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OIG INVESTIGATION OF GLOBAL FUND GRANTS TO SIERRA LEONE FINDS FRAUD, COLLUSION, AND NON-COMPLIANT PROCUREMENTS

In an investigation report published on 23 April 2020, the Office of the Inspector General (OIG) found fraud, collusion, non-compliant procurements, and overcharging in Global Fund HIV, Tuberculosis (TB), Malaria, and health system strengthening (HSS) grants to Sierra Leone. The OIG found theft, fraud, and non-compliant expenditures in the Global Fund-supported Community Health Workers' (CHWs) training. Also, the OIG noted oversight weaknesses on the part of the Fiscal Agent and that the contract between the Global Fund and Fiscal Agents does not cover fraud detection.

Investigation scope

In the 2018 audit of [Global Fund Grants to the Republic of Sierra Leone](#), published in 2019, the OIG noted fraud indicators such as falsified documents, illegal payments, and bid rigging in grants implemented by the National AIDS Secretariat (NAS) and the Ministry of Health and Sanitation (MOHS). It was on this basis that the OIG's Investigations Unit conducted an investigation in November 2018 and April 2019. The investigation covered Global Fund-supported activities managed by NAS and MOHS from 2016 to 2018. The purpose of the investigation was to examine financial records and electronic data, verify physical assets, and obtain more information from employees, suppliers, and bidders.

Main findings

The investigation report has four main findings, summarized as follows:

1. Non-compliant procurements for HIV grant managed by the National AIDS Secretariat

The OIG noted non-compliant procurement of catering, electrical, and welding vocational training and start-up kits for HIV interventions for female sex workers, under the NAS HIV grant. Contracts between the NAS and grant sub-recipients barred the sub-recipients from procuring goods and services exceeding \$8 371. However, four sub-recipients procured vocational training that exceeded the \$8 371 limit, thus contravening their contractual agreement.

The audit revealed that the cost of vocational training was inflated by \$558 802, to match the approved grant budget. A price list that the investigation team obtained from one of the vocational institutes indicated the annual cost of training per student was approximately \$60. However, the cost charged for training per student under the HIV grant was \$138 and \$489 in 2016 and 2017, respectively. The OIG concluded that there was a high likelihood that the sub-recipients colluded with vocational institutes to inflate the cost of training.

The OIG noted that procurement of start-up kits to enable the female sex workers who had completed training to pursue their chosen vocations in catering, electrical engineering and welding was improperly conducted. In 2016, three sub-recipients procured start-up kits worth \$49 241 in breach of their contract with the NAS as they surpassed the \$8 371 limit. The NAS lacked supporting documentation for payments worth \$51 258 for start-up kits procured in 2016 and 2017, which the OIG recommended be recovered. Also, in 2017, the NAS facilitated a non-competitive procurement of start-up kits worth \$217 171 through sub-recipients' pre-selected vendors. According to the OIG, the pressure to spend the unutilized funds that could not be carried over to 2018 may have induced the NAS to facilitate the non-competitive procurement process.

The audit revealed that the NAS was non-compliant in the procurement of 138 desktop computers worth \$234 583 and medical furniture worth \$121 768. Two of the three procurements reviewed by the investigating team required international bidding, but the NAS followed a national bidding process. Additionally, the NAS contravened national procurement regulations through the single-sourced procurement of 30 of the 138 computers. The NAS failed to inspect the computers, which were of lower grade than the bid specifications, when delivered. Thus, the NAS procured computers that were below the specified market value by \$17 816. Also, the investigating team could not verify the existence of 13% of medical furniture worth \$36 773 that the NAS had procured. The OIG recommends the recovery of these two non-compliant expenditures.

2. Integrated Health Projects Administration Unit's managed TB, malaria, and HSS grant faced with fraudulent procurements, payments, and overcharging

A review of the Integrated Health Projects Administration Unit's (IHPAU's) financial records revealed fraudulent payments worth \$144 748 for the daily subsistence allowances (DSA) paid to officials while working outside their duty stations. Included in this amount was \$27 253 paid to officials of the National Leprosy/TB Control Program (NLTCP) for multiple events that occurred at the same time in different locations.

Payments to the Directorate of Policy, Planning and Information (DPPI) worth \$65 181 were supported with false activity reports. Advance payments to the Directorate of Human Resources for Health's director worth \$31 350 were supported with fraudulent fuel receipts and attendance sheets. Additionally, payments worth \$53 782 lacked supporting documents. The OIG found that payments worth \$13 978 made by the IHPAU for hotel and catering services lacked supporting documents. Additionally, seven events worth \$49 551 in total were overcharged by \$40 087 altogether. The overcharge occurred as a result of payments made by IHPAU for events that never occurred, for participants who did not attend, or for more

days than the events lasted. The OIG noted that IHPAU fraudulently procured the renovation of x-ray centers and purchase of IT equipment worth \$658 704.

The OIG noted fraudulent procurements that resulted in an overcharge of \$55 444. Specifically, the OIG found fraudulent overpayment to a training provider who overcharged the grant by \$20 120. The training provider fraudulently increased the number of participants from 30 to 35 and the number of days from 25 to 35.

A review of two printing procurements for the NLTCP worth \$36 766 and \$16 926 revealed an overcharge of \$13 046 and \$4 388, respectively. Also, payments for the supply of hotel venues and catering for the NLTCP worth \$4 907 were non-compliant. The cost of purchasing 14 desktop computers and a central server for the DPPI was inflated by \$11 105.

Also, the cost of purchasing computers for the IHPAU and the National Malaria Control Program was inflated by \$1 485 and \$392, respectively. The OIG recommends the recovery of these overcharged amounts.

3. Evidence of theft, fraud, and non-compliant payments in community health worker training expenditure

The OIG noted that the cost of CHWs training under the NAS and the MOHS grants featured irregularities, such as single sourcing and bid rigging. A review of vouchers revealed non-compliant expenses worth \$21 218, of which the OIG recommends the recovery of \$6 818. The OIG also revealed that \$5 258 of the amounts to be recovered was paid to the National AIDS Control Program's Finance Officer without supporting documents to confirm that the training had been conducted.

The OIG noted that non-existent CHWs were paid allowances. An investigation into five payments from Global Fund grants to CHWs revealed that the Finance Officer from the National AIDS Control Program was the recipient of these funds.

4. Fiscal Agent's contract weaknesses and failure to provide oversight

According to the OIG, the Fiscal Agent incorrectly approved the non-compliant procurements and payments identified during the investigation. For instance, the Fiscal Agent allowed the sub-recipients of the NAS grant to procure and make payments for vocational training and start-up kits in breach of their contractual agreement. The Fiscal Agent allowed NAS to procure computers without adhering to procurement regulations. Also, the Fiscal Agent cleared the payment of cash advances despite the lack of supporting documents proving that the activities paid for were performed. The OIG attributed the weaknesses reported to the failure of the Global Fund to include fraud detection and reporting as a requirement in its contracts with Fiscal Agents.

Agreed Management Actions

To resolve the issues raised in the investigation report:

- The Chair of the Recoveries Committee will ensure that the Secretariat recovers appropriate amounts from all entities responsible by 28 February 2021.
- The Head of the Grant Management Division will ensure that both the NAS and the MOHS take appropriate action against parties involved in the prohibited practices by 31 August 2020.
- The Head of the Grant Management Division will ensure that the Secretariat will update the risk and assurance plans to include the issues raised in the investigation report by 30 November 2020.
- The Finance Department will revise the Terms of Reference for the Fiscal Agents to include the identification and reporting of prohibited practices to the Global Fund by 31 August 2020.

Further resources

- - The 2020 investigation report is, '[Global Fund Grants in Sierra Leone Fraudulent procurements and payments under Global Fund grants](#)' (GF-OIG-20-011), 23 April 2020.
 - The 2019 audit report, '[Global Fund Grants to the Republic of Sierra Leone](#)' (GF-OIG-19-001), 18 January 2019

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