning mission and risk assessment. This approach focused the audit effort towards identified strategic risks, while ensuring sampling and coverage across functions and regions. Based on the results of the initial risk assessment, the audit focused on assessing whether there is a clearly articulated approach for the program's long-term effectiveness and impact in Ghana. In doing so, the auditors concentrated on answering three key questions:

- Do health products reach patients in time and in good quality and quantity?
- Are programmatic data on the three diseases sufficiently reliable for decision-making?
- Are assurance mechanisms adequate and effective to mitigate the significant risks?

Scope

The audit was performed in 2015, with fieldwork completed in April. The audit primarily focused on four existing active grants, namely:

- The malaria grant implemented by the Ministry of Health (GHN-M-MOH).
- The HIV grants implemented by the Ministry of Health (GHN-809-G11-H) and the Ghana AIDS Commission (GHN-809-G12-H).
- The tuberculosis grant implemented by the Ministry of Health (GHN-T-MOH).

The audit team visited 27 health facilities including district and regional hospitals and health centers in seven out of ten regions in Ghana.

Rating¹⁵

Operational Risks	Rating	Reference to findings
Programmatic and Performance	Partial Plan to Become Effective	IV.2 and IV.3
Financial and Fiduciary	Generally effective	IV.3
Health Services and Products	Partial Plan to Become Effective	IV.1 and IV.3
Governance, Oversight and Management	Partial Plan to Become Effective	IV.3

¹⁵ See Annex A for the rating definitions.

III. Executive Summary

The Global Fund is one of the major contributors in combatting the three diseases in Ghana. From 2003 to 2017, a total of USD 911 million is earmarked for the country, including an allocation of USD 273 million under the new funding model.¹⁶ As a ‘High Impact’ country, Ghana has the world’s 12th highest malaria burden, the 23rd highest HIV burden and the 53rd highest TB burden.¹⁷

Based on the OIG’s initial risk assessment, the audit focused on the program’s long-term effectiveness and impact, and in particular, attempted to answer the following three key questions:

Do health products reach patients in time and in good quality and quantity?

Significant weaknesses in the supply chain used for delivering health products to patients have persistently existed in Ghana. These have been regularly identified and reported in various internal and external communications, with procurement and supply chain management rated as a ‘high’ risk in the Global Fund’s operational risk management framework since 2012. However, the weaknesses have historically remained largely unaddressed.

The audit identified significant issues relating to inventory storage and accounting, drugs quantification and forecasting, and quality assurance mechanisms. These issues were caused by poor stock control documents, the absence of inventory reconciliations, fragmented logistics and drugs quantification and forecasting systems, the absence of in-country quality assurance of drugs and limited staff knowledge or training of good inventory management practices. The recent fire at the Central Medical Stores has further compounded supply chain challenges, and existing weaknesses have led to difficulties in loss estimation and funding gaps to cover these uninsured losses.

A Supply Chain Master Plan has been in place since 2012, but has remained largely unimplemented. The plan has not been updated since 2012, was not fully funded, and did not provide time-bound actions for resolving supply chain gaps. Since the audit, these shortfalls are now being actively considered for revisions in the plan. Various investments were earmarked in the 2014-16 grants for tackling supply chain issues, with additional investments proposed with a more holistic approach to supply challenges in 2015 grant-making. Following the recent fire, the Global Fund reacted quickly by putting in place alternative supply arrangements to avoid treatment disruptions, but a long-term solution is required. All supply chain activities now need to be integrated into a single, coordinated supply chain initiative across all partners and the Government of Ghana; this includes revising the Supply Chain Master Plan, and performing a documented, costed analysis of feasible solutions, and prioritizing related actions with clear owners and timelines. **The OIG has therefore rated health products and services area as having a partial plan to become effective.**

Are programmatic data reliable for decision-making?

Material data inaccuracies (more than 10% deviations) were detected in majority of the malaria and HIV data indicators sampled during the audit, while TB data indicators and Ghana AIDS Commission data indicators (HIV data indicators) had minor discrepancies. Issues were also noted in the calculation of the total number of adult patients receiving antiretroviral therapy. These issues are caused by significant weaknesses in the internal control systems around programmatic data quality including poor staff capacity, fragmented and complex data systems with limited automation, and weak monitoring mechanisms.

¹⁶ Extracted from Global Fund BART data base (January 2015) and Global Fund New Funding Model Allocation Letter

¹⁷ Global Fund allocation data base

The Global Fund has prioritized program data and quality in its 2015 Work Plan, along with active efforts to improve data quality. This should ensure a differentiated approach and tools in Ghana for improving data quality risk identification and management. In addition, more accurate accounting of patients receiving antiretroviral therapy is required in Ghana, through a verifiable data cleaning process. A costed action plan for data quality improvement is required for the malaria program, which should be based on an assessment of surveillance, monitoring and evaluation practices in the National Malaria Control Program. Based on these findings, **the management of programmatic and performance risks is rated as having a partial plan to become effective.**

Are assurance mechanisms adequate and effective for mitigating significant risks?

The management of **financial and fiduciary risks is deemed generally effective.** Financial management processes were found to be strong, following considerable progress on addressing various historical gaps, including those raised by the 2010 OIG audit. Further improvements, including building the capacity of the Ministry of Health/Ghana Health Service's internal audit function, and new external audit arrangements, will further improve the management of financial risks.

However, the operational risk management framework (QUART) for Ghana grants is only partially effective in ensuring quality and timely implementation of risk mitigation measures. Significant delays were observed in addressing known and significant supply chain challenges in Ghana, and limited progress was observed in strengthening controls relating to accounting for program income, which was also identified in the 2010 OIG audit.

QUART also had limited effectiveness in the identification of strategic risks beyond the core functional areas. For example, a recent four-fold increase in TB prevalence estimates in Ghana has further widened existing funding gaps, which are highly challenging given the existing fiscal constraints in Ghana. Furthermore, Ghana has not established a sustainability plan for the three diseases, despite being classified as a Lower Middle Income country. These risks had not been adequately identified in the risk framework until the audit in 2015.

The root causes for these weaknesses in risk identification and mitigation include limited visibility of risks at the senior management level, limited consequences of weak or delayed risk mitigation, and a disconnect between the various risk tools used to manage grants (e.g. no link between the Capacity Assessment Tool and the QUART). Based on these weaknesses and their effect on the quality of risk management in Ghana, **Governance, Oversight and Management are rated as having a partial plan to become effective.**

IV. Findings and Agreed Actions

IV.1	Procurement and Supply Management
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Systematic known procurement and supply chain weaknesses remain unmitigated and pose a risk to the delivery of quality drugs on time to patients

Significant weaknesses in supply chain systems used for delivering health products to patients have persistently existed in Ghana. These include poor storage conditions and inventory accounting, weak quality assurance mechanisms and sub-optimal drug forecasting. These have been identified and reported in various internal documents and external communications of the Global Fund Secretariat. Since the introduction of the operational risk management framework (QUART) in 2012, procurement and supply chain management has been rated as a high risk, particularly regarding treatment disruptions. However, the weaknesses remain largely unaddressed. While various mitigation initiatives were identified, there is a need for a long-term, time-bound solution which is owned by the Government of Ghana and supported by the major development partners to properly address these risks.

Our audit reviewed the design and effectiveness of the control systems around procurement and supply chain.

In terms of *inventory storage and accounting*, the OIG found poor stock and inventory accounting controls including:

- 27% of locations tested did not use stock cards and 18% of locations tested did not have records of physical stock verifications;
- 41% of locations did not have a stock ledger and 68% of locations tested did not have a functioning computerized information system.

There was also an absence of inventory reconciliations, and a lack of backup of inventory records. We also found that staff received limited standard inventory management training.

In terms of *drug quantification and forecasting*, limited consumption data is used for the quantification and forecasting of HIV and TB commodities, meaning that there are risks of material misalignments between drug consumption and forecasting. This was largely due to fragmented logistics and quantification and forecasting systems.

In terms of *drugs and treatment quality assurance mechanisms*, the OIG found one local procurement of drugs which was not approved by the Ghana Food and Drugs Authority. Also, there is no in-country drug testing anywhere along the distribution chain for HIV and TB drugs, leading to the risk of poor quality drugs being provided to the patients.

Some efforts have been made to address these issues by the Government of Ghana and development partners. This was identified in various meetings, interviews with development partners and Government of Ghana, and a review of relevant documentation. A Supply Chain Master Plan has been in place since 2012, but remains largely unimplemented. The plan had not been updated since 2012, is not fully funded, and did not provide time-bound actions for resolving supply chain gaps.

The cause of the recent fire at the Central Medical Stores has not yet been determined. An absence of strong inventory management controls has resulted in challenges with estimating losses. The lack of external insurance cover, with “self-insurance” of drugs by the Government of Ghana, has placed significant pressure on the government, which already faces significant fiscal challenges. In response to the fire, the Global Fund contracted temporary warehousing space for Global Fund financed health

products, and made distribution arrangements from central to regional level at a total additional cost to the grants of USD 1 million approximately. Ongoing costs for further improvements are also being supported by other donors and the Government of Ghana.

A significant number of these supply chain risks were identified by the OIG audit performed in 2010. However, six out of seven related OIG recommendations have not been fully implemented. The Technical Review Panel's comments regarding the recent Malaria concept note identified the supply chain as one of the issues to be addressed during grant making. Global Fund earmarked contributions for supply chain improvements amounting to USD 2 million in previous grants but these were not fully utilized. Funds have again been earmarked for tackling supply chain issues within the 2014-16 grants. Since May 2015, after fieldwork for the OIG audit, some of these funds have been utilized to finance logistics officers in every region of Ghana, while quality assurance checks by the Food and Drugs Authority are under discussion. The Supply Chain Master Plan is also being revised, but a single plan integrating and coordinating all supply chain initiatives is so far not available.

If unaddressed, Global Fund investments will continue to be exposed to risks of loss, theft and pilferage, poor quality, stock-outs and stock expiries, as well as the risk of incurring unnecessary costs due to inefficiencies in supply chain arrangements.

Agreed management action 1:

The Global Fund Secretariat will support the Principal Recipients in the production of a detailed, costed, revised plan that is in form and substance acceptable for Global Fund investment for addressing key, prioritized supply chain gaps.

Owner: Head of Grant Management

Target Date: 30 June 2016

Agreed management action 2:

The Global Fund Secretariat will actively engage with Government of Ghana and partners to incorporate the designated actions from the revised supply chain master plan into grants through necessary budget, Performance Framework, and Procurement and Supply Chain Management revisions.

Owner: Head of Grant Management

Target Date: 30 September 2016

Agreed management action 3:

The Global Fund Secretariat will support the Ghana Food and Drugs Authority to undertake at least one health product quality assurance audit (post-marketing surveillance) within 12 months of grant start date for ARVs, Anti-TB medicines and HIV RDTs.

Owner: Head of Grant Management

Target Date: 30 June 2016

Significant unaddressed data collection and data quality issues exist, leading to challenges of inaccurate reporting and poorly informed decision making.

Significant weaknesses exist in the internal controls around programmatic data quality. This has resulted in material inaccuracies in the data reported to the Global Fund, particularly the number of patients receiving antiretroviral therapy, which is a highly critical indicator for the HIV program.

During our visits to health facilities and hospitals, the OIG team found material data inaccuracies (more than 10% data errors) for the majority of sites visited:

- 18 out of 22 sites tested for Malaria Indicator 6.1, (with 16 sites above 20% errors).¹⁸
- Seven out of 15 sites tested for Malaria Indicator 8.2, (with 6 sites above 20% errors).¹⁹
- Nine out of 20 sites tested for HIV Indicator 3.1, (with 6 sites above 20% errors).²⁰
- Seven out of 11 sites tested for HIV Indicator 5.1, (with 5 sites above 20% errors).²¹
- Eight out of 12 sites tested for HIV Indicator 5.2, (7 sites above 20% errors).²²

We also noted issues in the calculation of the total number of adult patients on antiretroviral therapy in Ghana, with estimates of the total number of patients ranging from 71,339 to 79,133 for the same period.^{23, 24}

Gaps in internal control systems around programmatic data have been reported in various external reviews and assessments. Examples include fragmentation of data collection and reporting systems and material data inaccuracies in 2014's HIV Data Quality and Quality of Service Assessment, the 2014 HIV Epidemiological and Impact Analysis, and the 2015 Malaria Data Quality Audit Ghana.

The root causes of this poor data collection include:

Lack of staff capacity

- lack of understanding of indicators among health workers who have to calculate the indicators;
- limited or no staff training on data quality and a lack of specific training on relevant indicators.

Data systems

- numerous and complex primary data collection forms at health centers and facilities, and a significant amount of duplication in data entry fields;
- limited use of automated systems, with excessive reliance on manual systems.

Monitoring mechanisms

- weaknesses in effective, periodic monitoring of health facilities from national and sub-national levels;
- inadequate checks on data entered into the health information systems being used.

Lack of a differentiated approach

- The design and performance of data validation checks, assurance processes and assessments are not sufficiently differentiated by risks, resulting in thin spread of resources, and potentially curtailing the possible effectiveness of these activities. For example, data quality assessments for

¹⁸ Indicator 6.1: Total number of Long Lasting Nets (LLINs) distributed to pupils, pregnant women, and children under five years;

¹⁹ Indicator 8.2: Numbers and % of reported uncomplicated malaria cases (both suspected and confirmed) treated with ACT at health facilities;

²⁰ Indicator #3.1.: number and % of pregnant women who were tested for HIV and know their test results;

²¹ Indicator #5.1: Number of adults with advanced HIV infection currently receiving ART;

²² Indicator #5.2: Number of children eligible for ART receiving antiretroviral therapy.

²³ 2014- HIV Data Quality and Quality of Service Assessment in Ghana

²⁴ 2014 Progress Update Disbursement Request

high-risk diseases were not prioritized for earlier execution. Similarly, the standard On-Site-Data Verification approach was used to determine the coverage and samples for review, which does not differentiate between high-impact and non-high impact countries, and is not adjusted to the Ghana context.

The above issues have contributed to weaknesses in the detection and correction of data issues, despite an allocation of USD 8 million for monitoring and evaluation activities in grants that ended in 2014.²⁵

The Global Fund's 2015 work plan, approved by the Board in November 2014, prioritized data quality as one of the major activities to improve impact and result measurement. The OIG also noted a commitment from the Global Fund Secretariat to improve data quality, manifested through ongoing development of a Program and Data Quality strategy. This is intended to address the existing data and service quality weaknesses across the Global Fund portfolio. Among other things, the strategy will provide differentiated tools and related guidance. The development and implementation of the new strategy for Program and Data Quality is monitored by the OIG through follow-up of an agreed management action from a previous audit report.

Subsequent to the audit field work, the Global Fund Secretariat also engaged with Government of Ghana and partners to obtain their inputs and funding towards the data quality action plan.

Agreed management action 4:

The Global Fund Secretariat will support the Principal Recipient to deliver an accurate accounting of ART patients in its HIV information system through a verifiable data cleaning process.

Owner: Head of Grant Management

Target Date: 30 June 2016

Agreed management action 5:

The Global Fund Secretariat will support the Ministry of Health to produce a costed action plan to ensure quality malaria data in the information system through an assessment of surveillance and monitoring/evaluation practices in the national malaria program. The Global Fund Secretariat will also support the Ministry of Health in engaging Government of Ghana and all partners for providing their inputs and funding towards the data quality action plan.

Owner: Head of Grant Management

Target Date: 30 June 2016

²⁵ Grant budget allocated for monitoring and evaluation activities under MOH grants. Of the budget of USD 8 million, a total of USD 5.5 million has been spent as of 30 June 2014.

IV.3	Risk identification and mitigation
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The Secretariat does not have fully effective tools for identifying or mitigating strategic risks.

The Global Fund currently uses the Operational Risk Management Framework (QUART) as its main risk management tool for country portfolios. During this audit, the OIG noted various issues relating to identification and mitigation of material risks:

Identification of risks

- The OIG noted that the QUART was not adequately identifying strategic risks beyond the core functional areas (finance, monitoring and evaluation, procurement and supply management, and public health).
 - For example, large funding gaps have been identified in the concept notes for malaria and tuberculosis (USD 383 million and USD 134 million respectively) and, in particular, the current malaria grant allocation is sufficient only until 2016.²⁶ A recent four-fold increase in TB prevalence estimates has further widened the financial gap in necessary disease investments.²⁷ Given the prevailing fiscal constraints, the Government of Ghana is unlikely to significantly increase investments in the three diseases. However, these risks have only been highlighted in the QUART for Tuberculosis and Malaria in 2015 after the audit.
 - As recently highlighted by the Technical Evaluation Reference Group of the Global Fund, Ghana has not established a sustainability plan for the three diseases, although it is a Lower Middle Income Country. The Country Team rated aid effectiveness and sustainability as a 'low' risk (green) for malaria and tuberculosis programs (this risk was revised to 'high' for TB and HIV after the audit).²⁸
- Similarly, until 2014 (for Malaria, HIV and TB), the Global Fund Secretariat had not identified data quality as a risk for the Ghana grants in the risk framework (QUART). However, the rating for the HIV grant has subsequently been revised to 'high' after the audit.

Undetected strategic risks may result in serious, adverse implications for Global Fund investments and are due to a limited, fragmented or untimely review of the risk framework by the Grant Management and Risk teams.

Mitigation of risks

During our audit, we noted weaknesses in mechanisms to ensure quality and timely implementation of various risk mitigation measures. For example:

- Although the Supply Chain Master Plan to address supply chain risks was developed in 2010, it has not been fully funded or implemented by the country since 2012, as highlighted in section IV.1.
- The audit noted a lack of controls around underreporting of program income (estimated by the country to be approximately USD 3.2 million as at April 2013) from the sale of Global Fund-funded health products to patients. These weaknesses lead to significant risk of under-reporting of program income.
- For malaria, the Technical Review Panel identified that the risk of overusing artemisinin-based combination therapies and high presumptive treatment rate may eventually lead to drug

²⁶ Funding gap is defined as the amount of money needed to fund the ongoing operations or future development of a business or project that is not currently provided by cash, equity or debt.

²⁷ A tuberculosis (TB) prevalence survey conducted in 2014 has revealed that TB burden in Ghana is three times higher than the World Health Organization (WHO) estimates. Prior to the survey, WHO estimates showed that TB cases in Ghana were below 92 per every 100,000 people but the survey across the country showed that there were 286 cases per every 100,000 people in Ghana. <http://www.tbonline.info/posts/2015/3/27/survey-says-tuberculosis-prevalence-ghana-high/>

²⁸ Sustainability Review of the Global Fund Supported HIV, Tuberculosis and Malaria Programmes, TERG, April 2013.

resistance. The OIG did not find a related comprehensive risk mitigation strategy; however, some mitigating measures have been included in the new malaria strategy 2014-20.

The root causes for these weaknesses in the identification and mitigation of risks include:

- lack of timely escalation of risks and mitigation delays to senior management and limited oversight of risk action plans by the risk team;
- the lack of systematic follow-up on the QUART action plan and limited consequences for poor or untimely risk mitigation;
- a disconnect between the multiple tools and processes used for risk management during the grant approval and implementation stages, with a lack of an overarching mechanism to consolidate, assess and follow up all the risks from these disjointed tools. This leads to duplication or oversight of various risks.
- For example, counterpart funding challenges identified in the Capacity Assessment Tool and discussed during grant negotiation are not fully incorporated into the QUART tool.

Agreed management action 6:

The Risk Management and Grant Management Teams will continue to work on improving the existing risk management tools and processes, including:

- Integrating the various stand-alone risk management tools and improving mitigation planning for addressing identified risks;
- Ensuring a sufficient common understanding and application of risk tools across all country portfolios, through necessary trainings and knowledge sharing between regional teams;;
- Enhancing the number and content of reviews by Risk team based on risk and materiality considerations (for example, prioritizing high-impact countries on rotational basis).

Owner: Chief Risk Officer and Head of Grant Management

Target Date: 30 June 2016

V. Table of Agreed Actions

No.	Category	Agreed management action	Target date	Owner
1.	Procurement and supply management	The Global Fund Secretariat will support the Principal Recipients in the production of a detailed, costed, revised plan that is in form and substance acceptable for Global Fund investment for addressing key, prioritized supply chain gaps.	30 June 2016	Head Grant Management
2.	Procurement and supply management	The Global Fund Secretariat will actively engage with Government of Ghana and partners to incorporate the designated actions from the revised supply chain master plan into grants through necessary budget, Performance Framework, and Procurement and Supply Chain Management revisions.	30 September 2016	Head Grant Management
3.	Procurement and Supply Management	The Global Fund Secretariat will support the Ghana Food and Drugs Authority to undertake at least one health product quality assurance audit (post-marketing surveillance) within 12 months of grant start date for ARVs, Anti-TB medicines and HIV RDTs.	30 June 2016	Head Grant Management
4.	Data collection, monitoring and evaluation	The Global Fund Secretariat will support the Principal Recipient to deliver an accurate accounting of ART patients in its HIV information system through a verifiable data cleaning process.	30 June 2016	Head Grant Management
5.	Data collection, monitoring and evaluation	The Global Fund Secretariat will support the Ministry of Health to produce a costed action plan to ensure quality malaria data in the information system through an assessment of surveillance and monitoring/evaluation practices in the national malaria program. The Global Fund Secretariat will also support the Ministry of Health in engaging Government of Ghana and all partners for providing their inputs and funding towards the data quality action plan.	30 June 2016	Head Grant Management
6.		The Risk Management and Grant Management Teams will continue to work on improving the existing risk management tools and processes, including: 1. Integrating the various stand-alone risk management tools and improving mitigation planning for addressing identified risks; 2. Ensuring a sufficient common understanding and application of risk tools across all country portfolios, through	30 June 2016	Chief Risk Officer and Head Grant Management

		necessary trainings and knowledge sharing between regional teams;; 3. Enhancing the number and content of reviews by Risk team based on risk and materiality considerations (for example, prioritizing high-impact countries on rotational basis)		
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Annex A: General Audit Rating Classification

Highly Effective	No significant issues noted. Internal controls, governance and risk management processes were adequate, appropriate, and effective to provide assurance that objectives should be met.
Generally Effective	Some significant issues noted but not material to the overall achievement of the strategic objective within the audited environment. Generally, internal controls, governance and risk management processes were adequate, appropriate, and effective. However, there is room to improve.
Full Plan to Become Effective	Multiple significant and/or (a) material issue(s) noted. However, a full SMART (Specific, Measurable, Achievable, Realistic and Time-bound) plan to address the issues was in place at the time audit Terms of Reference were shared with the auditee. If implemented, this plan should ensure adequate, appropriate, and effective internal controls, governance and risk management processes.
Partial Plan to Become Effective	Multiple significant and/or (a) material issue(s) noted. However, a partial SMART plan to address the issues was in place at the time audit Terms of Reference were shared with the auditee. If implemented, this plan should improve internal controls, governance and risk management processes.
Ineffective	Multiple significant and/or (a) material issue(s) noted. Internal controls, governance and risk management processes were not adequate, appropriate, or effective. They do not provide assurance that objectives will be met. No plan to address the issues was in place at the time audit Terms of Reference were shared with the auditee.

Annex B: Methodology

The Office of the Inspector General (OIG) performs its audits in accordance with the global Institute of Internal Auditors' (IIA) definition of internal auditing, international standards for the professional practice of internal auditing (Standards) 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 help our auditors to provide high quality professional work, and to operate efficiently and effectively. They also help safeguard the independence of the OIG's auditors and the integrity of their work. The OIG's Audit Manual contains detailed instructions for carrying out its audits, in line with the appropriate standards and expected quality.

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 takes place across the Global Fund as well as of grant recipients, and is used to provide specific assessments of the different areas of the organization's activities. 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.