

## **Charter of the Office of the Inspector General** (Amended 19 March 2013)<sup>1</sup>

### **Mission**

1. The mission of the Office of the Inspector General is to provide the Global Fund with independent and objective assurance over the design and effectiveness of controls or processes in place to manage the key risks impacting the Global Fund's programs and operations, including the quality of such controls and processes.

### **Scope**

2. All systems, processes, operations, functions and activities within the Global Fund and the programs it funds (including those in place or carried out by its program recipients, partners, suppliers and service providers) are subject to the Office of the Inspector General's review, evaluation, and oversight. The Office of the Inspector General may also act in an advisory role to further the Global Fund's mission and objectives.

### **Independence and Reporting Lines**

3. While integral to the Global Fund, the Office of the Inspector General is an independent unit of the Global Fund, reporting directly to the Board through the Audit and Ethics Committee ("AEC") of the Global Fund.
4. The Global Fund Board has delegated to the AEC responsibilities for certain aspects of the work of the Office of the Inspector General as set out in the AEC Charter.<sup>2</sup>
5. The Inspector General, should he/she consider it necessary in a particular circumstance, will first discuss and seek to reach agreement with the AEC before deciding to engage directly with the Board on matters related to the responsibilities over the Office of the Inspector General's work that the Board has delegated to the AEC.
6. The Inspector General and the Executive Director coordinate and cooperate with regard to the activities of the Office of the Inspector General, including through the provision by the Executive Director of administrative support to the Office of the Inspector General.
7. The Office of the Inspector General may conduct and report on any audit, investigation or other assurance work that is deemed appropriate and consistent with its mandate as set out in this Charter, the Board-approved 'Policy for Disclosure of Reports Issued by the Inspector General' and any other specific direction from the Board.

<sup>1</sup> Last amended by the Global Fund Board by electronic decision point on 19 March 2013 (B28/EDP/16), based upon the material set out in Electronic Report B28/ER/09 and titled "Revised Charter of the Office of the Inspector General, and the Terms of Reference of the Inspector General".

<sup>2</sup> Approved by the Board at its Twenty-Fifth Board Meeting (refer GF/B25/DP7), amended by the Board at its Twenty-Seventh Board Meeting (GF/B27/DP6), and as may be further amended by the Board from time to time.

## **Activities**

8. Led by an Inspector General,<sup>3</sup> the Office of the Inspector General:
  - 8.1 Finds, assesses and reports on facts and makes risk-prioritized recommendations on the basis of such facts. It does not decide on how the Global Fund will address the recommendations, or make judicial decisions or issue sanctions. Recommendations to the Global Fund primarily aim to help identify, mitigate and manage risk of the Global Fund and its recipients' activities.
  - 8.2 Subject to section 14 below, undertakes its work according to multi-year work plans that focus on providing assurance on key processes and controls in high-risk areas across the Global Fund financed programs and operations ("Multi-year Plans").
  - 8.3 Has and implements an effective communications strategy to ensure its activities raise awareness of identified risks in Global Fund financed programs and operations.
9. Specifically, the activities of the Office of Inspector General are:

### ***Internal audit***

- 9.1 To conduct audits of internal management, control and governance processes and their respective quality, including income, non-grant expenditure, internal projects, information and communication, grant application and grant awards, funds disbursement, and risk assessment and risk management processes.

### ***In-country reviews***

- 9.2 To review management and control processes of Global Fund financed programs at the country level, including oversight and governance, grant and financial management, procurement and supply chain management and program delivery processes.

### ***Assurance validation***

- 9.3 To periodically validate the assurances provided by other assurance providers to assess whether the work performed is reliable, by establishing whether they are fit for purpose through assessing their purpose and remit, position and organization, process and technology, people and knowledge and performance and communication.
- 9.4 The Office of the Inspector General will coordinate to avoid duplication of assurance or evaluation work provided by other advisory bodies or entities to the Global Fund. The Office of the Inspector General does not conduct evaluations of the impact of Global Fund financed programs.

### ***Inspection***

- 9.5 To conduct unannounced inspections of transactions at the Secretariat and at the sites of its grant recipients. Inspections can relate to transactions and activities of partners, suppliers and service providers, relating to Global Fund financed programs or its own operations.

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<sup>3</sup> Refer to the "Terms of Reference of the Inspector General" for the role and responsibilities of this position.

- 9.6 To monitor within the Secretariat sensitive transactions, including expenditures, bank accounts, contracts and journal entries.

### ***Investigations***

- 9.7 To undertake investigations of alleged fraud, abuse, misappropriation, corruption and mismanagement (collectively, "fraud and abuse") within Global Fund financed programs and by Principal Recipients ("PRs"), Sub-Recipients, Country Coordinating Mechanisms ("CCMs"), Local Fund Agents ("LFAs"), as well as suppliers and service providers and those with whom suppliers and service providers engage in connection with their activities to implement Global Fund projects, programs or operations, or that receive, have received, or have sought to receive, Global Fund funds, either directly or indirectly, but not limited to, their agents, intermediaries, subcontractors and assignees. The decision to initiate and close an investigation will be taken by the Inspector General using his/her best professional judgment. Such investigations may be carried out where the programs and projects are, or have been, implemented as well as those locations where evidence and witnesses may be located.

### ***Counter-fraud***

- 9.8 To (a) create mechanisms for reporting potential fraud and abuse; (b) create intake procedures to evaluate incoming reports of potential misconduct within Global Fund financed programs and operations and to oversee the implementation of appropriate protections for Global Fund employees and others reporting concerns as well as those who are the subject of such reports; and (c) to develop, provide and maintain capacity to identify the risk of fraud and abuse.
- 9.9 To identify systemic weaknesses providing opportunities for fraud and abuse in Global Fund financed programs and operations and make recommendations to the Global Fund on changes that it can make to its grant management practices to address them.
- 9.10 To develop and administer a training program for the prevention and detection of fraud and abuse within Global Fund financed programs and operations, and other counter-fraud activities in line with best practice.

### ***Consulting and Other Services***

- 9.11 Subject to section 9.12 below, the Office of the Inspector General may provide consulting services in line with IIA standards ("Consulting Activities") or other advisory services in addition to advice provided as part of its audit and investigation functions ("Other Services").
- 9.12 The Office of the Inspector General will perform Consulting Activities or Other Services provided:
- a. The Consulting Activities or Other Services are aimed at providing value-added input to improve the governance, risk management, and control processes of Global Fund financed programs;
  - b. The Office of the Inspector General has considered the impact on the Multi-year Plans and will report to the AEC if the performance of Consulting Activities or Other Services creates a substantial deviation from the Multi-year Plans;

- c. The Office of the Inspector General has considered potential conflicts of interests and developed mitigation plans for such conflicts of interest should they arise; and
- d. The Office of the Inspector General's personnel will act only as a participating observer, with no line management or agency responsibility for decisions or outcomes.

### **Standards of practice**

10. The work practices of and functions provided by the Office of the Inspector General itself are subject to periodic independent review and assessment to confirm conformance with prevailing international standards and guidelines,<sup>4</sup> and best practices.
11. The Office of the Inspector General, as an integral but independent unit of the Global Fund, will apply the Global Fund's standard policies and procedures, together with applicable professional standards of conduct.

### **Prioritization, planning and budgeting, and reporting**

12. *Setting strategic priorities for the Office of the Inspector General:* The priorities for the Office of the Inspector General are approved by the Board, based on the advice of the AEC. As the Inspector General develops the proposed priorities, and the AEC reviews proposed priorities and discusses the material with the Inspector General, each will consider the level of risk to Global Fund financed programs and operations and take account of, amongst other matters, the Global Fund's assurance framework, the activities of other assurance providers and the results of their work, the Secretariat's own risk assessment framework and risk mitigation activities, the extent and findings of past work of the Office of the Inspector General, known changes in the Global Fund's activities or risk profile, the views of the Secretariat and concerns raised by them, and any relevant information from other sources such as whistle-blowers.
13. *Preparing and reviewing costed Multi-year Plans:* The Multi-year Plans prepared by the Office of the Inspector General will be approved by the AEC in line with its Charter, and reviewed annually to ensure relevance in light of changed risk and organizational conditions. Annual budgets associated with the Multi-year plans will be reviewed by the AEC and approved by the Board as a component of the Global Fund's annual operating expenses budget. The Board will ensure that the resources for the Office of the Inspector General are sufficient to deliver the AEC-approved Multi-year Plans. Substantial deviations to the Multi-year Plans will be reported to the AEC for approval.
14. *Investigation planning:* In addition to the activities approved from time to time in the Multi-year Plans, the Office of the Inspector General retains the authority, independence and flexibility to investigate allegations of fraud and abuse as they arise and otherwise respond to events that occur outside the approved Multi-year Plans during the course of the year.

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<sup>4</sup> These include the 'International Standards for the Professional Practice of Internal Auditing' issued by the Institute of Internal Auditors, Inc. ("IIA"), Code of Ethics issued by the IIA, and the 'Uniform Guidelines for Investigations' issued from time to time by the International Organisations and multilateral institutions that participate in the Conference of International Investigations, as may be amended from time to time.

15. **Reporting:** Final reports of Office of the Inspector General regarding its external assurance and investigations work will be posted on the Global Fund's public internet site in accordance with the Board-approved 'Policy for Disclosure of Reports Issued by the Inspector General'. Internal assurance findings will be promptly reported to the Executive Director and the AEC for internal action.
16. **Board Reports:** The Inspector General will prepare a report for each regular Board meeting ("Board Report"), measuring actual performance against the Multi-year Plans, and identifying significant risk exposures and control issues in regard to Global Fund financed programs and operations. The Board Report should be submitted to the Board, through the AEC, with a copy to the Executive Director.

### **Authority to execute the mission of the Office of the Inspector General**

17. The Office of the Inspector General will have the authority to:
  - 17.1 Access, inspect, review, retrieve and make copies of all books, records and documents (including financial documents and records) maintained by the Global Fund Secretariat, subject to section 19 below; Access, inspect, review, retrieve and make copies of all books and records (including financial documents and records) relating to grants funded by the Global Fund or the implementation of Global Fund financed programs and operations, whether maintained by Principal Recipients, Sub-Recipients, LFAs or LFA subcontractors, suppliers and service providers or other individuals and entities who are engaged in, or involved in, carrying out or participating in Global Fund financed programs or operations, and those who have received Global Fund monies or assets, either directly or indirectly;
  - 17.2 Seek any information required from any personnel, subject to section 19 below, including those external to the Global Fund Secretariat (i.e. Principal Recipients, Sub-Recipients and, suppliers and service providers) involved in Global Fund financed programs and operations and require such personnel to cooperate with any reasonable request made by the Office of Inspector General, including requests for interviews, as well as the production of all documents, including originals,<sup>5</sup> deemed relevant by the Office of the Inspector General in connection with any assurance audit, inspection or investigation, and the reasonable use of facilities and equipment to assist in the investigation; and
  - 17.3 Obtain independent professional advice and secure the involvement in its activities of outside persons with relevant experience and expertise, if and when determined necessary.
18. The Inspector General may delegate the authority under paragraph 17, as he/she deems necessary, to any Global Fund employee or contractor that holds a position with the Office of the Inspector General.
19. Where access to the Global Fund's internal records would be required by the Office of the Inspector General to conduct its work, access to any records that could contain personal or other extraneous information (for example, email, agendas, medical or employment records) will require:

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<sup>5</sup> When the production of the original is deemed relevant and necessary by the Office of the Inspector General, substituted identical copies may be provided in return by the Office of the Inspector General.

- 19.1 A specific request for access to relevant records; and
  - 19.2 A review by the Global Fund's Legal Counsel so that the Office of the Inspector General is only given access to information that is relevant to the scope of each specific request.
20. There is no authority for the Inspector General or any Global Fund employee or contractor that holds a position with the Office of the Inspector General to:
- 20.1 Perform any operational duties for the Global Fund outside of the Office of the Inspector General;
  - 20.2 Initiate or approve transactions for the Global Fund external to the Office of the Inspector General; or
  - 20.3 Direct the day to day activities of any Global Fund employee or consultant not holding a position within the Office of the Inspector General, except to the extent such persons have been appropriately assigned to the Office of the Inspector General to assist in a specific matter.

### **Working Relationships**

21. In order to promote efficiency, avoid duplication, and help ensure a positive working environment, productive working relationships should characterize the Office of the Inspector General's interactions with Global Fund staff; the external auditors; LFAs; the Chair and members of the Technical Evaluation Reference Group; the Chair and members of the Technical Review Panel; the Chairs and Vice Chairs of the Board's standing committees; and the Chair and Vice Chair of the Board, and other Board members.
22. In particular, it is important for the effective and productive functioning of the Office of the Inspector General and the Secretariat that there is cooperation between the Office of the Inspector General and the Secretariat, at all levels of management, including through a shared understanding of their respective roles and responsibilities, clarifying processes and procedures and coordinating with regard to communication.
23. Certain matters that are brought to the attention of the Office of the Inspector General may be covered by the Global Fund's Policy on Ethics and Conflict of Interest for Global Fund Institutions and therefore within the mission of the Board's AEC, either separately or jointly, as a matter may overlap between the two entities. In such cases, the Office of the Inspector General should inform and coordinate with the AEC and the Ethics Official as appropriate. Correspondingly, the AEC and the Ethics Official should inform the Office of the Inspector General of matters of which it becomes aware that are relevant to the mandate of the Office of Inspector General and should refer any such matters to the Office of Inspector General for investigation promptly.
24. In addition, if the Office of the Inspector General receives information regarding a matter that is outside the scope of the Office of Inspector General's mission but may be relevant to the work of these or other parties, the appropriate individuals or entities should be informed by the Office of the Inspector General as promptly as possible.

### **Amendment of this Charter**

25. Any amendment of this Charter is subject to the approval of the Global Fund Board upon the recommendation of the AEC after consultations by the AEC with the Inspector General and the Executive Director.