



Independent observer
of the Global Fund

UNDP PROTESTS OIG REPORT ON MAURITANIA

Is unhappy with both the content of the report and the reporting process

Editor's Note:

On 19 September 2011, the High Level Panel (HLP) released a report with far-ranging implications for the Global Fund (see coverage in [GFO 158](#)). One week later, the Global Fund Board held a special meeting at which it accepted the great majority of the HLP's recommendations. One of the accepted recommendations was that each report by the Fund's Office of the Inspector General (OIG) should incorporate responses, by the principal recipient (PR) that had been audited or investigated, to what the report said. The Inspector General told that Board meeting that he accepted all of the OIG-related HLP recommendations, and that he intended to act swiftly to implement them. He added, "I also intend to reflect carefully, with immediate effect, on the tone of all reports..."

Five weeks later, when the OIG released twelve audit and investigation reports, it appeared that the OIG had acted according to his promise. In a cover note to each of the reports, the Chair of the Global Fund said that the OIG reports "include comments from the Principal Recipients," and that "increased attention has been paid by the Office of the Inspector General to the tone of the Reports."

But there was one case where the OIG report did not contain responses from PRs. The OIG's 180-page report on Mauritania, which described an investigation of fraud by sub-recipients of two PRs, SENLS and UNDP, contained no responses by the PRs to the report's determinations.

In light of this omission, GFO invited SENLS and UNDP to provide their comments on the OIG's Mauritania report. SENLS declined. UNDP accepted. The following article results.

On 31 October 2011, the Global Fund's Office of the Inspector General (OIG) released the final report on its investigations into Global Fund grants to Mauritania. UNDP was PR for four grants, two malaria and two TB. (See separate article in this issue of GFO for a summary of what was contained in the OIG report.) Because the OIG report did not contain any comments from UNDP, GFO invited UNDP to provide such comments for this article.

In an interview with GFO, a senior UNDP official protested both the content of the OIG report and the reporting process. He said that UNDP has "very serious concerns" about the report because the report makes "highly misleading and unbalanced statements" about UNDP's audit and investigation work, and because the report gives a "seriously inaccurate account of the co-operation which took place between the OIG and UNDP" in the course of the audits and investigations undertaken by both parties in Mauritania. The senior UNDP official added, "This does not detract from the fact that serious irregularities took place in the grants managed by both the Government and UNDP in Mauritania, as confirmed by the extensive audits and investigations undertaken by both OAI and OIG. UNDP has taken firm action to respond to the audit findings in close collaboration with the Global Fund Secretariat and the Government of Mauritania."

Subsequent to the interview, on 16 November 2011, Egbert Kaltenbach, Director of the UNDP's Office of Audit and Investigation (OAI), UNDP's equivalent to the OIG, wrote a letter of complaint to Simon Bland, Chair of the Global Fund Board. GFO has obtained a copy of the letter. In the letter, Kaltenbach said, "The [OIG] report in many instances misrepresents facts, often by deliberate omission, disregards the existing legal framework between the Global Fund and UNDP and depicts UNDP as an unreliable and uncooperative partner, which it certainly is not."

Kaltenbach added that the OIG report misrepresents the interaction and cooperation between the OIG and the OAI during the initial stages of the investigation, which was based on the clear understanding that the OAI would conduct investigations within UNDP, while the OIG, with support from the OAI, would conduct investigations of UNDP's sub-recipients (SRs) and sub-SRs (SSRs).

Concerning the statement in the OIG report that "throughout the two years of this investigation, the OIG was also not given access to any of the OAI's reviews of Global Fund funds," Kaltenbach said in his letter that the OIG "fails to mention that from the very beginning, when OAI started to conduct Global Fund specific audits, OAI has shared with OIG a summary of the audit results, in a spirit of cooperation between two audit offices and without awaiting a formal authorization by the UNDP Executive Board." He added that when the OIG was subsequently permitted to study the full UNDP Mauritania audit report, the OIG did not raise any concerns. Yet the OIG then publicly raised doubts "as to the integrity and health" of the UNDP's Global Fund grant operations in Mauritania. Kaltenbach concluded that the Inspector General "is not acting in good faith on these points," as a result of which Kaltenbach said he had decided to temporarily suspend the OIG's access to UNDP audit reports.

Referring to the fact that the OIG investigation report did not include comments from UNDP on the investigation's findings, Kaltenbach complained to the Global Fund Chair that "basic due process requirements have not been observed." Kaltenbach said that the OIG had sent him excerpts of the draft report, giving him ten days to comment; and that he wrote to the OIG on 16 September pointing out "numerous inaccuracies in the draft report." But, he said, the OIG "chose to simply dismiss most of the comments and the information provided. While the final report mentions that 'relevant sections of this Report have been provided to UNDP's OAI,' it fails to acknowledge the fact that comments were received from OAI. Good practice would have required that such dissenting comments would be attached in full to the final and public report so that lay readers could draw their own conclusions."

At the end of his letter to Bland, Kaltenbach said, "It has become almost impossible to work with and trust

a counterpart that has an increasingly hostile attitude towards UNDP and in particular towards OAI and has demonstrated, in more than one instance, a less than professional conduct.”

In its investigation report, the OIG said that “UNDP has performed its own calculation of loss, and has estimated it to be US\$1.06 million” (less than half of the \$2.4 million in losses identified by the OIG). But the senior UNDP official told GFO that this was in fact only the UNDP’s initial estimate. Subsequently, UNDP concluded that the amount of fraudulent or otherwise ineligible expenditures was significantly higher than UNDP’s initial \$1.06 million estimate, though still significantly lower than the amount estimated by the OIG. He added that the OIG was informed of this in writing six weeks before the OIG published its report.

Meanwhile, the senior UNDP official said, as of 20 October 2011, UNDP had obtained full reimbursement from the government of Mauritania for the \$1.06 million loss initially estimated by UNDP. UNDP has issued a transfer order for this amount to the Global Fund, and will, in the weeks ahead, continue to reach out to the Global Fund to reach agreement on the exact level of further funds to be reimbursed.

The OIG report stated that “the OIG offered to conduct a joint investigation of the allegations with OAI. However, OAI declined the OIG offer and has also declined to share the outcome of whatever investigative efforts they may have undertaken.” The senior UNDP official disputed this statement, saying that both OIG and OAI conducted an investigation mission in 2009, with OAI investigating UNDP staff and OIG investigating UNDP SRs. In that context, UNDP provided OIG investigators with copies of all relevant SR and SSR documents in the possession of UNDP.

Postscript: On 17 November, GFO sent a draft of this article to John Parsons, the Inspector General, inviting comment. On 18 November Parsons replied “It is inappropriate for me to comment on the contents of a ‘Confidential’ letter to the Global Fund Board Chair which has somehow come into your possession, other than to say that it contains material inaccuracies and omissions.” Then, on 20 November, Parsons wrote to Egbert Kaltenbach of UNDP, cc GFO and others, saying “Please be advised that the OIG will append and post your response to the OIG investigation report on the Global Fund grants to Mauritania, along with an evaluation of it. I can assure you that it was a genuine oversight on my part that this had not happened previously.”

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