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OIG INVESTIGATION UNCOVERS EVIDENCE OF FRAUD AND OTHER IRREGULARITIES IN AN HIV GRANT TO EGYPT

An investigation by the Office of the Inspector General into an HIV grant to Egypt has found evidence of fraudulent practices and other procurement irregularities on the part of the principal recipient, the National AIDS Program, which compromised contracts worth \$668,877.

The OIG labeled this figure as a non-compliant expenditure, which means that in its view the Global Fund ought to seek to recover the amount. The Secretariat's Recoveries Committee will make the final decision concerning what should be recovered.

A [report](#) on the investigation was released on 24 September.

The grant (EGY-608-G03-H) focuses on prevention activities for most-at-risk populations and treatment, care, and support for people living with HIV. The total commitment under the grant is \$9.7 million, of which \$9.2 million had been disbursed at the time of the investigation.

The OIG said there were fraudulent activities involving the purchase of t-shirts. Specifically, the suppliers used by the NAP were untraceable at the addresses shown in their invoices. There were similarities in the quotations of the losing bidders. Five of the six main losing bidders could not be traced. And there were irregularities in the supporting documentation for these transactions, including: evidence that a number of the suppliers were related entities, similarities in handwriting on the invoices from different suppliers, and multiple irregularities in the dates of quotations, invoices, and delivery documentation.

Other irregularities identified by the OIG included the following:

- several hotel invoices submitted by the NAP did not include the names of the individuals staying at or using the hotel facilities;
- numerous invoices for catering expenses and for the purchase of stationery were submitted for the exact same amount, and no explanation was provided for this;
- the main supplier used by the NAP for vehicle rentals was not traceable at the addresses shown in its invoices; and
- the NAP did not carry out an open and competitive bidding process to hire the vehicle rental supplier as required by the Tenders Law of Egypt.

In 2012, a new local fund agent hired by the Global Fund identified a number of irregularities. The Secretariat referred the matter to the OIG for further investigation. The investigation focused on the categories of expenditures highlighted by the LFA's review and covered the entire grant period, April 2008 to March 2013. In all, the OIG reviewed expenditures totaling \$866,100, which represented about 15% of the total HIV grant.

During the investigation, or just prior to it, several steps were taken to address the problems, including the following:

- the NAP ceased all program activities except for the provision of antiretrovirals and testing;
- salary payments were limited to critical staff;
- the Global Fund invoked its additional safeguard policy;
- the NAP was required to put in place a functioning financial management system, including developing a comprehensive manual of financial procedures, to be approved by the Fund;
- the NAP replaced its national program manager; and
- Egypt's country coordinating mechanism was reformed.

Concerning the last bullet above, there was no explanation in the report of what the problems were at the CCM.

The Secretariat has agreed to take further actions, including instructing the NAP to adopt a no-cash policy for all expenses more than EGP 2,000 (\$261).

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