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## OIG INVESTIGATION REVEALS FRAUDULENT ACTIVITIES BY AN SR IN NIGERIA

An investigation by the Office of the Inspector General has found evidence of systematic embezzlement of program funds, fraudulent practices, and collusion by staff of a sub-recipient for an HIV grant to Nigeria. The OIG released a [report](#) on investigation on 3 May.

The SR, the Department of Health Planning, Research & Statistics (DPRS), reported to the National Agency for the Control of AIDS (NACA), the principal recipient for HIV grants to Nigeria.

The investigation was prompted by the findings of a local fund agent's spot-check of \$1.4 million of DPRS expenditures from July 2012 to December 2013. The LFA had classified as ineligible about two-thirds of the expenditures tested due to forged or missing supporting documentation.

DPRS was responsible for supporting the establishment of the National Health Management Information System at Global Fund–subsidized sites. The SR's grant activities included the implementation and administration of a web-based reporting platform, the District Health Information System, and training and support to the users of this system by staff and consultants.

The investigation found that seven of the 10 DPRS staff and three consultants assigned to the program were involved in the misappropriation. The OIG said that DPRS personnel embezzled the funds primarily by:

- misrepresenting or inflating the amounts paid to hotel venues for meeting facilities and rooms;
- inflating or falsifying receipts related to daily subsistence allowance entitlements, transportation expense to and from the venue, fuel, and stationery;

- claiming expenditures for travel not taken; and
- inflating the number of attendees at a meeting or training, or its duration.

In some instances, DPRS staff colluded with and received kickbacks from hotels and suppliers.

The OIG found direct evidence that supporting documents for items such as airline tickets, boarding passes, hotel invoices, and fuel and stationery receipts were forged.

The OIG inspected 202 of 355 payment vouchers, representing 77% of the total funds spent on service delivery (\$3.8 million) and found some form of irregularity or fraud in most of them. On this basis, the OIG deemed the full \$3.8 million to be non-compliant. The determination of the actual cost of the fraud to the program is not possible, the OIG said. “Many of the training events occurred four to five years ago, most expenses were paid in cash and are untraceable and unverifiable. Hotel suppliers colluded with staff to defraud the program and hotel staff would not cooperate with the investigation. Attendee lists representing the names and number of participants and facilitators are unreliable or missing and many are forged.”

The investigation found that DPRS did not implement an effective system of internal controls, and that the PR, NACA, did not effectively monitor DPRS’ use of program funds. The OIG said that NACA did not annually audit DPRS, as required under the grant agreement.

When it received the results of the LFA’s spot check in September 2014, the Secretariat referred the matter to the OIG and ordered NACA to halt further disbursements pending the results of the OIG investigation.

DPRS is no longer implementing Global Fund programs.

See also an [article](#) in this issue on the OIG’s recent audit of Nigeria grants.

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