



Independent observer  
of the Global Fund

## GLOBAL FUND WILL SEEK REIMBURSEMENT FROM NIGERIA'S NATIONAL AIDS AGENCY FOLLOWING CONTRACT VIOLATIONS FOUND BY OIG

The Global Fund will seek the reimbursement of some \$786,000 that was improperly spent by the Nigerian National Agency for the Control of AIDS (NACA) on a 2011-2013 project to renovate medical stores.

The irregularities were revealed in a report by the Office of the Inspector General on 20 February, released in response to a review request by the Global Fund in May 2013.

NACA was a principal recipient under a grant signed in October 2009, receiving a budget of \$1.7 million to improve infrastructure at primary healthcare facilities around the country where ARVs and other medicines for HIV were being distributed by the national health service.

But according to the OIG, not only was the financial management for the project mishandled — with budget overruns in excess of \$700,000 — but the ultimate quality of the work was sub-par. Eight medical stores in all were renovated and all of them were done poorly. There were nearly \$1.5 million in expenditures that were non-compliant with grant agreements; the Fund will look to recover about half due to undelivered services, excessive and unjustified payments to contractors that carried out the renovation, unreimbursed advances and non-compliance with quality controls.

In light of the findings, there will be new layers of oversight by the Secretariat for Nigeria's grant portfolio. Controls and actions introduced include the appointment of a fiduciary agent in order to mitigate collusion and the diversion of funds in future renovation projects. That agent will work closely with principal recipients on the budgets of any renovation work, so as to comply with guidelines on budgeting and

reporting that were updated in September 2014.

NACA, too, is now on notice, according to the report, and must demonstrate its commitment to fighting corruption and collusion when it uses sub-contractors.

In comments to Aidspar, the NACA director general, John Idoko, acknowledged there was an acute need to improve NACA's oversight of building contracts and signalled the intention to recoup some of the funds from the contractors themselves.

The agency, too, has taken steps to improve its procurement processes in line with Global Fund rules.

"We have asked [the Bureau of Public Procurement] to use all the power at its disposal to recover the funds from the contractors and sanction the erring officer, including using the anti graft agencies to recover the funds," Idoko said, while warning that it can be difficult in Nigeria to get individuals to repay misappropriated funds.

NACA said it also changed its policy to stop sourcing procurement officers from the BPP and has now employed its own procurement staff, ending its reliance on pool officers from BPP in addition to training staff on proper use of accounting software to ensure that spending is within budget.

[Read More](#)

---