

## More procurement irregularities uncovered in PNG health

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The Office of the Inspector General at The Global Fund has [released a report](#) on irregularities in procurement and cash advances in Papua New Guinea's Department of Health and is now seeking to recover US \$1.3 million in misused funds.

This latest report follows the [rigged procurement process](#) for medical supply kits last year, which led to the Australian aid program [withdrawing its support](#) for distribution of medical supplies to health facilities across the country.

According to the Global Fund investigation, staff in the Department chose higher priced bidders and acquired pharmaceuticals and health products from a single source between 2007 and 2009. The investigation also found that the Department of Health procured US \$12,037 of office supplies and stationery for its Disease Control Branch under the guise of training materials from the Global Fund program. In total, the procurement irregularities led to additional costs of US \$468,340.

One of the largest 'single sources' was Borneo Pacific Pharmaceuticals, the same company that was last year questionably awarded the contract to procure medical supply kits into PNG for the next three years, despite having no international quality assurance certification (ISO 9001) and a much higher bid than two other certified companies. The Global Fund found four suspect procurement transactions involving Borneo Pacific between September 2005 and December 2009, totalling PGK 1,726,200 (US \$624,800). In these cases, procurement rules were disregarded and lowest bids were ignored. This suggests improper procurement practices may have been a precursor to the much larger contract that Borneo Pacific won last year.

City Pharmacy, one of the certified and cheaper bidders in the recent medical supplies procurement, was also singled out for its involvement in 23 suspect procurement transactions, with a value totalling PGK 1,001,074 (US \$309,502).

In addition to the procurement irregularities, the Global Fund report found a further US \$884,356 in 2009 and 2010 given in cash advances. No misuse here is proved, but the Global Fund's complaint is that staff with outstanding non-reimbursed cash advances were given further funds and advances, used to pay for accommodation and training at hotels and other venues.

The Global Fund is now seeking to recover the funds and has "suspended all local procurement and disbursement to the Department of Health except for life-saving and other critical activities".

The Department of Health has relinquished its role as principal grant recipient for the Round 8 Global Fund malaria grant and has been replaced by the Oil Search Health Foundation, the report states.