



**The Global Fund**  
To Fight AIDS, Tuberculosis and Malaria

*Office of the Inspector General*

## **Investigation Report of Global Fund Grants to Sierra Leone**

### **Principal Recipient Sierra Leone Ministry of Health and Sanitation**

**GF-OIG-14-005**

1 May 2014

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## Acronyms and Abbreviations

|       |  |
|-------|--|
| CCM   | Country Coordinating Mechanism                 |
| LFA   | Local Fund Agent                               |
| MOH&S | Sierra Leone Ministry of Health and Sanitation |
| OIG   | Office of the Inspector General                |
| PR    | Principal Recipient                            |
| PwC   | PricewaterhouseCoopers                         |
| SRs   | Sub-Recipients                                 |
| SLL   | Sierra Leonean Leone                           |
| USD   | United States Dollar                           |

## A. Executive Summary

1. This report presents the findings of the Office of the Inspector General's (OIG) investigation into allegations of procurement irregularities and invoicing fraud affecting Global Fund Round 7 Malaria and Tuberculosis grant funds disbursed to the Sierra Leone Ministry of Health and Sanitation (MOH&S), the Principal Recipient (PR) of Global Fund Grants to Sierra Leone. The scope of the investigation was to review the PR's expenditures on non-health products, which amounted to USD 2,355,656.
2. Indications of potential irregularities arose primarily during a Local Fund Agent (LFA) review of PR expenditures on non-health procurements conducted in November 2011.<sup>1</sup> In addition, the OIG's investigation found:
  - a. MOH&S staff and the procurement officer hired by the Fiduciary Agent falsified invoices. A number of these invoices were confirmed as fake by legitimate vendors and in other cases, the vendors did not exist. The total amount of transactions connected to the fictitious invoices is USD 70,510 (SLL 303,185,500).
  - b. MOH&S staff actively participated in improper procurement practices by falsifying quotations.
  - c. Vendors controlled by the same entity also admitted to submitting separate quotations in order to create the false appearance of competition.
3. After the OIG shared investigation findings with the Global Fund Secretariat in June 2013, the Country Team implemented a number of safeguards to prevent procurement irregularities and invoicing fraud, including:
  - a. Suspension of the procurement of non-health products specifically relating to the cost category of "Infrastructure and Other Equipment". At the Secretariat's request, the MOH&S has outsourced the procurement of non-health products to the United Nations Office for Project Services (UNOPS). An agreement between UNOPS and the PR for procurement services and technical support has been in force since November 2013.<sup>2</sup>
  - b. Directly contracting a new Fiduciary Agent, CARDNO, in January 2013 (The Fiduciary Agent was previously contracted by the MOH&S). CARDNO is co-signatory to the PR's bank accounts and its primary responsibility is to ensure the eligibility of expenditures prior to release of funds. CARDNO has been tasked with reviewing the PR's Procedures Manual, as well as the Sub-recipient (SR) Manual. Furthermore, only fixed costs may be disbursed to SRs, whereas variable costs are made directly by PR/CARDNO to the suppliers and service providers. CARDNO has also been instructed to reject all expenditures and procurements connected to the identified fictitious vendors and to closely examine procurements for non-competitive bidding.

<sup>1</sup> LFA Report of Non-Health Procurement, Round 7 TB and Malaria Grants Implemented by Ministry of Health and Sanitation (11 Nov. 2011).

<sup>2</sup> Management Services Agreement between Ministry of Health and Sanitation, Sierra Leone (Principal Recipient – Global Fund to Fight AIDS, Tuberculosis and Malaria Programme and United Nations Office for Project Services, 1 Nov. 2013).

## A.1. Agreed Management Actions

4. Based on the evidence and analysis summarized in this report, the OIG recommends that the Global Fund Secretariat:
  - a. seek to recover from the Principal Recipient (MOH&S), USD 70,510, of which USD 36,360 is from falsified invoices as confirmed by vendors, and USD 34,150 is from vendors which could not be located and were confirmed to be fictitious;
  - b. preclude the implicated vendors, their owners, and any other business founded or controlled by their owners from participating in future contracting with any Global Fund-financed program in Sierra Leone or entity that receives Global Fund resources, namely: 1) Columbus Enterprises and Construction and its consortium of Bustis Enterprises, Chrismarie Enterprises, Delrey Enterprises and Construction, and Donchris Enterprises, and 2) Namisa Enterprise and its consortium of Danmilla Enterprise, Emors Enterprise, Kakolla Enterprise, and Two Boy Enterprise;
  - c. assess the accounting books and records and financial management systems maintained by Principal Recipients and ensure that the records and systems record and permit identification of beneficiaries, purpose of payment, and full reconciliations of expenditures with supporting documentation, before disbursing further grant funds to them;
  - d. ensure that the Fiduciary Agent or LFA assess the accounting books and records and financial management systems maintained by national program Sub-recipients (e.g., national tuberculosis and national malaria control programs) and ensure that the records and systems record and permit identification of beneficiaries, purpose of payment, and full reconciliations of expenditures with supporting documentation, before disbursing further grant funds to them;
  - e. amend the grant agreements to specifically clarify that Principal Recipients and Sub-recipients maintain accounting books and records of program expenditures that record the name of the beneficiary and the purpose for each payment and allow for full reconciliation of expenditures with supporting documentation.

## B. Requirements under the Grant Agreements

### B.1. Global Fund Procurement Requirements

5. With respect to procurement practices, Article 18(a)(i) of the Standard Terms and Conditions (STCs) of the Global Fund Round 7 Tuberculosis and Round 7 Malaria grant agreements<sup>3</sup> state: “Contracts shall be awarded on a transparent and a competitive basis.”<sup>4</sup> Further, Article 18(a)(v) of the grant agreements state: “Contracts shall be awarded only to responsible contractors that possess the ability to successfully perform the contracts.”<sup>5</sup>
6. Article 18(a)(viii) also requires that the PR: “maintain records documenting in detail the receipt and use of goods and services acquired by PR, the nature and extent of solicitations of prospective suppliers of goods and services acquired by the PR, and the basis of award of PR contracts and orders.”<sup>6</sup>

### B.2. Management of Grant Funds

7. Article 9 of the grant agreements require the PR to: “ensure that all Grant funds are prudently managed and shall take all necessary action to ensure that Grant funds are used solely for Program purposes and consistent with the terms of this (sic) Agreement.”<sup>7</sup>

### B.3. Corruption

8. Finally, Article 21(b)(v) states: “The Principal Recipient shall not, and shall ensure that no Sub-recipient or person affiliated with the Principal Recipient or any Sub-recipient engage(s) in a scheme or arrangement between two or more bidders, with or without the knowledge of the Principal Recipient or Sub-recipient, designed to establish bid prices at artificial, non-competitive levels.”<sup>8</sup>

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<sup>3</sup> Global Fund Grant Agreements for SLE-708-G05-M and SLE-708-G06-T.

<sup>4</sup> Standard Terms and Conditions of the Round 7 Tuberculosis and Round 7 Malaria grant agreements.

<sup>5</sup> Id.

<sup>6</sup> Id.

<sup>7</sup> Id.

<sup>8</sup> Id.

## C. Background on the Grants

9. The investigation covered the period from 2008 through 2011 of the Round 7 tuberculosis and malaria grants. The purpose of the Round 7 Tuberculosis grant was to strengthen the activity of Directly Observed Treatment Short course (DOTS) activities in Sierra Leone by focusing on intervention and ensuring access to treatment. The tuberculosis disease burden in Sierra Leone is high. The Round 7 Malaria grant was aimed at strengthening community based interventions for malaria prevention and control in Sierra Leone, with a focus on children under five years old and pregnant women. Under both grants, there were no restrictions on the PR or the national programs on carrying out non-health procurements, except that the PR would manage grant funds through the assistance of a fiduciary agent.<sup>9</sup>
10. The funds that the Global Fund provided to the MOH&S under Round 7 are as follows:

**Table 1: Grant Disbursements**

| Round        | Disease      | Principal Recipient | Grant No      | Total TGF Disbursements |
|--------------|--------------|---------------------|---------------|-------------------------|
| 7            | Malaria      | MOH&S               | SLE-708-G05-M | USD 12,317,290          |
| 7            | Tuberculosis | MOH&S               | SLE-708-G06-T | USD 4,370,278           |
| <b>Total</b> |              |                     |               | <b>USD 16,687,568</b>   |

### C.1. Fiduciary Agent

11. Due to weak capacity issues, the PR was required to retain a Fiduciary Agent to administer the finance/accounting and procurement functions. The Fiduciary Agent during the relevant period, 2008 – 2011 was PKF Chartered Accounts and Business Advisors.<sup>10</sup> At the time of the investigation the procurement officer, referred to in this report, was no longer working for PFK.

<sup>9</sup> Program Grant Agreement SLE-708-G06-T, Annex A (4 Aug. 2008) and Program Grant Agreement SLE-708-G05-M, Annex A (24 July 2008).

<sup>10</sup> Contract between the Ministry of Health and Sanitation and PKF Chartered Accountants and Business Advisors for Consultancy Services (1 Aug. 2011).

## D. OIG Investigation

### D.1. Origin of the Investigation

12. In November 2011, the Global Fund's Local Fund Agent (LFA) raised concerns about possible instances of misappropriation and fraud involving Global Fund tuberculosis and Malaria grants in Sierra Leone, in its Assessment Report of the PR. Out of total of USD 16,687,568 in expenditures, the LFA reviewed non-health procurement expenditures which comprised USD 1,169,732, covering the period of September 2010 to April 2011 and found a loss amount totaling USD 167,947<sup>11</sup>, or 14% of the amount reviewed due to fraud and misappropriation.<sup>12</sup>
13. The LFA's report on non-health procurements for the Round 7 Tuberculosis and Malaria grants noted that some suppliers did not exist and indicated possible collusion by suppliers.<sup>13</sup> In response to the information it received from the LFA in February 2012, the OIG opened an investigation into non-health procurements conducted under the Round 7 Malaria and Tuberculosis grants to Sierra Leone. The OIG's review encompassed the PR's program costs for non-health services/products from 2008 to 31 December 2011, which amounted to USD 2,355,656.

### D.2. Scope of the Investigation

14. In February 2012, the OIG conducted an initial mission to Sierra Leone to review the PR's supporting documents and conduct verifications of vendors for non-health procurements and found procurement irregularities and fictitious vendors. The OIG, therefore, conducted a comprehensive collection of the PR's supporting documents and financial records.
15. The OIG compiled a financial profile of the PR's expenditures and concluded that a significant amount of program funds was disbursed to various SRs and district health management teams. Based on the PR's financial data, USD 1,216,160 had been disbursed to the national tuberculosis program and USD 1,423,509 had been disbursed to the malaria national program during the relevant period. The OIG returned to Sierra Leone to collect accounting data from the malaria and tuberculosis national programs.
16. However, the OIG ascertained during its in-country mission that the cashbooks of the two national programs did not generally identify the vendors or recipients of payments to third party suppliers and, for the most part, listed only vague descriptions of the payments, such as printing costs, furniture and supervision. The determination of their expenditures on non-health procurements for the four-year review period would have required the OIG to collect beneficiary information from disparate sources and records at the national programs and various banks for each individual transaction. The likelihood that the amount expended on non-health procurements by the national programs was relatively low did not justify the time and resources required to complete these tasks.
17. The decision was, therefore, taken to limit the scope of the investigation to only the PR's expenditures on non-health products, which amounted to USD 2,355,656. A final in-country mission was conducted in November 2012 to interview PR staff and vendors.

<sup>11</sup> The PR held the Fiduciary Agent liable for USD 159,093, of which USD 126,800 would be settled by withholding forfeited fees owed by the PR to the Fiduciary Agent. A balance of USD 41,147 remains outstanding from the PR.

<sup>12</sup> Report of Non-Health Procurement, Round 7 TB and Malaria Grants Implemented by Ministry of Health and Sanitation (11 Nov. 2011).

<sup>13</sup> LFA Summary of Report of Non-Health Procurement, Round 7 TB and Malaria Grants Implemented by Ministry of Health and Sanitation (11 Nov. 2011).

### D.3. Due Process

18. The OIG provided the Global Fund Country Team, the Country Coordination Mechanism (CCM) and the PR (MOH&S) an opportunity to review and comment on the OIG's findings prior to the finalization of this report.
19. The Chief Medical Officer and CCM member responded on behalf of the PR by letter dated 8 April 2014. The letter enumerates certain steps the PR took to address some of the issues described in this Report. A copy of the letter is annexed to this Report.

### D.4. Exchange Rate

20. This report describes amounts in Sierra Leone Leones (SLL) together with the equivalent amounts in United States dollars (USD) where appropriate. For the purpose of this report, the exchange rate from SLL to USD has been set as the average daily exchange rate from the period from 2008 through 2011, as SLL 4,300 to USD 1.00.<sup>14</sup>

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<sup>14</sup> Based on historical exchange rates at: [//www.oanda.com/currency/historical-rates/](http://www.oanda.com/currency/historical-rates/).

## E. Investigation Findings

21. In addition to the LFA's highlighted losses of USD 167,947, the OIG has identified USD 70,510 of expenditures which were compromised by compliance issues, of which USD 36,360 is from falsified invoices as confirmed by vendors, and USD 34,150 is from vendors which could not be located and were confirmed to be fictitious. The OIG also found several vendors engaged in non-competitive bidding practices with the tacit knowledge of the PR and, in some cases, with the assistance of PR staff.

### E.1. Fictitious Invoices/Vendors

22. This investigation identified six invoices connected to four fictitious vendors and ten invoices which were confirmed as fictitious by legitimate vendors. The total amount of transactions connected to the fictitious invoices is USD 70,510 (SLL 303,185,500). Several invoices appeared to be in the handwriting of a finance officer at the PR. The procurement officer's (directly recruited by the Fiduciary Agent) handwriting also appears on many of the invoices. See Annexes A, B and C.
23. The table below provides a summary of OIG's findings regarding the fictitious invoices and vendors. Vendors whose invoices appear to be in the handwriting of the finance officer are indicated with an asterisk.

**Table 2: Fictitious Invoices/Vendors**

| <b>Finding</b>  | <b>Vendor(s)</b>   | <b>Amount in SLL</b> | <b>Amount in USD</b> |
|---|--|----------------------|----------------------|
| <b>Invoice confirmed as fake by owner</b>   | Alsam Enterprises; Ess Bee International*; Jewaba*; Star Garage; Bambara General Services  | 156,357,000          | 36,360               |
| <b>Fictitious Vendor: Business could not be located at address and/or not known by locals</b> | Jamfat Enterprises; P.H. Enterprises Construction; Vicans Enterprises; Julala Enterprises* | 146,828,500          | 34,150               |
| <b>TOTAL</b>  |  | <b>303,185,500</b>   | <b>70,510</b>        |

### E.2. Fictitious Competition

24. This investigation also found several vendors to be one and the same, and instances of those vendors frequently submitting quotations for the same tender from multiple companies within their consortiums of commonly-owned companies in order to create the appearance of competition.

#### E.2.1. Columbus Enterprises Consortium

25. The investigation found that vendors: Bustis Enterprises, Chrismarie Enterprises, Delrey Enterprises and Construction, and Donchris Enterprises were controlled by the owner of Columbus Enterprises. These vendors often competed for the same contracts and in some cases shared the same addresses and/or telephone numbers. Invoices for Bustis, Donchris and Columbus all showed the same phone numbers and addresses.

26. When interviewed by the OIG, the owner of Columbus Enterprises denied a connection between the companies and insisted that they were separate and legitimate businesses.<sup>15</sup> OIG investigators could not locate Donchris or Bustis at the addresses provided by the owner of Columbus Enterprises. Another business was operating at the address on Chrismarie's invoice. During a visit of Columbus Enterprises' business premises the owner of Columbus Enterprises inadvertently pulled out blank invoice books for Delrey, Donchris and Bustis.<sup>16</sup>

### **E.2.1. Namisa Enterprise Consortium**

27. In a meeting with OIG investigators on 23 April 2012, the owner of Namisa Enterprise admitted that he was also the owner of Danmilla Enterprise, Emors Enterprise, Kakolla Enterprise, and Two Boy Enterprise, and that he used these companies to submit supposedly competing bids to the PR to ensure his company would win contracts. Indeed, Kakolla, Namisa and Two Boy competed against each other in many of the bids to supply office equipment, generators, construction projects, office supplies and furniture. The vendor signatures on invoices for Emors and Two Boy are the same. The owner of Namisa Enterprise also admitted that the procurement officer employed by the Fiduciary Agent had given his companies preferential treatment.<sup>17</sup> Indeed, quotations for Two Boy and Namisa appear to be in the procurement officer's handwriting (see Annexes B and C).

### **E.2.2. Other Fictitious Quotations**

28. The following vendors also confirmed that quotations purportedly from their business in the possession of the PR were fake: Alsam Enterprises, Ekosil Intercontinental Enterprises, Kanu Spot Garage, Munroh Jalloh, and Mushawa Enterprises.<sup>18</sup> The owner of Columbus Enterprises admitted to having asked a friend who worked at Mushawa to give him blank invoice forms.<sup>19</sup>
29. The PR's finance officer admitted to writing the quotations for Kanu Spot Garage and Munroh Jalloh; however, the finance officer stated that the vendors had asked him to write those quotations.<sup>20</sup> The OIG showed the quotations to the owner of Kanu Spot Garage, who confirmed that he did not sell some of the items listed (e.g. air compressors and air conditioners) and that his business stamp was missing from those quotations.<sup>21</sup> The OIG also showed quotations, which the PR's finance officer admitted to writing, to the owner of Munroh Jalloh (see Annex D). The owner stated that he did not recognize the handwriting and that all quotations should come from the main office and must be in his handwriting and signed by him.<sup>22</sup>
30. The table below provides a summary of contracts awarded by the PR to companies controlled by the owners of Columbus Enterprises and Namisa Enterprise in which a supposedly competing quotation had been submitted by at least one other company within the winning company's consortium. It is noteworthy that the national malaria and tuberculosis programs, both of which are SRs, were found to have occasionally used the same vendors.

<sup>15</sup> Record of Conversation, Owner of Columbus Enterprises (23 Nov. 2012).

<sup>16</sup> OIG Post Mission Report Sierra Leone (Nov. 2012).

<sup>17</sup> Vendor Verification Note, Lakka Hospital (23 April 2012).

<sup>18</sup> Vendor Verification Note, Ekosil Intercontinental Enterprises; Munroh Jalloh (24 Nov. 2012); Mushawa; Kanu Spot Garage (24 Nov. 2012); Alsam Enterprises.

<sup>19</sup> Record of Conversation, Owner of Columbus Enterprises, para. 13 (27 Nov. 2012).

<sup>20</sup> Record of Conversation, Finance Officer, para. 5-8 (26 Nov. 2012).

<sup>21</sup> Vendor Verification Note, Kanu Spot Garage (24 Nov. 2012).

<sup>22</sup> Vendor Verification Note, Munroh Jalloh (24 Nov. 2012).

**Table 3: Contracts the PR awarded to companies where fake quotations were submitted**

|  | <b>Name</b>                         | <b>Other bidders</b> | <b>Goods/Services</b>          | <b>Amount (SLL)</b> | <b>Amount (USD)</b> |
|--|-------------------------------------|----------------------|--------------------------------|---------------------|---------------------|
| <b>Columbus Enterprises Consortium</b> |                                     |                      |                                |                     |                     |
|  | Columbus Enterprises & Construction | Donchris, CIS        | Office renovation              | 47,148,500          | 10,965              |
|  | Bustis Enterprises                  | Mushawa, Christmarie | Office furniture               | 56,772,000          | 13,203              |
|  | Bustis Enterprises                  | Columbus, Mushawa    | Office equipment               | 3,833,352           | 891                 |
|  | Bustis Enterprises                  | Columbus, Delrey     | Air conditioners               | 10,260,000          | 2,386               |
| <b>Namisa Consortium</b>               |                                     |                      |                                |                     |                     |
|  | Danmilla Enterprise                 | Kakolla, Malacom     | Furniture                      | 58,641,600          | 13,638              |
|  | Danmilla Enterprise                 | Two Boy, Emors       | Generators                     | 56,667,500          | 13,178              |
|  | Danmilla Enterprise                 | Kakolla, Two Boy     | Generator                      | 47,291,000          | 10,998              |
|  | Kakolla Enterprise                  | Namisa, Danmilla     | Air conditioners, ceiling fans | 17,907,500          | 4,165               |
|  | Kakolla Enterprise                  | Two Boy, Danmilla    | Office furniture               | 24,089,862          | 5,602               |
|  | Mushawa Enterprises                 | Columbus, Rolmac     | Office renovation              | 29,877,500          | 6,948               |
|  | Mushawa Enterprises                 | Columbus, Rolmac     | Office renovation              | 26,752,000          | 6,221               |
|  | Mushawa Enterprises                 | Columbus, Donchris   | Ceiling tiling                 | 1,042,625           | 242                 |
|  | Mushawa Enterprises                 | Donchris, CIS        | Steel door and lock            | 883,500             | 205                 |
|  | Two Boy Enterprise                  | Kakolla, Danmilla    | Furniture, fixtures            | 23,569,500          | 5,481               |
|  | Two Boy Enterprise                  | Emors, Kakolla       | Generators                     | 56,810,000          | 13,212              |

## F. Global Fund's Right to Reimbursements

31. Under the standard terms of the Grant Agreements with MOH&S, Article 27 stipulates that the Global Fund may require the PR: "to immediately refund to the Global Fund any disbursement of the Grant funds where there has been a breach by the Principal Recipient of any provision of this (sic) Agreement."<sup>23</sup>
32. On the basis of the preponderance of the evidence presented herein, the OIG finds the PR did not comply with its obligations under the following provisions of the STCs:
- a. Article 18(a) of the Grant Agreements requires that the PR ensures that: (i) contracts are awarded on a transparent and competitive basis; (ii) contracts are awarded to responsible contractors that possess the ability to successfully perform the contracts; (iii) no more than a reasonable price shall be paid to obtain goods and services; and (iv) the PR and its representatives and agents do not engage in any corrupt practices as described in Article 21(b) of the Grant Agreement in relation to such procurement.<sup>24</sup>
  - b. Article 18(f) of the Grant Agreements requires the PR to ensure that all goods and services and activities financed with Grant funds are used solely for Program purposes.<sup>25</sup>
  - c. According to Article 21(b) of the Grant Agreement, the PR shall not and shall ensure that no person affiliated with the PR "engage(s) in a scheme or arrangement between two or more bidders, with or without the knowledge of the Principal or Sub-recipient, designed to establish bid prices at artificial, non-competitive levels."<sup>26</sup>
  - d. The OIG's finding that PR staff and the procurement officer employed by the Fiduciary Agent falsified invoices constitutes a breach of Article 18(f). As a result, the PR did not ensure that the funds were used for the purposes of the Grant Agreements.
  - e. The OIG's finding that PR staff and the procurement officer employed by the Fiduciary Agent falsified quotations in order to create the appearance of legitimate competition in procurements constitutes a breach of 18(a) and 21(b).
  - f. The OIG's finding that companies controlled by the owner of Columbus Enterprises and the owner of Namisa Enterprise repeatedly submitted competing bids from companies they either owned and/or controlled in order to create the appearance of legitimate competition and to secure contracts with the PR's tacit knowledge constitutes a breach of Articles 18(a) and 21(b) of the Grant Agreements.

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<sup>23</sup> Standard Terms and Conditions, Program Grant Agreement SLE-708-G06-T, Art. 27.

<sup>24</sup> Id. at Art. 18(a).

<sup>25</sup> Id. at Art. 18(f).

<sup>26</sup> Id. at Art. 21(b).

## F.1. Agreed Management Actions

33. Based on the evidence and analysis summarized in this report, the OIG recommends that the Global Fund Secretariat:

- a. seek to recover from the Principal Recipient (MOH&S), USD 70,510, of which USD 36,360 is from falsified invoices as confirmed by vendors, and USD 34,150 is from vendors which could not be located and were confirmed to be fictitious;
- b. preclude the implicated vendors, their owners, and any other business founded or controlled by their owners from participating in future contracting with any Global Fund-financed program in Sierra Leone or entity that receives Global Fund resources, namely: 1) Columbus Enterprises and Construction and its consortium of Bustis Enterprises, Chrismarie Enterprises, Delrey Enterprises and Construction, and Donchris Enterprises, and 2) Namisa Enterprise and its consortium of Danmilla Enterprise, Emors Enterprise, Kakolla Enterprise, and Two Boy Enterprise;
- c. assess the accounting books and records and financial management systems maintained by Principal Recipients and ensure that the records and systems record and permit identification of beneficiaries, purpose of payment, and full reconciliations of expenditures with supporting documentation, before disbursing further grant funds to them;
- d. ensure that the Fiduciary Agent or LFA assess the accounting books and records and financial management systems maintained by national program Sub-recipients (e.g., national tuberculosis and national malaria control programs) and ensure that the records and systems record and permit identification of beneficiaries, purpose of payment, and full reconciliations of expenditures with supporting documentation, before disbursing further grant funds to them;
- e. amend the grant agreements to specifically clarify that Principal Recipients and Sub-recipients maintain accounting books and records of program expenditures that record the name of the beneficiary and the purpose for each payment and allow for full reconciliation of expenditures with supporting documentation.

# Annex A

## Fiduciary Agent's Handwriting Sample

Writing of [REDACTED]

Laser  
Laser

a b c d e f  
a b c d e f  
L

a b c d e f g h i j  
a b c d e f g h i j

a b c d e f g h i j k l m n o p q r s t u v w x y z

1 2 3 4 5 6 7 8 9 10  
1 2 3 4 5 6 7 8 9 10  
1 2 3

a b c d e f g h i j k l m n o p q r s t u v w x y z

Canon Cartridge  
Canon Cartridge  
Canon Cartridge  
Laserjet  
Laserjet  
Laserjet

**ALSAM ENTERPRISES**  
Dealer in Stationery, Office Equipment, Printing & General Service

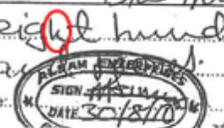
Head Shop: 16 Lightfoot Boston Street Freetown Tel: 220497 Mobile: 076-607259 / 033-490722 077-227804 / 030-926611  
Branch Shop: 6 Lightfoot Boston Street Freetown

**INVOICE** No: 267

Name: NOVIA SCOTTIASLP/HASDA-S.L  
Address: ..... Date: 30.14.19 August 2010

| QTY             | DESCRIPTION                         | UNIT COST | AMOUNT LE        |
|-----------------|-------------------------------------|-----------|------------------|
| 30 Pkts.        | AG PAPER                            | 20,000    | 600,000          |
| 2               | Boxed Canon Laser Cartridge - T     | 350,000   | 700,000          |
| 2               | Sets Lexmark inkjet cartridge 17827 | 370,000   | 740,000          |
| 6               | Boxed file folders                  | 200,000   | 1,200,000        |
| 5               | Pkts. staple pins (standard)        | 10,000    | 50,000           |
| 10              | Pkts. staple machines m/f           | 25,000    | 250,000          |
| 10              | Pkts. Paper Clips                   | 5,000     | 50,000           |
| 10              | Pkts. straight pins                 | 10,000    | 100,000          |
| 5               | Pkts. pen                           | 25,000    | 125,000          |
| 130             | Pkts. pencil                        | 30,000    | 3,900,000        |
| <b>TOTAL LE</b> |                                     |           | <b>3,854,000</b> |

Amount in words: Three million eight hundred and fifty four thousand

Signature:  DATE 30/8/10

# Annex B

## Fiduciary Agent's Handwriting Sample

Handwriting of [REDACTED]

Laser  
Laser

a b c d e f  
a b c d e f

L  
a b c d e f g h i j

a l  
a b c d e f g h i j k l m n o p q r s t u v w x y z

1 2 3 4 5 6 7 8 9 10  
1 2 3 4 5 6 7 8 9 10  
1 2 3  
a b c d e f g h i j k l m n o p q r s t u v w x y z

Canon Cartridge  
Canon Cartridge  
Canon Cartridge  
Laserjet  
Laserjet  
Laserjet

### NAMISA ENTERPRISE

General Merchant  
16A Lightfoot Boston Street, Freetown, Mobile: 076-605-391

## PROFORMA INVOICE

Nº 650

BANKERS-S.L. Commercial Bank Sierra Stevens Street ACCF.....

Customer's Name: Global fund - Ministry of health & Sanitation  
Date: 10/08/10

| Quantity | Description                             | Unit Price |   | Amount     |   |
|----------|---|------------|---|------------|---|
|          |   | Le         | C | Le         | C |
| 1pc      | 178 Model single door fridge            | 2,550,000  |   | 2,550,000  |   |
| 2pc      | 508 Model double door freezer (Kenmore) | 3,080,000  |   | 6,160,000  |   |
| 2pc      | 209 Model double door fridge (Kenlin)   | 3,900,000  |   | 7,800,000  |   |
| 2pc      | 338 Model double door fridge (Kenmore)  | 3,400,000  |   | 6,800,000  |   |
|          |   | TOTALLE    |   | 23,760,000 |   |

Goods once sold will not be taken back

Amount in words: Twenty three million two hundred and sixty thousands (ones) (Leones)

Customer's Signature:

Manager Signature:

**Annex C**  
Fiduciary Agent's Handwriting Sample

Writing of [redacted]  
Laser  
Laser

a b c d e f  
a b c d e f  
L  
a b c d e f g h i j  
a i  
a b c d e f g h i j k l m n o p q r s t u v w x y z  
1 2 3 4 5 6 7 8 9 10  
1 2 3 4 5 6 7 8 9 10  
1 2 3  
a b c d e f g h i j k l m n o p q r s t u v w x y z  
Canon Catridge  
Canon Catridge  
Canon Catridge  
Laserjet  
Laserjet  
Laserjet

**TWOBOY ENTERPRISE**  
General Merchant  
16A Upper Banana Street, Makeni, Mobile: 076-605-391

**PROFORMA/INVOICE** № 447

Customer's Name: Global fund  
Address: \_\_\_\_\_ Date: 19-09-2017

| Quantity   | Description               | Unit Price |   | Amount    |            |
|------------|---------------------------|------------|---|-----------|------------|
|            |                           | Le         | C | Le        | C          |
| 25         | Chair                     | 350,000    |   | 8,750,000 |            |
| 4          | Executive Chair           | 700,000    |   | 2,800,000 |            |
| 15         | Office Table              | 350,000    |   | 5,250,000 |            |
| 1          | Office Chair (metal type) | 7,000,000  |   | 7,000,000 |            |
| G.S.T. 15% |                           |            |   |           | 3,570,000  |
|            |                           |            |   |           | 27,370,000 |

Goods once sold will not be taken back

TOTALLE 27,370,000

Amount in words: Twenty seven million three hundred and seventy thousand

Customer's Signature: \_\_\_\_\_

**TWOBOY ENTERPRISES**  
SIGNATURE: [Signature]  
Manager's Signature

**Annex D**  
Finance Officer's Handwriting Sample

Writing Sample of [redacted] 26 November 2012

New England  
New England  
New England  
New England  
New England

Global fund  
Global fund  
Global fund  
Global fund

and seventy thousand only  
and seventy thousand only  
and seventy thousand only  
and seventy thousand only  
and seventy thousand only

Fv 5000,000 2008  
5000,000 2008  
5000,000 2008  
5000,000 2008  
5000,000 2008

2000,000  
2000,000  
2000,000  
2000,000  
2000,000

SI-MA-002709

## MR. MUNJURU JALLOH

DEALER - SAFECON FILLING STATION  
3 ADELAIDE STREET - FREETOWN  
MOBILE: 076-619210 / 077-619210 / 076-460386

Name: Global Fund **PROFORMA**

Address: New England Date: 20/10/12

| QTY        | DESCRIPTION        | UNIT COST | AMOUNT    |
|------------|--------------------|-----------|-----------|
| 295 gals.  | Diesel oil         | 16,500    | 4,867,500 |
| 2 gals.    | Engine oil         | 60,000    | 120,000   |
| 1          | Tin 45 Brake fluid | 12,500    | 12,500    |
| TOTAL L.F. |                    |           | 5,000,000 |

Amount in words: Five million

Owner's Signature: \_\_\_\_\_ Manager's Signature: \_\_\_\_\_

**SAFECON FILLING STATION**

# Annex E

## Finance Officer's Handwriting Sample

Writing Sample of [redacted] 26 November 2012

New England  
 New England  
 New England  
 New England  
 Now England

Global fund  
 Global fund  
 Global fund  
 Global fund

and seventy thousand only  
 and seventy thousand only  
 and seventy thousand only  
 and seventy thousand only  
 and seventy thousand only

Fv 5000,000 2008  
 5000,000 2008  
 5000,000 2008  
 5000,000 2008  
 5000,000 2008

2000,000  
 2000,000  
 2000,000  
 2000,000  
 2000,000

MAYSON'S CATERING SERVICE & GENERAL MERCHANDISE  
 13 Priscilla Street, Tel: +232 76 616499, +232 33 491475  
 NO: 0001

SL-MA-001606

**PROFORMA INVOICE**

Name: Global Fund Malaria Programme  
 Address: New England  
 Date: 2008

| QTY   | Description             | Unit Cost | Amount Leones |
|-------|-------------------------|-----------|---------------|
| 20    | (500 units Zinc Top-up) | 15,000    | 300,000       |
| 10    | (1000 units Zinc "      | 30,000    | 300,000       |
| 25    | (250 units Zinc "       | 7,500     | 187,500       |
| 15    | (500 units Amin)        | 15,000    | 225,000       |
| 5     | (1000 units Amin)       | 30,000    | 150,000       |
| 20    | (250 units Amin)        | 7,500     | 150,000       |
| 15    | (500 units Abical)      | 15,000    | 225,000       |
| 10    | (1000 units Abical)     | 30,000    | 300,000       |
| 11    | (250 units Abical)      | 7,500     | 82,500        |
| 4     | 6. 25000 - Tigo         | 22,500    | 100,000       |
| 5     | 6. 10000 - Tigo         | 10,000    | 50,000        |
| 9     | 6. 3000 - Tigo          | 3,000     | 27,000        |
| Total |                         |           | 2,097,000     |

Amount in words: Two million and ninety seven thousand Leones

Signature: [Signature]

# Annex F

## Finance Officer's Handwriting Sample

Writing Sample of [redacted] 26 November 2012

New England  
 New England  
 New England  
 New England  
 Now England

Global fund  
 Global fund  
 Global fund  
 Global fund

and seventy thousand only  
 and seventy thousand only  
 and seventy thousand only  
 and seventy thousand only  
 and seventy thousand only

Fv 5000,000 2008  
 5000,000 2008  
 5000,000 2008  
 5000,000 2008  
 5000,000 2008

2000,000  
 2000,000  
 2000,000  
 2000,000  
 2000,000

SL-MA-008306

### MAYSON'S CATERING SERVICES & GENERAL MERCHANDISE

Experts in making delicious dishes, for all occasions  
 ADDRESS: 13 Priscilla Street, Freetown  
 TEL: (076)-616499/(033)-491475

001

#### DELIVERY NOTER

Name: Global Fund  
 Address: New England Ville Date: 9.04.2009

| QTY     | DESCRIPTION           |
|---------|-----------------------|
| 1       | dozen toilet soap     |
| 5       | tins powdered milk    |
| 15      | pkts Sugar            |
| 8       | Tins Nescafe          |
| 12      | " Ovaltine            |
| 6       | pkts teabags          |
| 2       | Ctns Bottle Juice     |
| 4       | " can Soft drinks     |
| 6       | Bts toilet cleaner    |
| 4       | " Disinfectant        |
| 18      | Box tissues           |
| 4       | Bills Liquid Soap     |
| 2       | Ctns Supermarket      |
| 10 x 12 | Water S/S             |
| 15      | Tins Air freshner     |
| 12      | " Shetox              |
| 1       | dozen Laundry Soap    |
| 6       | Tins Furniture polish |

Goods Delivered by: Joseph F. T. [Signature] Date: 9-5-09  
 Goods Received by: Kadat Sanyang [Signature] Date: 29<sup>th</sup> April 09



Annex H

Same Spelling Error, Telephone Number, Email Address and Invoice Template for Bustis and Columbus

SL-TB-000162

*where is the registered from*

**BUSTIS ENTERPRISES**

29 PERCIVAL STREET  
FREETOWN  
TEL: 225285  
MOBILE: 033656162/076656162  
E-Mail: columbusc@yaho.com  
IN GOD WE TRUST

COMMERCIAL PRINTERS, MANUFACTURER AND CLASS BOOK BINDERS, STATIONARY AND GENERAL SUPPLIER No: 201

INVOICE DATE: 20/03/09

Name: Chest Clinic  
Address: Conaucth Hospital

| Qty | Description                               | Unit Cost | Amount    |
|-----|---|-----------|-----------|
| 1   | Set 18000 BTU Split unit A/c (west Point) | 3,250,000 | 3,250,000 |
|     | Insulation wackurwackup Plugs             | 310000    | 310,000   |
| 1   | Office Fridge Model (westpoint)           | 1,200,000 | 1,200,000 |
|     |   |           | 4,760,000 |

Amount in words: Four Million Seven hundred and sixty thousand Leones only

Signature: *[Signature]*

SL-MA-002666

**COLUMBUS ENTERPRISES AND CONSTRUCTION**

36 SANDERS STREET  
FREETOWN  
TEL: 225285  
MOBILE: 033656162/076656162  
E-Mail: columbusc@yaho.com  
IN GOD WE TRUST

COMMERCIAL PRINTERS, MANUFACTURER AND CLASS, BOOK BINDERS, STATIONARY AND GENERAL SUPPLIER No: 134

PRO-FORMA INVOICE DATE: 24/4/09

Name: National Malaria Control (Global fund)  
Address: New England stt

| Qty    | Description                | Unit Cost | Amount     |
|--------|----------------------------|-----------|------------|
| 30 ps  | 1/2 Ply woods              | 98,000    | 2,940,000  |
| 22 v   | 2x3 Boards                 | 22,000    | 484,000    |
| 37 v   | Gallon Assort. oil paint   | 56,000    | 2,072,000  |
| 10 -   | Gall Emulsion paint        | 97,000    | 970,000    |
| 6 v    | Gallon Varnish             | 99,000    | 594,000    |
| 4 v    | Buddle fillet Board        | 44,000    | 176,000    |
| 5      | Round pottery              | 42,000    | 840,000    |
| 15 pck | 3" nails                   | 9,000     | 135,000    |
| 15 v   | 1" nails                   | 6,000     | 72,000     |
| 6 v    | 3" steel nails             | 22,000    | 132,000    |
| 4 pcs  | Flush door with hooks      | 360,000   | 1,440,000  |
| 1 v    | panel " " "                | 700,000   | 700,000    |
| 1 v    | door LACK                  | 96,000    | 96,000     |
| 2 set  | toilet seats               | 410,000   | 820,000    |
| 2 set  | Wash hand Basin with Stair | 280,000   | 560,000    |
| 2 v    | toilet Roll holders        | 98,000    | 196,000    |
| 2 ps   | ✓ soaps ✓                  | 94,000    | 188,000    |
| 2 v    | ✓ mirror ✓                 | 150,000   | 300,000    |
|        |                            | B/f       | 11,959,000 |
|        |                            | Total Lc  |            |

Amount in words: *[Blank]*

Signature: *[Signature]*

**Annex I**

Donchris Letterhead with Same Address as Columbus Letterhead

SL-MA-001278

# DONCHRIS ENTERPRISES

Dealer in Office Equipments and General Supplies

**36 Sander Street**

Tee:- ~~033-306-475~~ / 088-578-992

*Il. Known*

SL-MA-002666

# COLUMBUS ENTERPRISES AND CONSTRUCTION

**36 SANDERS STREET**  
 FREETOWN  
 TEL: 225285.  
 MOBILE: 033656162/076656162  
 E-Mail: columbuscole@yahoo.com  
 IN GOD WE TRUST

COMMERCIAL PRINTERS, MANUFACTURER AND CLASS,  
 BOOK BINDERS, STATIONARY AND GENERAL SUPPLIER

No: *134*

## Annex J

Donchris Letterhead with Same Address as Bustis Letterhead

SL-MA-007504

# DONCHRIS ENTERPRISE

**29 Percival Street**

Computer Accessories, Stationary and General Supplier

Tel:-033-648-045/030418-562

SL-TB-000162

# BUSTIS ENTERPRISES

**29 PERCIVAL STREET**

FREETOWN

TEL: 225285.

MOBILE: 033656162/076656162

E-Mail: columbuscole@yahoo.com

IN GOD WE TRUST

COMMERCIAL PRINTERS, MANUFACTURER AND CLASS  
BOOK BINDERS, STATIONARY AND GENERAL SUPPLIER

No: 201

# Annex K

## Vendors with the Same Phone Number on Letterhead

SL-MA-004776

# KAKOLLA ENTERPRISE

General Merchant  
16A Teneba Road, Wellington Mobile: 076-605-391 147

## PROFORMA INVOICE

Customer's Name: Global Fund

SL-MA-004776

# NAMISA ENTERPRISE

General Merchant  
16A Lightfoot Boston Street, Freetown Mobile: 076-605-391

## PROFORMA/ INVOICE

Nº 563

KERS-S.L. Commerical Bank Siaka Stevens Street ACC#.....

Customer's Name: Global Fund

SL-MA-004785

# DANMILLA ENTERPRISE

GENERAL MERCHANDISE STATIONER AND PRINTERS AND OFFICE SUPPLIES  
31 Davies Street, Fourah Bay, Freetown-Sierra Leone  
11 Pultney Street, Tel: 220509, Mobile: 030-206-308, 076-605-391

## PROFORMA/ INVOICE

Nº 039

Customer's Name: Global Fund - TB Malawi Project

SL-TE-006242

# TWOBOY ENTERPRISE

General Merchant  
16A Upper Banana Street, Makera, Mobile: 076-605-391

## PROFORMA/INVOICE

Nº 447

Customer's Name: Global Fund

# Annex L

Invoice Template, Vendor Signature and Handwriting on Two Boy and Emors Invoices are the Same

SL-TB-002604

## TWOBOY ENTERPRISE

General Merchant  
16A Upper Banana Street, Makeni, Mobile: 076-605-391

INVOICE

Name: GLOBAL FUND OFFICE (M.O.H.)  
Address: New England Date: 27.12.09

| Qty        | Description  | Unit Cost<br>Le  | Amount<br>Le        |
|------------|--|------------------|---------------------|
|            | <u>Cost in Marking</u><br><u>TOTAL Number of Assets</u><br><u>for the Above Name Dept.</u> |                  |                     |
| <u>159</u> | <u>ITEM MARKED</u>   | <u>Le 8,000</u>  |                     |
|            |  |                  | <u>1,272,000.00</u> |
| <u>2</u>   | <u>DOOR POST (SIGNS)</u>   | <u>Le 45,000</u> | <u>90,000.00</u>    |
| TOTAL (LE) |  |                  | <u>1,362,000.00</u> |

Amount in words: One Million Three Hundred Sixty Two Thousand Leones

 Manager  
 Customer's Signature

SL-MA-004262

## EMORS ENTERPRISE

GENERAL SUPPLIERS, OFFICE STATIONERY, PRINTING, AND REPAIRS TO EQUIPMENT  
65, Siaka Stevens Street, Freetown, Sierra Leone. Ho

BRANCH OFFICE  
59 Kissy Paze Road,  
Freetown.  
Tel: 251413

INVOICE

Name: Principal Recipient Office (M.O.H.S.)  
Address: New England - Freetown Date: 18.12.2008

| Qty        | Description  | Unit Cost<br>Le  | Amount<br>Le     |
|------------|--|------------------|------------------|
|            | <u>Cost in Making and</u><br><u>Supplying</u>                    |                  |                  |
| <u>5</u>   | <u>Door Signs</u>  | <u>45,000</u>    | <u>225,000</u>   |
| <u>5</u>   | <u>Table Name Plate</u>  | <u>45,000</u>    | <u>225,000</u>   |
| <u>1</u>   | <u>Large Sign Board</u><br><u>5x3 for Main Entrance</u>          | <u>450,000</u>   | <u>450,000</u>   |
| <u>1</u>   | <u>Office Sign Board</u>   | <u>280,000</u>   | <u>280,000</u>   |
| <u>60</u>  | <u>Items Printing for Office</u><br><u>Furniture/Electronics</u> | <u>8000 each</u> | <u>480,000</u>   |
| TOTAL (LE) |  |                  | <u>1,660,000</u> |

Amount in words: One Million Six Hundred and Sixty Thousand Leones

 Manager  
 Customer's Signature

## Annex M

### PR's Letter in Response to Investigation Report



GOVERNMENT OF SIERRA LEONE  
MINISTRY OF HEALTH AND SANITATION  
OFFICE OF THE CHIEF MEDICAL OFFICER

The Global Fund to Fight  
AIDS, Tuberculosis and Malaria  
Office of the Inspector General  
Chemin de Blandonnet  
81214 Vernier  
Geneva  
Switzerland  
Attn:

8<sup>th</sup> April 2014

Dear Madam,

**Response to the Office of the Inspector General's (OIG) Report**

We acknowledge receipt of your report and the Ministry of Health and Sanitation being the Principal Recipient (PR) of the Global Fund in Sierra Leone, with deep regret wholeheartedly accept responsibility of the outcome of the investigation conducted on the Round 7 Malaria and Tuberculosis grants in 2012 by the Office of the Inspector General (OIG).

Nevertheless, the Ministry was not oblivious of the management responsibility of the grant vis-a-vis its existing financial management capacity and potential shortcomings of directly managing the grant, consequently, deemed it fit to contract fiduciary services of an accredited international auditing firm with a global reputation. Thus, the Ministry is saddened to note the issues highlighted in your report.

In as much as we accept responsibility as PR we would like to submit the following for your attention:

1. That vendors` establishing multiple businesses appearing to create competition is one of a systemic issue in the country. It is not a hidden fact that these vendors do create fictitious competition which is difficult if not impossible to be identified during PR review in the process of approving payment. As far as the PR is concerned, these issues are completely outside the remit of the PR`s operations. The PR has no control over vendors who establish other businesses in order to create artificial competition as there is no way the PR would have known otherwise.
2. Furthermore, the PR has no tacit knowledge of any corrupt or unscrupulous practices that had been perpetrated by these so called vendors. It is rather unfortunate that some people had conspired with these vendors in an attempt to create an unfortunate situation surrounding the use of Global Fund (GF) resources. As the PR is well aware of its role during the reign of the then fiduciary agent, it becomes obvious that any payment to a supplier or any other

payments at that time must have first come through the scrutiny of the Fiduciary Agent, signed and approved by them before the PR would review and append its signature.

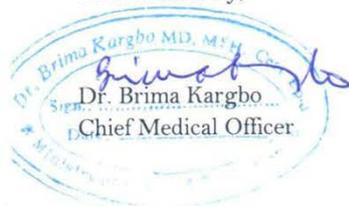
In a bid to foster continuity with GF operating procedures and to create a healthy working environment with all stakeholders that come in contact with the PR, the following have been put in place as a control mechanism following the last OIG investigation in 2012:

- All procurement of non-health products have been outsourced to UNOPS (United Nations Office for Project Services) thereby rendering the PR completely passive from any contact with suppliers.
- Through the assistance of the Global Fund the erstwhile Fiduciary Agent (PKF) has been replaced by Fiduciary Agent (CARDNO). They are charged with the responsibility of properly vetting payment requests before they are approved. It is the belief of the PR that their role with the collaboration of the PR robust financial management system will make the issues of ineligible expenses a thing of the past.
- The creation of an Integrated Health Project Administration Unit (IHPAU) by the PR will see the full involvement of all stakeholders at the Ministry of Health and Sanitation. IHPAU will play a pivotal role in the administration of the GF projects by playing a more strategic role in handling GF resources.
- A restructuring process was conducted in the Finance and procurement Units of the Project Management Unit which saw a complete overhaul of the staffing system in these Units. Some of the finance staff (notably two Finance Officers and the Internal Auditor) and all the procurement staff have seen their contracts not renewed by the PR. This was a step taken to curb the numerous challenges the PR had been facing with some of these staff in their work dispensation and relationship with suppliers.
- To improve the PRs oversight role in the management of the grant, the Internal Audit Department at MoHS will be providing quarterly review on the grant and report forwarded for the attention of the PR.
- Following the outcome of an initial investigation by the LFA on the same grant pertaining ineligible expenses, the fiduciary agent forfeited the sum of USD 126,800 (One Hundred and Twenty-Six Thousand Eight Hundred United States Dollars) of it fees to the LFA to offset such expenses.

The Ministry wish to know how this OIG report and ramification is different from that which was conducted by the LFA on the same grant. Meanwhile the Ministry has invited all stakeholders to a meeting were we would resolve on further actions to prevent reoccurrence of such unprofessional behaviour and strengthening the management of donor funds.

The Ministry highly commends and appreciates the OIG for sighting and sharing their findings and we assure you of our unwavering cooperation.

Yours Sincerely,



Dr. Brima Kargbo MD, MPH  
 Chief Medical Officer