

Getting your house in order before a Global Fund OIG visit

Summary

This case study has been compiled in order to share widely the preparatory work of the India HIV/AIDS Alliance (Alliance India) and its partners in advance of an audit by the Office of the Inspector General (OIG) of the Global Fund to Fight AIDS, TB and Malaria in late 2012. The case study describes the key lessons learned, and documents some practical and innovative practice around file management that will be of interest to other Global Fund recipients who may be preparing for a similar audit.

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This case study was written by staff in the Technical Cooperation Unit at the International HIV/AIDS Alliance, based on information produced by Alliance India and its partner organisations.

Alliance India - the Global Fund grantee

India HIV/AIDS Alliance (Alliance India) is the single Principle Recipient (PR) for a Round 9 Global Fund HIV grant of USD 25 million, which is the largest single-country grant to date focused on the HIV response for vulnerable sexual minorities. The programme, named **Pehchān** which in Hindi means 'identity', 'recognition' or 'acknowledgement', builds organisational and technical capacities of new and existing community-based organisations (CBOs) for men who have sex with men (MSM), transgender people and hijras to serve as more effective partners in the Government of India's HIV prevention interventions. The program includes six sub-recipients (SRs) and 200 sub sub-recipients (SSRs) across 17 states. Started in October 2010, the grant was about to enter Phase 2 when the OIG announced its plans to audit the Global Fund's grant portfolio in India.

Alliance India has been a Global Fund PR since 2007 (with a Round 6 HIV grant) but this OIG audit only covered grants from Round 7 onwards. Therefore only the Pehchān programme was involved.

An OIG audit visit is announced

In July 2012 the India Country Coordinating Mechanism (CCM) and the various Principal Recipients received notification from the OIG that a country audit would be conducted between September and November. Whilst India has been a recipient of Global Fund grants since 2003, this was to be the country's first OIG audit. It was therefore a new experience even for skilled PRs such as Alliance India.

Immediately after receiving the announcement letter, Alliance India formed a **task force** comprised of senior staff members involved in the Pehchān programme. They met to discuss how to prepare for the upcoming audit visit. They were very aware of the reputational risks that could be caused by an unfavourable OIG report and were aware of the differences between OIG and traditional donor financial audits. While the latter often concentrate on financial issues within a single year, OIG audits cover a range of other functional areas, like programme management and monitoring and evaluation, as well as governance issues, and it examines a longer period of time. The team was keen to be as prepared as possible.

Alliance India's response - a mock OIG audit

Alliance India decided to carry out **mock OIG audit visits** to all six of its SRs to introduce the OIG objectives and approach, as well as help the SRs prepare for the real OIG audit. At this point, Alliance India did not know which SR would be audited so it was agreed that all six SRs would participate in the exercise.

Each of the six SRs is managed by a **cluster** - a small team comprised of a Programme Officer, a Grants Officer and a Monitoring & Evaluation Officer. The cluster system was established to monitor performance and to provide technical assistance to SRs. It was decided that instead of each cluster carrying out a mock OIG audit visit to the SR for which they had direct responsibility, alternative **mock OIG teams** with a similar skills profile would be formed. These teams would have no direct relationship or knowledge about the SR to be visited and they were instructed to focus on the “big picture”, taking into consideration the whole period of programme implementation and the different functional areas, rather than only looking at data from the previous quarter and a single functional area (which is what a regular monitoring visit by a cluster team would usually cover).

In order to harmonise the work of each mock OIG team and ensure that their visits were not side tracked by competing priorities or unrelated issues, the Task Force agreed a number of **ground rules** (see box to the right) and developed a mock OIG visit **Checklist for Sub-Recipients**. This was based on the three functional areas of programming, monitoring and evaluation and finance, and the most common programme activities within the Pehchān programme (e.g. workshops, meetings, travel).

Ground rules for the mock OIG teams:

- Avoid any comparison with the performance and systems of other SRs that they directly manage;
- Do not impose their own style of work on those organisations being assessed;
- One person should act as team leader, to keep the group on track with the process and the purpose of the visit;
- All teams to debrief the Task Team after each mock OIG visit and share lessons learned and recommendations with the respective cluster for appropriate follow up.

Prior to the visit, Alliance India as the PR and each of the SRs were required to prepare a **brief**

PowerPoint presentation on their organisation's mission and work, including details of all current programmes (those supported by the Global Fund as well as other donors). The objective of the presentation was to help the SR prepare for the mock exercise by identifying potential risk areas and issues to be focused on during the visit. They were also instructed to create **Master Files** which would be an **index** of all documents required by the OIG during an actual audit. **Terms of reference for the mock visit** were also prepared and circulated.

Conducting a mock OIG audit - six steps to follow

Day One

1. The mock OIG team introduces the purpose of the OIG and the audit objectives and shares lessons learned and best practices from OIG reports from other countries. The PR or SR delivers the PowerPoint presentation to the mock OIG team, followed by discussions.
2. The mock OIG team and staff from the SR together review the documentation collated within the Master File.

3. Each member of the mock OIG team reviews documentation related to a specific functional area (programme, monitoring and evaluation or finance).
4. The mock OIG team then selects a budget line, for instance travel, or a specific activity such as a workshop, to triangulate data through cross verification of documents related to each functional area.

Day Two

5. The mock OIG team focuses on the SSRs by reviewing CBO/SSR selection and assessment policies and then evidence that these policies are actually implemented. This exercise is also aimed at ensuring that the information maintained at the SSR level is reconciled with the data maintained by the SR.
6. Debrief – an opportunity for the mock OIG team to give feedback on the audit findings and for SR staff to feedback on their experience of the exercise. Finally, the team agrees on any actions that need to be taken prior to the actual OIG audit visit.

Throughout the visit, the team completes the mock OIG visit **Checklist for Sub-Recipients**. Once completed the checklist ranks the PR/SR as either “completely prepared for the OIG”, “partially prepared for the OIG” or as “red alert for PR management” (meaning that the PR needs to intervene prior to the actual OIG audit visit).

A systemised approach to file management

In addition to the above preparation, one of the most significant approaches adopted by Alliance India during the mock OIG audit visits was their focus on ensuring that all relevant information was centralised at both PR and SR level.

Given Pehchān’s complex operational management structure, unsurprisingly records and files were kept separately according to functional areas, as well as at headquarters and regional offices. For instance, the clusters managing SRs are supported by a Workshop Coordination Team that is responsible for developing training curriculum and logistics for workshops, which in turn are carried out by four Regional Training Centres. In response, Alliance India created tools to record travel and workshop logs. For example, drawing on the check list used by the Workshop Coordination Team to organise workshops, they created a log listing all related activities held since the beginning of the programme. This would list the location of supporting documents (work plans, Terms of Reference, invitation letter, workshop agenda, list of participants, reports, invoices etc).

Similarly, they created a travel log based on a spread sheet kept by the office receptionist who recorded the travel arrangements made by headquarters’ staff involved in the management of the programme. These included monitoring visits to verify programmatic or financial reports submitted by SRs, and trips to provide technical assistance or to organise workshops. As a result of these two tools, Alliance India could easily locate the supporting documents related to workshops and technical assistance – both of which are considered to be major risk areas for fraud in Global Fund grants.

“The mock audit was designed to test the effectiveness and reliability of our internal controls, ensure our financial and programmatic management systems were compliant with Global Fund requirements, and make ready relevant documentation for the OIG audit.”

Rajan Mani, Director of Finance & Operations,
Alliance India

Key lessons learned

- Train the mock OIG audit teams to ensure that their attention is focused on the “big picture” and to clarify their role (i.e. not to teach the SR how to file their documents, but to familiarise them with the OIG audit approach and help them understand the importance of ensuring that documents filed separately must be easily located across the different teams).
- Allocate sufficient time for checking documentation in the Master File, in order to allow SR staff to locate missing documents and identify other documentation not previously considered.
- Refer to the tools and checklists, and use the approach whereby team members review one particular activity or issue with a specific programmatic, finance or Monitoring & Evaluation lens at the same time.
- In addition, use the exercise as an opportunity to build the institutional capacity of SRs and to recognise their efforts in meeting both programme implementation AND Global Fund requirements.

See table of OIG report lessons learned 2009-2012.

Conclusion

The mock OIG audit exercise proved to be a huge success. When the OIG eventually visited India, they only audited two states – in each of which Alliance India had one SR. Whilst the final report will not be ready until later in 2013, the initial findings were minor and the recommendations centred mainly on improving existing systems.

“The audit findings were so minor that they struggled to find much to say! There were a few recommendations, but they were largely to improve the already solid systems we have in place.”

James Robertson, Country Director, Alliance India

Whilst all Global Fund grantees (whether PRs, SRs and SSRs) should be prepared for OIG audits from the start of programme implementation, often the challenge of large-scale programming means that high-quality file management and documentation can take a lower priority – particularly during the programme ‘start-up’. For Alliance India, this pain-staking mock OIG exercise not only helped to locate missing documents prior to a possible OIG audit, but it also enabled staff to review and improve their own SR management practices and in turn, to strengthen their organisational capacity.

For Global Fund grantees interested in receiving more information about the mock OIG audit process, email the Technical Cooperation Unit at the International HIV/AIDS Alliance.

The International HIV/AIDS Alliance (the Alliance) is a global alliance of nationally based, independent civil society organisations that work together to support community action on HIV, health and human rights to end AIDS.

Based in New Delhi, **India HIV/AIDS Alliance (Alliance India)** is a non-governmental organisation working in partnership with civil society and communities to support sustained responses to HIV in India.

The Alliance has seven **Regional Technical Support Hubs** whose role is to build capacity for strong and effective civil society organisations. They have significant experience in supporting CBOs and governments and other sectors in Global Fund grant implementation. For information, email tshubs@aid alliance.org