



Investigation Report

**Global Fund Grants in**

# **Ghana**



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## **Fraudulent Practice in Proposing for Consultancy Services**

GF-OIG-26-008  
15 June 2026  
Geneva, Switzerland

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# Contents

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<b>1. Executive Summary</b>	<b>4</b>
1.1 Investigation at a glance	4
1.2 Genesis and scope	4
1.3 Findings	5
1.4 Context	6
1.5 Impact of the investigation	6

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<b>2. Findings</b>	<b>7</b>
2.1 The Supplier's proposal to the Global Fund was compromised by a fraudulent practice resulting in increased contract costs of US\$240,208	7

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<b>3. Global Fund Response</b>	<b>13</b>
<b>Annex A: Summary of subject responses</b>	<b>14</b>
<b>Annex B: Methodology</b>	<b>16</b>

# 1. Executive Summary

## 1.1 Investigation at a glance

The Office of the Inspector General of the Global Fund to Fight AIDS, Tuberculosis and Malaria (OIG) has investigated the Global Fund's award of a services contract valued at US\$831,440 to a supplier in Ghana of supply chain data-related project management and technical advice and assistance to the Government of Ghana under two contracts financed by the Global Fund (the Supplier).

The OIG's investigation found that, in proposing for the single-sourced contract and in contract negotiations that determined the contract's value, the Supplier engaged in activities which constitute fraudulent practices as defined by the Global Fund's Code of Conduct for Suppliers (2021)<sup>1</sup> (Code of Conduct). Specifically, the OIG found that the Supplier misled the Global Fund regarding the individual cost components of its proposed labor costs to receive the contract award. As detailed in Annex B, the OIG investigation was conducted within the scope of the Global Fund's activities and is administrative in nature. It makes no determination regarding compliance with any national law.

## 1.2 Genesis and scope

In July 2021, the Global Fund invited the Supplier to provide its technical and cost proposal for a Data Production, Management and Use (DPMU) project for Ghana's public health supply chain. A few months previously, in April 2021, the Global Fund had awarded the Supplier another service contract related to Ghana's public health supply chain and its integrated Logistics Management Information System (LMIS Contract).

After negotiating final terms and costs, the Global Fund and the Supplier entered into a single-sourced contract effective 5 October 2021 and initially valued at US\$361,364, funded by the Global Fund's Strategic Initiatives program (DPMU Contract). In 2022, the Supplier proposed for and was awarded a second phase which raised the contract's total value to US\$831,440. The Supplier implemented a third phase of this activity in 2024 as part of an extension of the LMIS Contract funded by a Ministry of Health grant.

The OIG received allegations which led to a review of the Global Fund's contracting with the Supplier. The OIG discovered information regarding the Supplier's bidding for the DPMU Contract which merited further investigation. In the course of its investigation, the OIG conducted a comprehensive review of the Supplier's bid proposals and contract documentation, its books and records related to its implementation of the DPMU Contract, and Global Fund and the Supplier supporting documentation and communications. The OIG also interviewed individuals at the Global Fund and the Supplier related to the DPMU procurement process and contract award. The Supplier was provided with a Letter of Preliminary Findings and Notice of Findings presenting the outcome of this work, in accordance with the Stakeholder Engagement Model<sup>2</sup> followed by the OIG to ensure due process. The OIG reviewed the documents and information provided by the Supplier throughout this process (see Annex A).

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<sup>1</sup> [The Global Fund Code of Conduct for Suppliers, 11 February 2021](#)

<sup>2</sup> [Stakeholder Engagement Model - Investigations](#)

### 1.3 Findings

The terms and conditions of the DPMU Contract<sup>3</sup> required the Supplier to acknowledge its awareness of and to comply with the Global Fund’s Code of Conduct for Suppliers. The Code of Conduct prohibited the Supplier from engaging—directly or indirectly—in corrupt, fraudulent, collusive, anti-competitive or coercive practices in bidding for or performing contracts with the Global Fund. The terms and conditions also stipulated that the interpretation or application of any matter not specifically covered by the contract’s terms shall be resolved by reference to the UNIDROIT Principles of International Commercial Contracts (2004). The Supplier’s initial contract with the Global Fund, the LMIS Contract, entered into on 1 April 2021, contained the same terms and conditions regarding the Code of Conduct and UNIDROIT Principles (2004).

The Code of Conduct defines a fraudulent practice as “any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a person or entity to obtain a financial or other benefit or to avoid an obligation.” The OIG investigated the Supplier’s bidding for the DPMU Contract and based its findings on both inculpatory and exculpatory evidence relevant to the contract award including information provided by the Supplier in response to the OIG’s preliminary and final findings.<sup>4</sup>

The evidence reviewed substantiated that it was more likely than not that:

- In bidding for the DPMU Contract, the Supplier made material misrepresentations to the Global Fund and omitted material information regarding the basis for its proposed costs for the execution of the DPMU Contract. The Global Fund relied on this information when awarding the contract to the Supplier and in determining the contract’s value (for both phases); and
- The Supplier’s misrepresentations in its proposal for the contract knowingly misled the Global Fund and also had the effect of providing the Supplier with a financial benefit from the contract’s increased value estimated by the OIG to be approximately US\$240,208.

Based on the evidence, the OIG concludes that it is more likely than not that the Supplier did not comply with its contractual commitments by engaging in activities which constitute fraudulent practices, as defined by the Global Fund’s Code of Conduct for Suppliers.

These findings relate to acts and omissions aimed at obtaining the Global Fund’s consent regarding entering into the DPMU contract. They do not cover the execution of the contract or to the performance of the Supplier under the contract.

Ghana country data <sup>5</sup>	
Population	34.1 million (2023)
GDP per capita	US\$2,238 (2023)
Transparency International Corruption Perception Index	70 out of 180 (2023)
UNDP Human Development Index	145 out of 193 (2022)
Health expenditure (% of GDP)	4.15% (2021)

After the conclusion of the investigation, the Supplier paid to the Global Fund US\$159,442 it represented as unspent invoiced costs on the DPMU Contract identified in an Expenditure Verification Exercise (EVE). The effort to reimburse the Global Fund a portion of the benefit identified

<sup>3</sup> Attachment B, The Global Fund Terms and Conditions of Purchase of Services, 21 August 2020, para 7.3

<sup>4</sup> Refer to Annex B for more information on the OIG’s investigation methodology and investigative standards.

<sup>5</sup> Sources: Population and GDP from <https://data.worldbank.org/country/ghana>; health expenditure from <https://data.who.int/countries/288>; transparency index from <https://www.transparency.org/en/countries/ghana>; development data from <https://hdr.undp.org/data-center/human-development-index#/indicies/HDI>; all accessed 2 December 2024.

by OIG does not alter the findings related to misrepresentations and omissions that occurred in the context of contract negotiations, which were instrumental in receiving the contract award and in impacting its final value.

## **1.4 Context**

The Supplier is a limited liability company based in the United States formed in December 2020 with a subsidiary and primary operations in Ghana.

## **1.5 Impact of the investigation**

The investigation found that the Supplier's misrepresentations in proposing for the contract impacted the DPMU Contract's value by approximately US\$240,208 in financial benefits to the Supplier. The OIG notes that findings from this investigation may result in the Global Fund initiating a process pursuant to the Sanctions Panel Procedures Relating to the Code of Conduct for Suppliers. The Supplier's responses to the OIG's findings are summarized in Annex A. As may be applicable, this information can be considered as mitigating or aggravating factors by the Secretariat and/or the Sanctions Panel, as stipulated in the Procedures.

## 2. Findings

### 2.1 The Supplier's proposal to the Global Fund was compromised by a fraudulent practice resulting in increased contract costs of US\$240,208

#### (i) The Supplier misrepresented to the Global Fund the basis for its cost proposal for the DPMU Contract

The Supplier based its proposed labor costs for the DPMU Contract on a daily gross rate for each position applied against that position's proposed number of working days. In response to the Global Fund Secretariat's request for more details behind its proposed rates, the Supplier provided a detailed breakdown of the cost of each position. The spreadsheet provided by the Supplier showed that the daily gross rates were an aggregate of ten individual cost components: a Market Rate (daily gross salary), eight individual labor cost components (such as various benefits and allowances), and an Operations Fee. Each cost component was descriptively labeled and assigned a percentage rate as illustrated in the figure below.

Figure 1. DPMU's Itemized Labor Cost Components, US dollar figures included for illustrative purposes only

Cost Component	Example Illustration using US\$100 nominal Market Rate	
Type of cost/component	Rate applied	US\$ value
<b>Market Rate</b> (i.e., gross salary)		<b>\$100</b>
<b>Associated Labor Costs</b>		
Income Tax	30%	\$30
Employee Pension Contribution	5.5%	\$5.50
Employer Pension Contribution	13%	\$13
Provident Fund	10%	\$10
Transportation Allowance	10%	\$10
Cost of Living Allowance	20%	\$20
Health Insurance	40%	\$40
Rent	15%	\$15
Total Associated Labor Costs		<u>\$143.50</u>
<b>Subtotal Daily Rate</b>		<b>\$243.50</b>
Operations Fee	15% of sub-total	\$36.53
<b>Daily Gross Rate</b>		<b>\$280.03</b>

The value of each individual labor cost component was derived by applying the component's assigned percentage rate to the position's Market Rate. The Supplier provided no further information for the basis of the assigned percentage rates. The sum of the Market Rate and eight labor components derived the Subtotal Daily Rate to which a 15% Operations Fee was applied. Combined, a position's associated labor costs excluding the 15% Operations Fee, as represented by the Supplier, were almost 150% of the position's Market Rate.

As described below, the Supplier made material misrepresentations and omitted material information regarding the basis for its labor costs in proposing for the DPMU Contract. The misrepresentations and omissions misled the Global Fund Secretariat regarding the true nature of the costs to the Supplier, which formed the basis for the cost of the contract.. As the DPMU Contract was structured as a fixed-price contract, such initial assessment of the reasonableness of the costs was material to a decision to award the contract. These misrepresentations misled the Global Fund in awarding the contract to the Supplier and increased the contract's overall value by approximately US\$240,208.

#### *Income tax and employee pension contributions*

A plain reading of legislative texts by the OIG leads it to conclude that, in Ghana, an employee is obligated by law to pay estimated income taxes (Pay As You Earn) and make contributions to the national pension scheme. Evidence reviewed by the OIG confirmed that, in practice, the Supplier included its employee's income tax and pension obligations in the employee's gross salary or Market Rate. The Supplier then deducted those obligations from the employee's salary and remitted those deductions to the government on behalf of the employee. These obligations were therefore not separate costs to the Supplier.

However, in its proposal to the Global Fund, the Supplier misrepresented the costs related to its employees' income tax and pension obligations and misled the Global Fund by listing these components separately from the Market Rate in its spreadsheet and adding them to each resource's overall labor cost. By doing so, the Supplier implied that the employee's income tax and pension contributions were not already accounted for in the employee's gross salary.

In response to the OIG's preliminary findings of double counting, the Supplier claimed that Market Rate represented the employee's *net* salary; i.e., the employee's salary after deducting their income tax and pension obligations. The Supplier claimed, therefore, that the spreadsheet did not double count them by listing them separately from an employee's Market Rate, or net salary.

The Supplier's explanations in response to the OIG's findings are inconsistent with the evidence the OIG reviewed during the investigation and are not persuasive. Specifically, the Supplier's claim that Market Rate represents net rather than gross salary is inconsistent with the gross salary schedules the Supplier provided to the OIG during the investigation to demonstrate how it calculated the proposed Market Rates. Additionally, computing the values of all the associated labor costs by applying their percentage rates against net rather than gross salary is inconsistent with how such costs are computed by the Supplier in practice in processing its monthly payroll. Moreover, presenting the Market Rate, employee income tax and pension contributions as separate labor costs is also inconsistent with the Supplier's payroll accounting practices. It is also inconsistent with the OIG's plain reading of Ghanaian labor law on how the two costs should be calculated.

By listing the two components separately, the Supplier double counted their values. As the Global Fund relied on this information in calculating the value of the contract, this inflated the contract's final value by approximately US\$91,554.

### *Transportation allowance*

According to the cost proposal submitted to the Global Fund, the daily gross rates included a transportation allowance for the Supplier's DPMU employees amounting to 10% of their base (Market Rate) salary.

In August 2021, when the Supplier submitted its proposal for the DPMU Contract, it had already been paying its employees since April 2021 a uniform transportation allowance of GHS 1,000 (about US\$165) per month, as opposed to a percentage rate of their salaries.

During the Supplier's implementation of the DPMU Contract, it paid its DPMU employees the same uniform monthly transportation allowance as paid to all its employees instead of paying allowances amounting to 10% of base salary. The proposed monthly transportation allowances were substantially greater, averaging 127% higher per person (i.e., more than double) than the amount the Supplier paid to all its employees in practice.

In its response to the OIG's preliminary findings, the Supplier claimed that the 10% rate covered multiple cost factors and contingencies including inflation trends, fuel price volatility, possible transportation fare increases, and other risk management considerations. This additional information, however, was not provided by the Supplier to the Global Fund Secretariat in support of its 10% proposed rate when submitting its cost proposal. Moreover, the OIG did not find during the investigation, nor did the Supplier provide, any contemporaneous evidence to support the Supplier's claim.

As the Global Fund relied on this information in calculating the value of the contract, the misrepresentations regarding the proposed costs of transportation allowances inflated the contract's final value by approximately US\$14,191.

### *Health Insurance*

In the DPMU Contract's cost proposal, the Supplier presented the cost of employee health insurance benefits for each resource as 40% of their base salary. When the Supplier submitted its proposal in August 2021, it had already been paying health insurance premiums on behalf of its employees since April 2021 at an amount equating to approximately US\$144 per employee per month. The Supplier's proposed allowance of 40% was on average more than seven times higher than the Supplier's actual costs of providing health insurance to its employees.

The Supplier claimed that the 40% rate included not only estimated costs for health insurance premiums but also accounted for possible workplace injuries (although these were covered by the Supplier's workplace insurance) and other unforeseen health emergencies. This additional information, however, was not provided by the Supplier to the Global Fund Secretariat in support of its 40% proposed rate when submitting its cost proposal. Moreover, the OIG did not find during the investigation, nor did the Supplier provide, any contemporaneous evidence to support its claim.

As the Global Fund relied on this information in calculating the value of the contract, the misrepresentations regarding its proposed health insurance costs inflated the contract's final value by approximately US\$95,778.

### *Rent charge*

The Supplier's cost breakdown included a 15% charge on base salaries to subsidize office rent expenses. During cost negotiations, the Supplier had informed the Global Fund that it needed an upfront advance on the DPMU Contract to "rent offices" to support the execution of the Contract.

The OIG identified, however, that the Supplier did not incur any rental expenses under the DPMU Contract. DPMU team members shared existing office space and utilities with the Supplier staff implementing the LMIS Contract, under which office rent and utilities were already being fully funded.

In its response to the OIG's preliminary findings, the Supplier claimed that it had included the rent charge as a risk mitigation measure in the event its existing office space was inadequate for the new DPMU team. The Supplier acknowledged, however, that it was able to accommodate the new employees within its existing office space and that the contingency reserve for rent, although invoiced by and paid to the Supplier, was not needed.

As the Global Fund relied on this information in calculating the value of the contract, the misrepresentations regarding its proposed office rent costs inflated the contract's final value by approximately US\$38,685.

**(ii) Through its misrepresentations, the Supplier knowingly or recklessly misled the Global Fund in its evaluation of the Supplier's proposal and obtained a financial benefit**

When awarding the Supplier the contract and calculating the contract's value, the Global Fund relied on the Supplier's representations regarding its proposed costs. Unknown to the Global Fund at the time, the Supplier's misrepresentations added an estimated US\$240,208 in additional costs to the contract's value, increasing the contract's labor cost component (excluding travel and meeting costs) by 57%, from US\$421,807 to US\$662,015.

As detailed above, the Supplier inflated the contract's proposed costs by double counting expenditures already reflected in the Market Rate, proposing substantially higher costs than could be reasonably supported based on the Supplier's cost structure, and by including a cost that was already covered by the Global Fund in the context of the ongoing LMIS Contract.

In addition, the OIG considers that, at the time of its proposal, the Supplier possessed the knowledge, experience and baseline cost data necessary to provide accurate and reasonable pricing and labor cost structures to the Global Fund given its experience with the LMIS contract.

Given the deviation from its own internal cost structures and precedent with a previously awarded contract, the OIG finds that the Supplier's misrepresentations and omissions were done knowingly or recklessly. These acts and omissions misled the Global Fund Secretariat during contract negotiations and resulted in it awarding the Supplier a contract with hidden financial benefits that the Supplier had presented as contract costs.

The Global Fund further relied on the expectation that the Supplier would participate in procurement processes in a manner that was transparent, fair, accountable and honest, as stated in the Code of Conduct.

In response to the OIG's preliminary findings, the Supplier stated that some of the labor costs included a cost contingency reserve built in as a risk mitigation measure, and that such practice in fixed budget cost proposals was prudent and normal to safeguard against unforeseen cost fluctuations and overruns. The Supplier stated that this is not indicative of wrongdoing or fraudulent intent. The OIG found no contemporaneous evidence to support the Supplier's claim that it included contingency reserves based on perceived potential risks and shared that information with the Secretariat during contract negotiations. As such, the manner in which costs were presented (e.g. inflated itemized labor cost components and double billed rent) misled the Global Fund and concealed the basis for the 57% mark-up in labor costs.

In its response to the OIG's preliminary findings, the Supplier informed the OIG that its cost proposals were intended as a starting point for discussions. It contended that the Global Fund Secretariat had a duty under its procurement policies to conduct due diligence on the proposals, to validate the proposed costs and to assess value for money. The Supplier stated that the Global Fund could have challenged or rejected any proposed cost and that, by accepting the final proposals, the Global Fund indicated that it was satisfied with them as presented.

At the time the Supplier signed the contract, it agreed to comply with the obligation not to engage in fraudulent practices in relation to the procurement process and acknowledged the expectation to participate in the procurement process in a manner that is transparent, fair, accountable and honest. While the Global Fund conducts due diligence regarding the offers it receives, such reviews do not relieve the Supplier of these obligations.

Based on the above, the OIG concludes that based on the evidence obtained during its investigation it is more likely than not that the Supplier misrepresented its costs in order to knowingly mislead the Global Fund Secretariat to obtain the DPMU Contract. This constitutes a fraudulent practice as defined by the Code of Conduct for Suppliers.

### **(iii) Other relevant factors**

In March 2024, during the investigation, the Supplier separately informed the Global Fund that it had conducted an audit of its costs in implementing both the LMIS and DPMU Contracts. The Supplier confirmed to the OIG that it conducted this 'Expenditure Verification Exercise' (EVE) voluntarily, that such an exercise was not stipulated in the terms of either contract, and that the Supplier had not communicated to the Global Fund Secretariat during contract negotiations for either contract its intent to conduct the exercise after project completion with the possible refund of unspent invoiced funds.

The OIG reviewed documentation provided by the Supplier in relation to the EVE and concluded that the EVE was not sufficiently thorough to address the concerns raised by the OIG's investigation. The EVE was entirely different in scope and approach than that of the OIG in computing the financial impact that resulted from the Supplier's misrepresentations made during contract negotiations. The EVE quantified the net amount of unspent funds the Supplier had invoiced and received in its execution of the contract and did not quantify the increased contract value resulting from its misconduct during cost negotiations. As such, the EVE, performed after and in relation to the contract's completion, quantified the combination of any cost savings offset by cost overruns on individual cost components during contract execution as well as unbudgeted indirect or overhead costs. These calculations were self-determined by the Supplier and were not defined by or conducted pursuant to any contractual terms. The EVE does not therefore have any impact on the OIG's calculations regarding the direct value of the misrepresentations in the Supplier's proposal.

In an apparent contradiction to the premise of the EVE and the refunding of unspent funds, the Supplier also claimed in response to the OIG's findings that the DPMU contract was a fixed price contract, and, as such, cannot be reviewed upwards or downwards to reflect the resources used, costs incurred, or time expended by the Supplier in performing its obligations under the contract. While this is true of fixed price contracts in general, the OIG's findings pertain directly to misrepresentations the Supplier made through its cost proposal, before the contract was awarded and its price concluded, resulting in an offer that misled the Global Fund in its assessment of the Supplier's proposal. As such, the OIG assessed the actual costs corresponding to the categories of costs presented by the Supplier against the information provided to the Global Fund during the

negotiations, and used those figures first to assess the materiality of the discrepancies and whether it was more likely than not that they resulted from intentional or reckless misrepresentations, and second to give an indication of the financial benefit that the Supplier received as a result of the fraudulent practices.

On 21 November 2024, the Supplier paid to the Global Fund US\$159,442 it represented as unspent invoiced costs on the DPMU Contract. The Supplier's disclosure and payment of cost savings could potentially be considered a mitigating factor by the Global Fund's Secretariat. However, they do not alter the OIG's findings related to misrepresentations and omissions that occurred in the context of contract negotiations, which were instrumental in receiving the contract award and in impacting its final value.

**(iv) Additional observations**

The direct contracting of contracts even to known suppliers presents additional challenges and risks in ensuring that the contract's negotiated value is fairly priced, due to the lack of competition. Procurement policies and procedures regarding direct contracting should include clear guidelines detailing the required steps to be taken and approvals by the appropriate level of management that adequately address the additional challenges and risks. In relation to the soliciting and negotiating of the DPMU Contract, the Global Fund Secretariat's policies and procedures in place at the time did not adequately guide staff on how to address the additional challenges with direct contracting, including sufficient guidance for price evaluations, among other issues, which likely contributed to not detecting and/or reducing the risk of the fraudulent practice from occurring.

### 3. Global Fund Response

Action to be taken	Due date	Owner
1. The Secretariat will take the necessary measures to respond to the wrongdoing as identified in the findings including considering initiating a process pursuant to the Sanctions Panel Procedures Relating to the Code of Conduct for Suppliers.	Implemented	Head, Grant Management Division
2. In the context of the updated Procurement Policy approved by the Board in April 2024, the Secretariat has been developing a new Procurement Manual as a key tool to support operationalization of the Policy. The Procurement Manual will further strengthen the efficiency, effectiveness, and stewardship of the Global Fund's procurement activities. It will include additional clarity and enhanced requirements that will strengthen the due diligence processes that are applicable for direct contracted contracts. As part of the Agreed Management Action, Secretariat should consider these findings and any lessons learned in its finalizing of the Procurement Manual.	Implemented	Head, Supply Operations

Based on the OIG's findings, the Secretariat implemented Agreed Management Action 1 through the application of the Sanctions Panel Procedures Relating to the Code of Conduct for Suppliers. The OIG observed this process, in accordance with applicable policy.

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

On 4 September 2024, the OIG asked the Supplier to review and comment on this investigation's preliminary findings, which it provided on 18 September 2024. On 11 November 2024, the OIG asked the Supplier to review and comment on this investigation's Notice of Findings, which it provided in a response dated 19 November 2024.

*The OIG duly considered all points made in the Supplier's responses and made appropriate revisions and clarification to the final investigation report.*

Specifically, in its responses, the Supplier disagreed with the OIG's finding that it had engaged in Fraudulent Practices as defined by the Code of Conduct for Suppliers in negotiating the DPMU Contract. The Supplier provided the OIG a detailed explanation of the approach and underlying basis it used to present the labor cost components in its DPMU cost proposals and its use of reserves for risk management considerations and an undated and unsupported opinion from its financial statement auditor. However, the Supplier did not provide any contemporaneous documentary evidence in support of its claims such as worksheets, analyses, emails or other internal communications showing and discussing how rates were derived and supported. Additionally, the Supplier provided an update on the status of its Expenditure Verification Exercise (EVE) and associated amounts and further clarifications of the EVE's objective.

The Supplier noted that as the contract was a fixed-price contract payments are not adjusted to reflect actual resources used, costs incurred, or time expended, and this modality entails a risk transfer to the supplier. It also noted that the Global Fund was responsible for performing due diligence on its cost proposal. Alternatively, the Supplier noted that it proactively engaged in an EVE to identify actual costs of performance of the contract and reimburse the Global Fund. These comments were in particular taken into account in the drafting of sections 2.1 (i), (ii) and (iii).

In addition, the Supplier expressed concerns about the due process followed by the OIG, stating both that they expected to be informed that the scope of the investigation covered not only the LMIS contract but also the DPMU contract, that the OIG did not act fairly and reasonably, and that the OIG could not make findings of fraud (sic) outside the purview of a court.

*Concerns regarding scope and due process in particular are clarified in section 1.2 and Annex B.*

The Supplier noted it considered it complied with all contractual obligations (including progress reporting, milestone certification and transparency in financial reporting), and that it, in its honest and reasonable belief, accurately presented the cost breakdown, including tax and pension obligations to the Global Fund in compliance with all procurement, accounting, and legal standards.

*The distinction between contractual performance and the fraudulent practices compromising the procurement process is clarified section 1.3.*

Separately, the Supplier informed the OIG that it has undertaken several initiatives to strengthen its budgeting and oversight processes, including:

1. Engaging an external audit firm to conduct a comprehensive assessment of its organizational processes and align them with best practices (this project has been deferred until funds are available).
2. Once sufficient funds are secured, recruit a Financial Oversight Director to ensure enhanced financial integrity, governance and accountability.

3. Implementing new software systems to streamline HR, payroll and operations, enhance its financial accounting and reporting, and enable time monitoring and tracking of resources to invoice based on actual billable hours and minimize discrepancies in project billing.
4. Providing the Global Fund Secretariat with detailed real-time reports on budgetary allocations, actual expenditures and variances.
5. Aligning cost structures to the original LMIS framework, ensuring greater consistency; invoicing based on actuals rather than budget, providing clearer insight into project costs and ensuring financial transparency.

*The points above were duly considered. While they do not alter the findings of a fraudulent practice, such steps, if confirmed, could be considered potentially mitigating factors by the Global Fund Secretariat and/or the Sanctions Panel, as stipulated in the Sanctions Panel Procedures.*

## 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.<sup>6</sup>

### What we investigate:

The OIG is mandated<sup>7</sup> to investigate any use of Global Fund funds, whether by the Global Fund Secretariat or grantees, Principal Recipients and their sub-recipients, Country Coordinating Mechanisms, Local Fund Agents, or suppliers who work to support Global Fund-funded programs, and report its findings in a transparent and accountable manner.<sup>8</sup> The Global Fund Secretariat ensures this oversight is included in related agreements.

Investigations aim to identify instances of wrongdoing, such as fraudulent and corrupt practices, but also failure to uphold the applicable human rights standards and instances of sexual exploitation and abuse. Investigations are predicated by whistle-blower allegations<sup>9</sup>, routine escalation of business information, risk analysis or referrals from other entities.

The OIG bases its investigations on the contractual commitments undertaken by grant recipients and suppliers. Requirements with respect to the management of funds and performance of activities are notably defined in the Global Fund's Code of Conduct for Suppliers and Code of Conduct for Recipients.<sup>10</sup>

OIG investigations aim to:

- identify the nature and extent of wrongdoing affecting Global Fund grants and the entities accountable and, if applicable, determine the amount of grant funds that may have been compromised by wrongdoing; and
- place the Global Fund in a position to understand the root causes for the wrongdoing, to recover funds, and to take remedial action and preventative measures by identifying where and how the misused funds have been spent.

### Who we investigate:

The OIG investigates wrongdoing by the entities accountable for performance and execution of activities funded by the Global Fund. These are grantees, Principal Recipients and their sub-recipients, Country Coordinating Mechanisms or Board Constituencies who receive financial support from the Global Fund, Local Fund Agents, recipients of Catalytic Funding, and other suppliers to the

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<sup>6</sup> [Global Fund Policy to Combat Fraud and Corruption](#), §1.1.

<sup>7</sup> [Charter of the Office of the Inspector General](#), as amended from time to time.

<sup>8</sup> [Policy for the Disclosure of Reports Issued by the Office of the Inspector General](#), as amended from time to time.

<sup>9</sup> [Whistle-blowing Policy and Procedures for the Global Fund to Fight AIDS, Tuberculosis and Malaria](#), as amended from time to time.

<sup>10</sup> [Global Fund Code of Conduct for Suppliers](#), and the [Code of Conduct for Recipients of Global Fund Resources](#), as amended from time to time. Grants are typically subject to the [Grant Regulations \(2014\)](#), which incorporate the Code of Conduct for Recipients and mandate communication of the Code of Conduct for Suppliers. Terms may vary however in certain agreements.

Global Fund or to recipients. Secretariat activities linked to the use of funds are also within the scope of the OIG's work.

Principal Recipients are accountable to the Global Fund for their compliance with all applicable contracts, Codes and policies in the use of all grant funds, including those disbursed to sub-recipients and paid to suppliers.<sup>11</sup> They ensure the appropriate requirements are made applicable to those entities.

## **How we investigate:**

The OIG conducts administrative, not criminal, investigations. It is not a law enforcement or judicial authority. It is the recipients' and suppliers' responsibility to demonstrate that their actions and those of their agents and employees comply with applicable 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>

Investigations into allegations of sexual exploitation and abuse are conducted with a victim-centered, trauma-informed methodology, following a case-specific risk assessment, and are guided by the Global Fund's Operational Framework on the Protection from Sexual Exploitation and Abuse, Sexual Harassment, and Related Abuse of Power.<sup>13</sup>

The investigation will attempt to quantify the extent of any non-compliant expenditures, including an amount proposed to the Secretariat as recoverable.

The OIG may also discharge its mandate by overseeing the activities of recipients or other parties having the appropriate capacity and mandate to perform investigative tasks. It may also share allegations and evidence with third parties, pursuant to its confidentiality obligations, where it is relevant to their work.

## **What happens after an investigation?**

The OIG ensures the relevant entities have the opportunity to review and provide evidence or comments on the findings and on the draft report.<sup>14</sup>

The OIG has a fact-finding role and does not determine what remedial and preventative measures the Global Fund may take as a result of its findings. The OIG is required to make final investigation reports available publicly in full.<sup>15</sup>

Following an investigation, the OIG and the Secretariat agree on management actions that will mitigate the risks that wrongdoing poses to the Global Fund and its recipients' or suppliers' activities. These may include specific managerial decisions, financial recoveries, instructions applicable to implementers and suppliers, internal process changes, or other contractually available remedies. With respect to suppliers, this can include recommending a referral to the Sanctions Panel.<sup>16</sup> The scope of such actions is subject to the mandate and capacity of the Global Fund and does not directly amend, or otherwise deviate from, the existing terms of agreements and contracts.

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<sup>11</sup> Compliant expenditures are defined in the [Global Fund Guidelines for Grant Budgeting](#), as amended from time to time.

<sup>12</sup> These principles comply with [the Uniform Guidelines for Investigations, 2nd edition, Conference of International Investigators](#).

<sup>13</sup> See [The Global Fund's Operational Framework on the Protection from Sexual Exploitation and Abuse, Sexual Harassment, and Related Abuse of Power](#), in particular sections IV. 2. *Investigations* and IV. 3. *Support to survivors & victims*, as amended from time to time.

<sup>14</sup> See the [OIG Investigations Stakeholder Engagement Model](#), as amended from time to time.

<sup>15</sup> See the Policy for the Disclosure of Reports Issued by the Office of the Inspector General, as amended from time to time.

<sup>16</sup> See the [Sanctions Panel Procedures Relating to the Code of Conduct for Suppliers](#), as amended from time to time.

OIG may make referrals to other organizations which have an interest in the investigation outcome, or to national authorities for criminal prosecutions or other regulatory and administrative actions and support such processes as appropriate. The Global Fund, in its sole discretion, may share also information related to its findings, including regarding individuals identified in this report, with third parties, as deemed appropriate.