



Independent observer
of the Global Fund

OIG investigation of Global Fund PR in Bangladesh reveals fraud and misuse of funds amounting to about \$100,000

Staff from the National Tuberculosis Control Program (NTP) in Bangladesh falsified documents to support training-related expenditures between July 2015 and September 2016, according to an investigation conducted by the Office of the Inspector General (OIG). The NTP was principal recipient (PR) for a TB grant (BGD-T-NTP) worth \$31.7 million.

The investigation identified \$111,311 in non-compliant expenditures, of which \$1,032 has already been recovered.

“The fraudulent activities were made possible by breaches in procurement rules and protocols that were overlooked by senior management and not detected in a timely manner by Global Fund’s assurance providers,” the OIG stated in a [report](#) published on 19 January.

The OIG said that the NTP’s head office fraudulently charged training-related procurement expenditures to the Global Fund. NTP staff falsified invoices and inventory record documents, misused blank invoices and forged signatures. Most of the fraudulent documents came from two stationery suppliers whose blank invoices were found on the computer of one of the NTP’s employees, the OIG said.

In addition, the OIG said, the NTP procured training-related materials without following the government’s public procurement rules and its own financial management standard operating procedures; and NTP head office employees fraudulently claimed per diem and honorarium payments for district-level trainings they had not attended.

The OIG said that the fraud was facilitated by an unmonitored bank account that NTP staff set up. “Global

Fund assurance providers had no access to this bank account because it belonged to the government, which is a violation of the Global Fund Grant Regulations' right of access to program documentation," the OIG stated. The bank account had only one signatory, whereas standard operating procedures require that it have three.

The OIG said that an international finance consultant at the NTP, paid for by the Global Fund, was aware that NTP staff were not adhering to standard operating procedures regarding the approval of expenditures. The OIG said that the consultant was also aware that the bank account had been in use since 2012. However, the OIG noted, the consultant did not inform external auditors of the breaches until almost a year after they first noted the potential risks.

The OIG said the local fund agent (LFA) was aware of the existence of the bank account for five years before alerting the Global Fund in October 2016. Because it was a government account, it did not fall within the scope of the LFA's reviews and verifications. Nevertheless, the OIG said, the LFA did not signal that the account had no co-signatories and that grant funds were being transferred to an account over which the Fund had no oversight. The LFA's failure to inform the Global Fund of this bank account precluded any risk mitigating mechanisms that could have addressed this gap in assurance, the OIG stated.

Subject responses

The OIG said that on 27 September 2017, it provided the NTP, the NTP's international finance consultant and the LFA with a copy of its findings from the investigation. The OIG said that the consultant and the LFA responded within the agreed timelines, and that the OIG "duly considered" all points made by the respondents and made appropriate revisions to its findings in the final report.

The OIG said that the NTP did not provide any response. The OIG then proceeded to the next stage of the investigation as per the [OIG investigations stakeholder engagement](#) model.

Aidspan invited the international financial consultant, and representatives from the NTP and the LFA, to comment on a draft of this article or on the audit itself. We received a response only from the consultant.

Not the first time

This is not the first time that the NTP has been found wanting by the OIG. An [audit](#) in 2011 found, and a subsequent [investigation](#) confirmed, that a tender for medical equipment at the NTP worth over \$300,000 involved collusion, falsified bid documents, non-existent shell companies and price manipulation. As a result, the Global Fund stopped the NTP from procuring health and certain non-health items using Fund grants. (See [GFO article](#) .)

In addition, an [audit](#) completed in 2017 identified significant financial control weaknesses at the NTP. The OIG said that the weaknesses led the Global Fund to resort to using NGOs for the implementation of key components of the TB grants that had been assigned to the NTP. (See [GFO article](#) .)

Actions taken and committed

After it received a report of the financial irregularities that led to the latest OIG investigation, the Secretariat placed a moratorium on training-related activities conducted by the NTP. The Secretariat said that essential trainings could continue using a payment mechanism through BRAC, one of the three NGOPRs in Bangladesh. The Secretariat also proposed changes to the structure of the financial management staff and reporting systems at the NTP. The OIG reported that the NTP had indeed taken measures to strengthen compliance, including restructuring the financial reporting system and recruiting additional financial management staff.

The NTP is part of the Ministry of Health and Family Welfare (MOHFW). When it received a report on the OIG's findings, the MOHFW removed some central-level staff identified as responsible for the fraudulent activities from being involved with training and finance-related activities.

In response to the OIG's findings, the Secretariat agreed to ensure that revised financial management controls at the NTP would include conducting regular and ongoing spot checks for the rest of the existing grant and any succeeding grants to ensure that financial management controls have been implemented and complied with.

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