



Independent observer
of the Global Fund

OIG INVESTIGATION REPORT ON GLOBAL FUND GRANTS TO SIERRA LEONE

Background

A [2019 Office of the Inspector General \(OIG\) audit had](#) found serious deficiencies in financial controls, assurance activities and governance, and numerous indicators of fraud in grants implemented by Sierra Leone's Ministry of Health and Sanitation (MOHS), including bid-rigging, falsified documents and invoices, illegal payments and per-diem fraud. A subsequent [OIG investigation](#) published in April 2020 found over \$2 million of non-compliant and fraudulent transactions in purchases of goods and services. Following the audit and the subsequent investigation, several agreed management actions – explained in this report – were implemented.

In December 2020, the OIG oversaw an investigation of the potential fraud and manipulation in procurements of catering and hall rental services carried out by staff in the Integrated Health Project Administration Unit (IHPAU) within MOHS. The Global Fund's Local Fund Agent, Pricewaterhouse Coopers (PwC), and the Audit Services of Sierra Leone jointly investigated the allegation, covering four of Sierra Leone's 16 districts. Following the findings of the oversight investigation, the OIG converted the case to an OIG-led investigation and contracted PwC to extend the investigation in four additional districts in September 2021. Investigators reviewed and analysed relevant procurement documents and market surveys and interviewed relevant individuals.

On 6 December 2022, OIG published its [report](#) on the investigation into fraudulent and collusive procurement by staff members of the IHPAU.

First Finding

The OIG found non-compliant expenditure of \$415,148 representing the total value of the malaria mosquito net distribution training campaign and health management information system training and recommended a recovery of \$197,576 of the total cost of the grant funds spent.

Of this amount, the OIG identified the residual amount of \$28,582, which represents the difference between the total amount paid by MOHS for the first two mass distribution campaign trainings and the amount paid to four Directorate of Policy, Planning and Information training suppliers, and the amount already declared non-compliant by the Country Team, as recoverable.

The Global Fund Secretariat will finalize and pursue, from all entities responsible, an appropriate recoverable amount. This amount will be determined by the Secretariat in accordance with its evaluation of applicable legal rights and obligations and associated determination of recoverability.

Second Finding

One of the measures implemented after the 2020 OIG investigation was for the Fiscal Agent and the MOHS to identify and validate suitable suppliers. As such, they focused on the actual delivery of services rather than verifying the authenticity of the supplier invoices or the existence of the suppliers. In this case, although the procured services were delivered, the focus only on delivery resulted in delays in the detection of fraudulent practices at IHPAU.

To mitigate related risks going forward, the Fiscal Agent will review all request for quotation procurement documents valued above \$2,500 before IHPAU signs the local purchase order. This requirement will be stipulated in the upcoming IHPAU Operations Manual. In addition, the use of caterers is now only allowed in exceptional circumstances, and with prior Global Fund Country Team approval. Instead, training participants are paid an allowance for lunch and refreshments through mobile money.

Report Conclusion

This investigation uncovered further evidence of fraudulent and collusive practices in the IHPAU procurement of catering suppliers. In this case, the fraud and collusion occurred after the Secretariat started strengthening IHPAU procurement capacity by implementing the AMAs from the previous investigation. This highlights the inherent fraud risk and the need to strengthen further Global Fund's oversight and assurance over procurement in Sierra Leone.

Commentary

Given the high-risk transactions in the Sierra Leone environment, acknowledged by the Fiscal Agent, this report raises doubts in the mind of the reader as to the technical competence of the Fiscal Agent. As the report notes, under the terms of its contract with the Global Fund, the Fiscal Agent is required to review and verify supporting documentation justifying expenditures and conduct periodic fraud spot checks for high-risk transactions.

While the Global Fund designates Sierra Leone as a Challenging Operating Environment, it is not one of the countries under the Additional Safeguard Policy (ASP). Given the persistence of fraudulent and collusive practices in the country, perhaps the Global Fund should reconsider if the ASP should now be applied to Sierra Leone.

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