



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

*Office of the Inspector General*

## **Investigation of Global Fund Grants to Papua New Guinea**

### **Rotarians Against Malaria – Procurement and Supply of LLINs & Contracting of a Human Resource Services Provider**

**GF-OIG-13-022**  
**31 August 2013**

## A. Table of Contents

A.	Table of Contents .....	1
B.	Executive Summary .....	3
C.	Message from the Executive Director of the Global Fund .....	6
D.	Background.....	8
D.1.	Global Fund grants to the Rotary Club of Port Moresby.....	8
D.1.1.	Specific Program Activities .....	9
E.	Methodology.....	10
E.1.	Scope of Investigation .....	10
E.1.1.	Exchange Rate .....	10
E.1.2.	Due Process .....	11
F.	Investigation Findings .....	12
F.1.	Overview .....	12
F.1.1.	Conflict of Interest .....	12
F.1.2.	Management Fees .....	12
F.1.3.	LLIN Procurement .....	13
F.2.	Conflict of Interest .....	14
F.2.1.	A senior executive of RAM participated in the award or administration of a contract in which members of his immediate family had a financial interest. ....	14
F.2.2.	The Contract was not awarded on a transparent and competitive basis. ....	16
F.3.	HR Service Provider’s Management Costs are Excessive .....	18
F.4.	Procurement and Distribution of LLINs by RAM .....	19
G.	Questionable or ineligible expenditures.....	23
G.1.	The Global Fund’s Right to Reimbursement .....	23
G.2.	Value of the winning bidder’s contract .....	23
H.	Conclusion .....	24
H.1.	Conflict of Interest .....	24
H.2.	Management Fees.....	24
H.3.	Procurement of LLINs.....	25
I.	Recommendations .....	26
J.	Acronyms.....	27
K.	Global Fund Secretariat’s Response to Recommendations.....	28
L.	Annex 1: Rotary Against Malaria (RAM) responses to OIG Report and OIG’s comments.....	29
M.	Annex 2: Expression of Interest .....	36
N.	Annex 3: RAM Selection Committee Minutes .....	37
O.	Annex 4: Current Extract For The Winning Bidder.....	40
P.	Annex 5: Winning Bidder’s Expression Of Interest.....	45

Investigation of Global Fund Grants to Papua New Guinea - Rotarians Against Malaria

Q. Annex 6: Losing Bidder's Expression of Interest.....	46
R. Annex 7: Winning Bidder – Contract Extension .....	61

## B. Executive Summary

Investigation into R8 Malaria grant disbursed to Rotary Club of Port Moresby

R8 grant was implemented by Rotary Against Malaria (RAM)

RAM procures and distributed LLINs throughout PNG

OIGs investigated RAMs selection of HR service provider and RAMs procurement of LLINs

OIGs investigation found that RAM steered a contract to a HR company linked to RAMs senior executive #1 and that the contract was not awarded on a transparent and competitive basis

The Chairman of RAMs committee that awarded the HR contract had a conflict of interest

1. This report presents the results of an investigation by the Investigations Unit of the Office of the Inspector General (OIG) of a Round 8 Malaria grant disbursed to a Principal Recipient (PR), the Rotary Club of Port Moresby Incorporated (Rotary).
2. In October 2011, the OIG undertook an audit of all Global Fund grants in the Independent State of Papua New Guinea (PNG) including the Round 8 grant awarded to The Rotary Club of Port Moresby<sup>1</sup> and implemented by Rotarians Against Malaria (RAM), a project of Rotary Australia World Community Service with projects in Australia, PNG, the Solomon Islands and Timor Leste.<sup>2</sup>
3. RAM is the implementer of Rotary's Global Fund grant to procure and distribute long-lasting insecticide treated nets (LLINs) to every household in PNG and to train health staff in new diagnostic and treatment protocols.<sup>3</sup>
4. The OIG audit made six recommendations concerning RAM's procurement of a human resources company to manage its human resource requirements and RAM's procurement of LLINs.<sup>4</sup>
5. This investigation specifically looked at:
  - Possible conflicts of interest in RAM's selection of a company to provide human resource services;
  - The appropriateness of the winning bidder's charge for providing HR services to RAM; and
  - RAM's procurement of LLINs.
6. As set forth herein, the investigation concluded that substantive and credible evidence exists that two senior executives of RAM engaged in anti-competitive practice to direct a US\$1.4m contract<sup>5</sup> to a company controlled by the family of one of RAM's senior executives, to provide RAM's human resources services.<sup>6</sup> The OIG concludes that RAM's appointment of a company to provide human resource services was not done in a competitive and transparent manner, and did not provide a reasonable price for certain services provided. Furthermore, a conflict of interest situation between a senior executive of RAM and his family member was not adequately managed in the award and management of the contract. These issues should be considered in light of Article 18 (procurement practices) and Article 21 (conflict of interest) of the Global Fund Program Grant Agreement.
7. The investigation also found that the chairman of the RAM selection committee, senior executive #2 had a conflict of interest when he participated in the assessment of the bids for this human resources contract:
  - The business address of the human resources company (the winning bidder), recorded in a current company extract, is a law firm of which one of RAM's senior executives (executive #2) who also the chairman of RAM's selection

<sup>1</sup> Global Fund grant PNG-809-G06-M 'Malaria Control in Papua New Guinea: Scaling up for impact'

<sup>2</sup> <http://www.ramaustralia.org/>

<sup>3</sup> Further details about RAM can be found at: <http://www.rotary9600.org/ram/aboutusa.html>

<sup>4</sup> OIG Audit Report No: GF-OIG-10-004 'Audit of Global Fund Grants to the Independent State of Papua New Guinea' - 5 July 2012 Recommendations 27-32.

<sup>5</sup> Actual cost was US\$ 1,227,046 (PGK 3,257,570)

<sup>6</sup> Human Resource Service Agreement between Rotarians Against Malaria and the winning bidder, dated 1/10/2009.

The management fees charged by the winning bidder were substantially more than the losing bidder

RAM's appointment of the winning bidder cost the grant US\$359,543 in additional management fees  
OIGs investigation into RAMs procurement of LLINs found that RAM complied with Grant Agreement requirements

OIG recommends that PR re-tender the HR services contract upon its expiry

OIG recommends the Global Fund seek recovery from the PR

OIG recommends an impartial selection panel

- committee that awarded the HR contract, was a principal at the time of this procurement.
- It was also discovered that two senior partners of the law firm were shareholders of the winning bidder at the time of this procurement.
  - Further, minutes of the selection committee regarding the selection of the human resources provider were false, in that the minutes stated “the only expression of interest that met with the complete range of services that RAM was seeking was that from XXX (the winning bidder),” but the chairman of RAM’s selection committee (and senior executive #2 of RAM), when interviewed, admitted that another bidder’s tender clearly met RAM’s requirements.
8. The OIG investigation found that out of the total contract payment to the HR service provider of US\$ 1,227,046 (PGK 3,257,570<sup>7</sup>), the total salary cost was US\$ 760,935 (PGK 2,007,745). This leaves US\$ 473,684 (PGK 1,249,825) for overheads i.e., 62.3% of total salary cost.
  9. OIG’s review of a rival bid, that met RAM’s advertised Expression of Interest (EOI) requirements, revealed a total contract price of US\$771,890 (PGK 2,036,650) comprising of US\$ 671,209 (PGK 1,771,000) for total salary costs and US\$100,681 (PGK 265,650) for overheads i.e., 15% of total salary cost.
  10. On review of the evidence, RAMs decision to appoint the particular HR service provider resulted in additional costs of US\$359,543 (PGK 948,663) to the grant.
  11. The investigation also found that RAM’s procurement of LLINs complied with the requirements of its Grant Agreement with the Global Fund (Article 18 & Article 19). RAM invited bids from the five manufacturers of LLINs recommended by the World Health Organization Pesticide Evaluation Scheme (“WHOPES-recommended”) and chose a WHOPES approved polyester LLIN in order to make substantial savings on shipping costs. RAM’s procurement was transparent and obtained a very competitive price from the chosen supplier, Vestergaard Frandsen.
  12. As a result of its investigation, the OIG made a recommendation in August 2011 to the Global Fund Secretariat, that the Secretariat:
    - At the expiration of RAM’s contract with the current human resources provider, which has been extended to 31 December, 2011 (Annex 6), in line with the extension of phase 1 of the Global Fund Grant, require RAM to re-tender the contract for human resource services for phase 2.<sup>8</sup>
    - Seek recoveries from RAM in relation to the contract with the current human resources provider, notably taking into account the difference between the management fee charged by the human resources provider and the management fee contained in the budget estimates in the bid submitted by a rival bidder.
    - Require that no person within Rotary or RAM with any connection to the current human resources provider be involved in the selection process to any degree, including receiving or opening the tenders and that the process be via sealed tender, opened by the RAM selection committee.

<sup>7</sup> Forex conversion rate used (1 US\$ = 0.379 PGK) is as indicated by RAM which is the rate of exchange when fund (USD) was converted to Kina

<sup>8</sup> Telephone call and email between OIG and PNG Fund Portfolio Manager dated 26 Aug 2011.

PR to engage in fair, transparent and ethical procurement practice

- Require that RAM engages in fair, transparent, ethical and proper procurement practice in all procurement, as per RAM's Procurement and Supply Management Plan and RAM's Procurement Manual.
13. The Secretariat via a management letter to the PR dated 2 April, 2012, began the implementation of a number of the OIG's recommendations including: the LFA to conduct an annual review of the HR fees each year, and that the PR re-tender the HR service provider contract during 2012. The Secretariat also ensured that no conflict of interest existed during the 2012 selection process by closely monitoring the process and ensuring the LFA sat on the selection panel as an observer.

## C. Message from the Executive Director of the Global Fund



Maria Syta, Executive Director

MHE.Dybul@theglobalfund.org  
www.theglobalfund.org

T +41 58 791 1115  
F +41 58 791 1701

Our ref: OED/MD/CK/HA/2013.07.15 – PAPUA NEW GUINEA

Chemie de Blandonnet B  
1214 Versoix, Geneva  
Switzerland

15<sup>th</sup> July 2013

### MESSAGE FROM THE EXECUTIVE DIRECTOR

I would like to thank the Office of the Inspector General for its thorough and insightful work on the investigation of a Global Fund grant to Papua New Guinea.

The investigation focused on a malaria grant disbursed to a Principal Recipient, the Rotary Club of Port Moresby, to procure and distribute long-lasting insecticide treated nets to every household in Papua New Guinea and to train health staff in new diagnostic and treatment protocols.

The investigation concluded that there was substantive and credible evidence that two senior executives of Rotarians Against Malaria, the implementer of the grant, engaged in anti-competitive practices to steer a US \$1.4 million contract to provide human resources services to a company controlled by the family of one of the implementer's senior executives.

The report also found that the appointment of the company to provide human resources services was not done in a competitive and transparent manner and that the contract did not provide a reasonable price for certain services that were carried out.

The investigation concluded that a rival bid that met the applicable requirements was rejected on the basis of a recommendation by the chairman of the Rotarians Against Malaria selection committee. The selection committee chairman was also found to have undeclared business links to the winning bidder.

A core principle of the Global Fund is to operate in an open, transparent and accountable manner. Consistent with this core principle, the Global Fund expects that procurement practices within its grant programs are conducted in a manner that is transparent, fair, accountable and honest. These standards are elaborated in the Global Fund's Supplier Code of Conduct, and if they are violated the Global Fund will take strong, immediate action. In this case, the Office of the Inspector General stated that Rotarians Against Malaria's decision to appoint to appoint the more expensive provider resulted in additional costs to the grant of US\$ 359,543. The Global Fund is initiating recovery efforts on the basis of this finding. In addition, the Global Fund is considering other remedial measures as a result of violations of the Supplier Code of Conduct. The Global Fund also expects Rotarians Against Malaria to hold accountable any of its employees that were involved in abusive procurement practices.

However, the investigation determined that with regard to the procurement of long-lasting insecticide treated nets, Rotarians Against Malaria acted in a transparent manner in the best interest of the grant, despite not engaging in a sealed bid process.

The nets were found to have been obtained at a very reasonable price and within the Global Fund's expected range. Substantial savings of approximately US\$ 571,956 were also made in reduced shipping costs by selecting polyester rather than polyethylene nets.

Acting on the recommendation from the Office of the Inspector General, the Secretariat informed Rotarians Against Malaria in a letter in April 2012 of the need to retender for the human resources service provider for the second phase of the grant. The original winning bidder was not barred from retendering.

The contract was duly retendered in 2012 and resulted in the confirmation of the original human resources provider.

The Secretariat concluded, based on extensive communication with the Principal Recipient, the Local Fund Agent and the Country Coordinating Mechanism, that the retendering process reflected the Office of the Inspector General's recommendations on the independence of the selection committee and application of proper procurement practice.

The Local Fund Agent was requested by the Secretariat to provide their opinion on the human resources service fees charged by the original winning bidder for the retendered, new contract, and confirmed that the fees were reasonable for Papua New Guinea. The Secretariat will continue to monitor this management of human resource service fees on an annual basis.

Investigations by the Office of the Inspector General are an essential form of quality control for the Global Fund. The Office of the Inspector General plays an indispensable role in helping us all achieve our mission of effectively investing the world's money to save lives.

Yours sincerely





## D. Background

OIGs audit of RAM in 2010 revealed issues regarding the management fees charged by its HR provider and issues with RAMs procurement of LLINs

The issues were referred to the OIG Investigation Unit

14. In October 2010, the OIG undertook an audit of all Global Fund grants to PNG, to assess whether the Global Fund’s grants had been used wisely to save lives in PNG; and to make recommendations where appropriate to strengthen the management and control of the grants. The audit covered grant transactions related to the six grants under Rounds 3, 6 and 8, involving three PRs and five SRs. The audit included the Round 8 TB grant awarded to Rotary as PR. In relation to Rotary’s implementer, RAM, two of the issues identified were:
  - RAM outsourced its human resources functions to a third party vendor. The OIG noted significant variations between the management fees charged by the winning bidder as compared to the actual costs (salary and recruitment expenses) incurred. The management fee represented a sum that was more than 60% of the actual costs incurred in a sample of cases reviewed by the OIG.
  - RAM’s capacity to undertake procurement of LLINs in a competitive and transparent manner.
15. In January 2011, the above matters were referred to the OIG Investigation Unit<sup>9</sup> and the OIG undertook an in-country investigation between 30 May and 17 June 2011. The investigation examined RAM’s appointment of the winning bidder to provide human resource services, the amount charged by the winning bidder to RAM for these services, and RAM’s procurement of LLINs associated with its Round 8 malaria grant.

### D.1. Global Fund grants to the Rotary Club of Port Moresby

Global Fund’s first grant to the Rotary Club of Port Moresby was a US\$ 52 million grant to train staff in the diagnosis and treatment of malaria and the procurement and distribution of LLINs

16. The Global Fund’s first grant to Rotary as a PR was Malaria Round 8, which started on 1 November 2009. Rotary’s planned activities under the grant were:
  - Training of health staff in new diagnostic and treatment protocols;
  - LLIN Procurement;
  - Micro-planning;
  - LLIN distribution; and
  - Monitoring and evaluation.

**Figure 1: Round 8 Malaria Grant Awarded to the Rotary Club of Port Moresby**

Grant	Phase	Grant Amount US\$	Disbursed	Purpose
PNG-809-Go6-M	Phase 1 (Nov 09 – Oct 2011)	23,112,615	18,843,093	<ul style="list-style-type: none"> <li>• Accurate diagnosis &amp; prompt, effective treatment for malaria (training of health staff on new diagnostic and treatment protocols)</li> <li>• Improve Vector control measures (procurement and distribution of LLINs)</li> </ul>
	Phase 2 (Nov2011 – Oct2014)	31,618,160	6,672,168 (as at 8/8/12)	

<sup>9</sup> Email from the Global Fund’s Inspector General to the OIG Director of Investigations, dated 10 January 2011.

**D.1.1. Specific Program Activities**

RAMs specific program activities in Phase 1 involved the procurement and delivery of LLINs, technical assistance and training in ACTs and RDTs

17. In its role as Rotary's implementer, RAM's planned activities for Round 8 – Phase 1 (Nov 2009 – Oct 2011) translated into procurement expenditures on: (i) Health Products (LLINs); (ii) Technical Assistance; (iii) Services (logistics team); (iv) LLIN (Micro Planning); (v) LLIN distribution costs; (vi) Non-Health Products and services; and (vii) Training in Artemisinin-Combination Therapies (ACTs) and Rapid Diagnostic Test Kits (RDTs) by an SR, as summarized in the following table.

**Figure 2. Summary of planned RAM expenditures by category (in US\$)<sup>10</sup>**

Phase	Term	LLINs	Technical Assistance	Services (Logistics Teams)	LLIN Micro Planning	LLIN Distribution Costs	Non-Health Products & Services	Training in ACT's and RDT's by SR	Total
Rd 8 Phase 1 (Year 1)	Nov 09 - Oct 10	5,694,728	50,000	295,480	60,000	1,490,817	1,160,100	5,925,606	<b>14,676,731</b>
Rd 8 Phase 1 (Year 2)	Nov 10 - Oct 11	5,987,245	26,250	310,254	63,000	1,209,240	839,895	N/A	<b>8,435,885</b>
<b>Total</b>		<b>11,681,973</b>	<b>76,250</b>	<b>605,734</b>	<b>123,000</b>	<b>2,700,057</b>	<b>1,999,995</b>	<b>5,925,605</b>	<b>23,112,615</b>

<sup>10</sup> Summary Budget Phase 1 - years 1 & 2 submitted by RAM to the Global Fund.

## E. Methodology

### E.1. Scope of Investigation

OIG investigates misappropriation and mismanagement of grant funds

Investigation focused on R8 Malaria Grant implemented by Rotarians Against Malaria (RAM)

Investigation focused on RAM's selection of a HR service provider associated with RAM's senior executive #1

18. The OIG Investigations Unit is responsible for conducting investigations of misappropriation and mismanagement of Global Fund grant funds by PRs, SRs, (collectively, "grant implementers") Country Coordinating Mechanisms (CCMs), Local Fund Agents (LFAs), as well as third party vendors.
19. This investigation focused on a Round 8 Global Fund Malaria grant to PNG. Pursuant to this grant, a total of US\$54,730,775<sup>11</sup> was awarded to Rotary, as the PR, in order to fund the procurement and distribution of LLINs throughout PNG and to train health staff in new diagnostic and treatment protocols.<sup>12</sup> Rotary implemented the grant through one of its project committees RAM, activity program formed with the goal of the "prevention of mortality and a reduction in morbidity and social and economic loss caused by malaria through a progressive improvement and strengthening of local and national capabilities in malaria control."<sup>13</sup> RAM is governed by a National Committee comprised of a senior executives and PNG and Solomon Island liaison positions, all held by Rotary Club Past District Governors and a Scientific Advisory Committee liaison position.<sup>14</sup>
20. This investigation focused on RAM's selection of a particular company to provide human resource services, the amount charged by the selected company to RAM for these services, and RAM's procurement and distribution of LLINs in association with its Round 8 Global Fund Grant.
21. The OIG investigation included, but was not limited to, an in-country investigation mission from 30 May to 17 June 2011, during which relevant documents were obtained and reviewed and key witnesses interviewed. The purpose of the investigation was to identify: (a) the process undertaken by RAM to select the winning bidder to provide its HR services; (b) the amount and nature of costs charged to RAM by the winning bidder for providing HR services; (c) the procurement process undertaken by RAM regarding the purchase of LLINs; and (d) whether the LLIN procurement represented best value for money.

#### E.1.1. Exchange Rate

22. This report describes amounts in United States Dollars (US\$), with the corresponding amount in PNG Kina (PGK) being noted where appropriate, for ease of reading. The following two calculations are used in this report:
  - With regard to RAM's LLIN procurement the exchange rate from PGK to USD has been set as the average of the exchange rate on the first day of each month from the period of 1 November 2009 to 1 November 2011 (Phase 1 of the Global Fund grant): PGK 2.11 to US\$1.
  - With regard to RAM's contracting of a HR services provider, the exchange rate from PGK to USD has been calculated as PGK 0.379 to US\$1. This is based on the 'rate from ANZ when fund (USD) converted to Kina' provided by RAM to the Global Fund.

<sup>11</sup> US\$23,112,615 in phase 1 (1 Nov 2009 – 31 Oct 2011) and US\$31,618,160 in phase 2 (1 Nov 2011-31 Oct 2014)

<sup>12</sup> Global Fund Grant: PNG-809-G06-M

<sup>13</sup> <http://www.rotary9600.org/ram/index.html>

<sup>14</sup> <http://www.rotary9600.org/ram/aboutusa.html>

**E.1.2. Due Process**

Global Fund Secretariat, LFA, CCM and PR had opportunity to review and comment on OIG's findings

23. Prior to this report's publication on the OIG's website, a copy of this report was made available to the relevant entities for comment, including RAM, the PNG CCM and the Global Fund Secretariat, consistent with the procedures of the Global Fund and the due process requirements of the OIG.
24. Comments received in response to the draft report are reflected in a Table, appended to the report as an Annex (Annex 1), along with the OIG's reply to the comments.

## F. Investigation Findings

### F.1. Overview

#### F.1.1. Conflict of Interest

Investigation found that RAM's senior executive #1 participated in a procurement process that awarded a US\$ 1.4 m contract to a company whose directors included his wife and two sons

Investigation found that the selection of the winning bidder was not transparent

25. As set forth herein, the investigation found that substantive and credible evidence exists that a senior official of RAM participated in procurement process that resulted in the award of a US\$1.4 m<sup>15</sup> contract to a company to "provide a complete Human Resource service."<sup>16</sup> Between 1999 and 2007, the same senior official was the majority shareholder of the company awarded the contract and at the time of this procurement the senior official's wife and two sons were directors of the company.<sup>17</sup> At the time of this procurement the principal place of business and registered office of that company, recorded in a then current company extract, was a legal office of which the chairman of the selection committee that awarded the contract was a principal.
26. The OIG concludes that RAM's appointment of the HR service provider was not competitive and transparent, and did not provide a reasonable price for certain services provided. Furthermore, a conflict of interest situation between a senior executive of RAM and his family member was not adequately managed in the award and management of the contract, as mandated by Article 18 (procurement practices) and Article 21 (conflicts of interest) of the Global Fund's Program Grant Agreement with Rotary. RAM's senior executive #1, although excluding himself from the selection committee, participated in part of the process in which his immediate family had a financial interest. After the contract was awarded, RAM's senior executive #1 signed the contract with the winning bidder on behalf of RAM, and his son signed the contract on behalf of the winning bidder.
27. Despite the investigative findings of serious issues regarding the selection process involving the particular HR service provider, the investigation did not find any issues regarding the company's provision of HR services to RAM. The HR service provider was found to be delivering an effective and professional human resource service to deliver RAM's LLIN survey and distribution program as per their contract.

#### F.1.2. Management Fees

28. The investigation also examined the cost of RAM's contract with the HR service provider. The investigation found that the cost of the provider's HR service to RAM was US\$ 1,227,046 (including GST of US\$ 57,267). Review of the program revealed that an additional two positions were recruited for in May 2011, and filled in June 2011. These additional positions were financed under the original contract amount.

---

<sup>15</sup> Actual cost of contract to RAM was US\$ 1,227,046

<sup>16</sup> Human Resource Service Agreement between Rotarians Against Malaria and the winning bidder, dated 1/10/2009.

<sup>17</sup> Company Extract for the winning bidder as at 25 February, 2011.

The HR service provider selected by RAM was significantly more expensive than the losing bidder

29. This investigation found that out of the total contract payment to the HR service provider of US\$ 1,227,046 (PGK 3,257,570<sup>18</sup>), the total salary cost was US\$ 760,935 (PGK 2,007,745). This leaves US\$ 473,684 (PGK 1,249,825) for overheads – 62.3% of total salary cost. OIG’s review of a rival bid that met RAMS advertised EOI requirements revealed a total contract price of US\$771,890 (PGK 2,036,650) with a total salary cost of US\$ 671,209 (PGK 1,771,000), leaving US\$100,681 (PGK 265,650) for overheads – 15% of total salary cost. RAM’s decision to award the HR contract to the winning bidder unnecessarily cost the grant US\$ 359,543 in management fees.
30. On the evidence reviewed by the OIG, RAM’s decision to appoint the more expensive provider resulted in management fees of US\$359,543<sup>19</sup> (PGK 948,663) more being paid over the two year period of the contract than would have been paid had the cheaper bid been accepted.

### F.1.3.LLIN Procurement

OIGs investigation into RAM’s procurement of LLINs found that RAM’s procurement complied with its Grant Agreement with the Global Fund

31. The investigation into RAM’s procurement of LLINs found that although RAM did not employ normal practice for such a major procurement (seeking ‘sealed bids’ against deadlines, with public opening of the bids) the process undertaken by RAM followed the procurement practices articulated in the relevant Grant Agreement.<sup>20</sup> RAM, via its senior executive #1, requested ‘best prices’ from five WHOPES approved suppliers<sup>21</sup> via a series of emails.<sup>22</sup> This process was undertaken prior to RAM drafting and submitting to the Global Fund, as required under Article 18 (a)(i) of the Program Grant Agreement, ‘written procurement policies and practices’.<sup>23</sup> RAM’s senior executive #1 stated that he engaged in this practice with the best of intentions, as he considered it to be normal business practice in the private sector.
32. The investigation found that RAM obtained a very competitive price from the successful bidder, Vestergaard Frandsen, and paid “No more than a reasonable price” as obligated under Article 18 (a) (vi) of the Program Grant Agreement. OIG bases this conclusion on the comparison of data provided in USAID’s “LLIN Market and Data Analysis” of the average unit price on an ex-works basis per material of LLINs procured, along with publicly available data in the Global Fund’s Price Quarterly Reporting (“PQR”) Mechanism, a web-based price and quality reporting tool used by the Global Fund to collect transaction level procurement information from PRs on key health products (including LLINs).<sup>24</sup>

RAM paid a very competitive price for LLINs

<sup>18</sup> Forex conversion rate used (1 US\$ = 0.379 PGK) is as indicated by RAM which is the rate of exchange when fund (USD) was converted to Kina

<sup>19</sup> Applying the same percentage (15%) for management fees on the winning HR provider’s salary cost,

<sup>20</sup> Article 18 ‘Contracts for Goods and Services’ and Article 19 ‘Pharmaceutical and Other Health Products’ of Global Fund Grant Agreement PNG-809-G06-M

<sup>21</sup> WHO approved suppliers: Vestergaard; Sumitomo; BASF; Bestnet and Clarke, as detailed in the document ‘President’s Malaria Initiative – Technical Guidance On The Prevention And Control Of Malaria

<sup>22</sup> Series of emails from senior executive #1 (RAM) to: Sumitomo Chemical Co Ltd; Clarke Mosquito; Bestnet (INTECTION) and Vestergaard-Frandsen, between April and August 2009.

<sup>23</sup> Procurement Manual For Rotarians Against Malaria Global Fund Round 8 Malaria (p.7) – 1 Sept 2009.

<sup>24</sup> USAID Deliver Project ‘Long-lasting Insecticide-Treated Net Market and Data Analysis – 2011 Addendum’ available at

[http://deliver.jsi.com/dlvr\\_content/resources/allpubs/guidelines/LLIN\\_StudyAddend.pdf](http://deliver.jsi.com/dlvr_content/resources/allpubs/guidelines/LLIN_StudyAddend.pdf); PQR FAQ’s available at: [http://www.google.com.au/#hl=en&output=search&scient=psy-ab&q=what+is+the+global+fund+pqr&oq=what+is+the+global+fund+pqr&gs\\_l=hp.12..0i22.1306.5299.0.6888.27.14.0.0.0.0.595.4518.4-4j5.9.0...0.0...1c.ENH3v9x-ydk&pbx=1&bav=on.2.or\\_r\\_gc\\_r\\_pw\\_r\\_qf.cf.osb&fp=2da9510a5f9e2392&biw=1264&bih=904](http://www.google.com.au/#hl=en&output=search&scient=psy-ab&q=what+is+the+global+fund+pqr&oq=what+is+the+global+fund+pqr&gs_l=hp.12..0i22.1306.5299.0.6888.27.14.0.0.0.0.595.4518.4-4j5.9.0...0.0...1c.ENH3v9x-ydk&pbx=1&bav=on.2.or_r_gc_r_pw_r_qf.cf.osb&fp=2da9510a5f9e2392&biw=1264&bih=904)

RAM saved grant funds by keeping shipping costs to a minimum

33. Analysis of the publicly available Global Fund PQR data revealed that RAM, under its R8 Grant Agreement, purchased a total of 3,182,950 LLINs between December 2009 and March 2012. RAM's average unit cost of the LLINs purchased between December 2009 and January 2011 (2,172,850 LLINs) was US\$3.67. This is almost US\$1.00 less than the USAID reported average unit cost between 2009 and 2011 of US\$4.60.
34. The investigation also found that in addition to the competitive price obtained for the supply of the LLINs, RAM saved grant funds by ensuring that shipping costs were kept to a minimum by purchasing polyester rather than polyethylene LLINs, and by arranging their own shipping rather than having Vestergaard-Frandsen provide this service.

## F.2. Conflict of Interest

### F.2.1.A senior executive of RAM participated in the award or administration of a contract in which members of his immediate family had a financial interest

35. According to RAM's "Terms of Reference for External HR Company" that were drafted after the OIG audit:<sup>25</sup>

*Under the Round 8 Malaria Programme RAM had a requirement to recruit some 25 to 30 additional staff. RAM had no capacity to do this so a decision was made during the preparation of the proposal to outsource the total HR requirements of the programme and for RAM to have nothing to do with HR other than to instruct the chosen supplier in RAM's needs, both initial and ongoing, and to pay for the service on a monthly basis. This meant that the chosen HR supplier would recruit and manage all of the staff needed by RAM to carry out its contractual obligations to the Global Fund. The selection of a HR company was done by an initial advertising of an "Expression of Interest" (EOI) over several days and in both national daily newspapers. A committee of Rotarians worked through the EOIs received and came up with a shortlist of three. The current HR Supplier was selected by the committee to provide the services in Phase 1 of the Round 8 Malaria Programme for RAM.*

RAM's chairman was involved in a procurement process that awarded a family company a US\$ 1.4 m contract to provide HR services

36. The OIG found that a senior executive of RAM (senior executive #1) was involved in the procurement process that resulted in the award of a two-year US\$1.4m contract to a company with connections to his own family, to provide HR services. Although the senior executive recused himself, during a committee meeting of RAM held on 30 March 2009, from the evaluation of the expressions of interest received for the provision of accounting services and human resource services, OIG found that the senior executive was the addressee for the expressions of interest (Annex 1) and opened the EOIs received prior to the meeting, as indicated in the minutes of the meeting (Annex 2):<sup>26</sup>

*The senior executive passed around a photocopy of each of the applications together with a blank cover page for all members to note their comments on after reading the particular expressions of interest received. The senior executive also commented that with respect to the HR companies one of the companies that had tendered XXX was owned by his son. Accordingly he would have a conflict of interest and therefore he would not be involved in deciding on the HR company. The members agreed to this approach.*

<sup>25</sup> RAM's "Terms of Reference for External HR Company."

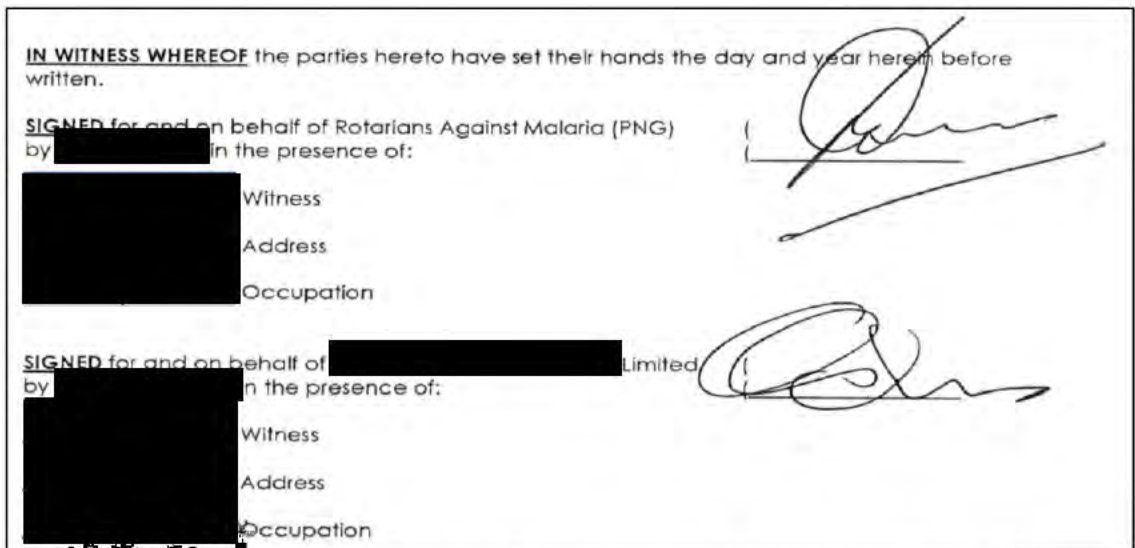
<sup>26</sup> Excerpt from Minutes of RAM Committee held on 30 March 2009.

37. This indicates that there was an actual conflict of interest, as it would be reasonable to conclude that the senior executive knew that the company connected with his family would submit an expression of interest and therefore he should not have nominated himself as the addressee.
38. Although the RAM committee minutes did not indicate that the particular senior executive of RAM was present at the meeting, it is obvious from the excerpt above that he was present for at least a part of the meeting before recusing himself. The minutes note that another senior executive of RAM (senior executive #2) was chairman of the committee during the evaluation of the expressions of interest received for human resource services.
39. During the investigation, investigators obtained a company extract for the winning bidder (Annex 3). The extract shows that the company was incorporated and registered in April 1999, and that RAM's senior executive #1 was the majority shareholder from April 1999 to February 2007, when he transferred all his shares. The extract shows that the wife and two sons of RAM's senior executive #1, (are current directors of the company and one of his sons is also the company secretary. The extract also shows that the company's principal place of business and business address is a law firm of which the chairman of RAM's selection committee (senior executive #2), was a senior partner at the time of the company's registration.<sup>27</sup>
40. The OIG's review of the contract between RAM and the winning bidder revealed that RAM's senior executive #1 signed the contract "for and on behalf of Rotarians Against Malaria" and that his son signed the contract "for and on behalf of" the winning bidder."<sup>28</sup>

The wife of senior executive #1 and two sons were shareholders and directors of the HR company

The contract was signed by the senior executive #1 and his son

Figure 3: Signature page, contract between Rotarians Against Malaria and the winning bidder



Grant Agreement provisions on conflict of interest

41. Article 21 (b) (i) of the Program Grant Agreement states that the PR and persons affiliated with it cannot participate in the "administration" of a contract in which the person's immediate family have a financial interest:<sup>29</sup> Documents reviewed by the OIG revealed that senior executive #1's son

<sup>27</sup> Winning bidder company extract.

<sup>28</sup> Contract between Rotarians Against Malaria and the winning bidder, page 4.

<sup>29</sup> Program Grant Agreement, Article 21 (b) (i).



received an approximate gross fortnightly salary of PGK 1,698.46 (US\$805) billed to RAM under the HR contract.<sup>30</sup>

**Article 21. CONFLICTS OF INTEREST; ANTI-CORRUPTION**

(a) Standards of Conduct. The Principal Recipient shall maintain and enforce standards of conduct to govern the performance of persons affiliated with the Principal Recipient or any Sub-recipient (for example, directors, officers, employees or agents) engaged in the award and administration of contracts, grants, or other benefits using Grant funds to ensure that such persons do not engage in any practice set forth in paragraph (b) below.

(b) No corruption. The Principal Recipient shall not, and shall ensure that no Sub-recipient or person affiliated with the Principal Recipient or any Sub-recipient:

1. Participate(s) in the selection, award or administration of a contract, grant or other benefit or transaction funded by the Grant, in which the person, members of the person's immediate family or his or her business partners, or organizations controlled by or substantially involving such person, has or have a financial interest;

**F.2.2. The Contract was not awarded on a transparent and competitive basis.**

The chairman of RAM's selection committee had a conflict of interest that was not declared

42. At the time of the contract award, RAM's senior executive #2 was chairman of RAM's selection committee and he was a senior partner of a law firm listed as the principal place of business and business address of the winning bidder. The chairman of RAM's selection committee did not declare this conflict of interest during the committee meeting. Although having no financial interest in the matter, the chairman of RAM's selection committee had a business relationship with the winning bidder and two partners of the law firm were shareholders of the company that won the bid. Given these facts, the RAM's senior executive #2 should not have been on the selection committee.

The selection committee's minutes were false

43. The committee minutes also state that "the only expression of interest that met with the complete range of services that RAM was seeking was that from XXX (the winning bidder)." The OIG investigation found this statement to be false. Investigators obtained and reviewed the five expressions of interest received. It is clear from the 20 page document submitted by one of the rival bidders (Annex 5), that this firm did in fact meet with the complete range of services that RAM was seeking. When interviewed concerning the rival bidder that met RAM's requirements, the chairman of RAM's selection committee stated that "XXX (the rival bidder) did provide a good submission that fulfilled the EOI requirements."<sup>31</sup> The investigation found that RAM had no valid reason to reject the EOI submitted by one of the rival bidders at the committee meeting on 30 March 2009 and that they should have remained in contention.

44. On 15 June, 2011, OIG investigators interviewed the chairman of RAM's selection committee member and at that time RAM's senior executive #2 regarding the procurement process used to select and appoint the winning bidder to provide RAM's HR services.<sup>32</sup> He stated that:<sup>33</sup>

<sup>30</sup> XXX (the winning bidder) Payroll Summary Reports

<sup>31</sup> OIG interview of senior executive #2 at Port Moresby on 15 June, 2011.

<sup>32</sup> Senior executive #2 was appointed to his position at RAM on 7 November 2011.

- Rotary and RAM are service organizations that do not engage employees directly.
- RAM was conceived in 1997 and with a grant from AusAID, initially acting as a procurement agent, purchasing LLINs and then selling them at cost to various organizations such as mining companies, plantations, oil and gas companies, provincial governments and the health department. These buyers took responsibility for distribution of the LLINs. RAM's proceeds were used to purchase more LLINs.
- In Round 3, the NDoH was the PR for LLIN distribution. Due to insufficient logistic capacity, NDoH was unable to distribute the LLINs at the village level. The NDoH suggested that RAM submit a proposal to the Global Fund, to be the PR for LLIN procurement and distribution for Round 8. The process took about 12 months before the grant was signed. RAM's chairman was heavily involved in this process, spending many hours of his own time. RAM's contact within the NDoH was XXXX.
- RAM recognized that distribution of LLINs throughout PNG under Round 8 would have to be outsourced.
- An EOI was drafted by himself and RAM's senior executive #1 for accounting and human resource services. The EOI was initially advertised in 2008, but due to the length of the Global Fund grant process (Round 8), was re-advertised in a PNG national newspaper on 9 February, 2009. The contact officer for the EOI was RAM's Chairman.
- They were told by the Global Fund that they needed to be careful to minute meetings and decisions related to the process of selection.
- Five EOIs to provide RAM's human resource requirements were received.
- He personally knows the manager of one of the bidders, who is the son of RAM's senior executive #1.
- A RAM committee reviewed the EOIs received for both the accounting and human resource services. The committee was comprised of RAM's senior executive #1, RAM's senior executive #2, and three others.
- RAM's senior executive #1 provided the committee with a binder of all the EOIs received and also provided each committee member with copies of all the EOIs.
- The committee first reviewed the EOIs for the provision of accounting services. ██████████ which had submitted an EOI for both accounting and human resource services, was considered the most suitable applicant for accounting services and was therefore not eligible for consideration of provision of human resource services.
- Prior to the committee reviewing the EOIs received for the provision of human resource services, RAM's senior executive #1, disqualified himself from the process as his son ran one of the companies that submitted an EOI, and he (RAM's senior executive #2) assumed the position of committee chairman.
- Only the EOI submitted by the winning bidder satisfied what the committee was looking for regarding human resource services.
- One of the selection committee stated to the committee that the winning bidder had done some work for the NDoH in a similar role and that he was very satisfied with its services.
- The committee decided to request the winning bidder to submit a cost proposal.
- He (RAM's senior executive #2) prepared the meeting minutes.

---

<sup>33</sup> OIG interview of senior executive #2 at Port Moresby on 15 June, 2011.

45. The chairman of RAM's selection committee was provided with a copy of the selection committee minutes and also a copy of the EOI submitted by the rival bidder that OIG considered met RAM's EOI requirements. After he reviewed these documents, he further stated that:<sup>34</sup>
- The rival bidder identified by OIG did provide a good submission that fulfilled the EOI requirements.
  - The comment in the minutes that the winning bidder was the only company that could provide the services required by RAM was not technically correct.
  - He strongly recommended to the committee not to engage the rival bidder that also met RAM's EOI requirements, based on his professional knowledge of the bidder's proposed consultants. He made this recommendation in order to ensure the best outcome for the Global Fund.
  - The discussion regarding the rival bidder was not included in the minutes as what he said could possibly be construed as defamatory.
46. The failure of the RAM committee to invite the rival bidder that met RAM's EOI requirements to submit a cost proposal meant that the winning bidder was awarded the HR contract on a non-competitive basis. The failure of RAM to undertake a rigid "sealed bid" process, with a public opening of the bids, coupled with the composition of the selection panel and the false statement in the minutes, meant that the contract was not awarded on a transparent basis. Article 18 (a) (i) of the program grant agreement between Rotary and the Global Fund states:

Article 18. CONTRACTS FOR GOODS AND SERVICES

(a) Procurement Practices. The Principal Recipient shall keep the Global Fund continuously informed about the policies and practices that it shall use to contract for goods and services under this Agreement. At a minimum, the policies and practices governing all procurement under the Program shall conform to the requirements (i) through (viii) listed below and, where Health Products are being procured, those in Article 19 of this Agreement. The Principal Recipient shall ensure that such policies and practices are followed at all times.

i. Contracts shall be awarded on a transparent and, subject only to established exemptions included in written procurement policies and practices provided to the Global Fund, on a competitive basis.

### F.3. HR Service Provider's Management Costs are Excessive

47. The OIG audit reported stated:<sup>35</sup>

*The PR had outsourced its payroll function to a third party vendor, XXX (the winning bidder). The OIG audit noted significant variations in the management fees charged by XXX in relation to the actual costs (salary cost and recruitment expenses) incurred. This management fee was more than 60% of the employee cost in a sample of cases reviewed by the OIG.*

48. The audit report recommended that:<sup>36</sup>

*RAM should revisit its existing payroll arrangement with XXX to ensure that the amounts charged by XXX are a reasonable representation of the actual costs and effort involved in managing the HR engagement.*

---

<sup>34</sup> OIG interview of senior executive #2 at Port Moresby on 15 June, 2011.

<sup>35</sup> OIG Audit Report No: GF-OIG-10-004 p.34

<sup>36</sup> Ibid

The winning bidder for the HR contract was US\$ 359,543 more expensive per annum than the losing bid

49. The OIG investigation reviewed the winning bidder's "RAM HR Program Summary – May 2011" and the tax invoice, pay slips, timesheets and other documents for that period, submitted to RAM along with the invoice for payment and other supporting documents. The investigation also reviewed the budget estimates contained in the bid submitted by First Things First.
50. The review revealed that of the winning bidder's total contract payment of US\$ 1,227,046 (PGK 3,257,570<sup>37</sup>), the total salary cost for staffs was US\$ 760,935 (PGK 2,007,745). This leaves a balance of US\$ 473,684 (PGK 1,249,825) for overheads (62.3% of total salary cost). OIG's review of the bid submitted by the rival bidder revealed a total contract price of US\$771,890 (PGK 2,036,650) for 18 staff including US\$100,681 (PGK 265,650) for overheads (15% of total salary cost). The overall contract payment for the winning bidder was US\$462,729 (PGK 1,220,920) more expensive than the bid submitted by the rival bidder that met RAM's EOI requirements, with overheads being US\$373,022 (PGK 984,174) more expensive.
51. Applying the same percentage of management fee proposed by the rival bidder on the total actual salary cost of the winning bidder (15% of salary cost of US\$760,935), RAM's decision to appoint the more expensive provider cost the grant an additional US\$359,543 (PGK 948,663).

#### F.4. Procurement and Distribution of LLINs by RAM

RAM paid an average price of US\$ 3.67 per LLIN, almost US\$ 1.00 less than the average price quoted by USAID

52. The investigation reviewed RAM's procurement of LLINs for Phase 1 of the Round 8 Grant. RAM budgeted US\$5,694,728 for the purchase of LLINs during Phase 1 and US\$5,987,245 for the purchase of LLINs during Phase 2 of the grant, for a total of US\$11,681,973.
53. Publicly available data obtained from the Global Fund's PQR system, show that under Round 8, up to and including March 2012, RAM purchased a total of 3,182,950 LLINs.<sup>38</sup> The USAID LLIN Market and Data Analysis showed an average LLIN price of US\$4.60 between 2009 and 2011. During this period, RAM paid an average price of US\$3.67, almost US\$1.00 less.

---

<sup>37</sup> Forex conversion rate used (1 US\$ = 0.379 PGK) is as indicated by RAM which is the rate of exchange when fund (USD) was converted to Kina

<sup>38</sup> Global Fund Price & Quality Reporting (PQR) data: [www.theglobalfund.org/en/procurement/pqr](http://www.theglobalfund.org/en/procurement/pqr)

Figure 4: Aggregated Global Fund PQR Data for LLINs delivered to RAM and USAID LLIN market and Data Analysis.

Global Fund PQR Data re LLINs delivered to RAM (Round 8)^ 2009-2011						USAID LLIN Market & Data analysis <sup>39</sup>
Delivery Date	SI Number	Size	Quantity	Price per LLIN (US\$)	Average Price Paid by RAM (US\$)	Average Price (US\$)
29/12/09	SI24801	Family	413,300	4.00	3.63	4.65
		Single	46,650	3.26		
07/01/10	SI24935	Single	69,100	3.26	3.75	4.83
		Family	193,800	4.00		
16/01/10	SI24934	Family	297,000	4.00		
18/01/11	SI27045	Family	1,040,000	4.00	3.63	4.33
		Single	66,800	3.26		
	SI27046	Single	46,200	3.26		
<b>Average Price (2009-2011)</b>					<b>3.67</b>	<b>4.60</b>

^All LLINs delivered were Vestergaard-Frandsen PermaNet 2.0, 75 denier polyester (various colours).

54. The OIG audit revealed that quotations from approved LLIN suppliers were solicited by e-mail at different times without providing any instructions to bidders or indicating the evaluation criteria to be applied by the purchaser. The audit report recommended that:<sup>40</sup>

*RAM should adopt more competitive and transparent methods for the procurement of LLINs. Given some limitations in the PRs procurement capacity consideration could be given to procuring LLINs using voluntary pooled procurement, a procurement agent, or with assistance from the newly appointed Procurement Manager in the National Department of Health through a system of multi-stage approvals to cover approval of tender documents, approval of bidders lists, approval of minutes of tender opening, approval of independent committee evaluation reports and approval of contracts.*

55. During this investigation, a number of emails were reviewed from RAM's senior executive #1, to various suppliers. The emails show that senior executive #1 requested quotations from each of the five WHO approved LLIN suppliers: Vestergaard Frandsen, Sumitomo, Bestnet, BASF and Clarke.<sup>41</sup>

56. An analysis of emails shows that between March and August 2009, emails were exchanged between RAM and four WHO approved LLIN suppliers (one of the WHO approved suppliers did not reply to RAM) selected by senior executive #1 requesting a quotation for free on board<sup>42</sup> delivery of 1,072,000 family size<sup>43</sup> and 105,000 single size<sup>44</sup> LLINs by 1 July 2009, and 2,004,000 family size and 73,000 single size LLINs in July 2010.

RAM requested quotes from five WHO approved LLIN manufacturers

<sup>39</sup> USAID Deliver Project 'Long lasting Insecticide-Treated Net Market and Data Analysis – 2011 Addendum' – Figure 7. Page 14.

<sup>40</sup> OIG Audit Report No: GF-OIG-10-004 p.35

<sup>41</sup> PMI Technical Guidance on The Prevention and Control of Malaria – January 10, 2009. P.7.

<sup>42</sup> Under the rules of Incoterm 1990 (International Commercial Terms published by the International Chamber of Commerce), means that the delivery of goods on board the vessel at the named port of origin (loading) is at the seller's expense. Buyer is responsible for the main carriage/freight, cargo insurance and other costs and risks.

<sup>43</sup> 1600mm wide X 1800mm long X 1500mm drop

<sup>44</sup> 1000mm wide X 1800mm long X 1500mm drop

RAM selected polyester LLINs to make substantial savings on shipping costs

RAM selected the cheapest supplier of polyester LLINs

57. RAM's chairman advised investigators that: a standard 20-foot shipping container could hold 19,800 family size polyester LLINs or 11,280 family size polyethylene LLINs, thus reducing shipping costs; and Vestergaard Frandsen was selected as the supplier because of its competitive price and that it provided polyester LLINs.<sup>45</sup>
58. Vestergaard Frandsen was the second cheapest supplier of those providing quotations, US\$25,420 more for the 2009 order and US\$30,260 more for the 2010 order than the cheapest quote (a total of US\$55,680 more). Senior executive #1 advised that the cheapest quote was for polyethylene LLINs, but it would have required almost twice as many shipping containers to ship the order. OIG's review of Vestergaard Frandsen invoices,<sup>46</sup> Shipping Bills of Lading<sup>47</sup> and Costed Arrival Notices<sup>48</sup> provided by RAM showed that 6 LLIN deliveries, totaling 2,189,650 polyester nets, required 115 20-foot shipping containers and one 40-foot shipping container. OIG in its calculations below has considered the single 40-foot shipping container as two 20-foot shipping containers, making a total of 117 20-foot shipping containers.

Figure 5: RAM LLIN Shipping Data (R8, Phase I)

Invoice No.	Date of Delivery	Quantity	No of 20-foot Containers	LLIN Price (US\$)	Shipping Costs <sup>49</sup> Per container (PGK)
SI23471	30/06/09	17,000 (Family)	1	4.37	7,188 (US\$2,678)*
SI23472	30/06/09	100,000 (Family)	7 (5X20-foot & 1X40') <sup>50</sup>	4.37	7,946 (US\$2,960)
SI24801	26/12/09	459,750 (413,100 Family) (46,650 Single)	23	4.0 3.258	7,461 (US\$2,976)
SI24934	16/01/10	297,000 (Family)	15	4.0	7,214 (US\$2,671)
SI24935	25/12/09	262,900 (193,800 Family) (69,100 Single)	13	4.0 3.258	7,218 (US\$2,701)
SI27045	25/12/10	1,106,800 (1,040,000 Family) (66,800 Single)	56	4.0 3.258	7,540 (US\$2,939)
SI27046	09/11/10	46,200 (Single)	2	3.258	
<b>Average price per container</b>					<b>7,428 (US\$2 821)</b>

\*US Dollar conversion on actual date of delivery using Oanda currency convertor

<sup>45</sup> As at July 2012, there were two WHOPES approved polyester LLIN's, manufactured by Vestergaard Frandsen (PermaNet), and BASF (Interceptor).

<sup>46</sup> Vestergaard Frandsen invoices: SI27045 dated 01-11-2010; SI27046 dated 01-11-2010; SI24933 dated 15-12-09; SI24935 dated 15-12-09; SI23471 dated 10-05-09; SI23472 dated 10-05-09.

<sup>47</sup> Swire Shipping Bill of Lading numbers: VNPH0209616 dated Nov-09-2010; VNHPH0209615 dated Nov-09-2010; VNHPH0165143 dated Dec-21-2009; VNHPH0163560 dated Dec-08-2009; VNHPH0139697 dated May-26-2009; VNHPH0139698 dated May-26-2009.

<sup>48</sup> Swire Shipping Agent's Costed Arrival Notices: VNHPH0165143 dated 17 Jan 2010; VNHPH0163560 dated 7 Jan 2010.

<sup>49</sup> Shipping costs per container includes: ocean freight; Bunker Adjustment Factor (BAF) PNG ports Ports Corporation, NMSA surcharge, inspection fees and wharfage. It does not include insurance. BAF refers to floating part of sea freight charges which represents additions due to oil prices. Fluctuations in oil prices will alter rates.

<sup>50</sup> The 40-foot shipping container has been considered as two 20-foot shipping containers in OIG's calculations.

RAMS selection of polyester LLINs required 81 containers less to ship the order than polyethylene LLINs

59. UNHCR provided the data provided in the table below. Based on this information, approximately 106 containers would be required to ship the 2,060,900 family size polyester nets<sup>51</sup>, while approximately 182 containers would be required to ship the same amount of family size polyethylene nets.<sup>52</sup>

Figure 6: Estimated Shipping and Container Information for Delivery of LLINs<sup>53</sup>

Polyester LLINs (Family Size)	Polyethylene LLINs (Family Size)
20-foot container	20-foot Container
19,500 pieces / 195 bales	11,300 pieces / 226 bales

RAM's selection of polyester LLINs saved the grant over US\$ 571,956 in shipping and handling costs.

60. For ease of calculation, the 40-foot shipping container has been considered as two 20-foot shipping containers, making a total of 117 20-foot shipping containers. OIG's analysis of the shipping data provided by RAM indicates that each 20-foot container cost an average of US\$2,821 in shipping and handling charges, for a total cost for 117, 20-foot containers of approximately US\$330,057.

61. Based on the UNHCR data, and RAM's Round 8 (Phase I) delivery of family nets totaling 2,060,900, if polyethylene nets had been ordered 182 containers would have been required for a probable shipping and handling cost of approximately US\$513,422. RAM's decision to purchase the Vestergaard Frandsen polyester LLINs required 106 containers (76 less) saving approximately US\$214,402 in shipping and handling costs for the family nets alone.

<sup>51</sup> Based on the following calculation: 2,060,900 family size LLINs divided by 19,500 = 105.68

<sup>52</sup> Based on the following calculation: 2,060,900 family size LLINs divided by 11,300 = 182.3

<sup>53</sup> <http://www.unhcr.org/4d1b13119.pdf>

## G. Questionable or ineligible expenditures

### G.1. The Global Fund's Right to Reimbursement

62. Article 27 of the Global Fund's Grant Agreement with RAM establishes the Global Fund's right to demand repayment from RAM in certain circumstances:

*Notwithstanding the availability or exercise of any other remedies under this Agreement, the Global Fund may require the Principal Recipient to immediately refund to the Global Fund any disbursement of the Grant funds in the currency in which it was disbursed in any of the following circumstances: (i) this Agreement has been terminated or suspended; (ii) **there has been a breach by the Principal Recipient of any provision of this agreement**; (iii) the Global Fund has disbursed an amount to the Principal Recipient in error; or (iv) the Principal Recipient has made a material misrepresentation with respect to any matter related to this agreement.*<sup>54</sup>

63. Thus, the Global Fund has a contractual right to seek reimbursement from RAM for breaches of the Grant agreement.

64. Article 18 (a) (i) of the Grant Agreement between the Global Fund and RAM states that:

*Contracts shall be awarded on a transparent and, subject only to established exemptions included in the written procurement policies and practices provided to the Global Fund, on a competitive basis.*<sup>55</sup>

65. This investigation found that RAM did not award the human resource contract on a transparent and competitive basis, in accordance with the terms of Article 18 of its Grant Agreement with the Global Fund.

### G.2. Value of the winning bidder's contract

66. As noted above, the OIG has identified that RAM's selection and subsequent contracting of a company to serve as its human resource service provider cost the grant a total of US\$359,543 (PGK 948,663) in additional management fees. OIG notes the difference between winning bidder's management fee of US\$ 473,684 (PGK 1,249,825) - 62.3% of total salary cost of US\$ 760,935 (PGK 2,007,745), compared the rival bidder's management fee of US\$ 100,681 (PGK 265,650) - 15% of total salary cost of US\$ 671,209 (PGK 1,771,000).

67. RAM's decision to eliminate the rival bidder via a non-transparent and non-competitive bid process in order to appoint a particular company, resulted in RAM paying for overheads at more than a reasonable price, which is the requirements stated in Article 18 (a) (vi) of its Grant Agreement with the Global Fund.

Investigation finds that RAM's decision to appoint a HR company associated with RAM's director unnecessarily cost the grant US\$150,678 in excessive management fees.

Winning bidder's contract did not provide reasonable price for services

---

<sup>54</sup> Article 27 of the Standard Terms and Conditions of the Grant Agreement between the Global Fund and RAM, PNG-809-G06-M.

<sup>55</sup> Article 18 (a) (i) of the Standard Terms and Conditions of the Grant Agreement between the Global Fund and RAM, PNG-809-G06-M.



## H. Conclusion

### H.1. Conflict of Interest

RAM's senior executive #1 administered a contract of which family members were a party.

68. RAM's senior executive #1, although not participating in the selection committee process per se, was the addressee for the EOIs and he was also the RAM signatory on the contract with the winning bidder, which his son also signed as the winning bidder's signatory. This constitutes 'administration' of the contract.
69. Although there was a conflict of interest, the investigation determined that the winning bidder provided an effective and professional HR service.
70. RAM improperly awarded a HR contract to a company with family links to its senior executive #1
71. RAM's contract for human resource services was improperly awarded to a company with family links to the individual who was RAM senior executive #1 at the time.
72. The investigation found that a rival expression of interest that met with the requirements of the expression of interest was rejected by the committee based on the committee chairman's recommendation and that the selection committee meetings contained a false statement that "the only expression of interest that met with the complete range of services that RAM was seeking was that from XXX (the winning bidder)."
73. The investigation also found that the chairman of the RAM selection committee had business links to the winning bidder that were never declared. The winning bidder's principal place of business and business address was a law firm of which the chairman of the RAM selection committee was a senior partner. Two partners of the law firm according to a current company extract of the winning bidder, both were current shareholders of the winning bidder.

The Chairman of RAM's selection committee had business links to the HR company that were never declared.

### H.2. Management Fees

74. OIG's review revealed that out of the total contract payment to the HR service provider of US\$ 1,227,046 (PGK 3,257,570<sup>56</sup>), the total salary cost was US\$ 760,935 (PGK 2,007,745) leaving US\$ 473,684 (PGK 1,249,825) for overheads – 62.3% of total salary cost.
75. OIG's review of a rival bid, that met RAM's advertised EOI requirements, revealed a total contract price of US\$771,890 (PGK 2,036,650), comprising of total salary costs of US\$ 671,209 (PGK 1,771,000) leaving US\$ 100,681 (PGK 265,650) for overheads – 15% of total salary cost.
76. On the evidence reviewed by the OIG, RAM's decision to appoint the particular HR service provider resulted in additional costs to the grant. Applying the same percentage of management fee proposed by the rival bidder on the total actual salary cost of the winning bidder (15% of salary cost US\$760,935), RAM's decision to appoint the more expensive provider cost the grant an additional US\$359,543 (PGK 948,663) in overheads.

RAM's appointment of the winning bidder cost the grant US\$359,543 in additional management fees

---

<sup>56</sup> Forex conversion rate used (1 US\$ = 0.379 PGK) is as indicated by RAM which is the rate of exchange when fund (USD) was converted to Kina

### H.3. Procurement of LLINs

RAM's procurement of LLINs was transparent and prudent and resulted in substantial savings

77. The investigation determined that with regard to the procurement of LLINs, RAM, despite not engaging in a 'sealed bid process', acted in a transparent manner in the best interests of the grant. RAM obtained the LLIN's at a very reasonable price, lower than USAID reported average LLIN prices for the same period and within Global Fund 'expected range' recorded in the Global Fund's PQR system. Substantial savings of approximately US\$571,956 (PGK 1,206,827) were also made in reduced shipping costs by selecting polyester rather than polyethylene LLINs. The investigation also noted that RAM wrote to the PNG Internal Revenue Commission regarding each delivery to ensure Goods and Services Tax (GST) and import duty exemption. RAM also wrote to PNG Ports Corporation Limited to request exemption of wharfage and handling charges, but no exemption from these charges was granted.

## I. Recommendations

OIG recommended to the Global Fund Secretariat that RAM's contract with the winning bidder should be re-tendered upon its expiry and that refunds should be made by RAM

OIG recommended that persons with any connection to the current HR service provider be involved in selection process

78. As a result of its investigation, the OIG made a recommendation in August 2011 to the Global Fund Secretariat, immediately:

- At the expiration of RAM's contract with the current HR service provider, which has been extended to 31 December, 2011 (Annex 6), in line with the extension of phase 1 of the Global Fund Grant, require RAM to re-tender the contract for human resource services for phase 2.<sup>57</sup> OIG recommended that the Global Fund seek recovery from RAM
- Seek recoveries from RAM in relation to the HR services contract, notably taking into account the difference between the management fee charged by current HR service provider and the management fee contained in the budget estimates in the bid submitted by a rival bidder that met RAM's advertised EOI requirements, totaling US\$359,543 (PGK 948,663).
- Require that no person within Rotary or RAM with any connection to XXX (the current HR service provider) be involved in the selection process to any degree, including receiving or opening the tenders and that the process be via sealed tender, opened by the RAM selection committee.
- Require that RAM engages in fair, transparent, ethical and proper procurement practice in all procurement, as per RAM's Procurement and Supply Management Plan and RAM's Procurement Manual.

---

<sup>57</sup> Telephone call and email between OIG and PNG Fund Portfolio Manager dated 26 Aug 2011.

## **J. Acronyms**

ACT	Artemisinin-based Combination Therapy
CCM	Country Coordinating Mechanism
EOI	expression of interest
HR	human resources
LFA	Local Fund Agent
LLIN	Long-lasting insecticide treated net
NDOH	National Department of Health
OIG	Office of the Inspector General
PGK	Papua New Guinea Kina
PNG	Independent State of Papua New Guinea
PR	Principal Recipient
RAM	Rotarians Against Malaria
RDT	Rapid diagnostic test kit
SR	Sub-recipient
UNHCR	United Nations High Commission for Refugees
US\$	United States Dollar
USAID	United States Agency for International Development
WHO	World Health Organization
WHOPES	World Health Organization Pesticide Evaluation Scheme

## K. Global Fund Secretariat's Response to Recommendations

In response to OIG's recommendations the Global Fund Secretariat sent a management letter to RAM stating that the LFA is to undertake an annual review of HR fees and that RAM is to re-tender the HR services contract

79. In a management letter<sup>58</sup> dated 2 April, 2012, the Global Fund Secretariat informed RAM that:

- The LFA is to conduct an annual review of the HR fees in November of each year, and
- RAM is to retender for the HR service provider within 2012 with the least disruption to HR support possible. The new HR company can then start their work in 2013. The winning bidder (the original HR provider) will not be barred from re-tendering.

80. In 2012, the LFA was requested by the Secretariat to provide their opinion on the HR service fees charged by the winning bidder (the original HR provider) and confirmed that the fees were reasonable for PNG settings. The Secretariat will continue monitoring this management on an annual basis.<sup>59</sup>

81. The OIG's recommendation on the need for re-tendering of the PR's human resource services contract was implemented in 2012 and resulted in the confirmation of the original HR provider as the PR's HR service provider.

82. The Secretariat concluded, based on extensive communication with the PR, LFA and CCM, that the 2012 selection process was conducted in line with OIG's recommendations on the independence of the selection committee and application of proper procurement practice.

83. The Secretariat took extra steps to clarify the process with the PR and CCM representatives on the selection panel and the LFA, before drawing the above conclusion. The extra clarifications were required due to the way the selection panel presented their conclusions – there was not “tangible” difference between the two eligible candidates and yet the original HR provider was chosen based on considerations of saving money on the process of changing the service provider and of avoiding unnecessary interruption in services. The LFA confirmed that if a new HR service provider was chosen, the expatriate staff members of the PR would have to leave PNG and reapply for a work visa with the new company.

84. The Secretariat conveyed to the PR OIG's recommendation that no person within Rotary or RAM with any connection to the original HR services provider be involved in the selection process. The implementation of this recommendation was closely monitored by both the Secretariat and the LFA. The LFA served as an observer on the selection panel and the OIG was informed of the composition of the panel.

Secretariat took steps to ensure that the tender process for the new HR services contract was transparent and fair

---

<sup>58</sup> Global Fund Management Letter dated 2 April 2012, Ref: OPC/EAP/PNG/1512/EB

<sup>59</sup> Not necessarily in November of each year.

**L. Annex 1: Rotary Against Malaria (RAM) responses to OIG Report and OIG’s comments.**

Para	Page No.	PRs comments	OIG’s response
N/A	N/A	<p><b>HR Tender Award</b></p> <p>It has been communicated by the OIG audit team to RAM that the management fees of the year 2009 HR firm award was improperly awarded, excessive in remuneration and improper pricing. RAM disagrees with the OIG.</p>	<ul style="list-style-type: none"> <li>OIG maintains that substantive and credible evidence exists to support the investigation findings detailed in OIG’s investigation report.</li> </ul>
N/A	N/A	<p><b>Basis And Scope of HR Tender Award</b></p> <p>The RAM HR tender in 2009 did not contain a formal award scoring criteria to determine the basis of appointment of the winning bid. It is in our opinion that the OIG audit team limited their review of this award on the bid price as being the sole criteria for the contract award of professional services. The OIG team further erred in their review by comparing the prices of two different types of service offerings in order to obtain an opinion on the tender award.</p> <p>Furthermore, the quantification used by the OIG audit team in obtaining their opinion on the HR bid pricing was inaccurate and incomplete.</p>	<ul style="list-style-type: none"> <li>OIG does not agree with RAM’s view that the review was based on the bid price as the sole criteria. OIG’s review considered the bid price of both companies considered by RAM’s selection committee and also the actual costs of the HR services provided to RAM by the winning bidder.</li> <li>OIG does not agree with RAM’S view that the quantification used was inaccurate and incomplete. OIG’s quantification is based on the data supplied by RAM regarding actual costs of the HR contract to RAM.</li> </ul>
N/A	N/A	<p><b>Award Criteria</b></p> <p>RAM is of the opinion that during the review, the OIG audit team limited their analysis of the 2009 HR award to two firms, namely XXX (The winning bidder) and XXX (the losing bidder) .It should be noted that the losing bidder as part of their bid submission communicated to having in place 18 national ‘qualified staff’ (names and qualifications provided as part of their bid) in their database whom were able to implement the entire RAM program as sub-contractors. It was assumed that the entire 18 staff listed had the required skill and experience to implement the entire RAM project (Only one of these personnel had developmental or aid agency experience nor did the losing bidder provide the staff list as per the job descriptions defined in the RAM HR Advertisement).The firm was not within its submitted terms of reference going to undergo any competitive staff recruitments on behalf of RAM as part of their future engagement. The winning firm bid was for the competitive recruitment of 18 national staff and 2 international staff as per the advertisement. The detailed annexes provided by the winning bidder and the losing bidder on their service propositions to the advertisement clearly communicate that these two firms’ bids were for the provision of different HR services to RAM. Despite this, the OIG audit team assumed that a logical conclusion could be derived from a price comparison exercise restricted to the above two bids.</p> <p>The RAM award committee used the ability of the contract firm to meet the RAM requirements and</p>	<ul style="list-style-type: none"> <li>OIG does not agree with RAM’s view that the OIG limited their analysis of the 2009 HR award to two firms. OIG analysed all the bids submitted leading to the discovery that beside the winning bidder, one other bidder met the Expression of Interest (EOI) criteria advertised by RAM, contrary to RAM’s statement that only one bidder (the winning bidder) fully met RAM’s EOI requirements.</li> <li>OIG does not agree with RAM’S view that ‘The winning firm bid was for the competitive recruitment of 18 national staff and 2 international staff as per the advertisement’. OIG refers RAM to the ‘Call for Expressions of Interest’ (Annex 1 of the Investigation Report). The EOI only states <b>‘Recruitment of Staff for Logistical duties, Accounting Staff, Admin Staff, Drivers and Keyboard Operators. Recruited staff will be the responsibility of the Human Resource company offering the services, this will include salaries, Leave, payment of taxes Workers Compensation Insurance and Nasfund contributions. Rotary Against Malaria will pay once a month to the supplier of these services.’</b></li> <li>OIG does not agree with RAM’s statement that ‘XXX (the losing bidder) did not provide the staff list as per the job descriptions defined in the RAM HR Advertisement’. OIG refers RAM to the ‘Call for Expressions of Interest’ (Annex 1 of the Investigation Report). The EOI states <b>‘Recruitment of Staff for Logistical duties, Accounting Staff, Admin Staff, Drivers and Keyboard Operators’</b>. The 15 page bid submitted by the losing bidder (as distinct from the one page bid submitted by the winning bidder) clearly shows positions matching the positions of: ‘Logistical duties’; ‘Accounting Staff’; ‘Admin Staff’; ‘Drivers’; and ‘Keyboard Operators’. OIG refers RAM to the EOI submitted by the losing bidder (Annex 5 of the Investigation Report).</li> <li>Additionally, OIG refers RAM to the winning bidders one page</li> </ul>

**Investigation of Global Fund Grants to Papua New Guinea - Rotarians Against Malaria**

		<p>fulfill its obligations as the important determining factor in the award.</p> <p>RAM concludes that the scope of comparisons employed by the OIG audit team and Investigator in their review did not embrace all the factual data available in forming an opinion on the validity of the award.</p>	<p>bid submission (Annex 4 of the Investigation Report). This bid did not include a ‘staff <i>list as per the job descriptions defined in the RAM HR Advertisement</i>’.</p> <ul style="list-style-type: none"> <li>• OIG does not agree with RAM’s statement: ‘<i>The detailed annexes provided by XXX (The winning bidder) and XXXX on their service propositions to the advertisement clearly communicate that these two firms’ bids were for the provision of different HR services to RAM.</i>’ OIG refers RAM to the winning bidders one page bid submission (Annex 4 of the Investigation Report). The winning bidder did not submit a ‘detailed annex’ in response to RAM’s EOI.</li> <li>• OIG does not agree with RAM’s statement that OIG did not embrace all the factual data available in forming an opinion on the validity of the award. OIG reviewed all the data available to RAM’s selection committee on which the selection committee based their decision to improperly exclude the losing bidder from the process.</li> </ul>
46 50	16 17	<p><b>HR Management Service Providers Costs Are Excessive</b></p> <p>It is communicated in the OIG investigation report (paragraph 46- 50) that the 2009 HR award management service costs are excessive.</p> <p>The OIG audit team as a result of only comparing two submitted quotes for the provision of different HR services concluded that RAM awarded a HR provider excessive remuneration for the services offered. It should be noted that the OIG audit review team did not carry out an in country survey in order to determine the reasonableness of the cost plan of the HR winning bid charges. RAM maintains that the payout rates for the provision of professional services can only be deemed excessive if well above the industry rate. For purposes of providing guidance on the industry average, It should be noted that one of the ‘capable firms- XXX’ that was disqualified from participating in the HR tender bid for 25% of the total remuneration package per position with further reimbursement for all recruitment related costs</p> <p>RAM management improved the structuring and documentation of its requirements in future tenders. It is on this basis that the year 2009 HR award contractor was awarded the contract by the PNG CCM (Overseen by the LFA) in subsequent periods. It was explicitly communicated by the LFA that the round 2 retender quotes were in line with the industry rates in PNG for the period.</p> <p>RAM concludes that the GF audit team and its investigators did not ensure reasonable professional duty of care was undertaken in the year 2009 audit review in forming an opinion on the excessiveness of charges.</p>	<ul style="list-style-type: none"> <li>• Paragraph 46-50 of the Investigation Report do not state that the management service costs are excessive. Paragraph 46 and 47 directly quote parts of the OIG Audit Report. Paragraphs 48-50 of OIGs Investigation Report indicate the different pricing structures of the two bids considered by RAM’s selection committee (based on the bid amount of the unsuccessful bidder and the actual costs of the successful bidder as provided by RAM.)</li> <li>• OIG recognises that RAM has improved the structuring and documentation of its requirements in <i>future</i> tenders. This however, has no relevance to the tender covered in the Investigation Report.</li> <li>• OIG recognises that the year 2009 HR award contractor was awarded the contract by the PNG CCM (Overseen by the LFA) <i>in subsequent periods</i>. This however, has no relevance to the tender covered in the Investigation report.</li> <li>• OIG recognises that the LFA may well have communicated that the <i>round 2 retender quotes</i> were in line with the industry rates in PNG for the period. This however, has no relevance to the tender covered in the Investigation Report.</li> <li>• OIG does not agree with RAM’s statement that the GF audit team and its investigators did not ensure reasonable professional duty of care was undertaken in the year 2009 audit review informing an opinion on the excessiveness of the charges. OIG has made a comparison between two bids that met with RAM’s EOI. One of the bids was unfairly excluded and the winning bid was more expensive.</li> </ul>
		<p><b>Determination of Pricing For The Year 2009 HR Tender Award</b></p> <p>The losing bidder as a part of the 2009 HR bid priced their submission on the basis of having in place available implementation project staff (The staff job descriptions not matching the RAM advertisement and skill set inappropriate for the RAM project) at fixed rates plus an additional management fee to manage their own staff. The winning bidder as a part</p>	<ul style="list-style-type: none"> <li>• OIG again disputes RAM’s statement that bidder number two’s job descriptions did not match RAM’s advertisement and that the skill sets were inappropriate for the RAM project. OIG again refers RAM to the advertised EOI (Annex 1 of the Investigation Report) and again refers RAM to the winning bidder’s one page submission (Annex 4 of the Investigation Report) that does not contain any staff job descriptions or skill sets.</li> <li>• OIG disputes RAM’s claim that XXX (the winning bidder) as part</li> </ul>

**Investigation of Global Fund Grants to Papua New Guinea - Rotarians Against Malaria**

		<p>of their submission tender availed forecasts of the expected costs (They explicitly communicated that they had to recruit the staff as per direction given in RAM advertisement) and the percentage charged for providing their service. At the time of bid award, it was not known the exact expenditure that RAM was to incur in staff remuneration. The total costs of the losing bidder's staff costs and the management costs as per the submitted bid was in excess of the RAM HR Global Fund budget line (Details provided as an annex to their bid).</p> <p>The OIG audit team selected only the management cost of the losing bidder as a basis for the comparison of projected staff recruitment cost by XXX (the winning bidder) to form an opinion on the adequacy of pricing for the tender.</p> <p>An email was sent to the OIG investigator in month of May 2013 detailing the RAM interpretations of the pricing of the tenderers. This e-mail communicates to the investigator that the actual staff costs of implementing the losing bidder would have been significantly higher than XXX (the winning bidder) and result in overspending of the PR HR budget by approximately 150%.</p> <p>A comparison of the implementation of the quoted K1,018,000 per year losing bidders bid with adjustments included for the additional actual staff required to implement the program amounted to US\$1,946,918.70 against the actual winning bidders costs of US\$1,227,048.00 (US\$1,022,538 being the core RAM staff costs with \$204,507.66 being charged by the winning bidder for administration) is provided in the mail message to the OIG investigator.</p> <p>As a result of review of the above information, RAM concludes that the opinion expressed by the Global Fund audit team on the HR award committee's pricing and review is inaccurate and misleading.</p>	<p>of their submission tender availed forecasts of the expected costs. OIG again refers RAM to the winning bidder's one page submission (Annex 4 of the Investigation Report).</p> <ul style="list-style-type: none"> <li>OIG's response to RAMs claim that 'The total costs of the winning bidder's staff costs and the management costs as per the submitted bid was in excess of the RAM HR Global fund budget line' is that as detailed in the report, the winning bidder's submitted staff costs and management costs were US\$ 359,543 less than the actual cost of the winning bidders provision of HR services to RAM.</li> <li>OIG's response is that RAM is unable to determine beyond the costs submitted in the losing bidders EOI what the costs would be. Similarly, RAM was unable to know what the costs of the winning bidder would be at the time of the Selection Committee meeting, as the winning bidder did not submit costs in their EOI. OIG refers RAM to Annex 4 and Annex 5 of the investigation report.</li> </ul>
<p>1 2 25 26 67</p>	<p>3 3 10 10 22</p>	<p><b>Conflict of Interest</b></p> <p><b>2009 RAM Internal Definition Of Conflict Of Interest</b></p> <p>The RAM definition and understanding of conflict of interest is identical to that of the Global Fund.</p> <p>RAM requires all staff and board members to declare if a current or potential conflict of interest exists and ensure that no undue influence materializes in its operations as a result of this. The Institute Of Chartered Secretaries guide was embraced within RAM's policies during the period. The protocol/procedures within RAM was however not identical to the Global fund at this point of time.</p> <p><b>RAM Management Of Conflict Of Interest in Year 2009</b></p> <p>RAM had a total staff size of 28 staff in the year 2009. Of these staff, only two served as management staff (The Chair and the Project manager whom is field based). Given the size and structure of the organization, the RAM board had in place policy guidelines to manage the potential conflict of interest</p>	<ul style="list-style-type: none"> <li>OIG's response is that it is reasonable to conclude that the senior executive of RAM knew that the company connected with his family would submit an expression of interest and therefore he should not have nominated himself as the addressee for the EOI's.</li> <li>OIG's investigation found that the senior executive of RAM who was the addressee for the EOIs, opened the EOI's received prior to the selection committee meeting.</li> <li>OIG maintains that the senior executive of RAM breached Article 21 of its grant agreement with the Global Fund in that the senior executive participated in the administration of a contract in which his immediate family had a financial interest. The OIG report does not state that the RAM senior executive 'participated in the award process' as claimed by RAM.</li> <li>RAM's procurement manual was not issued until 1 September 2009 thus it post-dates both the expression of interest and the date the RAM Selection Committee met (30 March 2009).</li> </ul>



**Investigation of Global Fund Grants to Papua New Guinea - Rotarians Against Malaria**

		<p>that may occur in implementation.</p> <p>The board and management of RAM acknowledge that conflicts of interest existed in the HR tender award. RAM managed the conflict of interest by ensuring that the chair did not directly influence the determining of the contract award. The chair at the earliest possible occasion declared his connection to the firm and disqualified him from directly participating in the award. The chair further ensured that he did not influence the independence or decision making abilities of the award decision. An independent committee determined the award beneficiary of the contract.</p> <p>Paragraph 1 point 6, paragraph 2 point 7, paragraph 25, paragraph 67, paragraph 26 of the OIG audit report communicates that RAM chair signed the contract of the winning bidder on behalf of RAM, this action thereby interpreted by the OIG audit team as participating in the award process. This technical non-compliance of the Global Fund articles on segregation of functions was in effect as a result of the application of the internal RAM chart of authority and the procurement manuals that required the chairperson approves and signs off for all contracts for amounts above USD 2,500(Kina 5000). This implied that the organization obligated the chairperson to sign off on this payment provided that all necessary documentation supporting the Committee recommendation/Approval (Where the chair did not participate) was in place.</p>	
36 37	12 12	<p>RAM concludes that the OIG audit and investigator during the year 2009 audit review did not examine as to whether it was possible to ensure that the required full technical compliance of the Global Fund Articles within the RAM policy framework, staffing and organizational structure as the PR in the year 2009. The deviation from the expected objective critique of the RAM organization policies and systems during the year GF OIG 2009 audit review to the personal targeting of the chair person is interpreted by RAM as professionally unsound.</p> <p>Furthermore, the OIG audit team during the exercise did not examine as to whether all possible avenues available to ensure integrity of the program and maintain an adequate control framework on conflict of interest had been pursued by RAM, which would have acted as an invaluable guide for the improvement of the internal control systems and framework in the organization.</p> <p>RAM also provides feedback on the following paragraphs contained in the OIG report referencing the purported transgressions on 'conflict of interest'. Paragraph 36 of the OIG report imply on the supposed impropriety as a result of insider knowledge of the RAM chairperson on the internal operations of the winning bidder. As this information is unsubstantiated, RAM interprets these paragraphs as targeted to be demeaning in nature with derisory intent. Paragraph 37 builds further and enforces the</p>	<ul style="list-style-type: none"> <li>• OIG's response is that compliance with Global Fund Articles is not optional. RAM's emotive claim of 'personal targeting of the chair person' lacks credibility and is untrue.</li> <li>• OIG confines its comments to the Investigation Report.</li> <li>• OIG maintains that it is reasonable to conclude that RAMs Senior Executive would have known that XXX (the winning bidder) would submit a bid in response to the EOI. OIG concedes that the last sentence of paragraph 26. 'Furthermore, although there is no suggestion that all EOIs received were not delivered to the RAM selection committee, there is the appearance of impropriety' should be removed from the report. With regard to paragraph 37, this paragraph simply states a fact, evidenced by the minutes of the selection committee.</li> </ul>

**Investigation of Global Fund Grants to Papua New Guinea - Rotarians Against Malaria**

		same tone with non factual opinion used in official OIG audit reports.	
26 40	10 13	<p><b>Interpretation Of The GF Round 8 Phase I Contract Conflict Of Interest</b></p> <p>In paragraph 26 of the audit report , the investigator has referenced the non management of the PR Article 18(procurement) and Article 21(Conflict of interest) by RAM as a basis to conclude on none transparency or competitiveness of the HR tender award. The grant appendix as Article 21 part c of the contract agreement states: Disclosure: If the PR has knowledge or becomes aware of any actual, apparent or potential conflict of interest between the financial interests of any persons affiliated with the PR, any SR, the CCM, the LFA or the Global Fund and the persons duties with the respect to the implementation of the global fund and that persons duties with respect to the implementation of the program...then The PR shall immediately disclose the actual, apparent or potential conflict of interest directly to the Global Fund.</p> <p>The chair person of RAM ensured that the spirit of Article 21 was promoted at all times by not influencing the award decision. However, the technical applications of the articles were not applied at the particular point of time but with RAM ensuring that future improvements made to demonstrate the application.</p> <p>On paragraph 40, reference is made to Article 21 elaborating the Global Fund stance on corruption stating that the PR and persons affiliated with cannot participate in the administration of a contract in which the persons immediate family have a financial interest.</p> <p>The Global Fund definition of corruption is ‘Corruption includes bribery, unlawful gratuity, collusion, favoritism, theft of public funds, unlawful coercion, fraud through the deprivation of honest services (public officials or public money), intentional misappropriation of public funds-It is not Conflict of Interest.( Definition obtained from Anti-Corruption training program on Global Fund Website)</p>	<ul style="list-style-type: none"> <li>• OIG maintains that RAM breached Article 18 and 21 of its grant agreement with the Global Fund.</li> <li>• With regard to Paragraph 40, part of the paragraph is a reproduction of Article 21. OIG’s view is that the actions of RAM’s senior executive were more a conflict of interest. Given that the actual article (Article 21) is referenced in the paragraph, OIG will delete the actual wording of the article in paragraph 21.</li> <li>• OIG strongly disagrees with RAM’s claims that the statement <b><i>‘Minutes for the selection committee regarding the selection of the HR provider were false, in that the minutes stated that the only expression of interest that met the complete range of services that RAM was seeking was that from XXX (The winning bidder) bur the chairman of RAMs selection committee (and senior executive #2 of RAM) admitted that another bidder’s tender by RAM clearly met RAMs requirements’</i></b> is non factual and erroneous. <u>OIG refers RAM to the selection committee minutes (annex 2 of the Investigation Report) and also draws RAM’s attention to a (recorded) interview between OIG and the chairman of RAM’s selection committee that took place on 15 June 2011 during which he stated that contrary to what was recorded in the minutes a rival bidder did provide a good submission that fulfilled the EOI requirements.</u></li> </ul>
7	4	<p>Fraud is an effort of deception made with the intention to achieve personal financial or material gain; in other words, the use of deceit, trickery, or breach of confidence, perpetrated for profit or to gain some unfair or dishonest advantage.</p> <p>Article 21.b (i) on guidance on corruption states “ The PR shall not, and shall ensure that no SR or person affiliated with the PR or SR:</p> <p>(i) Participates in the selection, award or administration of a contract, grant or other benefit or transaction funded by the grant, in which the person, members of the persons immediate family or his or her business partners, or organizations controlled by or substantially involving such a person ,has or have a financial interest.</p> <p>Article 219(c) further provides that in event of a</p>	

**Investigation of Global Fund Grants to Papua New Guinea - Rotarians Against Malaria**

	<p>conflict of interest; The PR shall immediately disclose the actual, apparent or potential conflict of interest directly to the Global Fund.</p> <p>RAM interprets that the OIG audit team of having employed the selective use of different appendixes of the Global Fund Grant Articles when making conclusions contained in the audit report.</p> <p>RAM noted further discrepancy in the report contained in Page 4 point 7 that incorrectly states 'Minutes of the selection committee regarding the selection of the HR provider were false, in that the minutes stated that the only expression of interest that met the complete range of services that RAM was seeking was that from XXX (The winning bidder, but the chairman of RAMS selection committee (And senior executive #2) of RAM admitted that another bidder's tender by RAM clearly met RAMS's requirements. RAM maintains that this ascertains that this representation in the audit report as non factual and erroneous.</p>	
	<p><b>LLIN Procurement</b></p> <p>The RAM institutional structure in the year 2009 was inadequate to accommodate for the complete segregation of duties internally. This was due to having in place systems that required the chair person being a mandatory authorizer of all contracts above \$2500(Kina 5000). The LLIN award was executed by RAM in good faith and due care provided to ensure the maximum benefit to the project was obtained in the tender. The usage of these funds for the intended grant purpose and ensure maximum value was reviewed regularly at both management and board levels. It was noted that a breach of GF due process occurred in the year 2009 due to the structural organizational limitations that existed at that particular point of time. I.e. the staffing numbers, organizational structure and delegated financial authority was such that awards of this size required the direct input of the chairperson.</p> <p>It was noted that the RAM Chairperson during the period received the LLIN manufacturer bids in e-mail submissions copied to Global fund instead of to sealed bids to a tender committee. On realization of the transgression from the defined Global Fund Articles, the chair person did immediately e-mail all WHOPES approved manufacturers to resubmit their bids in sealed form addressed to the tender committee. The award was thereafter determined and awarded according to the information contained in the sealed bids.</p> <p>Continual remedial actions have been taken by RAM to ensure transparency and best practice in its subsequent tender awards.</p> <p>RAM concludes that the Global fund audit team was inconsistent in its interpretation of the Global Fund Articles Of Administration during the review. This is due to selectively interpreting technical non compliance by RAM in the LLIN tender where a clear financial savings was determined as transparent and</p>	<ul style="list-style-type: none"> <li>• It is clear from OIG's Investigation Report that the investigation found that with regard to LLIN Procurement, RAM 'acted in a transparent manner in the best interests of the grant'.</li> </ul>

**Investigation of Global Fund Grants to Papua New Guinea - Rotarians Against Malaria**

		applying a different interpretation in the HR tender award where the OIG team perceived a loss.	
6	3	<p><b>Shareholding Of XXX (the winning bidder)</b></p> <p>The HR Expression of interest by RAM was published in February 2009 and subsequent contract award in March 2009 award. The extract of the company search provided by the OIG investigator communicates that XXX (the winning bidder) had a total share capital of 100 shares as at 24/2/2007. The documents provide communicate that the sole shareholder was J.K.G.</p> <p>Page 3 Paragraph 6, Paragraph 7, Paragraph 25, Paragraph 26, Paragraph 38, Paragraph 41, Paragraphs 67-72 incorrectly state otherwise.</p> <p>The OIG audit erred in the interpretation of the shareholding by assuming that everyone listed as XXX (the winning bidder's) shareholders in prior periods were still shareholders at the expression of interest advertisement and subsequent of contract award.</p> <p>A simple check with the registrar of companies would have provided the required information on the XXX (the winning bidder) shareholding. RAM interprets the intent of screening of pre award and incorporation XXX (the winning bidder) shareholding was for the manipulation of the presentation of the true state of company affairs to users of the audit document.</p>	<ul style="list-style-type: none"> <li>• OIG agrees that the extract of the company search shows that XXX (the winning bidder) had a total share capital of 100 shares as at 25 February 2011 and that Mr J.K.G. had 100 shares allocated to him on 24 February 2007.</li> <li>• OIG's position is that the extract shows that Mr KKK and Mr KKP <i>according to the extract</i> still held one share each as at the date of the extract (25 Feb 2007) and both held these shares at the time of the EOI.</li> <li>• OIG points out that the extract shows as at 25 February 2007, Mrs M.S, Mr G.M.S, Mr M.L.A.S and Mr J.K.G were directors of the company and were directors of the company at the time of the expression of interest. The extract also shows that as at 25 February 2007, Mr. G.M.S was also secretary of the company and was also secretary of the company at the time of the expression of interest.</li> <li>• Paragraph 6 (page 3) makes no mention of company shares, it states 'a company controlled by the family of one of RAM's senior executives'. The fact that three of the senior executive's family were directors with one also being the company secretary is evidence of this fact, despite the transfer of shares on 5 March 2001.</li> <li>• Paragraph 7 states that two of the senior partners of the law firm were shareholders of the winning bidder at the time of this procurement. The extract shows that this is the case as the shares are still (according to the extract) held by Mr KKK and Mr KKP.</li> <li>• Paragraph 7 makes no mention of any other share holdings.</li> <li>• Paragraph 25 is correct in that it states that the senior official of RAM was a shareholder between 199 and 2007 and that at the time of the procurement the senior official's wife and two sons were <i>directors</i> OF the company. The paragraph does not state that they were <i>shareholders</i> as alleged.</li> <li>• Paragraph 26 is correct in that it states that the immediate family of RAM's senior executive had a financial interest in the company. The paragraph does not state that they were shareholders.</li> <li>• OIG concedes that paragraph 38 incorrectly states that the wife and two sons of RAM's senior executive are current shareholders. The paragraph will be amended to read that the wife and two sons of RAM's senior executive are current directors of the company and one of his sons is also the company secretary.</li> <li>• Paragraph 41 is correct in that it states that two partners of a law firm were shareholders of the company that won the bid. The business extract shows that as at 25 February 2011, Mr KKK and Mr KKP still held one share each.</li> <li>• Paragraph 67-72 does not contain any incorrect information. The paragraphs indicate that: the company had family links to RAM's senior executive; the chairman of RAM's selection committee had business links to the winning bidder that were never declared; the winning bidder's principal place of business and business address was a law firm of which the chairman of the RAM selection committee was a senior partner; and two partners of the law firm were current shareholders of the winning bidder according to a current company extract.</li> </ul>
7	3		
25	10		
26	10		
38	13		
41	14		
67-72	22		

## M. Annex 2: Expression of Interest

**Rotary Against Malaria  
Papua New Guinea**

**CALL FOR EXPRESSIONS OF INTEREST (EOI)**

Rotary Against Malaria has been appointed Principal Recipient for a Global Fund Malaria Proposal that will see 100 percent coverage of Long Lasting Insecticide Treated Mosquito Nets throughout Papua New Guinea. Part of this appointment calls for a degree of Capacity Building within Rotary Against Malaria.

As part of the process, we are calling for expressions of interest and brief outline of your intended approach from suitably qualified organizations to provide the following services:

1. Recruitment of Staff for Logistical duties, Accounting Staff, Admin Staff, Drivers and Keyboard Operators. Recruited staff will be the responsibility of the Human Resource company offering the services, this will include salaries, Leave, payment of taxes Workers Compensation Insurance and Nasfund contributions. Rotary Against Malaria will pay once a month to the supplier of these HR Services.
2. Accounting Services. Rotary Against Malaria will need to build capacity in the area of controlling substantial sums of money and so need the services of an accounting firm to provide monthly accounts and to ensure the tracking and acquitting of all Global Fund monies. This would include providing annual accounts ready for audit.
3. Auditing Services. Rotary Against Malaria would need the services of an Auditor to audit the work of the accounting firm.

- Must be a registered body in PNG that can demonstrate financial capability.
- Detailed (1pg) of approach taken for each selected component
- Referees
- Demonstrated track record in similar work in PNG.
- Existing or planned staffing capacity to undertake this activity.

**Contact:**  
Please contact [redacted] Rotary Against Malaria on email [redacted] phone [redacted]

**Please submit EOI by 20 June 2008**

**Addressed to:**  
[redacted] Rotary Against Malaria, PO Box 3686, Boroko, National Capital District or by Fax to [redacted]

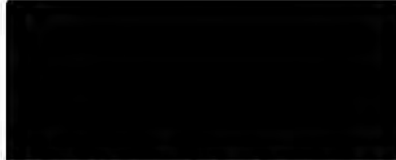
There is no obligation on the part of Rotary Against Malaria to accept any Expression of Interest and reason for non acceptance will not be provided.

## N. Annex 3: RAM Selection Committee Minutes

MINUTES OF A MEETING OF THE ROTARY AGAINST MALARIA COMMITTEE  
HELD ON MONDAY, 30 MARCH 2009 COMMENCING AT 12 NOON AT THE RAM  
OFFICE AT JACKSONS AIRPORT, PORT MORESBY, NATIONAL CAPITAL  
DISTRICT

---

PRESENT :



(1) QUORUM :

The Chairman declared that a quorum was present and thanked everyone for attending. The purpose of the meeting was to go through the expressions of interest that RAM had received in response to the advertisements that it has placed in the newspapers for accounting, audit service and human resource consultancy.

(2) PROCEDURE :

The Chairman tabled a binder which contained expressions of interest from the following companies:

Accounting and audit services

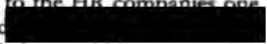
- (1)
- (2)
- (3)
- (4)
- (5)
- (6)
- (7)



Human Resource

- (1)
- (2)
- (3)
- (4)
- (5)



The Chairman passed around a photocopy of each of the applications together with a blank cover page for all members to note their comments on after reading the particular expressions of interest received. The Chairman also commented that with respect to the HR companies one of the companies that had tendered  was owned by his son. Accordingly he would have a conflict of interest and therefore he would not be involved in deciding on the HR company. The members agreed to this approach.

After everyone had read the EOI's [redacted] then suggested that we should begin with the choice of the auditors. [redacted] commented that it would be good to have one of the international accounting firms selected as our auditors. This will no doubt give comfort to both the Global Fund and the Local Fund Agents, that the accounts have been properly audited. [redacted] noted that there are three international accounting and audit firms in PNG, namely:

[redacted]

He noted also that [redacted] and [redacted] had not submitted an expression of interest.

[redacted] reported that the expression of interest from [redacted] was only to provide accounting and fund management services.

It was proposed by [redacted] that we write to [redacted] to see if they are interested in providing the audit services and seek a quotation from them as they were the only one of the three international firms to respond to the advertisement. The members of the committee unanimously agreed to this suggestion.

(3) ACCOUNTING FIRMS:

Following a discussion it was agreed that we select two of the accounting firms as a shortlist, namely [redacted] and [redacted]. We are to write to them to request a firm proposal from these two firms as to what their cost would be in providing accounting services to RAM for the Global Fund Round 8 Grant.

(4) HR COMPANIES :

It was noted that one of the applicants [redacted] was actually seeking a job and not responding to the advertisement. It was also noted that [redacted] were only intending to provide recruiting services to RAM.

The only expression of interest that met with the complete range of services that RAM was seeking was that from [redacted]. [redacted] reported that [redacted] had actually carried out a similar exercise with the [redacted] and had provided the same services as are now needed by RAM. [redacted] and [redacted] actually won a contract through the [redacted] to supply these services to the [redacted]. [redacted] they had provided a very good service. [redacted] therefore recommended we write to [redacted] and [redacted]

invite them to submit a proposal on the cost of their services for this grant. This was agreed to by the members

**IT WAS FURTHER RESOLVED** that [REDACTED] prepare the minutes of the meeting and circulate these to all the members as soon as possible. It was also agreed that we would retain all of the expressions of interest and members comments in a file for the LFA to review if they wish.

(5) **NEXT MEETING** : The meeting finished at 1.30 pm

Confirmed as a true and correct record

.....  
[REDACTED]  
**Chairman**

an9.4.09-Minutes



## O. Annex 4: Current Extract For The Winning Bidder

*Search*  
Current Extract for  
[Redacted]  
as at 25 February, 2011

*File*

### Company Name

Company Number: [Redacted]  
Company Name: [Redacted]  
Previous Name: [Redacted]  
Ended: 29-Jul-1999  
Incorporation Date: 15 April 1999 ✓  
Registration Date: 15 April 1999  
Cessation Date:  
Registration Status: OPERATING  
Incorporation Locn.: PAPUA NEW GUINEA

### Business Locations

#### Principal Place of Business:

Registered Address:  
[Redacted]  
PORT MORESBY  
NATIONAL CAPITAL DISTRICT PAPUA NEW GUINEA

#### Postal Address:

[Redacted]

#### Service Address:

[Redacted]  
PORT MORESBY  
NATIONAL CAPITAL DISTRICT PAPUA NEW GUINEA

### External Management Information

No current External Management persons recorded

### Company Structure

Total Number of Shares Issued: 100  
Class  
ORDINARY

Class	Number Issued and Recorded at IPA
ORDINARY	100

Class	Nationality	Date of Birth
ORDINARY	PAPUA NEW GUINEA	[Redacted]

Class	Number of Shares	Date
ORDINARY	100 (ISSUED)	24 February 2007

Page : 1

Mr. J.K.G

Investigation of Global Fund Grants to Papua New Guinea - Rotarians Against Malaria

	Residential Address [REDACTED]	Postal Address [REDACTED]
	Start Date: 19 May 2009 End Date:	Mr. K.K.K.
	[REDACTED]	Nationality: [REDACTED]
	Class ORDINARY	Number of Shares 1 (ISSUED)
	Residential Address [REDACTED]	Date 15 April 1999
	Start Date: 15 April 1999 End Date:	Postal Address [REDACTED]
Mr. K.K.P.	[REDACTED]	Start Date: 15 April 1999 End Date:
	Class ORDINARY	Number of Shares 1 (ISSUED)
	Residential Address [REDACTED]	Date 15 April 1999
	PAPUA NEW GUINEA Start Date: 15 April 1999 End Date:	Postal Address [REDACTED]
Mr. G.M.S.	[REDACTED]	Start Date: 15 April 1999 End Date:
	Class ORDINARY	Number of Shares 16 (ISSUED)
	ORDINARY	16 (TRANSFERRED) 5 March 2001
	Residential Address [REDACTED]	Date 23 June 1999
	PAPUA NEW GUINEA Start Date: 12 July 1999 End Date:	Nationality: [REDACTED]
	[REDACTED]	Postal Address [REDACTED]
RAM Senior Executive #1	[REDACTED]	Start Date: 12 July 1999 End Date:
	Class ORDINARY	Number of Shares 50 (ISSUED)
	ORDINARY	16 (ISSUED) ✓
	ORDINARY	16 (ISSUED) ✓
	ORDINARY	16 (ISSUED) ✓
	ORDINARY	100 (TRANSFERRED)
	[REDACTED]	Date 23 June 1999
	[REDACTED]	5 March 2001
	[REDACTED]	5 March 2001
	[REDACTED]	5 March 2001

24 February 2007 ✓

Residential Address  
[Redacted]

Postal Address

PAPUA NEW GUINEA  
Start Date: 12 July 1999  
End Date:

Mr. M.L.A.S

Class	Number of Shares
ORDINARY	16 (ISSUED)
ORDINARY	16 (TRANSFERRED)

5 March 2001

Nationality: [Redacted]  
Date: 23 June 1999

Residential Address  
[Redacted]

Postal Address

PAPUA NEW GUINEA  
Start Date: 12 July 1999  
End Date:

Mrs. M.S.

Class	Number of Shares
ORDINARY	16 (ISSUED)
ORDINARY	16 (TRANSFERRED)

5 March 2001

Nationality: [Redacted]  
Date: 23 June 1999

Residential Address  
[Redacted]

Postal Address

PAPUA NEW GUINEA  
Start Date: 12 July 1999  
End Date:

**Top Ten Shareholders**  
No top ten shareholder lists held.

**Charges**  
Company has no current Charges

Mrs. M.S.

**Directors**  
[Redacted] ✓  
Residential Address

Nationality: [Redacted]  
Postal Address

Investigation of Global Fund Grants to Papua New Guinea - Rotarians Against Malaria

[Redacted]

Start Date: 23 June 1999  
End Date:

Mr. G.M.S

[Redacted] ✓  
Residential Address

Nationality: [Redacted]  
Postal Address

[Redacted]

Start Date: 23 June 1999  
End Date:

End Date:

Mr. M.L.A.S

[Redacted] ✓  
Residential Address

Nationality: [Redacted]  
Postal Address

[Redacted]

Start Date: 23 June 1999  
End Date:

End Date:

Mr. J.K.G

[Redacted] ✓  
Residential Address

Nationality: [Redacted]  
Postal Address

[Redacted]

Start Date: 24 February 2007  
End Date:

End Date:

**Secretaries**

Mr. G.M.S

[Redacted] ✓  
Residential Address

Nationality: [Redacted]  
Postal Address

[Redacted]

Start Date: 23 June 1999  
End Date:

End Date:

**Documents on File (20)**

<i>Document Number</i>	<i>Type</i>	<i>Date of Lodgement</i>
00001504769	CNST	26 January 1998
00010407329	RECO.2	26 January 1998
00010407367	RECO.CERT	26 January 1998
00001508824	CO1R	15 April 1999
00001508987	CO2	15 April 1999
00001508949	CO3	15 April 1999
00001508901	CO4	15 April 1999
00001562664	CO5	15 April 1999
00001508862	CO6	15 April 1999
00001615258	CO10	5 July 1999
00001615227	CO20	5 July 1999
00001615265	CO21	5 July 1999
00001820360	CO6R	30 July 1999
00001820322	CO7	30 July 1999
00001855025	CO8	30 July 1999
00008205018	CO22 ✓	11 October 2006 AC
00008204851	SE372	11 October 2006
00011139698	CO13	1 May 2009
00011210092	CO15	19 May 2009
00011210131	CO16	19 May 2009

**The last annual return lodged**

Financial Year Start date: 1 January 2005  
 Financial Year End date: 31 December 2005  
 Annual Meeting date: 30 June 2006  
 Return made up to date: 30 June 2006

**Top 5 Principal Activities**

<b>Principal Activities</b>	<b>Date of Commencement</b>	<b>Sector</b>
CONSULTANCY	10-Apr-2000	

**No of Employees**

<b>Full Time Employees</b>	<b>Part Time Employees</b>
0	0

**Value of Assets and Liabilities**

<b>Total value of Assets of the company as at the date of the last balance date</b>	<b>Total value of the Liabilities of the company as at the last balance date</b>
K 82362.00	K 88660.00

## P. Annex 5: Winning Bidder's Expression Of Interest



March 7, 2009

**The Chair, Rotarians Against Malaria**  
P.O. Box 3686  
Boroko  
NGD 121  
By Hand

Dear Sir,

### **Expression of Interest – Provision of Human Resource Services**

I am writing to you to formally indicate that [REDACTED] would like to be considered as a provider of Human Resource Services to your project.

[REDACTED] are a 100 percent nationally owned company based in Port Moresby with the capacity and experience to provide a HR Solution tailored to fit the needs and requirements of your organisation. The directors of our company have more than 30 years management experience in Papua New Guinea including successfully developing a HR Solution for the National Department of Health's HIV/AIDS TB and Malaria Programme.

We can offer you a complete range of HR Services including:

- HR Strategy Development through to Target Selection and Recruitment: Developing TORs and Job Descriptions, Liaising with Clients with regard to advertising and implementing those in a recruitment programme both Domestically and Internationally
- Payroll, Group Tax, and Superannuation Fund administration and general HR file maintenance
- Employee and Appraisals, Evaluations, and Counseling

A total human resource solution will assist your organisation and programme by making this area well defined and simple. [REDACTED] can compliment your work by relieving the pressure of HR concerns allowing you to concentrate on the core goals of the project. If you would like to discuss this further or would like additional information, please do not hesitate to contact me.

Sincerely,



**Q. Annex 6: Losing Bidder's Expression of Interest**




Date: 6<sup>th</sup> March 2009



Rotary Against Malaria  
P.O. Box 3686, BOROKO  
National Capital District

Dear Sir or Madam.

**Subject: Expression of Interest for Rotary Against Malaria Papua New Guinea Project**

On behalf of   
I would like to submit for your consideration our expression of interest (EoI) for the Rotary Against Malaria Papua New Guinea project that you advertised in The National, Monday, February 9, 2009.

Our EoI is made up of our approach and methodology for the human resource requirements of the project, accounting and auditing services, estimated budget for the overall input, as well as our Certificate of Incorporation from IPA, Referees, sample list of projects that we undertook on behalf of some of our clients in PNG, and proposed staff for the EoI.

I thank you for the opportunity to express our interest to assist the worthy cause that Rotary Against Malaria is leading action on.

Yours sincerely,



## Investigation of Global Fund Grants to Papua New Guinea - Rotarians Against Malaria

- one (1) Project Manager,
- one (1) Procurement Officer (also responsible for coordination of security services),
- three (3) Personnel Assistants,
- one (1) HR Recruitment and Development Coordinator
- two (2) Curriculum/Awareness Material Development,
- one (1) Graphic Artist,
- four (4) Regional Training and Awareness Campaign Coordinators,
- one (1) Network Partner Coordinator
- one (1) Accounting/Auditing Services Coordinator
- one (1) Printer/Photocopier,
- two (2) Drivers

██████████ will provide other logistical and administrative support services from its existing administration as required. ██████████ will maintain close and open channel of communication with Rotary Against Malaria Papua New Guinea for policy and contractual requirements.

Our proposed principal consultant Project Manager for the assignment of Rotary Against Malaria Papua New Guinea is ██████████. Our candidate has a long and extensive thirty (30) years of work experience in public, private, commercial and industrial sector management and administration. The candidate is an accountant by profession, a Certified Practising Accountant with membership of both Australian AMA (Aust.) and CPA (PNG). He is also a certified Tax Agent. He has applied his professional skills and competencies at various levels of management including Executive Officer/Manager and Board Member of some prominent commercial, public and statutory institutions in PNG. Other key attributes that ██████████ can apply in his work include training/tutoring, mentoring, computer programming and networking as part of effective and efficient organizational management and administration. ██████████ has excellent managerial capacity of the highest professional level. ██████████ has just completed a ten (10) months contract with the Star Mountains Limited, a Landowner Company of the traditional landowners of the Ok Tedi Mine.

In summary, ██████████ can:

- Plan, organize, manage and implement program/project activities with minimum supervision.
- He can design, monitor and evaluate programs/projects with high degree of analytical skills
- He possesses high degree of conceptual and practical management leadership skills with effective communication and rapport with client groups.
- Possesses high degree of financial management competency and experience that he combines with overall managerial abilities

Excellent writing skills and ability in work-based electronic programming and practices

██████████ likewise has identified from its database suitable names for some of the positions for the implementation of the Rotary Against Malaria Papua New Guinea project as outlined below.

Our EoI includes our preliminary budget estimates for the implementation of the Rotary Against Malaria Project. We estimated a grand total remuneration only estimates for K1, 018, 325.00. Rotary Against Malaria Papua New Guinea is responsible for operating and other costs including equipment and office supply.



**A. Introduction**

This EoI provides:

- Summary of [redacted] Profile and Credentials including Certificate of Incorporation;
- Personnel for the management of the overall Rotary Against Malaria Papua New Guinea Assignment
- Demonstrated track record in similar work in PNG and referee.
- Proposed Approach and Methodology;
- Existing or planned staffing capacities to undertake this activity.

**B. Capacity of [redacted]**

[redacted] is a Papua New Guinean company providing services in best business practice, consulting, project development & management, financial and human resource management, training services, gender relations and women empowerment and informal employment oriented skills development.

[redacted] is a PNG company offering local expertise and alternative contractual and logistic support services and processes for project development and management in PNG, and is registered with the Investment Promotion Authority of PNG – [redacted] (see attached copy of certificate of incorporation).

[redacted] manages database of qualified Papua New Guinean professionals in various skill areas with varying degrees of experiences in relevant developmental and service areas. We are also part of network of Papua New Guinean developmental organizations from which we can draw our resources in terms of personnel, expertise and other technical requirements.

Though a newly incorporated company, [redacted] through its personnel and consultants has an aggregate of more than fifty (50) years of experiences in similar projects. It has experience in designing, delivering and implementing portfolio of training courses, development projects and consulting contracts from reputable Papua New Guinean firms such as Tanorama Limited, Ok Tedi and donor programs of the Australian Government through AusAID, PATTAF and New Zealand Government, through NZAID. It is also a development agency with PNG roots. These experiences are accumulated through the Papua New Guinean professionals who constitute the core technical expertise of [redacted] who have been instrumental in a range of projects that have been successfully managed and also are currently implementing and that are focussed on assisting and developing people and services in PNG communities.

See sample of projects that [redacted] has undertaken in PNG on behalf of various project sponsors.

**C. Proposed Personnel for Three (3) Services Areas**

We propose to upload and incorporate most of the roles and responsibilities for the implementation of the three (3) service areas into the organizational structure and administrative system of [redacted]. We do this by setting up a specific section within our organization however the administrative location of this operation may be located either at office premises of Rotary Against Malaria or at an independent location. However, the core task of providing monthly accounts, tracking and acquitting of all Global Fund monies would be outsourced to a separate suitable accounting firm. [redacted] will provide specific personnel to coordinate this service area between the accounting firm [redacted] and Rotary Against Malaria Papua New Guinea.

We will appoint and allocate one principal consultant who will have overall management responsibility of the three (3) service areas as follows:

**A. Rotary Against Malaria Project Implementation Unit (PIU)**

- 1 x Project Manager - [redacted]
- 1 x Personal Assistant - [redacted]

- |  |  |   |            |
|--|--|---|------------|
| 1  | x Keyboard Operator/Receptionist                     | - | [REDACTED] |
| 1  | x Procurement/Security Officer                       | - | [REDACTED] |
| 2  | x Drivers  | - | [REDACTED] |
| <b>B. Human Resource Recruitment and Development</b> |  |   |            |
| 1  | x HR Development Coordinator                         | - | [REDACTED] |
| 1  | x Personal Assistant                                 | - | [REDACTED] |
| <b>C. Skills Training Resource Unit</b>              |  |   |            |
| 4  | x Regional Trainers                                  | - | [REDACTED] |
| 1  | x Network Partner Coordinator                        | - | [REDACTED] |
| 2  | x Malaria Curriculum/Awareness Material Dev Officers | - | [REDACTED] |
| 1  | x Personal Assistant                                 | - | [REDACTED] |
| 1  | x Graphic Artist                                     | - | [REDACTED] |
| 1  | x Printer/Photocopier                                | - | [REDACTED] |
| <b>D Finance &amp; Accounting Support Services</b>   |  |   |            |
| 1  | x Accounting Services Coordinator                    | - | [REDACTED] |
- Accounting Services: To be outsourced to Kumul Resources and Financial Management Services
  - Auditor: To be outsourced to Kumul Resources and Financial Management Services

The following provides overview of various roles and responsibilities in the implementation of the Project:

- The principal consultant is the Project Manager and is responsible for the overall management of day-to-day operation of the project, supervision of all inputs ensuring quality assurance and technical requirements under the three (3) service areas. The Project Manager administers the day-to-day operation of the Project through a Project Implementation Unit (PIU)
- There is one Human Resource Development Coordinator who is responsible for the recruitment, skills and capacity development for project personnel and beneficiaries, employment contracts for employees, insurance and benefits.
- We aim to engage four (4) Regional Training and Awareness Campaign Coordinators who will help in assessing existing training materials, improving training materials and conducting training courses for stakeholders at regional levels in PNG.
- Working in collaboration with the four (4) Regional Trainers will be two (2) Curriculum/Awareness Material Development Officers. Their core responsibility is in working with the Trainers and Graphic Artist in writing up curriculums and awareness materials.
- We will employ one Accounting Services Coordinator to provide coordination of inputs, information and actions among contracted Accounting Firm, Rotary Against Malaria Papua New Guinea and [REDACTED] to address key requirements of building capacity of Rotary Against Malaria Papua New Guinea in controlling funds, monthly accounts, tracking and acquitting of all Global Fund monies.
- The position and role of the Auditor will be outsourced also the Kumul Resources Management Services

Malaria Papua New Guinea will be the overall executing agency. Other parties will be sub-contracted on sub-contractual levels with [REDACTED] and governed by stipulations of the Head Contract from Rotary Against Malaria Papua New Guinea.

In order to address and help Rotary Against Malaria Papua New Guinea achieve the overall goal of "100 percent coverage of Long Lasting Insecticide Treated Mosquito Nets throughout Papua New Guinea", [REDACTED] utilizes its partner networks among private sector, non-state actors, and community-based organizations as essential requirement. At this level [REDACTED] ensures there are not only skills and capacities of these partner organizations but essential resources, support systems, sustainable development and engagement framework available to enable them effective at the local/community levels.

The following outlines our methodology and approach to providing inputs into the three (3) service areas:

## **E. Approach**

### **1. Contractual arrangement**

Under a contract from Rotary Against Malaria Papua New Guinea [REDACTED] implements specified administration and management functions necessary to support engagement of the personnel listed above on the implementation of the project on behalf of Rotary Against Malaria Papua New Guinea in the following areas.

Our approach is participatory and interactive. We aim to achieve this by use and application of management and administrative processes and tools some of which include the following:

- Open line of two-way communication between Rotary Against Malaria and [REDACTED]
- Open line of two-way communication between [REDACTED] and sub-contractor(s)
- Regular project management and administration meetings
- Regular consultation and meetings of Project Implementing and Executing Agencies
- Reports on expected outputs and plan of actions
- Need-based workshops and trainings for project personnel at Head Office and provincial, district and local levels
- Networking among partner organizations, stakeholder organizations and target beneficiary target groups
- Communication and participation strategies for Stakeholders, Target Beneficiaries and community groups using tools such as Future Search Conference, Awareness Campaigns and materials

### **2. RESPONSIBILITIES**

#### **2.1 Rotary Against Malaria Papua New Guinea is responsible for**

- Provide contract for [REDACTED] and where applicable sub-contracts for the implementation of the Rotary Against Malaria Papua New Guinea
- Guideline and criteria for outputs of the consultants including timeframes for reporting, quality assurance
- Payment for costs related to travel, accommodation and sustenance for the consultants when and if travel out of employment base
- Any training or induction necessary for the consultant to acquire any new or additional understanding and skills in their responsibilities in relation to the requirements of Rotary Against Malaria Papua New Guinea and partner donor agencies
- Inform [REDACTED] of any changes that may affect [REDACTED] contractual requirements and hence engagement of the consultants on Rotary Against Malaria Papua New Guinea assignment
- Pay [REDACTED] the fees agreed to in the contract entered into by Rotary Against Malaria Papua New Guinea and [REDACTED]

The Project Manager will be in charge of a Project Implementation Unit (PIU) with the following support personnel:

- o One (1) Personnel Assistant
- o One (1) Keyboard Operator/Receptionist
- o one (1) Procurement Officer – also responsible for security services requirements
- o two (2) Drivers

#### **D. Methodology**

██████████ aims to support Rotary Against Malaria Papua New Guinea in this EoI by recruiting and employing suitably qualified and experienced Papua New Guineans from its own database, partner organizations network and where ██████████ lacks other suitable personnel, the open market.

The Project is organized and managed through a Project Implementation Unit (PIU) that is headed by the principal consultant as Project Manager supported by a core team of administrative staff comprising a Personnel Assistant, one Procurement/Security Officer, and two Drivers.

The PIU supports three (3) other components that will implement the other core activities of the Project, namely the Human Resource Recruitment and Development that comprises one (1) HR Development Coordinator with a Personnel Assistant, the Skills Training Resource Unit comprising four (4) Regional Trainers, one (1) Network Partner Coordinator, (2) Malaria Curriculum/Awareness Material Dev Officers, one (1) Personnel Assistant, one (1) Graphic Artist, and one (1) Printer/Photocopier, and the Finance & Accounting Support Services that is manned by one (1) Accounting Services Coordinator.

The PIU is the management function of the project. The HR Recruitment and Development component is responsible for the recruitment, employment, and management of personnel and their employment benefits for the duration of the Project inline with the contractual terms and conditions. The Skills Training Resource Unit is responsible for training of Project personnel and project partner organizations and beneficiaries. This unit is also responsible for the design and development of resource materials including training and target beneficiaries communication and participation materials. The Finance and Accounting Services component is responsible for the coordination and liaison with Kumul Resources and Financial Management Services for the accounting and auditing service areas of the Project.

The Accounting Services and auditing will be outsourced to Kumul Resources and Financial Management Services.

The Project will work with stakeholders that comprise line Government Departments of Health and Community Development, and target partner organizations are made up of Non-Government Organizations (NGOs), Non-State Actors (NSAs), Community-Based Organizations (CBOs), schools and other service institutions. Target beneficiaries of the Project are families, women, children, men, youths, schools and similar public and private institutions.

The Project will have a steering committee that is constituted by all stakeholders including representation of target beneficiaries. The role of the committee is to provide policy control and guidance on the performance of the Project inline with project guidelines and policies.

The administrative arrangement for the Project is undertaken at three (3) levels with Head Contractor/Sub-Contractor being the main contractual arrangement between Rotary Against Malaria Papua New Guinea and ██████████ between ██████████ and individual personnel who are hired and assigned to various roles and responsibilities, and between ██████████ and other partner organizations as stipulated by provisions of the Head contract. ██████████ will fulfill the role of the implementing agency for the project while Rotary Against

2.2. [REDACTED] is responsible for:

- Fulfillment of contractual obligations stated in a contract entered into with Rotary Against Malaria Papua New Guinea especially in relation to expected project outputs, the engagement of the consultants on Rotary Against Malaria Papua New Guinea's assignment, financial performance of the Rotary Against Malaria Papua New Guinea Project, performance of sub-contractor
- Management and administration of the consultants and sub-contractor while on assignment with Rotary Against Malaria Papua New Guinea
- Payment on regular basis wages and salaries due to the consultants and sub-contractor for work provided as per their respective terms of references
- Payment of per diems when and if the consultants travel out of employment base on duty

**3. Joint Administration and Management Responsibilities**

In order to fulfill mutual contractual requirements and maintain adequate control and supervision of the assignment with specific focus on the engagement of the consultant, [REDACTED] and Rotary Against Malaria Papua New Guinea will consider essential the following processes.

- Establishment of a project steering committee and conducting of regular (as set by stakeholders) meeting of the committee to attend issues relating to policies, and the administration and implementation of the project
- Draft and approve terms of references for personnel hired for the implementation of the Project
- Maintenance of open two-way communication between Rotary Against Malaria Papua New Guinea and [REDACTED]
- Regular review meetings at which both Rotary Against Malaria Papua New Guinea and [REDACTED] also attend as members to assess achievement of strategic phases or milestones of the project
- Regular reporting from [REDACTED] as stated in the contract

**F. BUDGET ESTIMATES**

Our budget estimates are inclusive of all other employment benefits such as NASFUND etc and are based on the following number and designations for the implementation of the project:

ID	DESIGNATION	BUDGET ESTIMATES PER ANNUM
1	Project Manager PIU x 1	88,000.00
2	Personal Assistants x 3	49,500 (148,500)
3	Procurement Officer x 1	55,000.00
4	HR Recruitment and Development Coordinator x 1	77,000.00
5	Curriculum/Awareness Material Development x 2	55,000.00 (110,000.00)
6	Graphic Artist x 1	55,000.00
7	Regional Training/Awareness Campaign Coordinators x 4	66,000.00 (264,000.00)
8	Network Partner Coordinator x 1	55,000.00
9	Accounting & Auditing Services Coordinator x 1	55,000.00
10	Printer/Photocopier	49,000.00
11	Driver x 2	19,500.00 (39,000.00)
12	<i>Sub-Total Estimates</i>	<i>885,500.00</i>

13	<i>Management Fees @ 15%</i>	<i>132, 825.00</i>
14	<b>Grand Total Estimates for Remuneration</b>	<b>1, 018, 325.00</b>
15	<i>Budget Notes:</i>	
16	<ul style="list-style-type: none"> <li>▪ <i>Any additional office equipment and supplies are provided by Rotary Against Malaria Papua New Guinea</i></li> </ul>	
17	<ul style="list-style-type: none"> <li>▪ <i>Travel and subsistence costs are managed separately by Rotary Against Malaria Papua New Guinea</i></li> </ul>	
18	<ul style="list-style-type: none"> <li>▪ <i>Other Local Transportation requirements costs are managed separately by Rotary Against Malaria Papua New Guinea</i></li> </ul>	
19	<ul style="list-style-type: none"> <li>▪ <i>These figures are subject to review and adjustment</i></li> </ul>	
20	<ul style="list-style-type: none"> <li>▪ <i>[REDACTED] is responsible for Insurance, Workers Comp</i></li> </ul>	
21	<ul style="list-style-type: none"> <li>▪ <i>[REDACTED] is responsible for transportation of personnel to place of employment</i></li> </ul>	

## ATTACHMENTS

- Demonstrated track record in similar work in PNG.
- Existing or planned staffing capacities to undertake this activity (a page from [REDACTED] Company Profile).
- Referee
- Certificate of Incorporation of [REDACTED] from Investment Promotion Authority of PNG

## EXPERIENCES IN PROJECT DEVELOPMENT AND MANAGEMENT

### 1. PJV/Barrick Land and Resettlement Management Department; Genealogy/Social Mapping Consultation and Engagement; 12<sup>th</sup> September 2007 to 15<sup>th</sup> February 2008

In collaboration with ANU Enterprises through its anthropologist/genealogist and the detailed work plan that is developed provided the consultancy services described below:

- Continued interviewing and recording genealogy data with respect to the first draft of charts and advanced drafts of other Sub-Clan charts, in total representing about 10400SML landowners, approximately 5300 of whom are resident on the SML
  - Assisted with carrying out approximately 200-220 grandparent or descent line analyses which address current uncertainties about people's origin, age, and whether people are dead or alive
  - Reported daily updates of issues to the Field Supervisor in Canberra
  - Carried out regular checks of charts at grandparent line and Sub-clan levels and at an appropriate time agreed between PJV RMU and conduct a final GPL and then Sub-Clan Leader level check and sign off
  - Liaised actively with team members and Resettlement Management Unit staff
  - Documented and coordinates grievances by forwarding all issues to the interim grievance officer (and ensuring the right people concerned are aware)
  - Attended and participated in community meetings as a preparation to social mapping
  - Worked according to the work plan which provided by
  - In collaboration with provided regular input to the Asset Assessment team as to the key genealogy based questions to be asked of households as part of a structured area based survey plan
2. URS Australia Pty Limited; 05<sup>th</sup> to 09<sup>th</sup> November 2007; was contracted to provide and manage Local Technical Assistant for Key Road for Growth Maintenance Project along the Highlands Highway.

#### Intent

Our purpose was to implement the supplementary baseline survey, collation, analysis and interpretation of the results in accordance with the Revised Monitoring and Evaluation Plan (EEC400-ME-PLN-002-Rev.3).

Our method involved communication with project staff, the development of stakeholder survey, and PMV survey assessing baseline conditions.

The final report acted as a supplement to the socio-economic baseline survey report providing a description of conditions and trends for Monitoring and Evaluation purposes

#### Operation

The concept of operation for the baseline survey involved a number of activities, as outlined in the Addendum to Annual plan 2007/08, and Revised Monitoring and Evaluation Plan.

For the field component (i.e. collection of supplementary baseline data) we planned for 2 stages.

Interview with Project team

Fieldwork

#### **Interview with Project Team**

The International Technical Assistant (ITA) has responsibility for collection of data in-country and ensuring that all project staff are aware of their responsibilities in relation to monitoring and evaluation. To this end, they spent a day in Port Moresby meeting with Project Technical Officers, Project Manager, and Project Director, discussing, and explaining the new Monitoring and evaluation plan.

#### **Field Work**

After the ITA met with the Project team in Port Moresby, the team undertake data collection. The team consisted of the ITA, Local Technical Assistant 1 (LTA1), and the Local Technical Assistant 2 (Facilitator). The Survey Group is led by the ITA, and supported by the LTA1 and Facilitator.

The party surveyed a designated section of the HH each day, before regrouping at the end of the day for analysis and combination of data. The following day a further section of the HH is surveyed, moving in a west-east direction (i.e. down the Highlands towards Lae).

The Local Technical Adviser(s) (LTA) is responsible for working with the Monitoring and Evaluation Specialist to:

- Identify and analyse Project stakeholders.
- Identify consultation requirements and appropriate methods.
- Provide input into determining the types of villages that will provide a representative sample for Monitoring and Evaluation purposes.
- Administering stakeholder and PMV surveys along the HH.
- Prepare a field activities report to be included in the Milestone Report.

The LTA(s) was also responsible for:

- Recording stakeholder feedback and assisting with entry into Project database.
- Review project awareness raising and participation activities. Analyse lessons learned and provide recommendations for improvements.
- Undertake communication tasks associated with implementation of the M&E supplementary Base Line Study.

The LTA(s) supported the overall aims and objectives of the project by participating in crosscutting activities including:

- participatory community development
- environmental awareness
- gender equity and development
- monitoring and evaluation
- institutional development, capacity building and training delivery
- contributing input to relevant sections in all project reports

### **3. PJV/Barrick Gold; 12<sup>th</sup> September 2007 to 10<sup>th</sup> January 2008; ██████████ in Community Resettlement and Grievance**

As principal, ██████████ under ██████████ was responsible for ensuring all work standards, consultation outputs, data accuracy and reports meet PJV Resettlement Management Unit (RMU) requirements. In the case where PJV RMU required ██████████ to replace a consultant, a replacement of similar or higher qualifications and experience was provided. ██████████ provided evidence of insurance cover as required by ██████████ as provided by 8 September 2007.



██████████ made available other nominated consultants as requested by the RMU.

Consultants provided work a 16-20 day roster on site and consultants mobilised for their first roster from 12-16 September 2007. ██████████ altered their input schedules as requested by PJV.

There were five (5) consultants who were contracted through ██████████ for this assignment in Porgera.

**4. URS Australia Pty Limited; 21<sup>st</sup> January - 31 August 2007; Community Liaison Coordinator for URS RAP**

Continue on with the URS Australia under a new contract as Community Liaison Coordinator for URS RAP with the following key terms of reference:

- Provided overall management of the communications
- Provided overall management of the community consultation
- Provided overall management of the capacity building teams
- Providing Training Outcomes
- Providing Monitoring Outcomes
- Identifying corrective actions necessary to ensure that performance meets URS and PJV expectations
- Took responsibility for ensuring the delivery of the consultation, communications and capacity building strategic plans

**5. URS Australia Pty Limited; 11<sup>th</sup> to 21<sup>st</sup> September 2008; Local Technical Assistants 1 & 2 for Key Road for Growth Maintenance Project along the Highlands Highway.**

This was a supplementary survey to the one conducted in November 2007 under the same contractual arrangement with URS Australia Ltd and Kellog Root and Brown Ltd.

The party surveyed a designated section of the HH each day, before regrouping at the end of the day for analysis and combination of data. The following day a further section of the HH is surveyed, moving in a west - east direction (i.e. down the Highlands towards Lae).

**6. PJV/Barrick (PNG) Ltd; 12<sup>th</sup> November 2008 to 5<sup>th</sup> December 2008; External Social Assessor; Porgera, EP**

██████████ was contracted under ██████████ by Barrick (PNG) Ltd/PJV to work with officers of the Lands Management and Relocation Division of PJV to execute the assignment with the following terms of reference and deliverables:

- a. Provided and have authorised a methodology for the listing and verification of all of the family groups in the PJV SML and Anawe North LMPs
- b. Worked with informants to provide an accurate and verified listing of all of the families living within the SML and the Anawe North LMP for the purposes of landowners payment for the Landowner Partnership Incentive
- c. Provided a final report consisting of this listing together with each family's sub-clan linkages
- d. Provided community engagement assistance for the Apalaka Permanent Relocation project; and,
- e. Any other duties as requested.

This assignment covers two main different but related programs of PJV:

1. Landowner Partnership Incentive – a newly developed initiative of PJV to assist in the control and mitigation of illegal mining activities with the involvement and support of the SML Landowners.

## Investigation of Global Fund Grants to Papua New Guinea - Rotarians Against Malaria

2. Apalaka Permanent Relocation Project – work with acting Head Lands and Relocation to provide community engagement on the development of the permanent relocation of the designated resettling members of the Apalaka communities.

Deliverables actually produced included:

- Final Report on the Formation and Appointment of processes and mechanisms for participation of SML/LMP LO's in the LPI
- Names, numbers, clans, family groups of members of 8-Clan LPI Committees and Family Heads nominees
- Verified family groups representing 8-Clans residing in designated SML/LMP areas for LPI inputs
- Second Draft Project Documentation of LPI

## STAFF LISTING

██████████ has access to a total of 12 persons who can be available on short notice. These are persons who are doing free-lance consulting work under their own names or are part of the structure of our partner organizations within our network system. These persons are committed to ██████████ through a formal partnership arrangement.

**Managing Director:** This position is currently filled by ██████████ on full time basis.

██████████ has extensive experience in the areas of project development and management, training and workshop facilitation. Most of his work has been done in collaboration with Non-governmental Organizations, PNG Government and statutory authorities. He has participated in several projects of major donors including World Bank, UNDP, AusAID and NZAID. In his role as Project Manager and Procurement Officer with the Asian Development Bank-funded Employment Oriented Skills Development Project he has been directly involved in the management of human and financial resources to meet training outcomes across all regions of PNG. He has also worked as trainer, as gender equity adviser and participated in a range of projects targeted towards social development, environment and development, community communication and participation, performance improvement and organisational development in PNG. He has undertaken an assignment on behalf of the NZAID in which, he assisted in proposing strategies for effective integration of gender equality and women's empowerment at all levels and the learning of lessons about successful approaches to integrating gender equality in village-based development initiatives. Recently he has concluded a 17-month contract from the PJV/Barrick on a major resettlement action program for the traditional landowners of the special mining lease area of the Porgera gold mine site.

**Manager Finance & Administration:** The position is occupied on retainer basis by ██████████ a holder of Bachelor of Accountancy from the Divine Word University. ██████████ is well versed with the administration and management of client-based financial, taxation and accounting services. She has also practical experience and understanding of the type job that is required by the clients as she has worked for a while with the PJV Division of Business Development between 2003 and 2005.

**Manager Capacity Building:** This position is also on retainer basis under an arrangement with partner organization Rural Link, a Papua New Guinean commercial community development organization that is based in Lae. Training and Capacity Building is the specialist area of Rural Link and ██████████ has current partnership arrangement with them for specialist input in this area. Rural Link has four (4) personnel who are earmarked for partnership engagements with FTFMRC.

**Manager Projects/Business Development:** This position is occupied on retainer basis by ██████████ a holder of Bachelor of Technology in communication for development from the University of Technology in Lae.

██████████ has undertaken a number of projects involving research, interviews, data collection and presentation of reports through written and oral presentation in his previous jobs; the most notable of which was his participation in the Baseline Survey and Socio-Economic Study of the Hidden Valley Gold Project (now Harmony Gold) in Morobe Province in 2004. ██████████ has demonstrated excellent analytical and writing skills in producing reports and other submissions, and his general work performance with regards to team work and meeting deadlines is of exceptional standards. ██████████ is computer literate and competent in the use of MS Word, Excel, PowerPoint, email and other MS programs.

**Community Engagement and Participation Specialist:** This position is currently occupied also on retainer basis by [REDACTED] a holder of Bachelor of Technology in communication for development from the University of Technology in Lae.

**Gender Advisory Specialist:** This position is currently occupied also on retainer basis by [REDACTED] who is also a holder of Bachelor of Technology in communication for development from the University of Technology in Lae.

She has just completed an assignment with the Barrick Gold/Freedom Enterprises Ltd in September 2007 as a Community Information and Engagement Consultant in Porgera, Enga Province. She has also undertaken a baseline data base survey under a contract from URS Australia/Kellog Brown Roots/Freedom Enterprises Ltd as a Local Technical Assistant/Facilitator on AusAID-funded Key Road for Growth Maintenance Project during 5<sup>th</sup> to 9<sup>th</sup> Nov 2007. [REDACTED] specialist skills and experiences are in community engagement and participation.

**Auditing and Human Resource Development Management:** [REDACTED] has a partnership arrangement with Kumul Resources Management Services on joint engagements. Both [REDACTED] and [REDACTED] are two key personnel who are normally made available for jobs under [REDACTED]

[REDACTED] is a highly qualified Papua New Guinean citizen who has significant expertise in business management and extensive experience in the areas of financial management and accounting practice which included training and mentoring staff and students. His skills in training are derived mostly from his previous engagement as a Lecturer at the University of Technology in Lae, Morobe Province, PNG. Most of his work has been done in collaboration with business organizations, PNG Government and statutory authorities. He has undertaken several managerial roles and responsibilities in running business operations with purposes of making profits. In his role as Manager of these businesses he has been directly involved in the financial management and accountability of their operations and skills and capacity building of their personnel. In these capacities he has also worked to ensure that proper records systems are designed and set up for proper planning, management and accountability purposes. He is now completing an engagement as Financial Controller with The Corps (PNG) Ltd, Head Office in Port Moresby. [REDACTED] is also a tax agent and a holder of membership of Certified Management Accountant of PNG

[REDACTED] is a certified Tax Agent, and a holder of a University Degree in Bachelor of Arts in Commerce from the University of PNG; and a Graduate Diploma in Financial Management from the University of New England, Australia. He has sound expertise and experience in financial management having undertaken the design, preparation and delivery of financial management courses, training needs analysis and developing a human resource plan for the Department of Finance and Provincial and District Treasuries and Provincial and Local-level governments in nineteen provinces under the Provincial Financial Management Training Program (PFMTP), an AusAID project under the Financial Management Improvement Program (FMIP) a project jointly funded by the Australian and PNG Governments. He is also an Associate Member of the CPA (PNG).

[REDACTED] has more than 23 years of experience in government and private sector financial management:

- Statutory and performance auditing; and financial investigations; financial management; expenditure management and control; public sector audits, inspections and investigations; public finance monitoring and evaluation;
- Diagnostics reviews; strategic and corporate planning, change management and business process consulting;

## Investigation of Global Fund Grants to Papua New Guinea - Rotarians Against Malaria

- Public sector experience in corporatisation, privatisation, and government accounting and public financial management and development and facilitation of training government planning, budgeting, quarterly reviews, procurements and accounting operations and reporting;

He has extensive knowledge of the Public Financial Management and a Papua New Guinean; and has vast experience in liaising and networking with stakeholders and other inputs into programs and related activities.

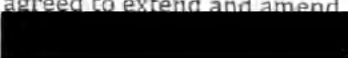

## R. Annex 7: Winning Bidder – Contract Extension

**Date:** 1<sup>st</sup> November 2011




**To:** 

**From:** Rotarians Against Malaria  
P.O. Box 3686, Boroko  
National Capital District

**Reference:** Extension and amendment to the Human Resource Service Agreement dated 1<sup>st</sup> of October 2009

Further to the agreement referenced above it has been agreed to extend and amend the contract between Rotarians Against Malaria and   for the provision of Human Resources.

**Extension:** As a result of Rotarians Against Malaria being granted an extension of the Phase 1 Global Fund Grant and pending execution of the Phase 2 Grant, it has been decided to extent the current service agreement between the two organisations in order to prevent any disruption to the operations of Rotarians Against Malaria. This extension will be for a period of two Calendar Months to the 31<sup>st</sup> of December 2011 unless otherwise advised.

**Amendment:** Further to the meeting dated 1<sup>st</sup> of September 2011   have changed the billing protocol for the Rotarians Against Malaria Programme. Details of these changes can be found in the attached letter from  dated the 6<sup>th</sup> of September 2011.

Signed and Sealed:

