

NEWSLETTER

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WELCOME!

You're reading the quarterly newsletter from the Global Fund's Office of the Inspector General (OIG).

Through audits, investigations and advisory reviews, the OIG works to ensure that the Global Fund invests the world's money in the most effective way possible to accelerate the end of AIDS, tuberculosis and malaria.

Each issue, OIG staff share news, views and analysis from our work in the field.

Learn more about the OIG's work and access our reports at our website:

www.theglobalfund.org/oig

ONE STEP AHEAD

Kathryn Hodson on the constantly evolving forms of wrongdoing.

BUILDING A GREAT TEAM

Tracy Staines reveals why every team needs a contrarian.

PROTECTING SCHOOL FEES

Mykola Martynov explains how to safeguard educational incentive programmes.

Keeping ahead of the fraudsters

*While wrongdoing has always been part of human nature, its forms are constantly evolving. OIG Head of Investigations **Kathryn Hodson** tracks that evolution to ensure the Global Fund can continue to protect its assets and reputation.*



Five years ago, most allegations we received related to **procurement fraud**, covering issues ranging from the supply of counterfeit, substandard bed nets, to the procurement of substandard condoms, to non-competitive tender processes involving forged documents.

Today, we receive far fewer allegations of product-related procurement fraud. A positive contributing factor to this significant decline has been the introduction of the Global Fund's pooled procurement mechanism, which aggregates orders on behalf of grant recipients, negotiating prices and delivery conditions with manufacturers on their behalf.

As a result, fraudsters are forced to look towards areas where controls may be less stringent. In Africa, strong market demand for self-medication has led our investigators to look into weaknesses in in-country supply chains, for instance looking at whether drugs may be disappearing from warehouses, or whether government distribution mechanisms are secure.

In recent years, we have also followed up on allegations of **training-related frauds**, looking for irregular expenditures on workshops or other training sessions. Training fraudsters may misrepresent venue costs, daily subsistence allowances, stationery or fuel expenses; they may make false travel claims, and may over-state the number of people who attended a session. We also hear allegations of per diems and honoraria being paid to employees who hadn't really attended training events.

Per diem fraud can also exist within the framework of conducting data surveys, or in meeting and advocacy-related per diems, and can form part of a larger scheme



to embezzle larger amounts of money. If not tackled, this could lead to training, outreach and other programmatic activities not being undertaken, meaning money is diverted from saving lives to personal gain.

Embezzlement by people who have access to funds is a perennial form of fraud. With the rise of mobile payment systems, we have been looking into schemes such as diverting money from an organisation's mobile money account to personal accounts, and the Global Fund Secretariat has recently developed standard operating procedures for the management of mobile money systems.

A new form of fraud involves **data falsification**. The Global Fund frequently pays for health surveys to be conducted in order to acquire up-to-date information, and uses this data to design and implement programs which deliver the highest possible impact. Our investigators analyse whether health survey data might have been fabricated, rather than acquired correctly. It's important that we do this, because if health survey data is falsified or inaccurate, patients in need of medicines and services may not receive them, and a program's progress may be misrepresented.

Around the world, we hear allegations of '**salary kickback**' schemes, where employees are coerced into surrendering part of their earnings, suffering retaliation if they resist or are unable to pay. We have heard of senior staff collecting up to 40% of the salaries and per diem payments from employees who feared losing their jobs if they refused to pay.

To learn more about the changing fraud landscape, visit the OIG's dedicated eLearning website, www.ispeakoutnow.org.

What makes a great team?

The ideas person... the communicator... the detail-oriented... the contrarian... the results-driven... the empathetic... what combination produces a great team?
From OIG Head of Audit **Tracy Staines**.



The end of last year was intense. We had a lot of reports to finish, we needed to prepare for our new audits in 2019, but above all we were swamped with a strategic piece of advisory work.

For those not familiar with advisories, these are not audits, but rather requests from senior management to help shed light on a particularly important issue. In summer 2018, we were asked by Peter, our new Executive Director, to analyse the bottlenecks and challenges in Western and Central Africa, a crucially important region in the fight against AIDS, malaria and tuberculosis.

This piece of work needed lots of different skills: savvy development knowledge, country experience, data analytics, writing, etc. Conscious that we needed a vast range of different skills to get this right, it got me thinking: what is the ideal team?

We humans tend to appreciate people who we have a lot in common with – results-driven people generally get on with other results-driven people, empathetic people tend to be allergic to people who are not. I'm the first to admit that I can definitely gravitate towards like-minded people: one of my biggest realisations when I took over as Head of Audit in 2015 was that my individual, and our collective, success depended on us learning to appreciate people who were different from us.

This is easier said than done. It requires the reversal of muscle memory –since my days in the Big Four, it had been ingrained in me that Alpha people rise to the top quicker than shrinking violets, and technical skills could only take you so far.

I entered into our Advisory review with an intention to put together a team with multiple and complementary skills; I came out of it with a real appreciation of the tangible benefits that come from appreciating the skills



of others. And I have made a conscious decision to consider the following three aspects, each time we embark on a similar engagement:

Every team needs a contrarian – when you're up against a blind spot, I was incredibly grateful for those people in the team who were willing to voice their discontent with our approach, or with our conclusions. This premise works in most situations. My boss, the Inspector General, actually insists on this quality in his direct reports and I have not once been penalised for voicing a concern or providing my point of view. I don't always win, of course, but it means I always feel heard. Hopefully, so does my team.

One and one can equal three – for example, combining someone with excellent data skills with someone who is very eloquent can produce something greater than the sum of their parts. This hit home when I realised 'odd' skill combinations working together were producing some fantastic results. It also really helps to take people out of their comfort zones without forcing them into doing something that is not their biggest strength. People learn best when they are challenged constructively.

People don't live in their boxes – someone who is better at conceptual thinking than dealing with detail is not necessarily bad at detail, so we shouldn't write them off in this area. Colleagues surprise me every day by exhibiting a talent for something I had ignorantly assumed they would struggle with. This was a real eye-opener for me. Like 99% of managers I suspect, I can fall into a trap of categorising people into types.

So what does this mean? Diversity is the engine for great team-work. Most managers set out to build

strong teams, but implementation often falls wide of the mark. There needs to be a conscious decision to put together different combinations of knowledge, skills and abilities – frankly, this can make managers a little queasy, as it means taking risks. It often means relying on one person to bring a particular skill, rather

than choosing a whole team with the same skill. Working at the Global Fund, where our staff comes from over 100 countries, has shown me the benefit of doing this – I am always left astonished by the awesomeness of what they can produce.

How can we prevent school fee fraud?

*With the Global Fund committing significant sums towards funding educational incentive programs, OIG Senior Investigator **Mykola Martynov** assesses how we can ensure funds reach their intended beneficiaries.*



One of the Global Fund's strategic objectives for 2017-2022 is to reduce HIV incidence among adolescent girls and young women.

Keeping girls at school makes them less vulnerable to HIV infection.

During 2016-2017 the Global Fund budgeted US\$15 million to fund educational incentive programs in Tanzania, Malawi, Zambia, Haiti, Mozambique, and Uganda. The money is used to provide training to healthcare service providers, teachers and medical students; to cover school tuition fees and school materials for orphans and vulnerable children; and to provide meals, health care, books, equipment and accommodation.

Looking more widely, the Global Fund has allocated US\$122 million to support interventions across 12 countries in Southern and East Africa which are geared towards reducing new HIV infections among adolescent girls and young women. This includes US\$33 million allocated specifically for Social Protection Interventions covering:

- Cash transfer programs
- Keeping girls in school through education subsidy
- Livelihood support and economic empowerment

The Global Fund's Office of the Inspector General is always on the alert for allegations of fraud and abuse.



While our investigations have found no major wrongdoing in connection with educational incentives, we were keen to learn how to prevent program weaknesses being potentially exploited.

In February 2018 we went to Zambia, where the Churches Health Association of Zambia (CHAZ), the country's largest non-government health provider, runs a successful Adolescent Girls Accessing Prevention and Education (AGAPE) project in 16 secondary schools, aimed at empowering girls living in extremely poor households.

During our trip, we were able to talk to school management, staff involved in project implementation and beneficiaries, and to examine school records. Combining what we learnt in Zambia with what we know from our previous investigative work, we can identify the major fraudulent schemes associated with educational incentive programs:



'Ghost' students - when program beneficiary students can't be physically verified, or there's no documentary evidence to support their enrollment as students, despite grant funds being provided to schools to cover their tuition and school needs.

**Non-eligible students receiving funds -**

when schools or implementers select ineligible beneficiaries (e.g. friends, relations, school administrative staff) to receive program-funded scholarships. As well as being fraudulent, this prevents genuine beneficiaries from receiving support, hurting our grants' impact.

**Double-billing -**

when schools receive funding for scholarships, tuition fees or other school-related expenditures, and additionally collect funds for the same purpose from the beneficiaries. We have seen cases of schools soliciting funds from various donors for the same students, obviously without telling the donors or beneficiaries.

**Overcharging -**

when schools charge the Global Fund fees for beneficiary students that are higher than the fees paid by regular students. Schools may also overcharge students and implementers for items such as uniforms or stationery.



The fraud schemes listed above are possible for a variety of reasons:

(i) **Inadequate or inconsistent guidance** - when educational programs are launched without clarifying expectations for scholarship provisions, e.g. program duration, the number of eligible students and the duration of their eligibility, the components of fees to be paid through grant funds.

(ii) **Delayed disbursements of grant funds** – if implementers launch a program before they receive funding, they cannot perform the necessary checks. This can also lead to schools asking scholarship-eligible

students to pay fees themselves, which may not be reimbursed once the grant funds become available. supporting documents or verification.

(iii) **Poor program design** - Students may be required to pay school examination fees at the beginning of the school year while implementers have budgeted to disburse them to schools later in the year. Or various implementers, using different accounting approaches or incompatible tools, may work on the same program. Or insufficient resources may be allocated to monitoring program delivery, facilitating the enrollment of fraudulent or ineligible students.

(iv) **Vague eligibility criteria** - beneficiaries may only be asked to provide self-produced eligibility applications, rather than needing to provide third party

(v) **Lack of transparency** - when school fee structures are not clear, students may be unaware of all program benefits and end up paying for items which are supposed to be covered by grant funds.

(vi) **Improper procurement** - rather than supplying schools with program materials and supplies, schools may be given money to buy them themselves, creating the risk of overpricing or collusion between suppliers and school administrations.

How can we stop wrongdoing before it happens? CHAZ does a number of things well in its AGAPE project and these could all usefully be adopted by other implementers of educational incentive programs:

Thorough, wide-ranging initial guidance and training - CHAZ has designed comprehensive Orphans and Vulnerable Children guidelines that detail the processes of pupil selection and validation, Monitoring and Evaluation, financial oversight and potential fiduciary risks. A CHAZ team conducts an introductory mission to each school and trains school staff on project implementation, as well as organizing a meeting with school, parent and pupil representatives to introduce the project and to communicate details of the scholarship and its components.

Transparent criteria for selecting beneficiaries - CHAZ has designed clear eligibility criteria and selection guidelines. These require schools to document the process of candidate evaluation, which becomes a part of the pupil's file. The guidelines stipulate that school staff, pupils and community representatives must be included as members of the beneficiary selection committee. Prospective beneficiaries must provide third party supporting documents, such as a letter from their church, alongside their scholarship application.

Good communication - During the initial program introduction, CHAZ teams provide guidance to school staff, emphasizing the need for strict project accountability, and setting the right "Tone from the Top". CHAZ supplies schools with portable electronic devices (tablets) to monitor beneficiaries in real time. CHAZ uses an AGAPE WhatsApp group to provide schools with regular updates and to encourage teachers to share ideas and practices.

Regular monitoring of program implementation - to avoid possible funding stream duplication, CHAZ conducts detailed checks on the school fees paid by newly enrolled AGAPE project pupils, documenting the findings. CHAZ also conducts regular Monitoring and Evaluation visits to schools. The CHAZ teams, which include both programmatic and financial specialists, collect original copies of school and exam fees payment slips, and stipend acquittal sheets.

The fee structure in each school is checked to make sure that the AGAPE project pupils are being charged appropriately. As well as reviewing beneficiaries' files and school records, CHAZ teams interview pupils, to make sure they are receiving the services they are supposed to, and to capture any complaints.

Educational incentive programs are a critical component in the fight against AIDS, malaria and tuberculosis. Investing effort into safeguarding these programs against wrongdoing is well worth it!

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The Office of the Inspector General safeguards the assets, investments, reputation and sustainability of the Global Fund by ensuring that it takes the right action to accelerate the end of AIDS, tuberculosis and malaria.

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