



## Investigation Report

# Global Fund Grants to India

## Catholic Bishops' Conference of India – Coalition for AIDS and Related Diseases

GF-OIG-16-011

6 April 2016

Geneva, Switzerland

Non-compliant Expenditure: US\$ 97,149

Proposed recoveries: None

Categories – Collusion / Non-Compliance with Grant Agreement

 **The Global Fund**

Office of the Inspector General

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# I. Background and Scope

In February 2015, the OIG opened an investigation into allegations involving the Catholic Bishops' Conference of India – Coalition for AIDS and Related Diseases (Catholic Bishops' Conference of India), a sub-recipient of grants implemented by Principal Recipients, The International Union against Tuberculosis and Lung Disease (The Union) and Central TB Division, a division of the Indian Ministry of Health and Family Welfare. Catholic Bishops' Conference of India focuses on tuberculosis control by working through the network of Catholic Health Facilities and Social Service Organization across 19 states in India. The allegations included payment of invoices with inflated prices and procurement irregularities related to information, education and communication materials. Catholic Bishops' Conference of India is a non-government organization in India, registered in 2009 under the Indian Societies Registration Act of 1860.

As of January 2016, the Global Fund has disbursed US\$ 1,701,262,479, out of a total commitment to date of US\$ 1,786,882,610.<sup>1</sup> There are currently ten active grants for HIV, tuberculosis (TB) and malaria. The Global Fund supports the Revised National TB Control Program of India through three consolidated Single Stream Funding TB grants implemented by the following Principal Recipients: Central TB Division; The Union; and World Vision India.<sup>2</sup> India's disease burden for TB is high.

The Union had a grant period from 1 October 2011 to 30 September 2015 with a total disbursed amount of US\$ 28,613,831. The Union implements the project's civil society component, Project Axshya (which means TB-Free in Hindi), through a national network of partners or sub-recipients with expertise in TB services and experience and trust in the communities they work with. Phase 1 ran from 1 October 2011 to March 2013 and Phase 2 ran from April 2013 to September 2015. Catholic Bishops' Conference of India's total budget for its sub-grant under The Union (Project Axshya) was US\$ 2,668,614, which comprised US\$ 905,659 for Phase 1 and US\$ 1,762,955 for Phase 2.

Central TB Division had a grant period from 1 October 2011 to 30 September 2015 with a total disbursed amount of US\$ 282,904,961. The consolidated Single Stream Funding TB grant for the Central TB Division financed the expansion of activities that were previously financed under Round 2 Rolling Continuing Channel (RCC) and Round 9 grants. Under the Round 2 RCC, the Catholic Bishops Conference of India implemented a public-private project as a continuation of the Round 4 Program. Catholic Bishops' Conference of India's total budget for its sub-grant under Central TB Division (also referred to in this report as the RCC Project) was set in local currency, INR 381,994,000 (approximately US\$ 8,421,384), for a period of six years from 1 April 2009 to 31 March 2015.

Since 2012, the Secretariat has directed the Local Fund Agent to review expenditures at the sub-recipient level. These expenditure reviews, which started in 2012 for the HIV grant and were later extended to the TB and malaria grants, have identified financial capacity weaknesses and ineligible expenses at the sub-recipient level, including at the Catholic Bishops' Conference of India. Additionally, in 2013, the Secretariat required the Central TB Division to establish a Project Management Unit, which was created in 2014. This requirement resulted from the Secretariat's observations of coordination and implementation challenges during the earlier phase of the TB grant implemented by the Central TB Division, such as a lack of dedicated staff to manage Global Fund grant activities and delays in the submission of progress updates/disbursement requests.

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<sup>1</sup> <http://www.theglobalfund.org/en/portfolio/country/?loc=IND>, last accessed on 29 January 2016.

<sup>2</sup> The Global Fund, RENEWAL SCORECARD for India (Tuberculosis) for the Renewal Review Date 01/04/2013 and for the Implementation Period 01/04/2013 to 31/03/2016.

## II. Executive Summary

The OIG investigation found evidence of non-competitive tenders and improper procurement practices by sub-recipient Catholic Bishops' Conference of India totaling US\$ 97,149. This included payments for information, education and communication materials that were not printed and delivered.

The OIG investigation confirmed that Catholic Bishops' Conference of India conducted non-competitive tenders for printing, office equipment and computers under projects Axshya and RCC through false and/or collusive quotations. Catholic Bishops' Conference of India attached quotations to payment vouchers to make the tenders appear competitive and awarded one printing procurement based on a single quotation without proper justification. These acts violate the Global Fund's Code of Conduct for Recipients, the grant agreements, the Principal Recipient's project guidelines, and Catholic Bishops' Conference of India's own finance manual. The OIG also found evidence of other irregularities in the sub-recipient's expenditures in relation to its activities under Phase 2 of Project Axshya.

In its response to the OIG's findings, Catholic Bishops' Conference of India's Executive Director acknowledged that the organization had not always provided quotations from separate vendors and had, on occasion, approached a vendor to provide other vendors' quotations. The Executive Director stated that there were no fraudulent intentions on their part and they did not get quotations from other vendors due to time constraints. The OIG noted that staff generally lacked capacity to follow internal procurement policies and that financial controls were weak. However, the OIG did not find evidence showing if any individual benefited directly or otherwise, in relation to the non-competitive procurements described in this report.

### Root causes

Catholic Bishops' Conference of India lacked financial capacity as evidenced by the lack of a common understanding of its procurement rules. The organization did not enforce procurement controls and did not comply with its own finance manual. The OIG found that the finance manual did not provide sufficient guidance in several key areas of activities.

The Principal Recipients and Catholic Bishops' Conference of India did not conduct due diligence on vendors, despite the fact that a large portion of printing contracts were awarded to the same vendor. Between July 2013 and September 2015, Catholic Bishops' Conference of India awarded 33 contracts valued at US\$ 87,650 to the same printing vendor. The Principal Recipients did not provide adequate oversight over Catholic Bishops' Conference of India. They neither reviewed the sub-recipient's finance manual nor conducted sufficient reviews of their procurements and other expenditures.

### Agreed Management Actions (Draft)

The OIG, together with the Secretariat, agreed on risk-mitigating actions to prevent recurrence, which included the following:

1. The Global Fund Secretariat will finalize and pursue, from all entities responsible, an appropriate recoverable amount. This amount will be determined by the Secretariat in accordance with its evaluation of applicable legal rights and obligations and associated determination of recoverability.
2. The Global Fund Secretariat will send management letters to Central TB Division and The Union requiring tightened procurement procedures and oversight. See Section V for details. The Global Fund Secretariat will confirm to the OIG the implementation of these tightened procedures and oversight.

### III. Findings and Agreed Management Actions

#### 01 Improper Procurement Practices

The investigation identified that the Catholic Bishops' Conference of India conducted improper procurements when it awarded tenders under Project Axshya and RCC Project to Jyoti Printers without competition. It also awarded non-competitive tenders for computers and office equipment. A contract to print information, education and communication materials was also awarded to Jyoti Printers based on a single quotation and payments were made for materials that were not printed or delivered. These procurement practices are in violation of Catholic Bishops' Conference of India's finance manual, Project Axshya Guidelines and the Global Fund grant agreement.<sup>3</sup>

The finance manual requires contracts for the regular procurement of materials and recommends tender processes if there is a bulk requirement for any item or service. For the procurement of assets, the finance manual requires competitive tenders if the value of the tender is INR 20,001 to INR 100,000 (approximately US\$ 300 to US\$ 1,500) with a minimum of two quotations. For tenders valued at INR 100,001 to INR 500,000 (approximately US\$ 1,503 to US\$ 7,517), the finance manual requires a minimum of three quotations. For tenders valued at INR 500,001 to INR 1,000,000 (approximately US\$ 7,517 to US\$ 15,035), a minimum of four competing quotations must be obtained and for tenders valued over INR 1,000,000 (approximately US\$ 15,035) the tender must be advertised.

The Union's Project Axshya Guidelines stipulate that all procurements for printing of information, education and communication materials should only be made after the comparison of three competing quotations.

#### Procurements under Project Axshya (The Union)

##### *Non-competitive Tenders Awarded to Jyoti Printers*

Catholic Bishops' Conference of India substantiates its expenditures with payment vouchers to which supporting documents must be attached. The investigation identified that Catholic Bishops' Conference of India misleadingly attached quotations to payment vouchers to make it appear that the tenders awarded to Jyoti Printers were competitive when they were not. The value of these non-competitive tenders due to false and/or collusive quotations is US\$ 22,953. In another instance, Catholic Bishops' Conference of India awarded a printing procurement contract valued at US\$ 1,570 based on Jyoti Printers' single quotation, in violation of Catholic Bishops' Conference of India's own finance manual, Project Axshya Guidelines and the Global Fund grant agreement. The total value of these non-competitive tenders is US\$ 24,523.

The OIG reviewed 15 printing procurements conducted during Phase 2 of Project Axshya for a total of US\$ 27,304. Twelve of the 15 printing procurements, valued at US\$ 25,284, were awarded to Jyoti Printers. In seven of the procurements awarded to Jyoti Printers, there was clear evidence of non-competition.

Examples of false and/or collusive quotations include:

- (i) using the same phone numbers of Jyoti Printers' employees in the quotations of the purported competing vendors;
- (ii) using non-existent addresses; and
- (iii) Jyoti Printers' emailing Catholic Bishops' Conference of India the quotations of allegedly competing vendors (see Annex C, Table 1: Project Axshya – Jyoti Printers Non-Competitive Procurements).

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<sup>3</sup> Catholic Bishops' Conference of India's Finance Manual, pp. 27-30; The Union's Project Axshya Guidelines, p. 68; The Union's Grant Agreement, Article 18; Central TB Division's Grant Agreement, Article 18; Catholic Bishops' Conference of India's Sub-grant Agreement with The Union, Article 18.

The OIG found an email from Catholic Bishops' Conference of India Project Axshya staff requesting Jyoti Printers to send three quotations for a single procurement. The OIG also found two emails from Jyoti Printers to Catholic Bishops' Conference of India Project Axshya staff with editable quotations from allegedly competing vendors. In addition, the Administrative and Finance Assistant for Project Axshya said that since he had begun working at Catholic Bishops' Conference of India in September 2013, Jyoti Printers had provided all three quotations for the printing procurements. The Finance Officer told the OIG that the former Administrative and Finance Assistant knew that Jyoti Printers would do the printing and therefore the former Administrative and Finance Assistant would obtain all three quotations from Jyoti Printers.

Catholic Bishops' Conference of India's Executive Director acknowledged that Jyoti Printers provided all three quotations in some of the tenders and said that this was done due to the lack of time to get quotations from other vendors. The owner of Jyoti Printers acknowledged that on a few occasions, Catholic Bishops' Conference of India asked them to provide all three quotations. The owner also indicated that some of his staff worked as freelance printers and Catholic Bishops' Conference of India staff may have requested his staff to provide quotations.

As mentioned above, Catholic Bishops' Conference of India also awarded Jyoti Printers a contract for the purchase of information, education and communication materials on the basis of Jyoti Printers' single quotation. This is in violation of The Union's Project Axshya Guidelines, which require three competitive quotations for this kind of printing.

In its response to the OIG findings, the Catholic Bishops' Conference of India accepted that in the seven cases highlighted by the OIG, the competitive quotations were questionable. However, there were no fraudulent intentions on its part. The organization further noted that at times its staff might have approached Jyoti Printers for all three quotations. According to them, freelancing is an accepted business practice in the 'printing line' and the Jyoti Printers employees who were freelancers could have submitted these quotations. Jyoti Printers stated that freelancers are normally contactable through their phone numbers and they mostly live in rented rooms, thus their addresses cannot be found on the internet. The OIG concludes, however, that quotations submitted by Jyoti Printers employees, as freelancers, do not constitute fair and transparent competition.

Catholic Bishops' Conference of India also accepted that the purchase of information, education and communication materials identified by the OIG was awarded without obtaining competitive quotations and, in this instance, the Program Manager might have directly approached the printer due to shortage of time. Jyoti Printers said that it was not aware of the formalities, such as the kind and amount of work that require quotations or the rules that Catholic Bishops' Conference of India should follow before contracting with a printer. Neither was Jyoti Printers aware that it did printing work for Catholic Bishops' Conference of India based on a single quotation. Jyoti Printers added that its concern was providing the best service to its clients with maximum quality at a minimum rate.

The market analysis conducted by the OIG found no evidence that Jyoti Printers overcharged Catholic Bishops' Conference of India for printing under Project Axshya.

#### *Payment for Items That Were Not Printed or Delivered*

The OIG investigation found that Catholic Bishops' Conference of India paid Jyoti Printers for information, education and communication materials that were not printed or delivered despite claims from staff members that neither Jyoti Printers nor staff at Catholic Bishops' Conference of India received additional benefit from the award of printing contracts to Jyoti Printers. The amount overpaid was US\$ 406 (INR 24,400).

The OIG found an email, dated 26 February 2014, from a former finance staff member for Project Axshya to Jyoti Printers with the subject line "For Billing and printing". Attached to this email were two unsigned editable quotations for the printing of information, education and communication

materials on Jyoti Printers' letterhead. Both quotations were dated 12 February 2014. One of the quotations was named "for billing" and the other quotation was named "for printing". In the email, the former finance staff member instructed Jyoti Printers to use one of the quotations for the quantity to be printed and the other for the invoice. The two quotations are identical except that the quotation entitled "for printing" asked for 24,000 fewer leaflets and 4,000 less pamphlets than the "for billing" quotation. The total cost of the "for billing" quotation was US\$ 406 (INR 24,400) more than the total cost for the "for printing" quotation.

Catholic Bishops' Conference of India's files show that the higher quantities of leaflets and pamphlets were invoiced by Jyoti Printers and paid by Catholic Bishops' Conference of India. A signed copy of the "for billing" quotation was attached to the payment voucher related to this purchase. Also attached to this payment voucher were invoices from Jyoti Printers dated 26 March 2014, invoicing for the larger quantity of leaflets and pamphlets that were listed on the "for billing" quotation.

The OIG confirmed that the quantity of leaflets and pamphlets sent to the districts was the lesser quantity listed on the "for printing" quotation, as written in an email dated 18 March 2014 from the former finance staff to Jyoti Printers containing a list of addresses and quantities of print materials to be delivered to the districts.

During the investigation, the explanation provided by the Finance Officer and the owner of Jyoti Printers to the OIG was that Catholic Bishops' Conference of India did not have enough money to pay for the print materials needed. Thus, Jyoti Printers printed extra materials and Catholic Bishops' Conference of India paid for these in the next quarter. The OIG notes that this explanation is inconsistent with the documentary evidence. Catholic Bishops' Conference of India paid for higher quantities of leaflets and pamphlets; however, shipping instructions indicated that smaller quantities were actually sent to the districts. Furthermore, the claim that part of this bill was paid in a different quarter is also at odds with the evidence. The first quarter of 2014 ran from 1 January 2014 until 31 March 2014. The quotations, invoices, shipping instructions and payment voucher for these printed materials were issued during the first quarter.

In its response to the OIG findings, Catholic Bishops' Conference of India accepted, after verifying its records, that the quantity actually received from Jyoti Printers was less than the quantity paid for by Catholic Bishops' Conference of India.

#### *Non-competitive Tender for Computers*

A review of Catholic Bishops' Conference of India's procurements under Phase 1 of Project Axshya showed that Catholic Bishops' Conference of India conducted a non-competitive procurement for computers valued at US\$ 2,688 (INR 122,482). Evidence of non-competition includes the submission of a false quotation and an evaluation process that pre-dated the purported competing vendor quotations.

Catholic Bishops' Conference of India's finance manual requires a purchase committee to review three competing bids for procurements of assets valued between INR 100,001 and INR 500,000 before awarding the tender. Its files show that there were three allegedly competing bids for this tender. A review of supporting documents related to this purchase also showed that the purchase committee meeting notes were dated 4 January 2011 and the Purchase Order was dated 10 January 2011. However, the winning vendor's quotation was dated 20 January 2011.

In order to verify that this tender was competitive, the OIG attempted to meet with the winning vendor and the two losing vendors. The OIG was not able to locate one of the vendors because the address on its quotation is a residential apartment. The person living in the apartment has been living there for 10 years and stated that the apartment has not been used for a computer business. That person had never heard of the losing vendor. The OIG was also unable to visit the other losing vendor because the address on the quotation does not exist. The owner of the winning vendor refused to cooperate with the OIG investigation.

In its response to the OIG findings, Catholic Bishops' Conference of India noted that it was able to locate one of the losing vendors and stated that the vendor had moved locations. It submitted an email from the vendor confirming its submission of the quotation for the computers.

#### Procurements under the RCC Project (Central TB Division)

##### *Non-competitive Printing Contracts Awarded to Jyoti Printers*

Catholic Bishops' Conference of India attached quotations to payment vouchers to make it appear that the tenders awarded to Jyoti Printers were competitive when in fact they were not. This is in violation of Catholic Bishops' Conference of India's finance manual and the Global Fund grant agreement.

The OIG reviewed 21 printing procurements awarded by Catholic Bishops' Conference of India to Jyoti Printers between December 2013 and September 2015. These printing procurements were valued at a total of US\$ 62,366.

The OIG found that there were nine allegedly competitive procurements awarded to Jyoti Printers. These procurements had quotations from three vendors attached to the payment vouchers. However, in eight of these nine procurements, the OIG found clear evidence of non-competition due to false quotations from allegedly competing vendors. The total value of these non-competitive tenders due to false and/or collusive quotations is US\$ 54,741.

Moreover, the OIG found evidence that Catholic Bishops' Conference of India staff working on the RCC Project collected quotations from Jyoti Printers. The Administrative Executive for the RCC Project told the OIG that Jyoti Printers provides three quotations, one in their name and two others in the names of other vendors. According to the Administrative Executive, three quotations were obtained from Jyoti Printers for documentation purposes only. The Administrative Executive further stated that he was told by the current and former Finance Officers to collect three quotations from Jyoti Printers. The Executive Director of Catholic Bishops' Conference of India said that Jyoti Printers only provided all three quotations in some of the tenders and that three quotations were obtained from Jyoti Printers because sometimes there is not enough time to get quotations from other vendors.

The OIG discovered that the Administrative Executive for the RCC Project sent an email dated 22 May 2015 to Jyoti Printers stating that Catholic Bishops' Conference of India only had the quotation of Jyoti Printers and asked Jyoti Printers to send two more quotations. The OIG also found an email dated 9 December 2013 from the RCC Project's National TB Coordinator to Jyoti Printers asking them to provide two quotations from new printers in order to settle the bill for the printing of wall calendars.

The owner of Jyoti Printers stated that Catholic Bishops' Conference of India asked them to provide all three quotations on a few occasions. In addition, the owner of Jyoti Printers indicated that some of his staff work as freelancers and Catholic Bishops' Conference of India staff may have requested his staff to provide quotations.

In its response to the OIG's findings, Catholic Bishops' Conference of India accepted that in all the eight cases highlighted, the competitive quotations were questionable but there were no fraudulent intentions on its part. It reiterated its response about freelancers but accepted that there were certain procedural lapses. The OIG notes, however, that quotations submitted by Jyoti Printers employees, as freelancers, do not constitute fair and transparent competition.



## *Non-Competitive Tender for Office Equipment*

Catholic Bishops' Conference of India conducted a non-competitive procurement of office equipment in March 2014 valued at US\$ 14,811.

For procurements of assets valued between INR 500,001 and INR 1,000,000 (approximately US\$ 7,517.68 to 15,035), Catholic Bishops' Conference of India's finance manual requires four to seven quotations and a review by a purchase committee before awarding the tender. A review of Catholic Bishops' Conference of India's files show that in February 2014, it conducted a tender for the procurement of office equipment including laptops, printers, cameras, a coffee machine and hard drives. The contract was awarded to the vendor offering the lowest prices.

The OIG found that there were only three quotations submitted for this tender, instead of four as required under the finance manual. Catholic Bishops' Conference of India attached allegedly competing bids from two different vendors to the payment voucher for the office equipment. The formatting on the quotations from the two losing vendors are similar and they have the exact same prices for five of the six items listed.

In order to verify that this tender was indeed competitive, the OIG attempted to meet with the two losing vendors. The OIG visited the addresses listed on the losing vendors' quotations but found a vacant house in a residential community for one vendor and no business by the name of the other vendor at the address indicated on the quotation. Neither vendor has a presence on the internet.

The OIG also observed that the Comparative Statement of Office Equipment attached to the payment voucher lists a different name and address for one of the losing vendors. The OIG attempted to visit the address listed on the comparative statement and found a residential dwelling. The person living at this address bought and renovated the dwelling in October 2015 and reported that prior to purchasing the property, there was no business operating at the address.

In its response to the OIG findings, Catholic Bishops' Conference of India accepted the findings of the OIG. Catholic Bishops' Conference of India noted that it could also not find the address and contact numbers of other competing vendors for this tender. Catholic Bishops' Conference of India noted the concerns raised by the OIG and stated that its management had already taken steps to ensure that internal controls are strengthened to address all the concerns raised by the OIG. However, the OIG notes that Catholic Bishops' Conference of India did not describe what specific controls have been put in place.

*Agreed Management Action No. 1: The Global Fund Secretariat will finalize and pursue, from all entities responsible, an appropriate recoverable amount. This amount will be determined by the Secretariat in accordance with its evaluation of applicable legal rights and obligations and associated determination of recoverability.*

## **02 Inadequate Financial Controls**

The OIG's review of procurements conducted by Catholic Bishops' Conference of India from 2013 through 2015 under the RCC Project and under Project Axhsya (Phase 1 and Phase 2 from 2011-2015) revealed weaknesses in Catholic Bishops' Conference of India's financial controls. The OIG also found weaknesses in other policies and practices relating to Project Axshya expenditures.

### Failure to Follow Applicable Procurement Policies (The Union and Central TB Division)

The OIG found that Catholic Bishops' Conference of India did not follow applicable procurement policies for some of the procurements conducted under both Project Axshya and the RCC Project.

### *No long-term contracts*

The Catholic Bishops' Conference of India finance manual recommends entering into long-term contracts with a vendor for "items of regular consumption". Catholic Bishops' Conference of India never entered into a long-term contract with Jyoti Printers as recommended by the finance manual, despite the volume of printing contracts awarded to Jyoti Printers between July 2013 and September 2015.

Catholic Bishops' Conference of India explained that it did not enter into a long-term contract with Jyoti Printers because The Union's Project Axshya Guidelines required obtaining three quotations for printing of information, education and communication materials. It also stated that Central TB Division did not provide them with specific rules on procurement so it observed The Union's requirements of obtaining three quotations for the RCC Project. Catholic Bishops' Conference of India noted that it is now considering entering into long-term contracts with respective vendors in consultation with The Union and Central TB Division.

The OIG notes, however, that the information, education and communication materials that require three quotations comprise only 28% (US\$ 24,656) of the total printing contracts awarded to Jyoti Printers. Approximately 90% of the other printing procurements were for items such as laptop (conference) bags, visiting cards, notepads, pens, calendars, folders, letterheads, Annual Reports, and certificates. Although the finance manual does not define what items of regular consumption are, the OIG considers these items of regular consumption.

Thus, there appears to have been no impediment on Catholic Bishops' Conference of India to enter into a long-term contract with Jyoti Printers for the bulk of the printing purchases.

### *Lack of delivery challans*

The Union's Project Axshya Guidelines require that delivery challans (notes) be attached to the payment voucher for information, education and communication materials. However, the OIG found that delivery challans were not attached to the payment vouchers for any of the contracts awarded to Jyoti Printers. The OIG notes that keeping the delivery challans prepared by the vendor provides an additional level of control to verify whether the materials were actually printed by the vendor.

In response to the OIG findings, Catholic Bishops' Conference of India acknowledged that the delivery challans in relation to purchases from Jyoti Printers were not attached to the vouchers but were maintained separately. Catholic Bishops' Conference of India stated that in the future, it will ensure that all delivery challans are attached to the invoices. The OIG notes that during the investigation, the OIG requested for the delivery challans but Catholic Bishops' Conference of India was unable to provide these from the files.

### *No tenders by advertisement*

The Catholic Bishops' Conference of India finance manual requires that tenders valued over INR 1,000,000 (approximately US\$ 15,035) be advertised in newspapers. However, the OIG found that in at least two instances, Catholic Bishops' Conference of India awarded contracts to Jyoti Printers that were valued over INR 1,000,000 without advertising the tenders. The two procurements were for notepads, pen, laptop bag kits (conference bags), umbrella amounting to US\$ 21,152 and the other one was for the US\$ 22,508.

### Inadequate Procurement Policies

Catholic Bishops' Conference of India's finance manual did not provide sufficient instruction in a number of key areas that directly relate to activities it conducted under the two Global Fund Grants.

### *Unclear monetary threshold for the procurement of non-assets*

The finance manual seemingly segregates the procurement of “bulk requirement of any item / service” from the procurement of assets. The finance manual is unclear on the monetary threshold that triggers a competitive tendering process for the procurement of non-assets. Moreover, when asked during the OIG investigation, Catholic Bishops’ Conference of India staff provided inconsistent statements as to the monetary threshold. Some staff said that that competition was not required for procurements valued below INR 10,000 (approximately US\$ 150<sup>4</sup>) while other staff said that competition was not required for procurements under INR 5,000 (approximately US\$ 75).

In its response to the OIG findings, Catholic Bishops’ Conference of India stated that the threshold amount that triggers competitive tenders for all procurements is INR 10,000. However, the OIG notes that this is not delineated in the finance manual and this was not clearly communicated to all staff.

### *No requirement to perform due diligence of vendors*

Catholic Bishops’ Conference of India’s procurement policies do not mention due diligence of vendors. Indeed, the sub-recipient did not conduct any due diligence of its vendors despite awarding 33 contracts to the same vendor (Jyoti Printers) amounting to US\$ 87,650 under its two Global Fund projects. In the case of RCC Project, the printing contracts awarded to Jyoti Printers between October 2013 to September 2015 were valued at US\$ 62,366. In the case of Project Axshya, Jyoti Printers was awarded US\$ 25,284 in printing procurements between July 2013 to August 2015. This is a far greater amount compared to the contracts awarded to two other printing vendors (US\$ 1,570 and US\$ 449). Moreover, the OIG has determined that 90% of the contracts awarded to Jyoti Printers were non-competitive (US\$ 79,264 out of a total of US\$ 87,650).

These facts should have prompted Catholic Bishops’ Conference of India’s Management and Purchase Committee not to rely simply on the recommendations of the staff in charge of procurement and to take additional steps such as checking the existence of the other competing vendors to ensure that indeed the tenders were competitively awarded to the printing vendor.

### *No provision on procurement of venues*

The finance manual does not provide any rules on the selection of venues for Catholic Bishops’ Conference of India activities. The sub-recipient’s staff provided inconsistent statements as to the procurement rules for the selection of venues. The RCC Project’s Administrative Executive stated that the rule of obtaining quotations for tenders valued above INR 5,000 applies to all tenders, including for venues. In contrast, Catholic Bishops’ Conference of India’s Executive Director stated that the procurement rules for venues differ and the organization does not get quotations for events held at Christian institutes because the rates are cheaper than those of commercial hotels/venues.

In its response to the OIG findings, Catholic Bishops’ Conference of India acknowledged the communication gap observed by the OIG, the lack of specific provisions in the finance manual on selecting venues for programs and noted that it will ensure adequate changes to the manual to address the OIG observations.

### *Payment requirement*

The finance manual states that after making a payment, a 'paid' seal must be affixed on the payment voucher, all supporting documents should be attached to the voucher, and vouchers must be

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<sup>4</sup> For the purposes of currency conversion, the official exchange rates prevailing on the actual contract establishment or transaction dates, as established by the Reserve Bank of India, were applied. <https://www.rbi.org.in/scripts/referenceratearchive.aspx> last accessed on 7 December 2015.

supported with third party supporting documents. The OIG notes that the finance manual does not enumerate what supporting documents should be attached to the payment vouchers.

Because of the lack of clarity in the finance manual, Catholic Bishops' Conference of India claims that attaching supporting documents to payment vouchers is not mandatory and that payments can be checked from Catholic Bishops' Conference of India's bank statements.

#### *Conflict with donor requirements*

The OIG likewise observed that there is no provision in the finance manual covering situations where there is a conflict between Catholic Bishops' Conference of India's procurement policies and donor requirements. As stated above, the finance manual recommends entering into long-term contracts for items of regular consumption but The Union's Project Axshya Guidelines required obtaining three quotations for printing of information, education and communication materials, which is contrary to that practice.

#### Inadequate Financial Controls for Expenditures Under Project Axshya (The Union)

The OIG observed weaknesses in Catholic Bishops' Conference of India's financial controls for expenditures under Project Axshya. Catholic Bishops' Conference of India paid several expenses incurred by District Coordinators despite non-compliance with The Union's budget requirements and the finance manual's requirement to pay in checks. Catholic Bishops' Conference of India also paid expenses which were not fully supported or were supported with questionable documents.

The OIG reviewed seven District Coordinator review meetings held in 2013 and 2014, seven travel reimbursement claims from March to September 2014 for the Head Office's review and Monitoring & Evaluation visit to the districts, 10 District Coordinator reports from March 2014 to June 2015, and Catholic Bishops' Conference of India's bank statements since opening date on 3 September 2010 to 23 October 2015.

The OIG found instances when the overall budget for a particular activity was exceeded as well as payment to a vendor in cash above the INR 5,000 threshold indicated in the finance manual. Although both the amounts were small, these indicate financial control weaknesses at Catholic Bishops' Conference of India.

The OIG likewise found insufficiently supported expenditures at Catholic Bishops' Conference of India. There were two expenses for District Coordinator review meetings in 2013 and 2014 that did not contain copies of the check, direct deposit slip or receipts evidencing payments to the vendors attached to the bank payment vouchers, which violates the requirement under the finance manual to attach all the supporting documents to the voucher.

In its response to the OIG findings, Catholic Bishops' Conference of India claimed that copies of checks, deposit slips or receipts are not mandatory documents under the finance manual and that payments can be checked from its bank statements. The OIG notes that while the finance manual does not enumerate what supporting documents should be attached to the payment voucher, common business practice requires that payments be substantiated by proof such as receipts, deposit slips, or cancelled checks.

Moreover, there were three payment vouchers for District Coordinator expenses that were either not supported by photos as required by The Union's Project Axshya Guidelines, or supported by questionable photos (i.e., photos showing less attendees as compared to attendance sheet; same photos used for meetings on two separate days). The OIG also found that one payment voucher for District Coordinator expenses had questionable supporting documents, such as bills without signatures or signatures that did not match those who attended the activities and those who claimed reimbursement. The Union's review identified similar deficiencies in District Coordinators' record keeping and set this out in its management letter dated 27 December 2013. The OIG notes that the

insufficiently supported expenditures discussed above were incurred after Catholic Bishops' Conference of India was notified by The Union of these deficiencies and the need to meet the documentary requirements per Project Axshya's Guidelines.

In response, Catholic Bishops' Conference of India noted that it had enhanced its internal procedure and controls to make sure that all documentary requirements of The Union are available. However, considering the scale of the project and areas of operation, it is difficult to meet all the requirements. Catholic Bishops' Conference of India stated that it has internal checks that require scrutiny of bills submitted by District Coordinators/Non-Government Organizations and it takes action such as rejecting claims or disciplining employees when documentary support is inadequate.

*Agreed Management Action No. 2: The Global Fund Secretariat will send management letters to Central TB Division and The Union requiring tightened procurement procedures and oversight. No later than 31 December 2016, the Global Fund Secretariat will confirm to the OIG that the tightened procedures and oversight measures that are set forth below have been implemented to the Global Fund Secretariat's satisfaction, based on information provided by the LFA and the Principal Recipients.*

- *Catholic Bishops' Conference of India must revise the procurement guidelines contained in its finance manual and provide written evidence to Central TB Division and The Union that the guidelines have been clearly communicated and explained to its staff. The revisions shall address the weaknesses and deficiencies identified in this report, including but not limited to: (i) establishing minimum monetary thresholds that trigger the requirement of competitive tenders for the procurement of non-assets; (ii) clarifying the procurement rules relating to the selection of venues; and (iii) requiring the conduct of thorough due diligence on vendors and suppliers such as performing background checks and documenting the results thereof, to be guided by the Global Fund's Information Note on Due Diligence for Suppliers (<http://www.theglobalfund.org/en/documents/operational/>).*

### 03 Insufficient Oversight of Catholic Bishops' Conference of India by the Principal Recipients

The OIG finds that the Principal Recipients' oversight over Catholic Bishops' Conference of India's procurements and financial controls was insufficient and inadequate. The OIG finds the following deficiencies: the Principal Recipients did not review or approve Catholic Bishops' Conference of India's finance manual and did not require or conduct due diligence checks despite the volume of procurement contracts awarded to the same printing vendor.

#### Central TB Division's oversight over Catholic Bishops' Conference of India

Central TB Division did not exercise adequate oversight over Catholic Bishops' Conference of India. It did not review Catholic Bishops' Conference of India's procurement policies or conduct reviews of supporting documents of Catholic Bishops' Conference of India's expenditures. As such, Central TB Division did not identify the irregularities in Catholic Bishops' Conference of India's conduct of procurements.

##### *Insufficient oversight over procurements*

The OIG finds that Central TB Division did not exercise sufficient oversight over Catholic Bishops' Conference of India's procurements. Central TB Division acknowledged that they did not provide any specific guidance regarding proper procurement procedures to its sub-recipient as no major procurements were planned under the sub-grant.

According to Central TB Division, it did not review or approve Catholic Bishops' Conference of India's procurement policies because Catholic Bishops' Conference of India did not conduct major procurements under the sub-grant agreement. Because Central TB Division did not review Catholic Bishops' Conference of India's procurement policies, it did not know that the policies were lacking.

Central TB Division stated that it had no dedicated Project Management Unit (PMU) staff to oversee, among others, the finance matters for the Global Fund grant. The Global Fund Secretariat required a PMU in April 2013. Because of bureaucratic delays, Central TB Division did not have a PMU until late 2014.

Due to the lack of personnel to oversee finance matters and the lack of field visits to Catholic Bishops' Conference of India, Central TB Division did not uncover the procurement irregularities identified by the OIG in Finding 2 above and did not notice Catholic Bishops' Conference of India's failure to follow its own procurement policies as described therein.

Had Central TB Division reviewed the vouchers and verified the supporting documents, it would have identified the similarity in the quotations submitted by competing vendors for the procurement of equipment under the RCC Project and observed that the tender was awarded with only three competing quotations instead of the required four. Moreover, if Central TB Division had reviewed the supporting documents of Catholic Bishops' Conference of India's procurements, it would have noticed that contracts valued over INR 1,000,000 were awarded to Jyoti Printers without the tenders being advertised in newspapers as required by the finance manual.

#### *Insufficient oversight over expenditures*

The OIG found that the Central TB Division's reviews of Catholic Bishops' Conference of India finances were limited to desk reviews of the quarterly Statement of Expenditures to ensure that the statement was in line with the budget and to determine if there were any budget variances. The Central TB Division also read the sub-recipients' audit reports. The Central TB Division did not issue management letters to their sub-recipients. However, if there were deficiencies in the Statement of Expenditures, the Central TB Division discussed them with the sub-recipients and requested revisions.

The desk reviews of the Statement of Expenditures and audit reports does not constitute sufficient oversight over Catholic Bishops' Conference of India. Central TB Division only conducted variance analysis of the Statement of Expenditures against the approved budget. Because the Statement of Expenditures does not include supporting documents (bills, vouchers, payments), Central TB Division did not review the documents supporting Catholic Bishops' Conference of India's expenses. As the OIG investigation found, the irregularities in Catholic Bishops' Conference of India's procurements are evident on the underlying documents that support the purchases.

#### The Union's oversight over Catholic Bishops' Conference of India

The Union did not exercise adequate oversight over Catholic Bishops' Conference of India. It did not review its procurement policies or conduct sufficient reviews of its procurements and other expenditures. As such, The Union was not aware of the irregularities in Catholic Bishops' Conference of India's procurements and did not identify inadequacies in its financial controls.

#### *Insufficient oversight over procurements*

Although The Union has established an oversight mechanism for its sub-recipients, including Catholic Bishops' Conference of India, the OIG found weaknesses in the exercise of this oversight relating to procurements.

The OIG found no evidence that the Catholic Bishops' Conference of India's finance manual was reviewed or approved by The Union. Despite the fact that The Union noted in two management letters that Catholic Bishops' Conference of India's procurement, financial and human resources policies were not properly documented, the OIG found no evidence that The Union followed up on the status of these internal policies.

The Union's procurement review of Catholic Bishops' Conference of India was only a document review; the Grant Administrator did not check or verify the vendors. In its response to the OIG findings, The Union said their oversight process was not investigative and explained that it did not conduct vendor verification, including the crosschecking of vendor phone numbers, unless there was a definite indication that warranted such an action. The Union added that the oversight process had never received any adverse remark by the Local Fund Agent and the Global Fund Country Team since the inception of the project in 2010.

The OIG notes that in Catholic Bishops' Conference of India's case, there was sufficient basis for The Union to closely look into Catholic Bishops' Conference of India's procurement of printed materials considering that Jyoti Printers was awarded contracts amounting to US\$ 25,284 under Phase 2 of Project Axshya. Despite this, no additional checks were conducted. A simple internet search, for instance, would reveal no internet presence of the competing vendors or nonexistent addresses.

During the OIG investigation, The Union stated that it verifies all of Catholic Bishops' Conference of India's procurement expenditures. The Union was unaware that there were no competing quotations attached to the payment voucher dated 30 September 2013 for a tender to print flip charts, pamphlets and referral slips awarded to Jyoti Printers. This violates Project Axshya Guidelines that require competitive tenders for information, education and communication materials. In its response to OIG findings, The Union acknowledged that the lack of three competing quotations for this expenditure was inadvertently missed during their review.

While The Union flagged in its management letter dated 12 July 2014 that Jyoti Printers' invoice pre-dated its quotation for a printing procurement amounting to US\$ 4,453 as non-compliant, it failed to identify that all three quotations, including Jyoti's, contain similar formatting and identical mistakes in three places (see Annex C-1: Similar Formatting and Identical Mistakes on Three Quotations Attached to Bank Payment Voucher 47). The OIG notes that The Union did not require Catholic Bishops' Conference of India to redo this procurement, but only to document the process (i.e. that it previously confirmed Jyoti Printers' rates by phone and received Jyoti Printers' quotation late) and obtain the Executive Director's concurrence on the procurement.

As discussed in Finding 1 above, Catholic Bishops' Conference of India procured furniture amounting to US\$ 932 (INR 49,623) under Phase 1 of Project Axshya. The Union reviewed this procurement but did not note that the selection of the winner pre-dated the quotations purportedly submitted by vendors.

The OIG also found that four District Coordinator review meetings were held at Christian institutes based on single quotations. In response to the OIG findings, The Union stated that the costs incurred at these institutes were less compared to holding the meetings in hotels. Nonetheless, The Union said that it had notified Catholic Bishops' Conference of India on 21 March 2014 that procurement processes had not been followed for venue identification and recommended that it compare rates of institutions offering the same kind/grade of services. The Union said that according to Catholic Bishops' Conference of India, there were no similar institutions (like Christian institutions) within the same city offering same services.

The OIG notes that three District Coordinator review meetings were held at Christian institutions without following any procurement process for venue selection. Catholic Bishops' Conference of India did this despite being notified of the need to follow a procurement process. There was no evidence that it obtained competitive quotations from other venue providers or discussed the lack of similar institutions with The Union.

### *Insufficient oversight over expenditures*

The Union has dedicated staff (two Grant Administrators) who review the financial submissions and verify the expenditures of Catholic Bishops' Conference of India. One of the Grant Administrators reviews Quarterly Financial Reports and conducts scheduled visits to its head office every quarter.

The OIG observed that no one other than the Grant Administrator conducts the financial reviews and visits to the sub-recipients, which caused some delays in the reviews. Furthermore, there were previous quarters when the Grant Administrator did not do field visits to the sub-recipients. In these cases, the Grant Administrator only sent his desk review observations by email to the sub-recipients.

The Union acknowledged that since the project has only two Grant Administrators, it was not feasible for them to be part of field visits every time. Hence, the focus of the Grant Administrators is the review of head offices and records.

According to The Union, it conducts a full review of Catholic Bishops' Conference of India's procurement expenditures and a sample of travel, human resources and training expenditures. After an expenditure review, the Grant Administrator would conduct an oral debriefing with Catholic Bishops' Conference of India's Executive Director or the Program Manager in case of the former's absence and prepare the Management Letter containing his findings and recommendations. According to the Grant Administrator, The Union follows up with sub-recipients to implement the recommendations and verifies this during the next visit.

The OIG found that The Union's oversight over Catholic Bishops' Conference of India's financial controls was inadequate. The Union was unaware that Catholic Bishops' Conference of India does not maintain delivery notes to prove delivery and there was no evidence of payments to the vendors with respect to two District Coordinator review meetings held in 2013 and 2014.

*Agreed Management Action No. 2: The Global Fund Secretariat will send management letters to Central TB Division and The Union requiring tightened procurement procedures and oversight. No later than 31 December 2016, the Global Fund Secretariat will confirm to the OIG that the tightened procedures and oversight measures that are set forth below have been implemented to the Global Fund Secretariat's satisfaction, based on information provided by the LFA and the Principal Recipients.*

- *Central TB Division and The Union must review the procurement policies and guidelines of Catholic Bishops' Conference of India contained in the latter's finance manual to determine whether there is any inconsistency with the Central TB Division and The Union's policies, and ensure that the policies are consistent with the principles of competition and transparency, and are appropriate and relevant to the activities conducted by Catholic Bishops' Conference of India.*
- *Central TB Division and The Union must strengthen their financial monitoring over sub-recipients by conducting quarterly visits to both head and field offices and reviewing supporting documentation for procurements and expenditures, including the conduct of additional checks on sub-recipients' vendors when circumstances so require.*



## IV. Conclusion

Catholic Bishops' Conference of India conducted numerous non-competitive tenders and paid for information, education and communication materials that were not printed and delivered. This is in violation of the Global Fund's Code of Conduct for Recipients, the grant agreements and Catholic Bishops' Conference of India's own finance manual. Catholic Bishops' Conference of India lacked financial capacity as shown by the inadequate guidance set out in its finance manual, did not conduct due diligence on its vendors and had weak financial controls. In addition, the Principal Recipients exercised insufficient oversight over Catholic Bishops' Conference of India. These factors resulted in Catholic Bishops' Conference of India's conducting improper procurements, thereby putting Global Fund assets at risk.

The OIG did not find evidence of overpricing or poor quality amongst the non-compliant expenditures of US\$ 97,149. The OIG did find that a small amount of materials paid for were not delivered. Consequently, the OIG concludes that whilst the improper procurements were non-compliant and put Global Fund assets at risk, they did not appear to result in any measurable economic loss to the program in service delivery. For this reason, there is no "proposed recoveries" figure from the OIG associated with this report, and we report only the total amount of non-compliant expenditures.

**Table 1: Summary of Catholic Bishops' Conference of India's Non-Compliant Expenditures**

<b>Non-Compliant Expenditures</b>	<b>Amount (in US\$)</b>
A. Project Axshya	
1. Contracts awarded to Jyoti Printers based on non-competitive tenders	<b>24,523</b>
a. Due to false and/or collusive quotations	22,953
b. Based solely on Jyoti Printers quotations	1,570
2. Payment to Jyoti Printers for items not printed and delivered	<b>406</b>
3. Non-competitive procurement of computers	<b>2,668</b>
B. RCC Project	
1. Contracts awarded Jyoti Printers based on non-competitive tenders due to false and/or collusive quotations	<b>54,741</b>
2. Non-competitive tender for office equipment	<b>14,811</b>
<b>TOTAL</b>	<b>97,149</b>

## V. Table of Agreed Management Actions

#	Category	Agreed Management Action (Draft)	Due date	Owner
1	Financial and Fiduciary Risks	The Global Fund Secretariat will finalize and pursue, from all entities responsible, an appropriate recoverable amount. This amount will be determined by the Secretariat in accordance with its evaluation of applicable legal rights and obligations and associated determination of recoverability.	31 December 2016	Recoveries Committee
2	Governance, Oversight and Management Risks	<p>The Global Fund Secretariat will send management letters to Central TB Division and The Union requiring tightened procurement procedures and oversight. No later than 31 December 2016, the Global Fund Secretariat will confirm to the OIG that the tightened procedures and oversight measures that are set forth below have been implemented to the Global Fund Secretariat's satisfaction, based on information provided by the LFA and the Principal Recipients.</p> <ul style="list-style-type: none"> <li>• Catholic Bishops' Conference of India must revise the procurement guidelines contained in its finance manual and provide written evidence to Central TB Division and The Union that the guidelines have been clearly communicated and explained to its staff. The revisions shall address the weaknesses and deficiencies identified in this report, including but not limited to: (i) establishing minimum monetary thresholds that trigger the requirement of competitive tenders for the procurement of non-assets; (ii) clarifying the procurement rules relating to the selection of venues; and (iii) requiring the conduct of thorough due diligence on vendors and suppliers such as performing background checks and documenting the results thereof, to be guided by the Global Fund's Information Note on Due Diligence for Suppliers (<a href="http://www.theglobalfund.org/en/documents/operational/">http://www.theglobalfund.org/en/documents/operational/</a>).</li> <li>• Central TB Division and The Union must review the procurement policies and guidelines of Catholic Bishops' Conference of India contained in the latter's finance manual to determine whether there is any inconsistency with the Central TB Division and The Union's policies, and ensure that the policies are consistent with the principles of competition and transparency, and are appropriate and relevant to the activities conducted by Catholic Bishops' Conference of India.</li> <li>• Central TB Division and The Union must strengthen their financial monitoring over sub-recipients by conducting quarterly visits to both head and field offices and reviewing supporting documentation for procurements and expenditures, including the conduct of additional checks on sub-recipients' vendors when circumstances so require.</li> </ul>	31 December 2016	Head, Grant Management Division

## Annex A: Methodology

The Investigations Unit of the OIG is responsible for conducting investigations of alleged fraud, abuse, misappropriation, corruption and mismanagement (collectively, “fraud and abuse”) within Global Fund financed programs and by Principal Recipients and Sub-recipients, (collectively, “grant implementers”), Country Coordinating Mechanisms and Local Fund Agents, as well as suppliers and service providers.<sup>5</sup>

While the Global Fund does not typically have a direct relationship with the recipients’ suppliers, the scope of the OIG’s work<sup>6</sup> encompasses the activities of those suppliers with regard to the provision of goods and services. The authority required to fulfill this mandate includes access to suppliers’ documents and officials.<sup>7</sup> The OIG relies on the cooperation of these suppliers to properly discharge its mandate.<sup>8</sup>

OIG investigations aim to: (i) identify the specific nature and extent of fraud and abuse affecting Global Fund grants, (ii) identify the entities responsible for such wrongdoings, (iii) determine the amount of grant funds that may have been compromised by fraud and abuse, and (iv), place the organization in the best position to obtain recoveries through the identification of the location or the uses to which the misused funds have been put.

OIG conducts administrative, not criminal, investigations. Its findings are based on facts and related analysis, which may include drawing reasonable inferences based upon established facts. Findings are established by a preponderance of credible and substantive evidence. All available evidence is considered by the OIG, including inculpatory and exculpatory information.<sup>9</sup>

The OIG finds, assesses and reports on facts. On that basis, it makes determination on the compliance of expenditures with the grant agreements and details risk-prioritized Agreed Management Actions. Such Agreed Management Actions may notably include the identification of expenses deemed non-compliant for considerations of recovery, recommended administrative action related to grant management and recommendations for action under the Code of Conduct

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<sup>5</sup> Charter of the Office of the Inspector General (19 March 2013), available at: <http://theglobalfund.org/documents/oig/OIGOfficeOfInspectorGeneralCharteren/>, accessed 01 November 2013.

<sup>6</sup> Charter of the Office of the Inspector General (19 March 2013) § 2, 9.5 and 9.7.

<sup>7</sup> *Ibid.*, § 17.1 and 17.2

<sup>8</sup> Global Fund Code of Conduct for Suppliers (15 December 2009), § 17-18, available at: <http://theglobalfund.org/documents/corporate/CorporateCodeOfConductForSuppliersPolicyen/>, accessed 01 November 2013. Note: Every grant is subject to the Global Fund’s Standard Terms and Conditions (STC) of the Program Grant Agreement signed for that grant. The above Code of Conduct may or may not apply to the grant.

<sup>9</sup> These principles comply with the *Uniform Guidelines for Investigations*, Conference of International Investigators, June 2009; available at: <http://www.un.org/Depts/oios/pages/uniformguidlines.html>, accessed 01 November 2013.

for Suppliers<sup>10</sup> or the Code of Conduct for Recipients of Global Fund Resources<sup>11</sup> (the “Codes”), as appropriate. The OIG does not determine how the Secretariat will address these determinations and recommendations. Nor does it make judicial decisions or issue sanctions.<sup>12</sup>

Agreed Management Actions are agreed with the Secretariat to identify, mitigate and manage risks to the Global Fund and its recipients’ activities. The OIG defers to the Secretariat and, where appropriate, the recipients, their suppliers and/or the concerned national law enforcement agencies, for action upon the findings in its reports.

The OIG is an administrative body with no law enforcement powers. It cannot issue subpoenas or initiate criminal prosecutions. As a result, its ability to obtain information is limited to the rights to it under the grant agreements agreed to with recipients by the Global Fund, including the terms of its Codes, and on the willingness of witnesses and other interested parties to voluntarily provide information.

The OIG also provides the Global Fund Board with an analysis of lessons learned for the purpose of understanding and mitigating identified risks to the grant portfolio related to fraud and abuse.

Finally, the OIG may make referrals to national authorities for prosecution of any crimes or other violations of national laws, and supports such authorities as necessary throughout the process, as appropriate.

## 01 Applicable Concepts of Fraud and Abuse

The OIG bases its investigations on the contractual commitments undertaken by recipients and suppliers. It does so under the mandate set forth in its Charter to undertake investigations of allegations of fraud and abuse in Global Fund supported programs.

As such, it relies on the definitions of wrongdoing set out in the applicable grant agreements with the Global Fund and the contracts entered into by the recipients with other implementing entities in the course of program implementation.

Such agreements with Sub-recipients must notably include pass-through access rights and commitments to comply with the Codes. The Codes clarify the way in which recipients are expected to abide by the values of transparency, accountability and integrity which are critical to the success of funded programs. Specifically, the Code of Conduct for Recipients prohibits recipients from engaging in corruption, which includes the payment of bribes and kickbacks in relation to procurement activities.<sup>13</sup>

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<sup>10</sup> See fn. 16, supra

<sup>11</sup> Code of Conduct for Recipients of Global Fund Resources (16 July 2012) available at: <http://theglobalfund.org/documents/corporate/CorporateCodeOfConductForRecipientsPolicyen/>, accessed 01 November 2013. Note: Every grant is subject to the STC of the Program Grant Agreement signed for that grant. The above Code of Conduct may or may not apply to the grant.

<sup>12</sup> Charter of the Office of the Inspector General (19 March 2013) § 8.1

<sup>13</sup> Code of Conduct for Recipients of Global Fund Resources, section 3.4.

The Codes notably provide the following definitions of the relevant concepts of wrongdoings:<sup>14</sup>

- “Anti-competitive practice” means any agreement, decision or practice which has as its object or effect the restriction or distortion of competition in any market.
- “Collusive practice” means an arrangement between two or more persons or entities designed to achieve an improper purpose, including influencing improperly the actions of another person or entity.
- “Conflict of Interest”: A conflict of interest arises when a Recipient or Recipient Representative participates in any particular Global Fund matter that may have a direct and predictable effect on a financial or other interest held by: (a) the Recipient; (b) the Recipient Representative; or (c) any person or institution associated with the Recipient or Recipient Representative by contractual, financial, agency, employment or personal relationship. For instance, conflicts of interest may exist when a Recipient or Recipient Representative has a financial or other interest that could affect the conduct of its duties and responsibilities to manage Global Fund Resources. A conflict of interest may also exist if a Recipient or Recipient Representative’s financial or other interest compromises or undermines the trust that Global Fund Resources are managed and utilized in a manner that is transparent, fair, honest and accountable.
- “Corrupt practice” means the offering, promising, giving, receiving or soliciting, directly or indirectly, of anything of value or any other advantage to influence improperly the actions of another person or entity.
- “Fraudulent practice” means 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.
- “Misappropriation” is the intentional misuse or misdirection of money or property for purposes that are inconsistent with the authorized and intended purpose of the money or assets, including for the benefit of the individual, entity or person they favor, either directly or indirectly.

## 02 Determination of Compliance

The OIG presents factual findings which identify compliance issues by the recipients with the terms of the Global Fund’s Standard Terms and Conditions (STC) of the Program Grant Agreement. Such compliance issues may have links to the expenditure of grant funds by recipients, which then raises the issue of the eligibility of these expenses for funding by the Global Fund. Such non-compliance is based on the provisions of the STC.<sup>15</sup> The OIG does not aim to conclude on the appropriateness of seeking refunds from recipients, or other sanctions on the basis of the provisions of the Program Grant Agreement.

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<sup>14</sup> Available at: <http://theglobalfund.org/documents/corporate/CorporateCodeOfConductForRecipientsPolicyen/> and [http://theglobalfund.org/documents/corporate/Corporate\\_CodeOfConductForSuppliers\\_Policy\\_en/](http://theglobalfund.org/documents/corporate/Corporate_CodeOfConductForSuppliers_Policy_en/)

<sup>15</sup> The STC are revised from time to time, but the provisions quoted below applied to all Principal Recipients at the time of the investigation.

Various provisions of the STC provide guidance on whether a program expense is eligible for funding by the Global Fund. It is worth noting that the terms described in this section are to apply to Sub-Recipients as well as Principal Recipients.<sup>16</sup>

At a very fundamental level, it is the Principal Recipient's responsibility "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 Agreement".<sup>17</sup>

In practice, this entails abiding by the activities and budgetary ceilings proposed in the Requests for Disbursement, which in turn must correspond to the Summary Budget(s) attached to Annex A of the Program Grant Agreement. While this is one reason for expenses to be ineligible, expending grant funds in breach of other provisions of the Program Grant Agreement also results in a determination of non-compliance.

Even when the expenses are made in line with approved budgets and work plans, and properly accounted for in the program's books and records, such expenses must be the result of processes and business practices which are fair and transparent. The STC specifically require that the Principal Recipient ensures that: (i) contracts are awarded on a transparent and competitive basis, [...] and (iv) that the Principal Recipient and its representatives and agents do not engage in any corrupt practices as described in Article 21(b) of the STC in relation to such procurement.<sup>18</sup>

The STC explicitly forbid engagement in corruption or any other related or illegal acts when managing Grant Funds: "The Principal Recipient shall not, and shall ensure that no Sub-recipient or person affiliated with the Principal Recipient or any Sub-recipient [...] participate(s) in any other practice that is or could be construed as an illegal or corrupt practice in the Host Country."<sup>19</sup>

Amongst prohibited practices is the rule that the Principal Recipient shall not and shall ensure that no person affiliated with the Principal Recipient "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>20</sup>

The Global Fund's Code of Conduct for Suppliers and Code of Conduct for Recipients further provide for additional principles by which recipients and contractors must abide, as well as remedies in case of breaches of said fundamental principles of equity, integrity and good management. The Codes also provide useful definitions of prohibited conducts.<sup>21</sup>

The Codes are integrated into the STC through Article 21(d) under which the Principal Recipient is obligated to ensure that the Global Fund's Code of Conduct for Suppliers is communicated to

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<sup>16</sup> Standard Terms and Conditions (2012.09) at Art. 14(b):

<http://www.theglobalfund.org/documents/core/grants/CoreStandardTermsAndConditionsAgreementen>

<sup>17</sup> Id. at Art. 9(a) and Art 18(f)

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

<sup>19</sup> Id., at Art. 21 (b)

<sup>20</sup> Id. at Art. 21(b)

<sup>21</sup> Available at: <http://www.theglobalfund.org/documents/corporate/CorporateCodeOfConductForSuppliersPolicyen> ; <http://www.theglobalfund.org/documents/corporate/CorporateCodeOfConductForRecipientsPolicyen>

all bidders and suppliers.<sup>22</sup> It explicitly states that the Global Fund may refuse to fund any contract with suppliers found not to be in compliance with the Code of Conduct for Suppliers. Similarly, Article 21(e) provides for communication of the Code of Conduct for Recipients to all Sub-recipients, as well as mandatory application through the Sub-recipient agreements.<sup>23</sup>

Principal Recipients are contractually liable to the Global Fund for the use of all grant funds, including expenses made by Sub-recipients and contractors.<sup>24</sup>

The factual findings made by the OIG following its investigation and summarized through this report can be linked to the prohibited conducts or other matters incompatible with the terms of the Program Grant Agreements.

### 03 Reimbursements or Sanctions

The Secretariat of the Global Fund is subsequently tasked with determining what management actions or contractual remedies will be taken in response to those findings.

Such remedies may notably include the recovery of funds compromised by contractual breaches. Article 27 of the STC stipulates that the Global Fund may require the Principal Recipient “to immediately refund the Global Fund any disbursement of the grant funds in the currency in which it was disbursed [in cases where] there has been a breach by the Principal Recipient of any provision of this (sic) Agreement [...] or the Principal Recipient has made a material misrepresentation with respect to any matter related to this Agreement.”<sup>25</sup>

According to Article 21(d), “in the event of non-compliance with the Code of Conduct, to be determined by the Global Fund in its sole discretion, the Global Fund reserves the right not to fund the contract between the Principal Recipient and the Supplier or seek the refund of the grant funds in the event the payment has already been made to the Supplier.”<sup>26</sup>

Furthermore, the UNIDROIT principles (2010), the principles of law governing the grant agreement, in their article 7.4.1, provide for the right of the Global Fund to seek damages from the Principal Recipient in case non-performance, in addition to any other remedies the Global Fund may be entitled to.

Additional sanctions, including with respect to Suppliers, may be determined pursuant to the Sanction Procedure of the Global Fund, for breaches to the Codes.

In determining what non-compliant expenditures are to be proposed as recoverables, the OIG advises the Secretariat that such amounts typically should be: (i) amounts, for which there is no reasonable assurance about delivery of goods or services (unsupported expenses, fraudulent expenses, or otherwise irregular expenses without assurance of delivery), (ii) amounts which

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<sup>22</sup> Standard Terms and Conditions (2012.09) at Art. 21(d)

<sup>23</sup> Id. at Art. 21(e)

<sup>24</sup> Id. at Art. 14

<sup>25</sup> Id. at Art. 27(b) and (d)

<sup>26</sup> Id.

constitute overpricing between the price paid and comparable market price for such goods or services, or (iii) amounts which are ineligible (non-related) to the scope of the grant and its approved work plans and budgets.



## Annex B: Summary of Subjects' Relevant Responses

On 16 December 2015, the OIG provided a copy of the OIG's statement of findings and supporting annexes on its investigation of procurements and printing activities conducted by Catholic Bishops' Conference of India to The Union, Central TB Division and Catholic Bishops' Conference of India. The organizations were given the opportunity to provide comments and supporting documents on the report's content, findings and conclusions. On 23 February 2016, the OIG likewise provided a copy of its documents to Jyoti Printers.

The OIG's statement of findings represented the full record of all of the relevant facts and findings considered in support of this final report. Catholic Bishops' Conference of India provided its responses on 11 January 2016. The Union and Central TB Division provided their responses on 15 January 2016 and 18 January 2016, respectively. Jyoti Printers provided its response to the OIG's statement of findings on 8 March 2016.

Given these responses, the OIG proceeded to the next stage of the investigation as per its Stakeholder Engagement Model. All points made by the subjects were duly considered by the OIG and appropriate revisions were made to its findings, as applicable and relevant, as part of this final report.

### Catholic Bishops' Conference of India's Response

In addition to the Catholic Bishops' Conference of India responses that are discussed in the main findings of this report, Catholic Bishops' Conference of India also put forth the responses below:

Catholic Bishops' Conference of India explained the procurement procedure and practices followed at Catholic Bishops' Conference of India: Program Manager assesses the need for printing, obtains quotations from vendors, assesses the quotations and submits the comparative summary to Purchase Committee. The Purchase Committee assesses the comparative summary and approves the best vendor (considering price, delivery time and quality). The Purchase Order is then issued and after the order is completed, the Administrative Assistant visits the printer, checks the materials and arranges dispatch from the printer to different locations (districts) through courier.

Regarding the cases where the addresses of the competing vendors are not traceable (BP Vouchers 47, 48, 77; Journal Voucher-333, 705, 1349, 1350), Catholic Bishops' Conference of India stated that the Purchase Committee relies on its staff members and does not always question the authenticity or the intentions of its employees unless there are specific complaints or allegations against them. Since Catholic Bishops' Conference of India was confident about Jyoti Printers' prices, quality and time commitments based on its experiences and Jyoti Printers' reputation in the printing business, the Purchase Committee did not check the procedure followed for obtaining the other two quotations.

Regarding the cases where quotations bear the contact numbers of Jyoti Printers' employees (Bank Payment Voucher 47, 48, 77; Journal Voucher 333, 705, 1350), Catholic Bishops' Conference of India stated that the Management/Purchase Committee was not aware that the

numbers on the quotations belong to these employees. According to Catholic Bishops' Conference of India, many of the employees in established printing firms also work as freelancers, so these instances could be a case where Jyoti Printers' employees worked as freelancers and provided quotations as such. In support of this, Catholic Bishops' Conference of India submitted a confirmation from a Jyoti Printers employee who works as a freelancer.

Regarding the cases where quotations were given in different trade names by the same person (Bank Payment Voucher 77; Journal Voucher 333, 705, 1350), Catholic Bishops' Conference of India stated that the freelancers might have used different trade names. According to Catholic Bishops' Conference of India, since the quotations were not examined from the point of view of bad intentions from the staff members, the Purchase Committee did not specifically check and link the quotations with those received for other purchases at different times. Catholic Bishops' Conference of India added that in India, a person working individually can operate under his name or any other name of his choice as 'Sole Proprietorship'. A sole proprietorship is an unincorporated business owned by one person and the owner is known as a sole proprietor. As a sole proprietor, one can operate the business under his own name or under any trade/firm name or website's name.

Regarding the cases where Jyoti Printers was approached to provide all three quotations (Journal Voucher 1350), Catholic Bishops' Conference of India did not overrule the possibility that at times its staff might have approached Jyoti Printers to arrange other quotations for them but the reason for this would be lack of time. Often Catholic Bishops' Conference of India staff work under great pressure to complete their activities in time and following procedures is time consuming. Catholic Bishops' Conference of India stated that it is very difficult to get quotations every quarter so the staff might have taken the easy route by entrusting the staff/non-freelancers in good faith to acquire quotations so that the staff can complete the requirement on time and meet the targets. Catholic Bishops' Conference of India noted the OIG observations and stated that management will take every effort to ensure that no such practice is followed in future.

In relation to procurements under the RCC Project, Catholic Bishops' Conference of India stated that its staff could have approached Jyoti Printers to arrange for quotations from other vendors. However, this is not the practice according to Catholic Bishops' Conference of India.

### The Union's Response

In addition to The Union responses that are discussed in the main findings of this report, The Union also put forth the responses below:

The Union stated that its oversight mechanism is a robust mechanism that has in the past even led to identification of irregularities resulting in termination of a sub-grant with a previous sub-recipient. The Union therefore opined that it has exercised reasonable oversight over Catholic Bishops' Conference of India's procurements and financial controls.

The Union took note of the need to be more vigilant going forward and stated that it will implement the recommendations that come out of the OIG report.

The Union had no comments on the statements in the OIG's letter of findings about the nature of The Union's oversight. It also had no comments about the OIG's observation that there is no evidence that Catholic Bishops' Conference of India's procurement and other internal policies were indeed finalized or that The Union followed up on the status of the policies.

The Union stated that it schedules grant monitoring visits in consultation with sub-recipients to ensure availability of project personnel. These visits are aimed at regular monitoring of systems, processes being followed by the sub-recipient to review required compliances per donor agreement and statutory requirements. During such visits, capacity-building needs of project personnel are also addressed, as and when required.

According to The Union, it found the documentation relating to the District Coordinator review meeting expenses adequate for the periods referred to by OIG. The Union stated that Catholic Bishops' Conference of India transferred funds to District Coordinator's bank account and further payments were made by the District Coordinator to vendors because: (a) with its current bank, Catholic Bishops' Conference of India does not have internet banking facility to make online payments to the vendors/staff directly; (b) vendors based in districts do not agree to provide services without advance payments and insist on immediate settlement for services provided; and (c) Catholic Bishops' Conference of India wanted to avoid settlement of entire expenses for field activities through cash payments and wanted to ensure payments through bank transfer/checks, wherever possible.

The Union stated that it observed that Catholic Bishops' Conference of India dispatches materials through a courier agency that picks up the materials from the printing press in most of instances. The Union said that during their review, they verified the courier receipts for the evidence of materials delivered to District Coordinators in lieu of the delivery challans. In addition, during monitoring visits, the stock register was also reviewed for inward/distribution of materials to District Coordinators.

The Union stated that the non-compliant expenditures identified by the OIG (US\$ 27,736), constitute 1.04% of the sub-recipient budget.

The Union added that during its monitoring visits, it noted single source procurements and highlighted/communicated such instances to Catholic Bishops' Conference of India through e-mail/management letter except for the procurement of information, education and communication materials that the OIG discussed in Finding 1 of the report, which The Union says it inadvertently missed. Since the monitoring visits did not focus on establishing vendor existence in case of procurements, The Union said that it did not perform cross verification of phone numbers.

### Central TB Division's Response

In addition to Central TB Division's response that is discussed in the main findings of this report, Central TB Division said that it is not in a position to offer any comments on the deficiencies in the procurement procedures mentioned in the OIG's letter of findings, as the investigation was neither carried out by Central TB Division, nor did Central TB Division participate in it.

### Jyoti Printers' Response

In addition to Jyoti Printers' response that are discussed in the main findings of this report, Jyoti Printers stated that Catholic Bishops' Conference of India is a recent client and not a main one in terms of income. Jyoti Printers added that none of the staff at Catholic Bishops' Conference of India gained any extra benefit by providing jobs to Jyoti Printers.

## Annex C: Exhibits

**Table 1: Project Axshya - Jyoti Printers Non-Competitive Procurements**

Voucher	Date	Competing Vendors	Items	Amount US\$	Evidence of Non-Competition
BP Voucher 47	7/31/13	Competing Vendor 1 Competing Vendor 2	Flex (Hindi and Bengali)	4,453	<p>Competing Vendor 1 uses the same phone number as Mr. B, an employee of Jyoti Printers.</p> <p>An internet search for Competing Vendor 1 found a match for the name, but at a different address. An internet search for the address used in the quotation for Competing Vendor 1 revealed that the address does not exist. There is an address close to the address used in the quotation but it belongs to another vendor.</p> <p>An internet search for Competing Vendor 2 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 2 indicates that the address does not exist.</p> <p>All three quotations have similar formatting and contain identical mistakes in three different places (see Annex C-1).</p> <p>Jyoti Printers' invoice for this procurement (18 July 2013) pre-dated its quotation dated 20 July 2013.</p>
BP Voucher 48	7/31/13	Competing Vendor 1 Competing Vendor 2	Folder (Hindi and Bengali)	412	<p>Competing Vendor 1 uses the same phone number as Mr. B, an employee of Jyoti Printers.</p> <p>An internet search for Competing Vendor 1 found a match for the name, but at a different address. An internet search for the address used in the quotation for Competing Vendor 1 indicates that the address does not exist. There is an address close to the address used in the quotation but it belongs to another vendor.</p> <p>An internet search for Competing Vendor 2 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 2 indicates that the address does not exist.</p>
BP Voucher 77	6/30/14	Competing Vendor 1 Competing Vendor 2	Flex (2' x 4' Multicolor)	5,067	<p>Competing Vendor 2 uses the same phone number as Mr. B, an employee of Jyoti Printers. This same phone number is also used in the quotation from a competing vendor which is attached to JV705.</p>


					<p>An internet search for Competing Vendor 1 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 1 indicates that the address does not exist.</p> <p>An internet search for Competing Vendor 2 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 2 indicates that the address does not exist.</p>
Journal Voucher 333	3/31/14	Competing Vendor 1 Competing Vendor 2	Sputum Collection and Transportation Format, Leaflets, Referral slips, Patient Charter, Pamphlets, Flex	4,013	<p>The quotation from Competing Vendor 1 uses the same phone number as Mr. M, a freelance employee of Jyoti Printers. This same phone number is also used on quotations attached to the following RCC Project payment vouchers: quotation from competing vendors for JV318, JV224; and a quotation from another vendor.</p> <p>The quotation of Competing Vendor 2 uses the same phone number as Mr. B, an employee of Jyoti Printers.</p> <p>The quotation for Competing Vendor 2 attached to JV705 uses a different address and phone number from the quotation of Competing Vendor 2 attached to JV333, however the format of the quotations is identical.</p> <p>An internet search for Competing Vendor 1 found a match for the name, but at a different address. An internet search for the address used in the quotation for Competing Vendor 1 indicates that the address does not exist. There is an address close to the address used in the quotation but it belongs to another vendor.</p> <p>The OIG visited the address listed on the quotation from Competing Vendor 1 and found that it is occupied by another company. The company has been at the address for a number of years and does not operate a printing press.</p> <p>An internet search for Competing Vendor 2 found a match for the name, but at a different address. An internet search for the address used in the quotation for Competing Vendor 2 indicates that the address does not exist.</p> <p>The OIG attempted to visit the address listed for Competing Vendor 2 and found that the address does not exist. The</p>

					neighborhood where the address is supposed to be located is a gated residential community.
JV705	9/30/14	Competing Vendor 1  Competing Vendor 2	Sputum Collection and Transportation Format, Referral slips, Pamphlets, Toolkit, Patient Charter	4,508	<p>The quotation for Competing Vendor 1 uses the same phone number as Mr. B, an employee of Jyoti Printers. This same phone number is also used in the quotation from a competing vendor which is attached to BP77.</p> <p>The quotation for Competing Vendor 2 attached to JV705 uses a different address and phone number from the quotation of Competing Vendor 2 attached to JV333, however the format of the quotations is identical.</p> <p>An internet search for Competing Vendor 1 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 1 indicates that the address does not exist.</p> <p>An internet search for Competing Vendor 2 found a match for the name, but at a different address. An internet search for the address used in the quotation for Competing Vendor 2 indicates that the address does not exist.</p> <p>The OIG attempted to visit the address listed on the quotation for Competing Vendor 2 and could not locate the address.</p>
Journal Voucher 1349	3/31/15	Competing Vendor 1  Competing Vendor 2	Poster, Calendar, Writing Pad	746	<p>Email dated 23 March 2015 from a Project Axshya staff to Catholic Bishops' Conference of India's Executive Director attached to which is a copy of a letter that was sent by the Project Axshya staff to the owner of Jyoti Printers about the printing of information, education and communication materials. The letter asks the owner of Jyoti Printers to send three quotations.</p> <p>Email from Jyoti Printers to the same Project Axshya staff dated 25 March 2015 which states please see attachments. Attached to this email are quotations from competing vendors of this tender.</p> <p>The quotations from Competing Vendor 1 and Competing Vendor 2 are attached to Purchase Order Committee Meeting Minutes for JV 1349. These quotations are identical to those that were emailed by Jyoti Printers to Catholic Bishops' Conference of India on 25 March 2015.</p> <p>The procurement committee meeting minutes are dated 16 March 2015, but the</p>

					<p>quotations from the competing vendors were not sent to Catholic Bishops' Conference of India until 25 March 2015.</p> <p>A quotation from Competing Vendor 1 with the same address and a different number and a quotation from Competing Vendor 2 using the same address and phone number is attached to the RCC Project voucher BPV 613.</p> <p>An internet search for Competing Vendor 1 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 1 indicates that the address does not exist.</p> <p>An internet search for Competing Vendor 2 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 2 indicates that the address does not exist.</p>
Journal Voucher 1350	3/31/15	Competing Vendor 1 Competing Vendor 2	Sputum Procedure Sticker, Referral slips, Patient Charter, Pamphlets, Flex, Toolkit, Do's and Don'ts	3,754	<p>The phone number used on Competing Vendor 2's quotation is the same as the phone number on a quotation from Competing Vendor 1 attached to JV318 under the RCC Project. The Competing Vendor 1 quotation attached to JV318 uses a different address and phone number to the Competing Vendor 1's quotation attached to JV1350.</p> <p>Internet search for Competing Vendor 2 found a match for the name, but at a different address. An internet search for the address used in the quotation for Competing Vendor 2 indicates that the address does not exist. There is an address close to the address used in the quotation but it belongs to another vendor.</p> <p>An internet search for Competing Vendor 1 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 1 indicates that the address does not exist.</p> <p>When the OIG contacted the phone number listed for Competing Vendor 2, the person answering the phone said that this has been their number for approximately one year and that the phone number belongs to a private residence with no connection to a printing company.</p>
<b>Total</b>				<b>22,953</b>	



## Annex C-1: Similar Formatting and Identical Mistakes on Three Quotations Attached to Bank Payment Voucher 47

 **JYOTI PRINTERS**  
Committed To Excellence

To 20 July, 2013  
CBCI CARD  
Divya Deepti Building  
2nd floor 9-10, Bhai vir singh marg  
New Delhi 110001

Sub: **Quotation** or Printing as per specification.

Respected Sister/ Sir  
We submit here with our rates for Printing in response to your letter inviting a quotation for the items given below.

**Flex**

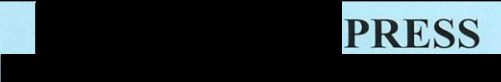
Quantity : 1600 (Hindi). 320 (Bangoli)  
Size : 2ft X 4ft  
Star flex : Top Botom pipe  
Rate : Rs. 135 .00 per piece

**Folder**

Quantity : 8400 ( Hindi). 1680 (Bangoli)  
Size : 8.5" x 11.75"  
Color : Four Color 2 fold  
Paper : 170 gsm art Paper  
Rate : Rs. 2.25 per piece

Tax as per applicable  
Payment Terms 50% Advance balance after delivery.

**Jyoti Printers**

 **PRESS** 04

To 15 July, 2013  
CBCI CARD  
Divya Deepti Building  
New Delhi

Sub: Printing **Quotation**

Dear Sir/ Madam  
We submit here with our rates for Printing in response to your letter inviting a quotation for the items given below.

**Folder**

Quantity : 8400 (Hindi)  
1680 (Bangoli)  
Size : 8.5" x 11.75"  
Color : Four Color 2 fold  
Paper : 170 gsm art Paper  
Rate : Rs. 2.75 per piece

**Flex**

Quantity : 1600 (Hindi)  
320 (Bangoli)  
Size : 2ft X 4ft  
Star flex : Top Botom plastic pipe  
Rate : Rs. 148 .00 per piece

Tax as per applicable  
Payment Terms 60% Advance balance after delivery.

**Annex C-1: Similar Formatting and Identical Mistakes on Three Quotations  
Attached to Bank Payment Voucher 47**

**PRINT**  
New Delhi

18 July, 2013

To  
CBCI CARD  
Divya Deepti Building  
New Delhi

Sub: **Quotation** for Printing as per specification.

Dear Madam/ Sir  
We submit here with our rates for Printing in response to your letter inviting a quotation for the items given below.

**FOLDER**

Quantity : 8400 (Hindi)  
              1680 (Bangoli)  
Size : 8.5" x 11.75"  
Color : Four Color 2 fold  
Paper : 170 gsm art Paper  
Rate : Rs. 3.10 per piece

**FLEX**

Quantity : 1600 (Hindi)  
              320 (Bangoli)  
Size : 2ft X 4ft  
Star flex : Top Botom plastic pipe  
Rate : Rs. 165 .00 per piece

Tax as per applicable  
Payment Terms 70% Advance balance after delivery.

[Redacted]

**Table 2: RCC Project - Jyoti Printers Non-Competitive Procurements**

Voucher	Date	Competing Vendors	Items	Amount US\$	Evidence of Non-Competition
Journal Voucher 318	12/19/14	Competing Vendor 1  Competing Vendor 2	Calendar 2015	1,696	<p>The quotation from Competing Vendor 2 uses the same phone number as Mr. M, a freelance employee of Jyoti Printers. This same phone number is also used on the quotation from a competing vendor attached to JV224, the quotation from a competing vendor attached to BPV317 and the quotation for a different competing vendor attached to JV333 under Project Axshya.</p> <p>The phone number used on the quotation from Competing Vendor 1 is the same phone number used on the quotation from a competing vendor which is attached JV1350 under the Project Axshya. The Competing Vendor 1's quotation attached to JV318 uses a different address and phone number to the same Competing Vendor 1's quotation attached to JV1350.</p> <p>When the OIG contacted the phone number listed for Competing Vendor 1, the person answering the phone said that this has been their number for approximately one year and that the phone number belongs to a private residence with no connection to a printing company.</p> <p>An internet search for Competing Vendor 2 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 2 indicates that the address does not exist.</p> <p>An internet search for Competing Vendor 1 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 1 indicates that the address does not exist.</p>
BP Voucher 317	3/31/14	Competing Vendor 1  Competing Vendor 2	Notepad, Pen, Laptop Bag Kits (Conference Bags)	21,152	<p>The quotation from Competing Vendor 2 uses the same phone number as Mr. M, a freelance employee of Jyoti Printers. This same phone number is used on the quotation from a competing vendor attached to JV224, the quotation from another competing vendor attached to JV318 and the quotation from another competing vendor attached to JV333 under Project Axshya.</p> <p>An internet search for Competing Vendor 1 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 1 indicates that the address does not exist.</p>

					<p>The OIG visited the address listed on the quotation from Competing Vendor 2 and found that it was located in a residential colony and that the address is a residential house. The OIG learned that there is no printing press at this address.</p> <p>Internet search for Competing Vendor 2 found a match for the name, but at a different address.</p>
Journal Voucher 71	6/25/14	Competing Vendor 1 Competing Vendor 2	Book on Standard of TB Care in India	3,998	<p>The quotation from Competing Vendor 2 uses the same phone number as Mr. C, an employee of Jyoti Printers. This same phone number is also used on the quotation from a competing vendor attached to BPV119 and BPV175.</p> <p>An internet search for Competing Vendor 1 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 1 indicates that the address does not exist.</p> <p>An internet search for Competing Vendor 2 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 2 indicates that the address does not exist.</p>
BP Voucher 224	1/10/14	Competing Vendor 1 Competing Vendor 2	Wall Calendar 2014	2,111	<p>The quotation from Competing Vendor 1 uses the same phone number as a freelance employee of Jyoti Printers, Mr. M. This same phone number is used on the quotation from a competing vendor attached to JV318 and the quotation from another competing vendor attached to BPV317.</p> <p>The quotation from Competing Vendor 2 uses the same phone number as Mr. B, an employee of Jyoti Printers. This same phone number is used on the quotations from a competing vendor attached to BPV119 and BPV175.</p> <p>An internet search for Competing Vendor 1 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 1 indicates that the address does not exist.</p> <p>An internet search for Competing Vendor 2 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 2 indicates that the address does not exist.</p>
BP Voucher 119	10/23/13	Competing Vendor 1 Competing Vendor 2	Sunboard	1,587	<p>The quotation from Competing Vendor 1 uses the same phone number as Mr. C, an employee of Jyoti Printers. This same phone number is also used on the quotation from a competing quotation attached to JV71.</p> <p>The quotation from Competing Vendor 2 uses the same phone number as the</p>

					<p>quotation from a competing vendor attached to BPV224.</p> <p>An internet search for Competing Vendor 1 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 1 indicates that the address does not exist.</p> <p>An internet search for Competing Vendor 2 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 2 indicates that the address does not exist.</p>
BP Voucher 175	12/3/13	Competing Vendor 1 Competing Vendor 2	Annual Report 2013	1,162	<p>The quotation from Competing Vendor 1 uses the same phone number as Mr. C, an employee of Jyoti Printers. This same phone number is also used on the quotation from a competing vendor attached to JV71.</p> <p>The quotation of Competing Vendor 2 uses the same phone number as the quotation from a competing vendor attached to BPV224.</p> <p>An internet search for Competing Vendor 1 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 1 indicates that the address does not exist.</p> <p>An internet search for Competing Vendor 2 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 2 indicates that the address does not exist.</p>
BP Voucher 613	3/31/15	Competing Vendor 1 Competing Vendor 2	Report of Stakeholders Meeting	527	<p>A quotation from Competing Vendor 2 was emailed to Catholic Bishops' Conference of India by Jyoti Printers.</p> <p>A quotation from Competing Vendor 2 with the same address and a different number and a quotation from Competing Vendor 1 using the same address and phone number is attached to the Project Axshya voucher JV1349.</p> <p>An internet search for Competing Vendor 1 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 1 indicates that the address does not exist.</p> <p>An internet search for Competing Vendor 2 revealed no matches. An internet search for the address used in the quotation for Competing Vendor 2 indicates that the address does not exist.</p>
BP Voucher 513	3/31/15	Competing Vendor 1 Competing Vendor 2	Notepad, Pens, Umbrella for DOT Providers,	22,508	<p>An internet search Competing Vendor 1 revealed no matches.</p> <p>An internet search for Competing Vendor 2 revealed no matches.</p>

			Conference Bags		<p>The OIG visited the address on the quotation for Competing Vendor 1 and found that the address belongs to a vendor by another name who is not a printer and who has never rented the shop to Competing Vendor 1.</p> <p>The OIG visited the address on the quotation for Competing Vendor 2 and found that the area where the address is supposed to be is a residential area and that the exact address does not exist.</p>
<b>Total</b>				<b>54,741</b>	