

Investigation Report



# Global Fund Grants in **Sierra Leone**

## **Training courses: fraudulent and collusive procurements**

GF-OIG-22-020  
6 December 2022  
Geneva, Switzerland

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# **1. Executive Summary**

## **1.1 Investigation at a glance**

The OIG found that Integrated Health Project Administration Unit (IHPAU) procurement staff members within Sierra Leone's Ministry of Health and Sanitation (MOHS) were involved in fraudulent and collusive practices for both malaria and Health Management Information System training. They imitated a competitive selection of suppliers that responded to the Request for Quotation (RFQ). Pre-selected bidders colluded with other suppliers and supplied IHPAU procurement staff with blank invoices. The invoices were then filled in with prices to ensure a certain "winner" would emerge from the three bids per district.

From January to April 2020, IHPAU procured catering suppliers for malaria training courses at a cost of LE 3.44 billion (US\$353,113), financed under SLE-Z-MOHS.<sup>1</sup> Similarly, in August 2020, MOHS conducted training events on how to use the Health Management Information System (HMIS), for which IHPAU procured catering services for LE 604.78 million (US\$62,035) under the same grant.

The OIG did not find evidence that the scheme was set up for IHPAU procurement staff to solicit kickbacks. Nevertheless, by implementing the scheme IHPAU, violates the Code of Conduct for Principal Recipients. The OIG considers the total value of the training (US\$415,148) as non-compliant.

To mitigate similar risks, the Fiscal Agent now reviews and must approve all IHPAU procurements above US\$2,500 in cases where the RFQ method is used. Furthermore, the use of caterers is only allowed in exceptional circumstances, and with prior approval by the Global Fund Secretariat. Instead, training participants are paid an allowance for lunch and refreshments through mobile money.

## **1.2 Genesis and scope**

In December 2020, the OIG oversaw an investigation of the potential fraud and manipulation in procurements of catering and hall rental services carried out by staff at IHPAU. The Global Fund's Local Fund Agent (PwC) and the Audit Services of Sierra Leone jointly investigated the allegation, covering four of Sierra Leone's 16 districts. When an implementing partner has proven investigative capacity, the OIG can opt to oversee the implementer's investigation rather than launching its own investigation. The OIG reviews the scope of work where necessary and assesses the adequacy of risk mitigation measures to prevent further recurrence.

Following the findings of the oversight investigation, the OIG converted the case to an OIG-led investigation and contracted PwC to extend the investigation in four additional districts in September 2021. Investigators reviewed and analyzed relevant procurement documents and market surveys. They also interviewed relevant individuals, including IHPAU staff, all winning

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<sup>1</sup> For exchange rates, the OIG used an average of the monthly mid-rates from the Central Bank of Sierra Leone covering the LLIN distribution mass campaign trainings (January, March, April and August 2020), unless otherwise specified. 1 US\$ is equivalent to LE 9,749.

bidders, 15 of 16 losing bidders and 10 suppliers who were not invited to bid.

### 1.3 Findings

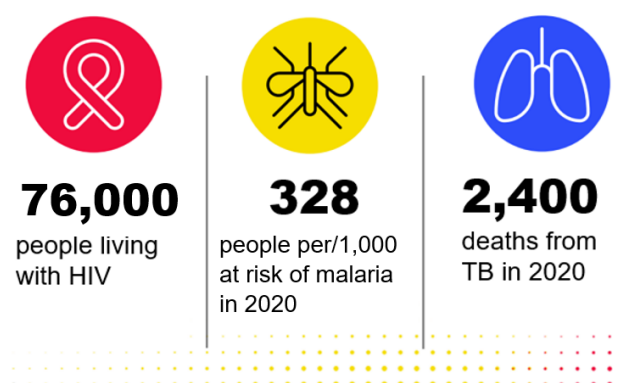
This investigation identified the following:

- Fraud and collusion in procurement resulted in US\$415,148 non-compliant expenditures in selecting catering suppliers for the malaria and HMIS trainings.
- Gaps in the Fiscal Agent's oversight role over IHPAU's procurement activities resulted in delays in identifying fraud.

### 1.4 Country context<sup>2</sup>

Sierra Leone is one of the world's least developed countries. The Ebola outbreak in 2014 had a devastating impact on its economy, and the country continues to suffer from weak infrastructure, high levels of poverty and unemployment, corruption and weak governance.<sup>3</sup>

The country was ranked 115<sup>th</sup> out of 180 countries in Transparency International's 2021 Corruption Perceptions Index.<sup>4</sup>



Access to healthcare is constrained by geographical barriers, extremely high out-of-pocket expenditures, lack of skilled medical staff, and poor service quality. Health resources are unevenly distributed, with most hospitals and health workers concentrated in the capital, Freetown.<sup>5</sup>

Sierra Leone relies heavily on foreign assistance from both bilateral and multilateral donors.<sup>6</sup> The Global Fund is a major funder to Sierra Leone. During the 2018-2021 funding cycle, the organization disbursed almost US\$54 million under grant SLE-Z-MOHS (Strengthening health systems to scale up high-impact interventions for HIV, TB and malaria), implemented by the MOHS. Grant procurements of non-health products are handled by MOHS's IHPAU, created in 2016 to serve as a fiduciary unit for the management of donor resources.

To mitigate the risk of financial fraud, the Global Fund contracted, as of 21 July 2014, a Fiscal Agent in Sierra Leone, Cardno Emerging Markets USA Ltd, to provide grant implementers with a broad range of financial management services, including capacity building in procurement management. While the Global Fund designates Sierra Leone as a Challenging

<sup>2</sup> <https://www.unaids.org/en/regionscountries/countries/sierraleone>, <https://data.worldbank.org/indicator/SH.MLR.INCD.P3?locations=SL>, [https://www.stoptb.org/static\\_pages/SLE\\_Dashboard.html](https://www.stoptb.org/static_pages/SLE_Dashboard.html)

<sup>3</sup> Ebola and corruption: Overcoming critical governance challenges in a crisis situation,

<https://www.worldbank.org/en/country/sierraleone/overview>, <https://worldpopulationreview.com/country-rankings/least-developed-countries>

<sup>4</sup> [www.transparency.org/en/cpi/2020](https://www.transparency.org/en/cpi/2020)

<sup>5</sup> [www.ncbi.nlm.nih.gov/pmc/articles/PMC8472563/](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8472563/)

<sup>6</sup> U.S. Relations with Sierra Leone, Bilateral Relations Fact Sheet, Bureau of African Affairs, 11 February 2022.

Operating Environment, it is not one of the countries under the Additional Safeguard Policy. A [2019 OIG audit](#) found serious deficiencies in financial controls, assurance activities and governance, and numerous indicators of fraud in grants implemented by the MOHS, including bid-rigging, falsified documents and invoices, illegal payments and per-diem fraud.

A subsequent [OIG investigation](#) published in April 2020 found over US\$2 million of non-compliant and fraudulent transactions in purchases of goods and services. We noted bid-rigging, overcharging for hotels and catering, product substitution and non-delivery of goods, as well as oversight errors by the Global Fund's Fiscal Agent, and insufficient terms to detect and report fraud in the Fiscal Agent's contract. Following the investigation, the OIG and the Secretariat agreed on several Agreed Management Actions (AMAs) to improve the operation and oversight of grants in Sierra Leone. In particular, the risk and assurance plan for the country was updated, and the Fiscal Agent's Terms of Reference were revised to include identification and reporting of red flags for prohibited practices to the Global Fund.

This was in addition to measures implemented during the 2020 investigation such as: (i) the Principal Recipients (MOHS and the National AIDS Secretariat), with the support of the Fiscal Agent, required a market analysis of costs before a tendering process and the verification of the delivery, (ii) Fiscal Agent increased its efforts to build the capacity of Principal Recipient procurement teams, and (iii) Fiscal Agent increased the frequency of its physical verifications of goods delivered, including random, independent verifications of IT equipment.

## **1.5 Impact of the Investigation**

This investigation uncovered further evidence of fraudulent and collusive practices in the IHPAU procurement of catering suppliers. In this case, the fraud and collusion occurred after the Secretariat started strengthening IHPAU procurement capacity by implementing the AMAs from the [earlier](#) Sierra Leone investigation. This highlights the inherent fraud risk and the need to strengthen further Global Fund's oversight and assurance over procurement in Sierra Leone.

Following this second investigation, the Fiscal Agent and IHPAU further agreed that before signing the Local Purchase Order for RFQ procurements with a value exceeding US\$2,500, the Fiscal Agent must review and approve the entire procurement. Prior, the Fiscal Agent would only review invoices from suppliers selected through RFQ before approving payment. In addition, procurement of catering services is now only allowed in exceptional circumstances and with prior Secretariat's approval, as they are, as shown by this investigation, highly susceptible to fraud and collusion. While food and refreshments remain strong incentives to encourage participation in programmatic activities, training participants are now paid a food allowance through mobile money systems. The Secretariat and Fiscal Agent consider this payment method to be less risky as the money goes directly to the participant's accounts.

The IHPAU procurement staff involved in the malaria and HMIS training no longer have access to Global Fund programs. The Procurement Officer has resigned and IHPAU re-assigned the Procurement Specialist to non-Global Fund programs.

The OIG and the Secretariat have also agreed on an AMA to recover the funds associated with the fraudulent and collusive procurements.

## **2. Findings**

### **2.1 Fraud and collusion in selecting suppliers for training courses resulting in US\$415,148 non-compliant expenditures**

#### **(i) Mosquito net distribution campaign**

From December 2019 to August 2020, the National Malaria Control Program (NMCP) at the MOHS conducted a nationwide distribution campaign of long-lasting insecticidal nets, a key measure to prevent malaria infection. During preparation for the campaign, the NMCP organized three field-based training courses for MOHS staff and volunteers (on 20-24 January, 25-28 March and 31 March-2 April) in all 16 districts of Sierra Leone.

On behalf of the NMCP, IHPAU undertook the procurement of catering suppliers for the three different training courses with a total cost of LE 3.44 billion (US\$353,113). Each training occurred in 16 districts in Sierra Leone.

IHPAU's activities are bound by Sierra Leone's Public Procurement Act, which states that "quotations shall be requested in writing from as many bidders as practicable, but from at least three bidders [...] A purchase order shall be placed with the bidder that provided the lowest-priced quotation meeting the delivery and other requirements of the procuring entity."

For the 20-24 January course, IHPAU conducted a bidding exercise, using the RFQ procurement method in all 16 districts.

Our investigation focused on eight districts. Five of the suppliers named by IHPAU as the losing bidders told the OIG that they never submitted a bid. Three others said they provided the winning caterers with either a completed or a blank proforma invoice. They explained that IHPAU selects a winning caterer but makes them responsible for submitting proforma invoices from the losing bidders to support the competition. One of the four winning caterers confirmed this "invoice back-up" scheme, explaining that winning caterers must request proforma invoices from other local caterers. Some of the invoices they obtain covertly, e.g. from local printing shops where other suppliers print their invoices.

The two IHPAU staff who oversaw these procurements denied any knowledge of the scheme. They said that due to tight timelines, they could not check if invoices were received from invited bidders or other channels, or check invoice authenticity. Whenever an invoice was received, the Procurement Officer would simply check the supplier's name on the invoice against the name in their database. If they matched, the invoice was considered authentic.

IHPAU is required to validate business registration certificates, licenses and tax receipts during bid evaluations. However, IHPAU did not request caterers to provide these documents. Notably, the 2018 IHPAU pre-qualified caterer's database showed that the business address of all the caterers involved in the RFQs was "Not traceable". Therefore, IHPAU misrepresented in the Bid Evaluation Report that the suppliers were "pre-qualified".

The OIG reviewed IHPAU's database of pre-qualified caterers. None of the caterers involved

in the RFQs provided business documents, and under "Business Address" each one was indicated as "not traceable."

## **(ii) Health Management Information System training**

In August 2020, the Directorate of Policy, Planning and Information (DPPI) within the MOHS conducted training events for 1,621 MOHS staff on how to use the HMIS. IHPAU procured catering services in all 16 districts at a total cost of LE 604.78 million (US\$62,035).

Caterers in 7 out of the 16 districts confirmed the same scheme detailed above. IHPAU had arranged for pre-selected bidders to supply blank invoices, which were then filled with prices to ensure a certain "winner" would emerge from the three bids per district.

## **(iii) Overcharging for catering and hall rental**

The amounts reportedly quoted for breakfast and lunch by the winning caterers in all 16 districts of Sierra Leone for the mass campaign and HMIS trainings were identical: US\$3.10 and US\$6.20, respectively. IHPAU explained that the uniformity in prices was probably due to caterers being familiar with the training budget.

The investigation compared the prices for meals and hall rentals quoted by the winning caterers against market prices. Meal prices were 15% (per lunch) and 19% (per breakfast) higher than the market average.

For hall rental, market prices ranged significantly (between US\$41-308 per day), depending on the district, whereas the winning caterers all quoted the same figure of US\$205 per day, regardless of location. One caterer told the OIG that it was common practice to inflate hall rental rates in quotations to make more profit.

## **(iv) Non-compliance with Procurement Regulations**

IHPAU did not use the correct procurement method under the 2016 Public Procurement Act in selecting suppliers for the training. The maximum threshold applicable to the RFQ method for procurement of services applicable at the beginning of 2020 was LE 100 million (approx. US\$10,300). Where the amount exceeds this threshold, either National Competitive Bidding (NCB) or International Competitive Bidding (ICB) should have been used.

IHPAU explained that they used the RFQ method for each district, and each of the three training sessions separately, given that it would be almost impossible to find a supplier who could provide catering to all three training sessions in all 16 districts. However, at the time the RFQ for the first training in 16 districts was initiated, IHPAU had already planned and budgeted for the other two trainings for the same 16 districts. Thus, IHPAU should have considered each district for all three trainings as one procurement lot and having 16 lots in total. The total training expenditure per district for all three trainings exceeded the RFP threshold of LE 100 million (approx. US\$10,300), which required procurement through NCB.

In addition, IHPAU sole-sourced the same suppliers who catered for each of the districts in the first training, to cater for the second and third trainings, without a competitive procurement process. Under the 2016 Public Procurement Act, the sole-source method of procurement is only allowed under specific circumstances and after following certain administrative requirements. In this case, IHPAU sole sourced suppliers without meeting the requirements

stipulated in the Act.

Improper sole sourcing is commonly used to avoid competition and steer contracts to favored bidders, often as the result of corruption. Such awards can be accomplished by simply ignoring competitive bidding requirements, falsifying sole-source justification data or splitting purchases to avoid competitive bidding thresholds. Sole-sourcing stifles competition and drives up costs. This is inconsistent with Global Fund's principle on Value for Money.<sup>7</sup> Alternatively, using multiple sources provides competition and an incentive for each supplier to improve cost and service.

### **Impact of the procurement fraud and collusion on Global Fund grants**

The OIG did not find evidence that the scheme was arranged for the IHPAU procurement staff to solicit kickbacks. Nevertheless, the scheme constitutes fraudulent and collusive practices, and violates the Code of Conduct for Principal Recipients.

The OIG finds as non-compliant US\$415,148 representing the total value of the malaria mass campaign and HMIS training and recommends a recovery of LE 1.93 billion (US\$197,576)<sup>8</sup> the total cost of the grant funds spent. This is calculated using the following considerations:

- The MOHS paid LE 1.76 billion (US\$180,923) for the first two mass campaign trainings, and LE 162.35 million (US\$16,652) to four of 14 selected HMIS training suppliers. Payment for the third mass campaign training, and to the remaining HMIS training suppliers, was rejected by the Fiscal Agent and has not been executed by the MOHS.
- In April 2021, following the initial investigation findings, the Global Fund Secretariat had already declared non-compliant and sought recovery of LE 1.65 billion (US\$170,436) from the MOHS. This recovery covered payments to the suppliers involved in the first two mass campaign trainings.<sup>9</sup>

Consequently, the OIG deems the residual recoverable amount to be LE 278.65 million (US\$28,582)<sup>10</sup> representing the difference between the total amount paid by MOHS for the first two mass campaign trainings and the amount paid to four 4 DPPI training suppliers, and the amount already declared non-compliant by the Country Team.

### ***Agreed Management Action 1***

The Global Fund Secretariat will finalize and pursue, from all entities responsible, an appropriate recoverable amount. This amount will be determined by the Secretariat in accordance with its evaluation of applicable legal rights and obligations and associated determination of recoverability.

Due date: 30 June 2023

Owner: Chair, Recoveries Committee

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<sup>7</sup> <https://www.theglobalfund.org/en/funding-model/updates/2020-02-21-value-for-money-resources-for-applicants/>

<sup>8</sup> Difference of US\$1 from sum of the amounts in first bullet point below due to rounding off.

<sup>9</sup> 9 April 2021 Global Fund Demand Letter to MOHS. Using the exchange rate used in this report, the LE amount is converted to US\$168,994. The exchange rate used in the letter different from the exchange rate in this report.

<sup>10</sup> US\$ obtained by converting the LE amount using the exchange rate indicated in Footnote 1 of this report.



## **2.2 Gaps in Fiscal Agent's oversight role resulted in delays in identifying procurement fraud in Sierra Leone**

To mitigate the risk of financial fraud, the Global Fund contracts a Fiscal Agent in Sierra Leone, Cardno Emerging Markets USA Ltd, to provide grant implementers with a broad range of financial management services, including capacity building in procurement management.

Under the terms of its contract with the Global Fund, the Fiscal Agent is required to review and verify supporting documentation justifying expenditures and conduct periodic fraud spot checks for high-risk transactions. For the 20-24 January 2020 and 25-28 March 2020 training courses, however, the Fiscal Agent approved payment of US\$180,923 to the selected caterers by relying on the quotes provided by IHPAU, rather than conducting any spot checks or verification.

For the August 2020 Health Management Information System training, IHPAU submitted catering invoices to the Fiscal Agent for approval after activities had already occurred. The Fiscal Agent authorized payment for four of 14 invoices worth US\$16,652. During a subsequent review of other invoices, the Fiscal Agent halted payments when it noted that the cost of catering was uniform across all 16 districts.

The Fiscal Agent acknowledged that these activities are high-risk transactions. They explained that they did not identify the issues because there was time pressure to approve the payments due to the LLIN mass campaign timing. Further, IHPAU was submitting invoices to them for review in batches, which prevented the Fiscal Agent to identify that the prices in all training invoices were identical.

In addition, the Fiscal Agent explained that one of the measures implemented after the 2020 OIG investigation was for them and the MOHS to identify and validate suitable suppliers. As such, they focused on the actual delivery of services rather than verifying the authenticity of the supplier invoices or the existence of the suppliers. In this case, although the procured services were delivered, the focus only on delivery resulted in delays in the detection of fraudulent practices at IHPAU.

To mitigate related risks going forward, the Fiscal Agent will review all RFQ procurement documents valued above US\$2,500 before IHPAU signs the Local Purchase Order. This requirement will be stipulated in the upcoming IHPAU Operations Manual. In addition, the use of caterers is now only allowed in exceptional circumstances, and with prior Global Fund Country Team approval. Instead, training participants are paid an allowance for lunch and refreshments through mobile money.

### 3. Global Fund Response

Action to be taken	Due date	Owner
1. The Global Fund Secretariat will finalize and pursue, from all entities responsible, an appropriate recoverable amount. This amount will be determined by the Secretariat in accordance with its evaluation of applicable legal rights and obligations and associated determination of recoverability.	30 June 2023	Chair, Recoveries Committee

## **Annex A: Summary of subject responses**

On 29 July 2022, the OIG provided the Principal Recipient and the Fiscal Agent with a copy of the Letter of Findings, which represented the full record of relevant facts and findings as they related to them. The two organizations were given an opportunity to provide comments and supporting documents on the findings and conclusions. The PR provided its response on 20 August 2022, while the Fiscal Agent provided its response on 12 August 2022. Below is a summary of the main responses. All points made in the responses were duly considered by the OIG and appropriate revisions were made to the findings as part of this final report.

### **Response from Principal Recipient**

The Principal Recipient responded that it takes issues identified by the OIG seriously as demonstrated through the implementation of all previous AMAs agreed with the Country Team. The Principal Recipient also referred the issues to the country's Anticorruption Commission (ACC). In addition, the Principal Recipient will no longer use caterers for grant activities and will instead pay participants Daily Service Allowances (DSA) through mobile money. The Principal Recipient adheres to the new DSA rates announced by Government.

The Principal Recipient also advised that they reached out to the two implicated procurement staff who denied the allegation of fraudulent selection of suppliers. Per the staff request, the Principal Recipient asked that the staff be given until 9 September 2022 to officially provide their comments. The OIG has not received their response to date.

### **Response from the Fiscal Agent**

The Fiscal Agent explained that although the identical pricing is a clear red flag, uncovering fraudulent activity involving collusion is not an easy task. The Fiscal Agent claimed that the invoices were not presented to them in one batch but rather piecemeal over several weeks. Thus, it was difficult for them to compare the unit costs used when reviewing separate invoices. The Fiscal Agent added that the prices charged seem reasonable, and, as the price analysis shows, are only slightly higher than the average market price.

The Fiscal Agent also explained that since they and IHPAU had already identified and validated suitable suppliers to mitigate the risk of bids from fake suppliers, they focused more on physical spot checks of the trainings to confirm that they were indeed taking place. They did not consider that suppliers would voluntarily provide blank proforma invoices to IHPAU and their competitors. The Fiscal Agent confirmed that going forward training participants are paid allowances for lunch/refreshments through mobile money.

# Annex B: Methodology

## Why we investigate

Wrongdoing, in all its forms, is a threat to the Global Fund's mission to end the AIDS, tuberculosis and malaria epidemics. It corrodes public health systems and facilitates human rights abuses, ultimately stunting the quality and quantity of interventions needed to save lives. It diverts funds, medicines and other resources away from countries and communities in need. It limits the Global Fund's impact and reduces the trust that is essential to the Global Fund's multi-stakeholder partnership model.

## What we investigate

The OIG is mandated to investigate any use of Global Fund funds, whether by the Global Fund Secretariat, grant recipients or their suppliers. OIG investigations identify instances of wrongdoing, such as fraud, corruption and other types of non-compliance with grant agreements. The Global Fund Policy to Combat Fraud and Corruption<sup>11</sup> outlines all prohibited practices, which will result in investigations.

OIG investigations aim to:

1. identify the nature and extent of wrongdoing affecting Global Fund grants;
2. identify the entities responsible for such wrongdoing;
3. determine the amount of grant funds that may have been compromised by wrongdoing;
4. place the Global Fund in the best position to recover funds, and take remedial and preventive action, by identifying where and how the misused funds have been spent.

The OIG conducts administrative, not criminal, investigations. It is recipients' responsibility to demonstrate that their use of grant funds complies with grant agreements. OIG findings are based on facts and related analysis, which may include drawing reasonable inferences. Findings are established by a preponderance of evidence. All available information, inculpatory or exculpatory, is considered by the OIG.<sup>12</sup> As an administrative body, the OIG has no law enforcement powers. It cannot issue subpoenas or initiate criminal prosecutions. As a result, its ability to obtain information is limited to the access rights it has under the contracts the Global Fund enters into with its recipients, and on the willingness of witnesses and other interested parties to voluntarily provide information.

The OIG bases its investigations on the contractual commitments undertaken by recipients and suppliers. Principal Recipients are contractually liable to the Global Fund for the use of all grant funds, including those disbursed to Sub-recipients and paid to suppliers. The Global Fund's Code of Conduct for Suppliers<sup>13</sup> and Code of Conduct for Recipients provide additional principles, which recipients and

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<sup>11</sup> (16.11.2017) Available at [https://www.theglobalfund.org/media/6960/core\\_combatfraudcorruption\\_policy\\_en.pdf](https://www.theglobalfund.org/media/6960/core_combatfraudcorruption_policy_en.pdf)

<sup>12</sup> These principles comply with the Uniform Guidelines for Investigations, Conference of International Investigators, 06.2009; available at: [http://www.conf-int-investigators.org/?page\\_id=13](http://www.conf-int-investigators.org/?page_id=13), accessed 1.12.2017.

<sup>13</sup> Global Fund Code of Conduct for Suppliers (15.12.2009), § 17-18, available at: [https://www.theglobalfund.org/media/3275/corporate\\_codeofconductforsuppliers\\_policy\\_en.pdf](https://www.theglobalfund.org/media/3275/corporate_codeofconductforsuppliers_policy_en.pdf), and the Code of Conduct for Recipients of Global Fund Resources (16.07.2012), §1.1 and 2.3, available at: [https://www.theglobalfund.org/media/6011/corporate\\_codeofconductforrecipients\\_policy\\_en.pdf](https://www.theglobalfund.org/media/6011/corporate_codeofconductforrecipients_policy_en.pdf). Note: Grants are typically subject to either the Global Fund's Standard Terms and Conditions of the Program Grant Agreement, or to the Grant Regulations (2014), which incorporate the Code of Conduct for Recipients and mandate use of the Code of Conduct for Suppliers. Terms may vary however in certain grant agreements.

suppliers must respect. The Global Fund Guidelines for Grant Budgeting define compliant expenditures as those that have been incurred in compliance with the terms of the relevant grant agreement (or have otherwise been pre-approved in writing by the Global Fund) and have been validated by the Global Fund Secretariat and/or its assurance providers based on documentary evidence.

## **Who we investigate**

The OIG investigates Principal Recipients and sub-recipients, Country Coordinating Mechanisms and Local Fund Agents, as well as suppliers and service providers. Secretariat activities linked to the use of funds are also within the scope of the OIG's work. While the OIG does not typically have a direct relationship with the Secretariat's or recipients' suppliers, its investigations encompass their activities regarding the provision of goods and services. To fulfill its mandate, the OIG needs the full cooperation of these suppliers to access documents and officials.

## **Sanctions when prohibited practices are identified**

When an investigation identifies prohibited practices, the Global Fund has the right to seek the refund of grant funds compromised by the related contractual breach. The OIG has a fact-finding role and does not determine how the Global Fund will enforce its rights. Nor does it make judicial decisions or issue sanctions. The Secretariat determines what management actions to take or contractual remedies to seek in response to the investigation findings.

However, the investigation will quantify the extent of any non-compliant expenditures, including amounts the OIG proposes as recoverable. This proposed figure is based on:

1. amounts paid for which there is no reasonable assurance that goods or services were delivered (unsupported expenses, fraudulent expenses, or otherwise irregular expenses without assurance of delivery);
2. amounts paid over and above comparable market prices for such goods or services;
3. or amounts incurred outside of the scope of the grant, for goods or services not included in the approved work plans and budgets or for expenditures in excess of approved budgets.

## **How the Global Fund prevents recurrence of wrongdoing**

Following an investigation, the OIG and the Secretariat agree on management actions that will mitigate the risks that prohibited practices pose to the Global Fund and its recipients' activities. The OIG may make referrals to national authorities for criminal prosecutions or other violations of national laws and support such authorities as necessary throughout the process, as appropriate.