

## Message of the Principal Recipients to the Grant Auditor

To: Grant Auditor

Our Reference / Subject Line: **Key considerations for the 2020 Global Fund Grants Audits**

The audit of grants is a core component of the Global Fund's risk and assurance framework and is therefore critical in the Global Fund's ability to safeguard its investments in the different countries.

For the Special Purpose Grant Financial Statement (SPGFS) audit, auditors are required to comply with the objective described in the section 2.1.1, paragraph 12.2 of the [Guideline for Annual Audit of the Global Fund Grants](#), asking auditors to "...comment on adequacy of the implementers' internal control framework, and report on the weaknesses identified."

This review will also include, if applicable:

- (1) internal controls<sup>1</sup> including Information Technology General Controls (ITGCs);
- (2) controls related to Principal Recipient or Global Fund hired third-party agents<sup>2</sup> including review of the terms and conditions of their engagement and adherence thereof.

The COVID-19 pandemic makes these aspects even more relevant, considering the increase in cybersecurity threats and the necessity to ensure that the controls are effective. In that respect, please ensure that the review of internal control includes both **IT General Controls** and **Controls at third-party agents**. Where relevant, controls designed for the [COVID 19 Response Mechanism](#) (C19RM) must be reviewed for adequacy and commented on as well.

Furthermore, the risks stemming from the pandemic must be considered as Key Audit Matters at the planning stage of the review and included in the mandatory audit plan to be shared by the external auditor with the Principal Recipient and the Global Fund for approval before executing the engagement. A dedicated section on the impact of the pandemic on the implementation and the effectiveness of the controls on the key processes should be included in the management letter.

Should you need further clarification please contact the Global Fund at:  
[FinancialRisk\\_Assurance@theglobalfund.org](mailto:FinancialRisk_Assurance@theglobalfund.org)

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<sup>1</sup> Internal Controls include policies and procedures, geared towards managing key operational risks, financial and non-financial, associated with various Global Fund grant funded activities at Principal Recipient and Sub-recipient levels

<sup>2</sup> Such as Fiscal Agents, Fiduciary Agents, procurement or supply chain agent or any other third party used by the Principal Recipient as a risk mitigation measure and to which an important area of the grant is outsourced. The Global Fund Pool Procurement Mechanisms (PPM) is excluded from such consideration.