



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

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THE OFFICE OF THE INSPECTOR GENERAL PROGRESS REPORT FOR OCTOBER 2009-FEBRUARY 2010

PURPOSE OF THIS PAPER

1. The 17th Session of the Board approved “The Priorities for the Office of the Inspector General (OIG)” (GF/FAC10/03). This paper provides a status report on progress attained in tackling these priorities.

PRIORITY 1: PROVIDING ASSURANCE ON GRANT PROCESSES

Status of the OIG Priorities Paper

2. The OIG Priorities Paper identified the overall grant making processes as high risk. The OIG committed to review these processes by undertaking a body of work involving various “actors” in these processes - that is, the Secretariat and its main implementation partners in the countries (the CCMs, PRs, SRs, LFAs and technical partners).

3. The OIG audit activities on grant processes has been undertaken based on a sample of grants selected and prioritized based on: (i) A risk-based approach through the utilization of risk assessment criteria; (ii) Input from the Secretariat and external stakeholders; and (iii) Knowledge of operations and internal controls derived from previous audits. As committed in the Priorities Paper, the OIG has primarily selected risky environments for audit as such environments offer the greatest scope to reduce risks. However, the OIG has incorporated well-performing grants in the 2010 audit work plan.

4. By the close of 2009, the OIG had undertaken 13 country audits, having increased the coverage at the Board’s request over and above the 8 country audits originally proposed in the OIG Priorities paper. The audit teams have had between 5 and 28 members, the size of teams being primarily driven by the risk profile of the grants. The teams have comprised specialists in public health, monitoring and evaluation, procurement, and financial management. For countries where the OIG had not initially been able to provide assurance on the grant processes, it has undertaken a follow-up review - for example, in Uganda and Zimbabwe. The 2010 audit plan provides for 20 country audits and 6 Secretariat-based reviews of grant and other business processes

5. The OIG has met its commitment to consolidate the findings from a number of country audits to enable the Board and the Secretariat to benefit from lessons learned (report released September 2009). Two other reviews on grant processes have been undertaken - namely, the lessons learned from termination and suspension cases (September 2008) and a review of Principal Recipient audit arrangements (September 2009).

As committed in the Priorities Paper, the OIG has through the country audits capitalised on partnerships forged between development actors to help secure better accountability by sharing audit findings. For example, in Tanzania, the OIG audit has been used as the point of reference to enable the government of Tanzania to secure support from USAID to strengthen logistics arrangements. The development partners in Uganda have rallied with Government to prepare an action a plan to address the concerns raised in the OIG report. In Zambia, the OIG team was supported by three auditors from the Office of the Auditor General. The OIG welcomes further opportunities to work jointly with other actors in the development arena.

Status of ongoing audit/review assignments

6. The table below provides the status of audits/reviews that have been completed and are ongoing since the last OIG Progress Report. As shown on the table, the OIG has released three reports to the Board during this period and these have been posted on the OIG website. Work on finalizing a number of other reports is also well advanced.

Status of assignments	Assignment title
Completed and posted on website	<ul style="list-style-type: none"> • Democratic Republic of Congo • Nepal • Philippines
Field work completed and at reporting stage	<ul style="list-style-type: none"> • Cambodia • Cameroon • Grant application process • Haiti • Review of procurement oversight • Zambia • Zimbabwe follow up
Initial field work complete but it has been necessary to return to undertake additional work due to initial findings	<ul style="list-style-type: none"> • Kyrgyzstan • Mali • Uzbekistan
Scheduled or ongoing in Quarter 1, 2010	<ul style="list-style-type: none"> • Global Fund disbursements review • Nigeria • PSI - Headquarters and Togo, Sudan, Madagascar • Rwanda • Sri Lanka • Voluntary Pooled Procurement

Highlights from completed reports

A. Democratic Republic of Congo (with UNDP as Principal Recipient)

7. In 2009, the OIG conducted the audit in Democratic Republic of Congo simultaneously with an audit by the UNDP Office for Audit and Investigation (OAI). The UNDP-OAI audit focused on the role of UNDP as Principal Recipient (PR) of Global Fund grants, and the OIG audit covered the management, governance and operations of all other aspects of the Global Fund grants programs.

8. UNDP shared a summary of the outcome of the audit with the OIG but was not prepared to share the full report (see paragraph 26 below). The audit undertaken by the UNDP OAI concluded that the management of Global Fund projects by UNDP as the Principal Recipient was 'partially satisfactory' - that is, internal control and risk management practices were generally established and functioning, but needed improvement. The high priority risks listed by OAI were:

- (a) delays in negotiation and signature of the Round 8 grant agreement, thereby putting the future supply of antiretroviral drugs at risk;
- (b) weaknesses in project monitoring and evaluation as evidenced by the failure to undertake planned field visits in 2008; a small percentage (20%) of the SRs submitted reports to UNDP on time; and deficiencies in the data management capabilities of health zone staff;
- (c) absence of an exit strategy for the transfer of the Round 8 HIV project by 2011 to the Government;
- (d) weaknesses in asset management systems as evidenced by failure to undertake physical asset verification, lack of effective asset tracking systems, etc;
- (e) delays in overall reporting (that is, by SRs to UNDP; and UNDP to the LFA and the Global Fund Secretariat). This affected disbursements and planned project implementation; and
- (f) delays in the supply of certain drugs.

9. The OIG audit concluded that there was a need to considerably strengthen many aspects of UNDP management of the grant programs. It noted that the selection of UNDP as PR for a particular country is intended to be a transitory mechanism. At the time of the OIG audit, UNDP had not put in place a mechanism to build capacity within the national structures for the eventual transfer of programs to the national structures and systems.

10. The OIG identified a number of material deficiencies in the financial management of SRs implementing the Global Fund programs. The recommendations should assist UNDP and its SRs in mitigating the risks that Global Fund grants are exposed to. The weaknesses identified mainly relate to a lack of:

- (a) Effective oversight by UNDP of the SRs. UNDP had only two officials responsible for financial oversight of the Global Fund grants to over 90 SRs and SSRs. The audit revealed that there were delays in the disbursement of funds to SRs, which resulted in a hold-up of various program activities.
- (b) Documented/formal guidelines and manuals outlining the operational, financial and budgeting requirements that SRs should comply with when administering Global Fund grants. There were also deficiencies noted in the grant agreements signed between UNDP and its SRs.
- (c) Appropriate financial accounting and reporting systems and processes at SR level. Most SRs did not perform regular analyses of actual expenditure against budget resulting in poor tracking of budget utilization and unapproved over-expenditure. Instances were also noted of lack of or late submission of financial reports. Reconciliations of bank, cash, grant disbursements and program imprests were also not carried out.

11. UNDP had set up parallel structures especially for the Malaria and HIV interventions. These structures were set up at a time when the national systems were perceived to be non-functional. However, the parallel structures established have been detrimental to the national systems. Because of the transitory nature of management by UNDP of Global Fund

grant programs, the parallel systems are not sustainable and funds that could have otherwise been used to strengthen national systems were being used to build parallel systems. The parallel systems have in some instances been ineffective in delivering results - for example, the PSM of TB drugs that has suffered many delays resulting in the national TB program having to increase the buffer stock held from 6-12 months to 18 months.

12. There were delays in program implementation mainly due to delays in procurement by UNDP. These delays had resulted in the needs set out in the original proposals being far lower than the actual needs at the time of implementation. The delay in implementing these programs without any adjustment to the indicators and targets as reflected in the grant proposal created some reporting challenges. None of these issues had been addressed well by the PR's M&E unit at the time of the audit.

13. The PR had established its own PSM unit rather than relying on the country's existing national supply and distribution system. The PR did not seek to develop the capacity of the national supply and distribution systems which the Secretariat considered to be weak. This PSM unit was top-heavy resulting in delays of procurement, which have affected program implementation adversely.

14. The forecasting of needs was also not based on the requests from SRs but on the targets set by the PR for SRs. In short, it was top-down. The goods procured therefore were not reflective of needs and often resulted in stock outs across the country. Contrary to the Global Fund policy, the PR also did not follow the national quality assurance mechanisms. Drugs were procured that were not registered with the National Drugs Authority. There was also no evidence that pre- and post-delivery inspections were conducted.

B. The Philippines (Audit covering three PRs)

15. Pilipinas Shell Foundation Inc. (PSFI) is a charitable Foundation that supports the Malaria prevention programs in some regions in the Philippines. PSFI has strong financial management systems in place for managing the grants funded by the Global Fund. PSFI performed well in meeting program targets. The prevalence of malaria in the provinces where programs are implemented has reduced significantly over the past few years. The changes in prevalence present new challenges of retargeting and reprogramming as the PR plans to go into the malaria pre-elimination stage in several provinces.

16. The Department of Health (DOH), as the principal health agency in the Philippines, is responsible for ensuring access to public health services to all Filipinos through the provision of quality health care and regulation of providers of health goods and services. The Department of Health (DOH) initially recorded very poor performance, which was reflected in low fund utilisation and poorly achieved targets. After selection of Sub Recipients (SRs), program performance improved significantly. DOH implements more than 65% of program activities through SRs.

17. The Tropical Disease Foundation, Inc (TDF) is a not-for-profit organization set up in 1984. TDF is considered to be a leading service provider for MDR-TB. TDF has grown very fast since 2003 when the Global Fund started funding it. TDF's capability to manage the growth in the number of grants became increasingly an area of concern over the years as reflected in the LFA assessments.

18. The audit of TDF revealed significant weaknesses in TDF's governance, treasury management, human resources and financial management systems to safeguard program resources. Weak capacity was noted with regard to compliance with grant agreement requirements. Concerns were also raised as to the capacity to manage grant funds transparently and evidence was found of the misuse of grant funds. The OIG concluded that the Global Fund could not safely invest through its current systems and processes.

19. The OIG audit revealed misuse of funds amounting to US\$ 2,021,280, which the Secretariat agrees should be refunded. Of this amount, TDF has only refunded US\$ 255,312.61 - leaving a balance of US\$ 1,765,967.

20. The OIG advised the Global Fund Secretariat that, in addition to the misuse of funds, it was not safe to invest program funds through the systems at TDF. On 24 September 2009, the Executive Director suspended all the five running grants to TDF. As there are no grants currently implemented by TDF, the report does not contain recommendations to improve internal controls at the Foundation. After the suspension, the Global Fund Secretariat took steps to support the CCM in restarting implementation of the grant programs. These steps are described in Annex 1 to this report.

C. Nepal

21. Nepal has five PRs - including one governmental PR with implementation undertaken by the relevant Government departments, UNDP, a national NGO and two international NGOs. The grant programs in Nepal have operated in an environment of political transition and tension among the leading political parties. This has resulted in frequent strikes and roadblocks ('bandhs'). Such political instability and insurgency has: a) resulted in delays in program implementation; b) partly contributed to many professionals leaving the country to work abroad, leading to a gap in technical and managerial skills in most government departments; and c) contributed to infrastructural deficiencies in many of the 75 districts of the country.

22. With every changing government, the staff in key government positions has changed as well. These frequent changes in government officials at the Ministry of Health and Population have resulted in intermittent leadership.

23. PMUs were established within each of the Government departments after the Global Fund stopped disbursements citing poor program performance and coordination. There has been a marked improvement in the overall management of Global Fund activities since these PMUs were established. However, PMU arrangements are transitional mechanisms intended to accelerate program implementation in an environment assessed to have significant capacity deficiencies. There was no documented transition and capacity-building plans as a way of phasing out the PMU arrangements.

24. The accounting records under the Malaria grants (Round 2 Phase 1) were not available at the time of the audit. Failure to maintain proper books of accounts suggests that the Ministry cannot account for Global Fund monies received. The OIG will undertake a follow-up review within six months by which time the documentation should have been retrieved for audit.

Progress in implementing related Board decisions

A. Following up the OIG's work

25. The Board, at its 20th Session (*Decision Point GF/B20/DP21*), stressed the need to ensure that the response to the findings and recommendations of the OIG are prioritized and fed into the overall planning and work of the Global Fund, including grant operations. It requested the Secretariat to provide a report to the Board describing the process that is followed to address the findings and recommendations of the OIG reports. The Secretariat's report was still in draft at the time of finalizing the OIG's Progress Report. However, the base data underlying these papers suggest that the Secretariat will need to pay closer attention in future to the implementation of the OIG's recommendations.

B. UNDP

26. In its 19th Board session (*Decision Point GFIB 19/OP22*), the Board recognized the significant improvements in collaboration between UNDP and the Global Fund on audits and investigations relating to grant funds but noted that there were still areas where the collaboration could be improved. The Board requested the Chair of the Board, in support of the OIG and Secretariat, to secure greater assurance from the UNDP Board regarding audits and investigations of Global Fund grants where UNDP acts as Principal Recipient, including access to the full text of audit and investigation reports. The letter was sent to UNDP but the response does not address the critical issues raised. The need to secure access to such reports is becoming even more pressing as UNDP is being asked to take on the management of further large grant programs in Zimbabwe and Zambia.

C. Keeping the Board informed of actions taken

27. The 19th Board Session (decision Point GF/B19/DP25) called on the Executive Director to take strong, immediate action in all circumstances where the Inspector General has determined that there is credible and substantive evidence of fraud, abuse, misappropriation or corruption involving Global Fund grants. It also called on the Secretariat and the OIG to report on restrictions imposed and the status of the situation. In response to this decision the Executive Director and the Inspector General have on six occasions jointly informed the Board of the restrictions imposed and the status of the cases. The cases relate to grant programs in Mauritania, the Philippines, Zambia, and Mali. Updates on these cases are provided elsewhere in this report.

INVESTIGATIONS AND RELATED INITIATIVES

The caseload

28. Annex A analyses the OIG's growing investigatory caseload. As this shows, there has been an increase of over 150% in the investigatory caseload in the past 12 months. Some 75% of cases are reported by e mail, and 13% are reported anonymously to protect the identity of the complainant. Currently 40 cases are under investigation.

Some case studies

A. Mauritania

29. The last Progress Report outlined the investigations conducted 'on the ground' in Mauritania, which had revealed clear and specific evidence of fraudulent expenditures in grants implemented by the Executive Secretariat of Mauritania's National AIDS Committee (SENL). Following the recommendations of the OIG investigation, a full criminal investigation has been initiated by the Office of the Mauritanian Inspector General, which has led to the arrest of three senior SENL's officials and the issue of an arrest warrant for a fourth staff member. The OIG is continuing to liaise with the Office of the Mauritanian Inspector General regarding the ongoing investigations.

30. In November 2009, the Trustee confirmed the receipt of USD 1,679,358.90 from Mauritania, which was the initial amount called for on the basis of the preliminary OIG investigation. Following the review of additional supporting documentation relating to programs administered by SENL, a request for a further refund of USD\$2,489,179 has been submitted to the Government of Mauritania with a request that it should be refunded by 31 March 2010.

31. The OIG was subsequently alerted by the UNDP Office of Audit and Investigation (OAI) to widespread evidence of fabricated documents in supporting material provided by SR's over a five and a half year period. These irregularities were discovered during a regular UNDP audit. As a result, the OAI has commenced an investigation into the apparent fraud and UNDP requested the Ministry of Health to suspend funding to SSR's.

32. The OIG has offered support to the UNDP investigators and in December 2009, the OIG deployed a team of OIG staff to Mauritania, including a computer forensic expert, a forensic auditor and two investigators to gather evidence and to conduct 'on the ground' investigations. Further in-country work has been conducted by the OIG's investigators in January and February 2010. Approximately 20,000 pages of further program-related documentation, along with digital evidence from a number of computers, has been scanned and analysed by the OIG's investigators and forensic data experts. The investigation has confirmed systematic fraud by SR's in the Global Fund Programs administered by the UNDP.

33. The work to quantify the value of the loss to the Global Fund has not yet been completed. Once the final loss figure is calculated, the OIG will discuss appropriate recovery action with the Secretariat. The OIG will also discuss with the UNDP OAI the process of formally referring the evidence to Mauritanian authorities for the criminal investigation and prosecution of those responsible.

B. Mali

34. In November 2009, the OIG's audit of Global Fund grants in Mali confirmed fraudulent and unjustified use of grant funds by staff members at the Department of Administration and Finance (DAF) of the Ministry of Health. The evidence collected during the audit led the OIG to engage with the authorities in Mali and ultimately to the arrest of the Accountant responsible for the administration of grants at the DAF, along with the Secretary General and the Register for the Ministry.

35. The audit raised a number of questions which required investigation. Those questions concerned the specific nature and extent of the fraud, the amount attributed to falsified or fabricated documentation, and the possible involvement of other staff from the Ministry.

36. The OIG deployed a team of two investigators to Bamako supported by a team of auditors. This underlines the importance of close interaction between the two OIG skill

sets: audit and investigation. The team obtained access to and scanned all program documentation. At the time of writing this report, the team is conducting inquiries 'on the ground' with a preliminary sample of suppliers to determine the extent of bogus expenditure. The team is in the process of checking each document for irregularities and the extent of those irregularities is being quantified through a process which involves the reconstruction of financial records. This quantification will then be used to identify the amounts to be reimbursed to the Global Fund.

37. Preliminary indications are that the fraud is systematic rather than isolated, and involves a large portion of the supporting documentation. At the time of preparing this report the amount attributable to fraud has not yet been quantified. Further updates will be provided as additional details are confirmed.

38. The OIG has met with the Investigating Judge to discuss the modalities of referring further and more specific evidence. At the conclusion of the investigation, comprehensive evidence will be provided to the authorities for the criminal investigation and prosecution of those responsible.

C. Zambia

39. The last Progress Report provided details of the March 2009 whistleblower allegations within the Zambian Ministry of Health (MoH). The OIG conducted investigation missions to Zambia in July and September 2009 in order to initially gain a fuller understanding of these allegations and a clearer indication of the level of risk to grant funds. The OIG has sought to engage with the national authorities (Anti Corruption Commission (ACC) and police) in relation to the scope of their investigations and possible expert assistance from the Global Fund and other funding partners. The response received was very disappointing. The national authorities have failed thus far to provide assurances of appropriate action regarding fraud against Global Fund grant programs.

40. In October 2009, during the audit of all grants within Zambia, the OIG audit team uncovered what was suspected to be further evidence of irregularities and fraud within the Global Fund grant programs in the MoH, in particular what appeared to be multiple fraudulent allowance claims by senior members of the MoH staff. An OIG investigation team was deployed to the country and, in November 2009, referred comprehensive evidence to the Zambian ACC.

41. The OIG remains in the dark regarding the scope of any investigations being conducted by the ACC or police, which stem from the original whistleblower allegations. Neither does it have information about whether the investigations extend beyond those persons originally named as suspects. Similarly, despite numerous requests, the OIG has not received any feedback on the clear evidence of fraud against the Global Fund that was formally referred in November 2009 for criminal investigation.

42. In both cases, the OIG is unable to report with any confidence on the capacity, will or efforts of the national authorities in conducting timely and appropriate investigations. The OIG is therefore unable to provide assurance as to the safety of investing further funds through the Ministry of Health while the issues surrounding the investigations by national authorities remain unresolved.

D. DRC

43. Pending criminal trials are likely to take place in London in 2011, with the Inspector General as a witness. The OIG will continue to provide support to the UK and Danish police as required. Further evidence relevant to the case was identified in the OIG's audit of DRC (paragraphs 7-14) and will be passed to the police in due course.

Re-drafting the Whistleblower Policy and Procedures

44. The OIG has reviewed the existing Whistleblower policies and procedures with a view to presenting a revised version to the next meeting of the Ethics Committee. Currently, there are three separate documents on the Global Fund website providing information to potential whistleblowers. The new draft combines all the provisions of the various documents into one comprehensive whistle-blower policy and procedure. The review also brings the terminology used in line with other Global Fund policies, and the revised OIG Charter and Terms of Reference. A significant addition is text regarding protection against retaliation for whistle-blowers. No such provision was included in the previous policies.

45. In developing the draft, the policies of a number of other organizations¹ have been reviewed to check that the approach outlined in the new draft is consistent with best practice in other organizations.

46. After consultation within the Secretariat, the OIG will consult with appropriate national/international bodies that have expertise in the development of whistleblower policies to ensure that the Global Fund model incorporates contemporary best practice.

The lack of Disciplinary Procedures

47. The lack of a comprehensive set of procedures for internal misconduct cases presents risks to the organisation and difficulties to the OIG in conducting investigations. The absence of such procedures also means that staff are not in a position to know with certainty what their rights and obligations are as managers or as the subjects of allegations. The OIG has provided input to the draft but is concerned that the Disciplinary Procedure is yet to be finalized, over 12 months after the transition from WHO-administered arrangements.

PRIORITY 2: PROVIDING ASSURANCE ON OTHER MAIN BUSINESS PROCESSES

48. The OIG is committed to subjecting the management and governance processes to systematic reviews so that the OIG can provide reasonable assurance that such processes are sound. Areas that were identified in the Priorities Paper as key were: (i) provision of assurance on the transition process from the ASA with WHO (assignment completed in 2008). The OIG will follow up implementation of the recommendations as part of a 'process audit'; (ii) conduct of a "process audit" on the new Global Fund structures, systems and processes post ASA. This is scheduled for the third quarter of 2010; and (iii) the re-tender for LFA services (assignment completed in 2009).

49. In line with the commitments made in the Priorities Paper, the OIG continues to review new initiatives under way in the Global Fund and to schedule reviews to provide assurance to the Board that adequate internal controls have been established and all risks that arise from new business initiatives are mitigated. In 2010, the OIG has committed to undertaking a review of two new initiatives under implementation in the Global Fund - namely, the Voluntary Pooled Procurement policy and the Affordable Medicines Facility - Malaria (AMFM).

PRIORITY 3: SUPPORTING KEY MANAGERIAL AND GOVERNANCE INITIATIVES

¹ These organisations include the World Bank, EBRD, AfDB, ADB, GAVI and the United Nations.

Values and integrity initiative

50. In practice, this initiative which was proposed in the OIG's Priorities Paper, has been underpinned by an Ethics and Reputational Risk Assessment commissioned by the OIG. The Risk Assessment proposed the development of a Code of Conduct for Suppliers and a Sanctions Procedure. The Secretariat and the OIG have worked collaboratively in developing the Code and Procedure, which were approved by the EMT in December 2009/January 2010.

51. The OIG will be encouraging awareness raising of the new Code and Sanctions Procedure as part of its responsibility to encourage high standards of ethics and integrity and to fight corruption and fraud¹. To this end, the OIG will be meeting in March 2010 with the United Nations Office on Drugs and Crime to discuss an appropriate strategy.

52. The OIG has had preliminary discussions with the Rand Corporation (a well-respected public policy research entity) on the scope to work with them on further steps that can be taken to promote high standards of ethical conduct in the Global Fund's operations.

PRIORITY 4: STRENGTHENING THE OFFICE OF THE INSPECTOR GENERAL

Tools

53. The OIG has finalized audit and investigations protocols with the Secretariat. The OIG will also develop further protocols to ensure better collaboration with the Secretariat. One such area is the relationship between the OIG Senior Legal Advisor and the Secretariat's Legal Unit. The OIG is also embarking on an awareness campaign on the role of the OIG both within the Secretariat and at country level.

54. The OIG audit software has been installed and staff members have received training on it. All 2010 audits will be undertaken following the newly procured tool. The process to identify an investigation case management software is well advanced.

Staff

55. The process for recruited staff to all vacant investigation positions has been finalised and the 8 new staff onboard will be inducted into the OIG in the coming months. Recruitment to fill audit staff posts has continued to be a challenge to the OIG. It has recently started another recruitment drive that has generated a significant number of applications.

56. Further work has also been undertaken to increase the pool of suitably qualified investigation consultants. Following interviews with a further nine candidates in December 2009, the OIG now has a panel of thirty competitively selected investigation consultants, representing twelve different countries across four continents. This roster of suitably qualified staff has been drawn from to assist in the OIG's investigations on six occasions during the reporting period. The OIG has also embarked on a process to pre-qualify audit consultants.

How the OIG spent its budget

¹ Paragraph 23, OIG Charter and Terms of Reference.

57. What follows is a summary of 2009 actual expenditure with explanations for the variances. The largest variance is on staffing and professional fees and this arises from having a staff count of 11 (because of the recruitment challenges referred to above) against a budget of 19. Of the 11, 3 came in part way through the year. With the shortfall in staff, the OIG depended on consultants to fulfill its mandate. This is particularly so with investigations that saw the number of cases increasing significantly and yet there were no core staff to handle the work load.

	2009 Budget US'000\$	2009 Actual US'000\$	2010 Budget US'000\$
Staff (24 staff in 2010 as opposed to 18 in 2009)	3,300	1,969	4,354
Professional fees	1,616	3,566 ¹	4,101
Travel	1,310	868	1,460
Meetings	135	8	127
Communications	60	17	210
Office infrastructure	249	51	52
	6,670	6,479	10,304

Conclusion

58. The OIG has made good progress in meeting the commitments made in the OIG Priorities Paper, which was approved by the Board almost two years ago. The substantial body of work completed and in progress confirms that the OIG should continue to give priority to country-based audits and to investigating allegations at the country level. This country-based work provides an important input to the reviews of all grant and business processes planned over the coming two years.

This document is part of an internal deliberative process of the Fund and as such cannot be made public. Please refer to the Global Fund's documents policy for further guidance.

¹ Also includes travel-related costs, which had not been separately identified for budgeting purposes.

The OIG's Investigation caseload

Number of cases reported

Year	Total cases referred	Increase from prev. Yr.
2008	28	57%
2009	70	150%

The type of cases reported to the OIG in 2009

Violations of policies	42
Mismanagement of funds	36
Bribery and corruption	36
Fraud, misappropriation and embezzlement	30
Abuse of power or authority	21
Staff misconduct related issues	4
Wasteful conduct	2
Conflict of interest	1

Note: many cases reported to the OIG involve more than one of the above categories. Therefore, a single case may be represented in more than one category above.

How cases were reported to the OIG in 2008 and 2009

How reported	Number 2009	Percentage	Number 2008	Percentage
Secretariat/LFA	4	6%	6	21%
By email	53	75%	21	75%
OIG telephone	0	0%	0	0%
OIG Fax	1	2%	0	0%
OIG PO Box	0	0%	1	4%
Walk in	3	4%	0	0%
Through Global Compliance	9	13%	N/A	N/A
Total	70	100%	28	100%

Note: the percentage figures have been rounded.

Status of cases

Cases under assessment	36
Cases under investigation	40
Cases awaiting allocation	4
Cases finalised in 2009	20