

From: [REDACTED]  
Sent: 05 July 2013 11:04  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: FW: Ekwendeni Hospital Aids Programme (EHAP), Malawi  
Attachments: EHAP\_AA2\_Audited Financials\_YE Jul 31, 2012.pdf

Dear [REDACTED]

Please see email below and attached audit report from the Stephen Lawrence Foundation.

Many thanks,  
[REDACTED]

From: [REDACTED]  
Sent: 04 July 2013 19:01  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: RE: Ekwendeni Hospital Aids Programme (EHAP), Malawi

Hello [REDACTED]

Thank you for getting in touch, although certainly we wish it wasn't under these kind of circumstances. You are correct in that we have worked with Ekwendeni Hospital AIDS Programme in Malawi. We're sorry to hear these issues have come up for your organisation, and appreciate you sharing your experiences.

We're unable to take part in the collective donor action at this time, but we're happy to share the last external audit of the funds the SLF provided to EHAP, which is attached to this email. We'll be in touch with any relevant information as we conduct our review, and welcome you to do the same.

Warm regards,  
[REDACTED]

[REDACTED]  
Director of Programmes

Stephen Lewis Foundation  
260 Spadina Avenue, Suite 501  
Toronto, ON M5T 2E4 Canada  
Ph: [REDACTED]  
Fax: [REDACTED]  
Email: [REDACTED]

The Stephen Lewis Foundation (SLF) works with community-level organizations that are turning the tide of HIV/AIDS in Africa by providing care and support to women, orphans, grandmothers and people living with HIV and AIDS. Visit [www.stephenlewisfoundation.org](http://www.stephenlewisfoundation.org) to learn more.

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From: [REDACTED]  
Sent: July-02-13 7:31 AM  
To: [REDACTED]  
Subject: RE: Ekwendeni Hospital Aids Programme (EHAP), Malawi

Dear [REDACTED]

Please let me know if your organisation wishes to discuss further.

Many thanks,  
[REDACTED]

From: [REDACTED]  
Sent: 21 June 2013 17:40  
To: [REDACTED]  
Subject: RE: Ekwendeni Hospital Aids Programme (EHAP), Malawi

Thank you for this information [REDACTED] – I'll certainly pass it along to our Executive Director and our Director of Programmes. Would you like a phone call from one of them to discuss this?

[REDACTED]  
Executive Assistant to the Executive Director  
Stephen Lewis Foundation  
[REDACTED]

[REDACTED]

From: [REDACTED]  
Sent: 21 June, 2013 12:06 PM  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: Ekwendeni Hospital Aids Programme (EHAP), Malawi  
Importance: High

RESTRICTED – COMMERCIAL IN CONFIDENCE

Dear [REDACTED]

Ekwendeni Hospital Aids Programme (EHAP), Malawi

I am writing to advise you of action being taken in light of a report submitted to the Scottish Government by Waverley Care on 24 May regarding concerns they had about how an award made to them through the Scottish Government's International Development Fund was deployed by Ekwendeni Hospital Aids Programme (EHAP). Today, we have instructed Waverley Care to commission an independent audit to investigate the claim that EHAP may not properly have carried out all the activities for which they received funding from Waverley Care. Given the situation outlined above, we are interested to know if your organisation has any existing recent audit reports regarding work you have funded at Ekwendeni Hospital that you would be willing to share with Waverley Care and ourselves. If not, we would invite you to let us know whether your organisation might wish to be involved in the new independent audit being commissioned now. If so, please contact [REDACTED], the Director of Waverley Care (Director@waverleycare.org) within the next 7 days, copying in myself.

If you have any questions please do not hesitate to contact me.

Regards,  
[REDACTED]

[REDACTED]  
[REDACTED]  
International Development Team  
Scottish Government  
Victoria Quay (3C-N)  
Edinburgh  
EH6 6QQ  
Tel: [REDACTED]

\*\*\*\*\*

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bith air an t-siostam agaibh, leig fios chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh

neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

\*\*\*\*\*

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[REDACTED]

[REDACTED]

Stephen Lewis Foundation  
260 Spadina Avenue, Suite 501  
Toronto, ON M5T 2E4 Canada

Ph: [REDACTED]

Fax: [REDACTED]

Email: [REDACTED]@stephenlewisfoundation.org

The Stephen Lewis Foundation (SLF) supports community-level organizations that are turning the tide of HIV/AIDS in Africa by providing care and support to women, orphans, grandmothers and people living with HIV and AIDS. Visit [www.stephenlewisfoundation.org](http://www.stephenlewisfoundation.org) to learn more.

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**From:** [REDACTED]  
**Sent:** 04 July 2016 17:19  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RE: PIB4

Hi [REDACTED],

Thanks for your email and thanks for the attention you are giving to the reports.

I've had some further communications from my colleague in Pakistan about the investigation so far and the actions they have identified going forward.

Oxfam Pakistan reported the suspected fraud to our Anti Fraud and Corruption team (based in Oxford) who are supporting with the resulting investigation in to the matter. They have so far discovered the following:

- The fraud has resulted in loss of £1,013. This occurred as a result of someone at the partner organisation (BEEJ) altering and exaggerating utility bills in the last three months of the Scottish Government project, between January and March 2016.
- Partner financial reviews and the recently completed audit do not indicate any suspicion of fraudulent activity earlier than this.
- It is not clear at this stage whether this was the partner organisation defrauding Oxfam, or an individual within the partner organisation defrauding them and using this to cover up thefts.
- Oxfam is no longer working with BEEJ (this partner was not included in extension phase of the Scottish Government project anyway, similarly Oxfam's Country Strategy has withdrawn the organisation from working in Baluchistan for the next five years so the partnership would have been terminated anyway).
- The partner does not hold any other Oxfam assets/ assets gained through the Scottish Government project.

**Actions so far:**

- Oxfam Pakistan held a senior staff meeting to identify actions, assign roles and responsibilities and assess risk. (Attended by Country Director, Assistant Country Director, Programme Manager- Food Security, Business Support Manager).
- Country Director issued a letter to the partner informing them of the matter and asking them to conduct their own internal investigation.
- Programme Manager and Business Support Manager visited the partner organisation in Quetta, Baluchistan on 15/16 June to issue the letter in person.
- The partner agreed to investigate and return a report to Oxfam by 28 June, however this deadline was not met.

**Further actions identified:**

- Oxfam Pakistan to follow up with BEEJ to return their investigation report as agreed. A follow up request has already been made to the partner.
- Oxfam Pakistan team to meet (skype) with Oxfam Scotland staff to give further information from partner report when received so the Scottish Government can be updated accordingly.

Please note, Eid is this week so all staff in Pakistan are now off until next week. We will therefore arrange a skype meeting with our colleagues in week starting 11 July and update the Scottish Government accordingly following the meeting.

We'll be back in touch before then to suggest a couple of dates for a meeting though,

Best wishes

[REDACTED]

[REDACTED] |  
Oxfam Scotland | Glasgow | [REDACTED] |  
[www.oxfam.org.uk/scotland](http://www.oxfam.org.uk/scotland) | [twitter.com/oxfamscotland](https://twitter.com/oxfamscotland)

From: [REDACTED]  
To: <[REDACTED]>  
Cc: [REDACTED]  
Date: 04/07/2016 11:24  
Subject: RE: PIB4

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Thanks [REDACTED] I never received this email last week but acknowledge this one.

I am still working through the reports but will definitely get back to you in the next couple of weeks and would like sign off on all projects by the end of July.

Thanks for alerting us to a possible fraud situation, this is very unfortunate news. Please keep us updated on the investigations going forward.

Welcome [REDACTED]! I don't have leave plans until August and around July for a meeting. Let me know which week suits you and we can schedule something in.

Thanks  
[REDACTED]

[REDACTED]

Tel: [REDACTED]



**From:** [REDACTED]  
**Sent:** 04 July 2016 08:14  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Fw: PIB4

Hi [REDACTED],

Please see the email below, sent to you on Friday last week.

I was working from my laptop on Friday, unfortunately it seems that my email account replicate/sync

function is not working as it should be. This meant that several emails sent in the afternoon did not send properly.

Oxfam IT support will be looking in to this today, so apologies if you end up receiving it twice after they have worked their magic!

Kind regards,

[REDACTED]

[REDACTED]

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----- Forwarded by Peppy Sparrow/Marketing/Oxfam on 04/07/2016 08:02 -----

From: [REDACTED]  
To: [REDACTED]  
Cc: [REDACTED]  
Date: 01/07/2016 17:34  
Subject: PIB4

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Dear [REDACTED],

I hope you received the End Year report for the Pakistan project (PIB4) okay. I'd be grateful if you could acknowledge this and clarify the expected time frame for feedback. Our team are now at the end of the first quarter of their 12 month extension phase, so any feedback on the last report would be very welcome and enable them to apply learning to the ongoing project.

As per the report, Oxfam Pakistan conducted an end-of-project audit to verify expenditure and financial management. The audit report was completed this week and has highlighted a possible case of fraud involving one implementing partner (BEEJ in [REDACTED] Baluchistan), as well as a number of other non compliances. Oxfam Pakistan, alongside Oxfam GB's Anti Fraud and Corruption team are now investigating this as a high priority, and we are working with them to clarify the situation, the implications and necessary response.

We will be in touch as soon as we have more information but wanted to bring this to your attention immediately.

I have copied my colleague [REDACTED] here. [REDACTED] joined Oxfam in February 2016 and has been supporting me with Scottish Government work for the last few months. [REDACTED] will be your main point of contact going forward for all communications relating to project PIB4.

It would be great if we could organise a face to face meeting to make proper introductions at some point? I'm sure this could also be useful to discuss and identify ongoing actions relating to the audit report.

Kind regards,

[REDACTED]

[REDACTED]

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**From:** [REDACTED]  
**Sent:** 06 September 2016 16:46  
**To:** [REDACTED]  
**Subject:** RE: PIB4 Update

[REDACTED]

Thanks for your reply

I am content with the clarifications on the logframe and acknowledge that the reports will be received shortly.

Regards  
[REDACTED]

**From:** [REDACTED]  
**Sent:** 05 September 2016 11:13  
**To:** Gemmell A (Aileen)  
**Subject:** RE: PIB4 Update

Dear [REDACTED],

Thanks for your email. Indeed, we are still due to send the documents. Due to the departure of the project coordinator, the project manager had to pick up his work temporarily whilst also recruiting for a new PC. She has requested additional time to submit these documents. I expect to receive them within the next few week and will send an update as soon as I do. Apologies for the delay.

[REDACTED]

Please let me know if you have any further questions on the above.

Kind regards,  
[REDACTED]

[REDACTED]  
Oxfam Scotland | Glasgow | [REDACTED]  
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Or call: 0300 200 1300



From: <[REDACTED]>  
To: [REDACTED]  
Date: 02/09/2016 17:37  
Subject: RE: PIB4 Update

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Now back from leave and still catching up on emails.....

Just to clarify, I believe I'm still waiting on the following:

- project evaluation report
- fraud case report and assurance the project has not been affected.
- answers to a couple of questions I had in the logframe.

Happy to discuss

Thanks  
[REDACTED]

**From:** [REDACTED]  
**Sent:** 16 August 2016 09:45  
**To:** [REDACTED]  
**Subject:** PIB4 Update

Dear [REDACTED],

I hope you are well.

I had promised to send you the evaluation report by early August. I'm told it should be finalised within the next few days. I'll be in touch this week or early next week with a full update on the project.

Kind regards,  
[REDACTED]

[REDACTED]  
Oxfam Scotland | Glasgow | [REDACTED]  
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## **MALAWI FOOD CRISIS EMERGENCY APPEAL**

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Or call: 0300 200 1300



From: <[REDACTED]>  
To: [REDACTED]  
Cc: <[REDACTED]>  
Date: 20/07/2016 10:59  
Subject: RE: Thanks!

---

Thanks [REDACTED]

It was nice to meet you too and a useful discussion. I look forward to working with you on the Pakistan project over the next few months.

Thank you for setting out the latest position regarding the fraud incident and for providing reassuring details of the actions Oxfam has already taken to resolve the matter. The full report would be appreciated in due course.

Regards  
[REDACTED]

**From:** [REDACTED]  
**Sent:** 20 July 2016 09:25  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Thanks!

Dear [REDACTED],

Thanks for coming through to Glasgow yesterday. It was lovely to meet you!

As discussed, we will send through a full report on the fraud incident, what happened and actions taken, as well as a revised financial report. This will include assurance that the project outcomes were not affected.

We expect to receive the evaluation report in early August and will send it to you then. I'll also send responses to your queries on the logframe shortly.

We will keep you updated on any plans we have to visit the project this project year. We liked your suggestion of this having a story gathering/media element with a focus on the changes the project has made to women's lives.

Do also please keep us updated on plans to organise an event to showcase and celebrate SG projects upon their completion.

We look forward to hearing more about the consultation and new rounds of funding.

Kind regards,  
[REDACTED]

[REDACTED]  
Oxfam Scotland | Glasgow |[REDACTED]  
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## **CONFIDENTIAL REPORT: Fraudulent Use of Scottish Government Funds**

Project PIB4 was implemented by Oxfam in Pakistan in partnership with three local civil society organisations from 2013-2016. The End of Year 3 report was submitted to the Scottish Government on time at the end of the project and an audit covering the full project was conducted. The audit report raised a number of inconsistencies in project financial management including a case of fraud by one of Oxfam in Pakistan's field partners, the 'Baluchistan Environmental and Education Journey' (BEEJ). The case of fraud was immediately investigated by Oxfam and action taken to recover the funds. This report provides an account of what happened and how the incident was managed and resolved.

### **The Incident**

Upon investigation, Oxfam in Pakistan were able to confirm the following:

- The incident took place during the final quarter of the Scottish Government project, between January and March 2016.
- The fraud occurred as a result of two finance staff at the partner organisation, BEEJ, altering and exaggerating utility bills.
- These two staff had been longstanding members of the organisation but were about to end their term.
- The fraud resulted in total loss of £1,013.
- Partner financial reviews and the audit report did not indicate any suspicion of fraudulent activity prior to this incident.
- The partner does not hold any Oxfam assets/ assets gained through the Scottish Government project.
- Oxfam had stopped working with BEEJ in March 2016 following a decision to de-prioritise the project area Baluchistan as part of Oxfam's Pakistan Country Strategy and therefore was not included in the project extension.

### **Action Taken**

- Oxfam in Pakistan held a senior staff meeting to identify actions, assign roles and responsibilities and assess risk, attended by the Country Director, Assistant Country Director, Programme Manager- Food Security and Business Support Manager.
- Oxfam in Pakistan sought the advice of Oxfam's Fraud & Corruption Team based in Oxford who supported them throughout the investigation and follow up.
- The Oxfam Scotland team was notified who in turn notified the Scottish Government.
- The Country Director issued a letter to BEEJ informing them of the matter and asking them to conduct their own internal investigation.
- The Programme Manager and Business Support Manager visited the partner organisation in Quetta, Baluchistan on 15 June 2016 to issue the letter in person.
- The partner investigated the incident and submitted an update to Oxfam in Pakistan.
- Oxfam Scotland met with [REDACTED] of the Scottish Government on 19 July 2016 to provide a detailed update on the situation.
- The partner organisation was asked to resubmit their financial report and Oxfam in Pakistan adjusted their overall financial report accordingly.
- Oxfam in Pakistan's senior leadership met in late July to review the incident and capture learning.

### **Outcome**

- The two staff members were dismissed with immediate effect.
- The £1,013 has been recovered and there has been no financial impact on the project. Overall expenditure has not been affected.
- The project results and plans going forward were not affected by this incident.

## **Learning**

- Due to the partner's remote location, Oxfam in Pakistan did not scrutinise BEEJ's finances as closely as it did with other partners. Fortunately the end of project audit did pick up the misconduct.
- Going forward, Oxfam in Pakistan will ensure that quarterly reviews are conducted in person to ensure proper oversight, regardless of logistical challenges.
- Oxfam in Pakistan is developing a process which annually assesses all their partners to ensure they meet the minimum standards and criteria set including around financial management and oversight.

Oxfam felt that the fact that an incident of fraud by a partner organisation was uncovered is testament to the rigorous financial scrutiny by Oxfam in Pakistan. Furthermore, the action taken upon discovering the fraud was prompt, transparent and effective in avoiding any financial loss or other impact on the project.

- END -

**From:** [REDACTED]  
**Sent:** 05 February 2015 17:38  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RE: January financial forecasting TNZ2

[REDACTED],

Thank you again for your email. We are of course fully supportive of the Minister being informed of this case, sadly fraud and corruption exist in all sectors (government, private and voluntary) and Oxfam is not immune to this. It is a great pity when the actions of one or two individuals threaten to affect the reputation of a project that has achieved so much over the last three years and has been largely successful in its objective of supporting the rural poor in Tanzania to secure livelihoods.

Please read my responses to your points below in red. I hope these will provide more detailed information with which to update the Minister.

As always, I'm happy to provide further information wherever possible if required.

Best wishes,

[REDACTED]

[REDACTED]  
Oxfam Scotland | Glasgow | [REDACTED] |  
[www.oxfam.org.uk/scotland](http://www.oxfam.org.uk/scotland) | [twitter.com/oxfamscotland](https://twitter.com/oxfamscotland)



From: [REDACTED]  
To: [REDACTED]  
Cc: <[REDACTED]>  
Date: 04/02/2015 12:59  
Subject: RE: January financial forecasting TNZ2

---

[REDACTED]

Thank you for coming back to me on this. I appreciate that much of the issues surrounding the project pre-date your involvement with it but from my perspective, as

you can imagine this raises a number of immediate concerns which I have outlined below:

**1) Predicted spend** – Your actual spend to date is £258,447 from 1 April to 31 December ( a total of 9 months), yet there is a prediction of a £247,025 spend in the remaining 3 months of the year to get to the total underspend of £68,723 that you have indicated. Whilst I appreciate that the match funding agreements are now in place with District Authorities, **I am concerned that this prediction is overly ambitious**, given the remaining time available on the project.

Oxfam Scotland staff share the Scottish Government's concerns, however we have been repeatedly assured by Oxfam Tanzania staff that the action plans and additional support measures put in place will result in expenditure as outlined in our January financial forecasting to the Scottish Government.

Oxfam Scotland staff will make fortnightly contact with Oxfam Tanzania staff until the end of March 2015 to monitor progress of implementation and expenditure. Oxfam Scotland staff are happy to update the Scottish Government following monitoring calls and will highlight any further concerns as a matter of priority.

Additionally Oxfam has recruited two Partner Monitoring Officers whose main responsibility is to ensure due diligence in partner financial and project management. This will provide an extra 'push' to the partners to complete remaining activities to plan.

**2) Fraud** – Of greater concern, however is the emerging details of a fraud that has affected the project and the fact that Oxfam Scotland remained unaware of this until 26 January. **You should be aware that the Minister has asked to be kept updated** of any instances of fraud that impact on Scottish Government funded projects so he will need to be informed of this latest development and its impact on the project. I would welcome more information on this that I can pass onto the Minister, especially concerning the following:

a) Details of when the fraud first came to light in Tanzania, how it was able to take place and why Oxfam Scotland wasn't informed earlier

Please note, this response also refers to point d) More details of the audit which was conducted that showed the amount of funding that has gone missing

### **When?**

**September 2014** Concerns (following a routine partner review) about slow implementation of some project activities and significant under spending were initially raised to the Country Director by Oxfam Tanzania Programme Manager and Funding Coordinator. Information was also received at this time that some beneficiaries were unhappy with the performance of one of the implementing partners, LBTIC.

**Late September/ early October 2014** A full Programme Monitoring Review was commissioned. The review used a process that involves engaging with partners and beneficiaries as well as Oxfam staff. A financial review was also conducted at this

time. The review was conducted by experienced members of Oxfam staff not directly involved in the delivery of this project (Programme Quality Coordinator, Programme Officer and Finance Officer).

**10 October 2014.** A report from the Programme Monitoring and Financial Review was received by the Country Director. The report revealed implementation challenges, including the longer than anticipated process in obtaining match funding for irrigation schemes. Large budget items for this output contributed to the majority of under spending in Tanga region. However the financial review also revealed a strong possibility that one partner LBTIC had some unsupported transactions in their financial reporting and highlighted a risk of fraud. A Theft and Fraud Response plan was immediately put in place and followed according to Oxfam guidelines. Senior staff members with oversight of Horn, East and Central Africa (HECA) Region were informed at this stage. External auditors ABA Alliance were subsequently employed to conduct a forensic audit.

**7 November 2014** Forensic audit report was received by Oxfam Tanzania Country Director. This report identified 'ineligible, disputed or unsupported accounts' representing £6666.62 of partner grant funds.

A further breakdown of this total revealed that:

- **£2,495.31 were ineligible costs** (costs not planned or authorised by the project)
- **£2,147.24 were disputed amounts of travel expenses and catering given to workshop participants** (declaring more workshop participants attended and inflating the amount of expenses given out/ catering provided)
- **£2,023.67 unsupported costs** (no receipt or other suitable evidence provided)

**17 November 2014** Assistant Oxfam Tanzania Country Director visited the project site and partner organisation. He communicated the findings of the forensic audit to LBTIC and informed them that they would be required to reimburse Oxfam.

**6 December 2014** A formal letter terminating the partnership and contract, and requesting full reimbursement of funds was sent to LBTIC.

**10 December 2014** Oxfam Scotland staff (unaware of the above) emailed the Oxfam Tanzania Country Director to seek her view regarding forecast under spending due to the delay of the South to South learning visit proposed by the project. Following conversations with [REDACTED], Scottish Government, it was felt that more suitable uses for these funds could be proposed. A decision was taken to contact the Country Director directly as we had concerns generally about the under spending on this project and wanted to highlight this to her attention. Oxfam Scotland staff had previously and repeatedly highlighted concerns about slow project implementation and under spending to Oxfam Tanzania Programme Manager.

**18 December 2014.** Oxfam Scotland staff received a message from Oxfam Tanzania Country Director advising that there had been some concerns regarding the Vegetable Value Chain aspect to the project, but these had been resolved with updated project plans in place. She advised that she would update us on her return to Tanzania in January. (Oxfam Tanzania Country Director is a New Zealand

national and returns for an extended annual leave at this time of year to visit family). We assumed this was in relation to the delayed irrigation schemes, our concerns regarding under spending on the project and questions about alternative use of funds originally profiled to the South to South learning visit.

**24 December 2014 – 15 January 2015** [REDACTED], [REDACTED] took annual leave.

**20 January 2015** Oxfam Scotland Project Manager spoke to Oxfam Tanzania Programme Manager on the phone in relation to the Scottish Government January financial forecasting to make sure he was aware of information required by the Government and to discuss expenditure to date figures from the end of December 2014. Oxfam Tanzania Programme Manager advised Oxfam Scotland Project Manager that the Country Director had a 'formal update' regarding part of the project.

**21 January 2015** Oxfam Scotland Project Manager emailed Oxfam Tanzania Country Director to request an update on the project.

**23 January 2015** Oxfam Tanzania Country Director emailed Oxfam Scotland staff to arrange a skype call on 26 January.

**26 January 2015** An email revealing the above sent to Oxfam Scotland staff. Skype call held in the afternoon to discuss this in further detail.

### **How it was able to take place?**

Oxfam works through local partner organisations. The selection of these organisations is based on a range of criteria and informed both by previous experience and consultation with local beneficiaries. Every effort is made at selection stage to ensure that partners are willing and able to work within Oxfam's policies and procedures, including those on transparency, financial management and compliance. Grants from Oxfam are transferred to partners at periodic intervals and partners required to report back on these grants according to Oxfam's accounting standards before the next grant is given out.

Unlike many other organisations, Oxfam reports back to donors (such as the Scottish Government) 'actual expenditure' figures based on audited partner accounts, not just totals of the funds that have left Oxfam's accounts (i.e partner grants given out). This procedure is in itself a measure against fraud and corruption, and highlights any discrepancies in accounting that may indicate a risk of fraud. It also lessens any potential loss as partners receive relatively small amounts in proportion to the overall budget at any one time. Partner accounts are routinely reviewed on a monthly basis to feed in to monthly income and expenditure figures for the whole of the country programme.

In this case, the Programme Monitoring and Financial Review commissioned in September and early October was also triggered by concerns raised by both Oxfam Tanzania staff and beneficiaries of the project.

The breakdown given above shows three ways that the partner may have misappropriated funds:

- Spending on items not authorised by project plans (unnecessary for completion

of project activities)

- Inflating beneficiary numbers and consequently inflating travel expenses amounts and amounts needed to provide catering
- Not providing receipts or other evidence of expenditure for some items

As an extra measure of security, the forensic audit (conducted by external auditors) checked partner accounts back to 12 months previously. No further discrepancies were found in this case.

### **Why was Oxfam Scotland not informed earlier?**

Oxfam Scotland shares the Scottish Government's concern that this incident was not brought to our attention earlier by our colleagues in Tanzania. We consider this a communication breakdown and something that must be addressed immediately. We would like to discuss further with the Scottish Government the possibility of using some of the forecast underspend to cover costs of the Scotland Project Manager to conduct a project visit and facilitate stakeholder meetings to underline expectations of the Scottish Government with regards to communicating any changes to project plans. We believe this could be an important measure to ensure better communications for 2015/16 extension year funding.

Issues we believe may have impacted on the delay in communication:

- **Staff changes in both Tanzania and Scotland.** [REDACTED], the Country Director for Tanzania has been in post since August 2014 following the resignation of [REDACTED] (Country Director and Economic Justice Programme Coordinator- Economic Justice is the thematic programme area in which the Scottish Government project TNZ2 sits). Similarly in Scotland, [REDACTED] (Project Manager/Fundraising Manager) and [REDACTED] (Head of Fundraising) have been in post since July 2014. Previous Scotland Project Manager/ Head of Fundraising [REDACTED] retired in December 2014, but management of the TNZ2 project had been devolved to [REDACTED] in September 2014. These changes should not have had any impact on programme delivery, however in this case it seems that 'new relationships' were at least partly responsible for Oxfam Tanzania staff reluctance to divulge information to Oxfam Scotland staff at the appropriate times. Building trust and managing expectations within any professional relationship takes time, and is further complicated when staff are based remotely from each other and there is a lack of face to face contact.
- **Annual leave.** With hindsight it seems that the timing of Annual Leave taken by both the Oxfam Tanzania Country Director and Oxfam Scotland Project Manager also impacted on the speed of communications between the two teams.
- **HR processes.** Two members of Oxfam Tanzania staff were involved in disciplinary proceedings following the forensic audit. Whilst it was clear that no member of Oxfam staff had been directly involved in financial mismanagement or misappropriation of funds, concerns were raised about various competencies and project management responsibilities. During HR processes it is not considered appropriate for senior staff to communicate findings outside country level or to external colleagues until such a time as these processes have been resolved and any necessary actions taken.

b) An assessment of the impact it has had/ will have on delivery of project outcomes

The main impact has been slow implementation of some project activities (and consequently under spending) in the vegetable growing region due to all further partner grants being suspended pending conclusion of the investigation. Ultimately this investigation led to the termination of the partnership agreement in December 2014. Community relations were also negatively impacted, with beneficiaries suspecting that individuals within the partner organisation were operating for personal gain rather than on behalf of the community.

Action plans developed by Oxfam Tanzania staff and (other) partners will ensure that project outcomes are not further affected. Implementing roles previously carried out by LBTIC will now be implemented by existing partners LukoVeg and HomeVeg, with additional support given by Oxfam Tanzania staff.

These roles include:

- Strengthening producer groups
- Strengthening market associations
- Training vegetable producers on entrepreneurship, HIV and AIDS awareness and women's leadership
- Linking producer groups to input suppliers and financial institutions
- Mapping and linking farmers to potential markets
- Organising stakeholder workshops for Vegetable Value Chain stakeholders

Furthermore, a series of additional stakeholder meetings headed by Oxfam Tanzania Country were held in Tanga region in January. These meetings were primarily to repair damaged community relations, regain the trust of community members, to ensure that the needs of beneficiaries are met by the project and to instil accountability at every level in the new action plan.

### c) The steps that Oxfam are taking to ensure that it won't happen again

Oxfam is satisfied that our Theft and Fraud response guidelines have been followed with due diligence in this case. Procedures were followed ensuring that further funds to LBTIC were suspended during the investigation, this prevented further misappropriation of funds.

Oxfam will cover the loss to the project of £6,666.62 and continue to pursue a legal case seeking full reimbursement of these funds from LBTIC.

Increased oversight and support to the project from Oxfam Tanzania staff (including additional staff drafted from the Pastoralism team usually based in Arusha, north Tanzania) will prevent further negative impact to the project. A risk reduction plan has been developed and features practical measures such as the recruitment of two Partner Monitoring Officers and increased partner monitoring reviews.

We recognise that fraud and corruption exists in every sector and can occur at any level of an organisation. Oxfam has a Counter Fraud Team who provide specialist advice on issues relating to fraud, theft, bribery, money laundering, terrorist support or nepotism. In any case where a risk of fraud has been identified, this team supports staff to conduct investigations and facilitate external investigations to the highest possible standards. Any such incidents are reported and monitored at both country and regional levels.

Whilst we are confident that the extra support and attention instigated by Oxfam will

prevent any further misappropriation of funds on this particular project (and also assist the project complete the majority of planned activities with agreed timescales), it would be naive to think that 'fraud won't happen again' in or involving an Oxfam project. We are however, confident, that as described above, our policies, procedures and financial reporting standards would reveal any discrepancies at the earliest possible opportunity allow Oxfam to recuperate losses wherever possible and minimise negative impact to beneficiaries of our work.

d) More details of the audit which was conducted that showed the amount of funding that has gone missing

Details given above

I would appreciate assurances on the above as soon as possible.

Best wishes

[REDACTED]

**International Development | DG Strategy & External Affairs**

Tel: [REDACTED]

Email: [REDACTED]

Area 3C - N, Victoria Quay

Edinburgh, EH6 6QQ

**From:** [REDACTED]

**Sent:** 30 January 2015 20:10

**To:** [REDACTED]

**Subject:** January financial forecasting TNZ2

Hi [REDACTED],

Attached is our request to carry forward underspend on TNZ2 'Food Security for Tanzania Farmers' for the Scottish Government's guidelines deadline of 31 January. Also attached here is a financial report detailing expenditure to date and also planned expenditure up to the end of March.

As you will see, unexpected events have come to light over the course of the past week. I welcome your feedback on the attached documents and will be happy to discuss further in person if necessary.

Best wishes,

[REDACTED]

[REDACTED]

Oxfam Scotland | Glasgow | [REDACTED]

[www.oxfam.org.uk/scotland](http://www.oxfam.org.uk/scotland) | [twitter.com/oxfamscotland](https://twitter.com/oxfamscotland)

**Scottish International Development Fund  
Request to carry forward underspend**

**'Food security for Tanzanian farmers' (TNZ2)**

I am contacting you directly with this request as per instructions in the Scottish Government guidelines,

*'Please note that Malawi 2012-15 Programme projects and Sub-Saharan Africa Programme projects should simply write in as normal to their Team contact, rather than use this form, given that those projects do not have logframes.'*

The table below shows 'expenditure to date' figures to 31 December 2014. We forecast underspend of £68,723. This amount represents 5.1% of the total budget across three years.

	<b>Total value of SG grant TNZ2 (2012-2015)</b>	<b>Planned expenditure 2014/15</b>	<b>Expenditure to date</b>	<b>Forecast underspend</b>
Project delivery costs (Tanzania)	£1,229,628	£538,810	£228,501	£63,283
Project delivery costs (Scotland)	£15,020	£5,440	£0	£5,440
Administration 7%	£87,125	£29,946	£29,946	£0
<b>GRAND TOTAL</b>	<b>£1,331,773</b>	<b>£574,196</b>	<b>£258,447</b>	<b>£68,723</b>

\*In 'Project delivery costs (Tanzania)' there is a variance of £310,308 between expenditure to end of December 2014 and the total planned expenditure for this financial year 2014/15. The attached budget sheet shows actual expenditure to December 2014 and planned expenditure of £247,025 between 01 January and 31 March 2015.

**Reason for underspend**

On block funded, large grants spanning three years, it is not unusual to have underspend of up to 10% at project end. We therefore do not consider 5.1% underspend on this project to be extraordinary.

There have been several challenges between 2012-2015 to which TNZ2 project has responded to, demonstrating resilience and ability to overcome setbacks. However challenges which have caused delays in project implementation have had a 'knock-on' effect, leading to carrying forward of funds in both years 1 and 2, and subsequently a large annual planned expenditure by year 3.

**Key challenges in 2014/15 leading to revision of budget in last quarter and 5.1% overall underspend**

- **Securing match funding for irrigation schemes.**

Our project uses co-financing to deliver sustainable irrigation initiatives and simultaneous capacity building of local governments. Determining the financial or administrative capacity of co-financing organisations, or indeed their genuine 'buy in' to the project proposal at planning stage is good in principle but harder in practice. Indeed, a key challenge throughout the project has been securing match-funding for irrigation schemes from the local government in Tanzania. Although this has now progressed, it has impacted on staff capacity considerably over this year.

- **Cancellation of South to South learning visit.**

Following discussions with [REDACTED] in November 2014, we have taken on board the Scottish Government's concerns about the value of this activity and cancelled the previously planned 'South-to-South learning visit'. We feel that in the final months of this project, the attention of Oxfam and partner staff should be dedicated solely to achieving other planned project outcomes.

- **Termination of partnership in vegetable growing region.** Slow implementation and significant underspending during 2014/15 led to Oxfam Scotland staff escalating their concerns to the Country Director of Oxfam Tanzania. Consequently a full project monitoring review and financial review was conducted. This revealed ineligible, disputed or unsupported financial reporting on the part of one partner organisation: LBTIC. Accounting for £6,666.22 of a partner grant received by LBTIC did not meet Oxfam's required reporting standards.

Subsequently, LBTIC did not provide adequate explanation of these irregularities and Oxfam Tanzania terminated their contract in December 2014. A forensic audit was commissioned with ABA Alliance auditors and partner accounts investigated back to September 2013. Beyond the aforementioned £6,666.22 no further unsupported transactions have taken place. A Theft and Fraud Response plan was initiated with due diligence according to Oxfam guidelines. Oxfam will continue to pursue a legal case with the partner organisation, requesting either authentic documents to support the accounts, or full reimbursement of funds. Oxfam will cover the loss of £6,666.22, this will be reflected in our final grant claim form.

An action plan has now been created to bring the project back on track in terms of implementation, spending and relationships with key stakeholders. Oxfam staff members, based in nearby Arusha, have offered to provide additional oversight and support in the final months of the project. Existing partners will be supported with increased inputs from Oxfam staff to ensure the work previously undertaken by LBTIC is delivered.

A series of stakeholder meetings (including beneficiaries, local government and partners) will also be led by Oxfam Tanzania Country Director. These meetings will monitor progress and support partners and beneficiaries to adhere to revised expenditure and action plans.

\*Please note Oxfam Scotland was not informed of this situation until 26 January 2015.

Documents have been forwarded to us over the course of this week. The Country Director was reluctant to share the information until a full investigation had taken place and a confident situation of the assessment could be made. We are satisfied that the investigation and following action has been conducted appropriately and according to Oxfam's policy and procedures. However we recognise the need for improvements in internal communication and apologise for any inconvenience caused by this.

- **Oxfam Scotland media visit.**

£15,020 funds over three years on TNZ2 are dedicated to media activities led by Oxfam Scotland. £5,440 of this budget remains in the third year of this project (£3,990 planned expenditure for Year 3 and £1,450 unspent funds from Year 2 carried forward). A media visit was planned for late February-early March 2015, but our preference would now be to conduct this visit in May/ June 2015 to achieve maximum impact for both Oxfam and the Scottish Government.

Delaying the media visit offers many potential benefits. It allows for us to report on a more complete picture of the project, building on previous films and media coverage. There are opportunities to provide a stronger media peg to the climate change story in May/June time, presenting a good public relations opportunity for both grant holder and donor. As 2015 is a

significant year for climate action there will be growing media attention on the international process and on the actions of Governments around to world in tackling climate change and supporting those most disproportionately affected.

Scotland has a good story to tell internationally about climate justice and we feel that demonstrating Scottish Government funded projects supporting those affected by climate change will provide a good media hook at this time.

**How does the grant holder propose to spend the forecast underspend?**

- We request that **£5,440** underspend is re-profiled to a media trip in May/June 2015.
- **£6,666.22** underspend will remain unclaimed by Oxfam Scotland. This will be reflected in our final grant claim form to the Scottish Government.
- We request that **£56,616.78** underspend would be re-profiled to additional irrigation schemes in Shinyanga region. Having worked so hard to engage local authorities as co-financers, project staff members are keen to work with other district councils who are pro-actively suggesting partnerships for irrigation after witnessing the success of the project in other districts.

From: [REDACTED]  
Sent: 24 February 2014 10:49  
To: [REDACTED]  
Cc: [REDACTED]

Subject: Re: Pakistan Audit - Update

Morning [REDACTED]

I'm afraid I have no news. The team in Pakistan say the case is 'on-going' and that the petition reference for arbitration was submitted to the High Court in Islamabad.

The Pakistan team's own preliminary review reiterates that, out of a total amount of £96,933.12 spent by the partner, we are confident that approximately £59,873.23 has been spent directly in accordance with the project activities. The rest of the amount (approximately £37,059.89) is under audit. We can, with limitations, say that, of this amount, only 30 per cent (£1,117.97) may have been misappropriated (if any).

Again, we would reassure you that, ultimately, all the project activities were completed. Oxfam engaged independent consultants to carry out the outstanding media activities and refresher training and established links between the project's community groups and a different existing partner for ongoing support and facilitation of the project activities.

The team in Pakistan are well aware that I await any development!

Best wishes

[REDACTED] | Head of Fundraising in Scotland  
Oxfam GB | Glasgow | [REDACTED]  
[REDACTED]www.oxfam.org.uk/scotland | twitter.com/oxfamscotland

From: [REDACTED]  
To: [REDACTED]  
Cc:  
Date: 12/02/2014 15:32  
Subject: Pakistan Audit - Update

Hi [REDACTED]

I hope you are well!

I just phoned Glasgow and they tell me you are working from Oxford today. I hope it's not too wet where you are?!

I'm just looking to touch base about the Pakistan Audit and find out if you have any further information for us. Your last letter in September updated us in the terms of the legal process but we wondered if you were any further forward in establishing the exact amount that might have gone missing and what you consider the next steps to be.

I look forward to hearing from you.

Best

[REDACTED]

International Development  
Area 3-C (North)  
Victoria Quay, Edinburgh, Eh6 6QQ  
Tel: 0131 244 [REDACTED] (Ext [REDACTED])

\*\*\*\*\*

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Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam

bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo le gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh, leig fios chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

\*\*\*\*\*

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No. 612172.  
Registered office: Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY.  
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\*\*\*\*\*

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\*\*\*\*\*

From: [REDACTED]  
Sent: 12 April 2013 15:12  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: Re: Pakistan Audit

Dear [REDACTED]

Thank you for your email.

I appreciate that this has been difficult for both of us, and thank you for your patience and understanding as we tried to resolve the situation.

I can confirm that none of the partners in our current application is under investigation. Sindh Agricultural and Forestry Workers Coordinating Organisation (SAFWCO) Doaba Foundation Baluchistan Environmental and Education Journey (BEEJ)

And one last thing...Is there a Final Report template for the Pakistan project? On the website, there is only the End of Financial Year Report. I am keen to give the team the format required for their report.

Many thanks [REDACTED]  
Best wishes  
[REDACTED]

[REDACTED] | Fundraising Manager  
Oxfam GB | Glasgow | +44 (0)141 285 [REDACTED] | +44 [REDACTED] | Skype  
[REDACTED].oxfam

[www.oxfam.org.uk/scotland](http://www.oxfam.org.uk/scotland) | [twitter.com/oxfamscotland](https://twitter.com/oxfamscotland)

Waiting is not an option. Act now

From: [REDACTED]  
To: [REDACTED]  
Cc: [REDACTED]

Subject: Pakistan Audit

Dear [REDACTED],

Thank you for your email.

As I indicated when we spoke the other day, and have had confirmed by our Auditor, Scottish Government's position with regard to releasing further funds to support this project in Pakistan remains the same.

We do appreciate your bringing this potential fraud to our attention but, unfortunately, we would still be looking for a detailed audit report which would answer some of the questions we posed in our earlier correspondence before we could proceed in releasing even a proportion of the final grant payment as you propose. I appreciate this will be disappointing news, however it is great to hear that Oxfam have nonetheless managed to complete all of the activities within the project.

On a related note, we are currently assessing applications for the new South Asia funding round and would appreciate your reassurance that the partner named on Oxfam's application is not the one currently being investigated for potential misappropriation of funds?

I look forward to hearing from you and in receiving a copy of the audit once you are in a position to share its contents.

Best

[REDACTED]/Development Officer/International Development  
Team/International Division/Scottish Government/ Victoria Quay/Edinburgh/EH6  
6QQ

Email: [REDACTED]

From: [REDACTED]  
Sent: 10 April 2013 14:38  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: RE: Pakistan Audit

Dear [REDACTED]

Apologies for the last-minuteness of this.

The team have come back with a breakdown of costs.

They've spent 98.4% of the total grant and all activities have been completed.

The contentious partner, whom we are not yet naming as the irregularities are still being investigated, would have received £7,930.73 of the last instalment should everything have been fine. The ongoing partner and Oxfam's costs would have been covered by £18,505.03 of the final instalment. Therefore, as late as this is, we would respectfully request that you consider funding the £18,505.03 to cover legitimate costs.

Once the investigation has been completed and the results known, any misappropriated funds of the Scottish Government would be returned to you.

I apologise again for the lateness of this request. I do appreciate that we are now into the new financial year. But I hope that you have not yet closed the books on the last one.

Best wishes

[REDACTED]

[REDACTED]  
Oxfam Scotland  
4th Floor  
Abbey House  
10 Bothwell Street  
GLASGOW  
G2 6LU

Tel: 0141 285 [REDACTED]  
Cell:+44[REDACTED]  
Skype: [REDACTED]

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From: [REDACTED]  
To: [REDACTED]  
Cc: [REDACTED]  
Date: 21/03/2013 10:45  
Subject: RE: Pakistan Audit

Morning [REDACTED]

Thanks very much for your email. We are all well here in the International Development Team, looking forward to things quietening down to the usual break neck speed!

With regard to the Pakistan grant, I sought advice from our audit department and have been advised that, until we have further information regarding the financial irregularity which was flagged up, we are not in a position to release further funds.

Once we know whether fraud has been committed, the extent, its value, how it happened and most crucially if Scottish Government funds were affected, we will then be in a position to make a decision as to releasing the final payment. The difficulty for us is that all Scottish Government grants need to be paid before the end of the financial year (although we can accrue a payment for a week or so thereafter) so as soon as you are able to share the outcome of the audit with us we can decide how to proceed.

I'm sorry I'm not able to offer any firm assurances at this stage, but if there is anything you wish to talk over then I'd be happy to.

Best wishes,

[REDACTED]  
[REDACTED]/Development Officer/International Development  
Team/International Division/Scottish Government/ Victoria Quay/Edinburgh/EH6  
6QQ Email: [REDACTED] Office: 0131 244 [REDACTED]

From: [REDACTED]  
Sent: 20 March 2013 17:02  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: Fw: Pakistan Audit

Hi [REDACTED]

I trust this finds you well.

I'm sure you have had some week - Malawi announcements, Presidents visiting, Receptions, Dinners...

Have things quietened down to their usual hectic-ness?

While I appreciate you must have been in a bit of a whirl, and I do hate to bother you unnecessarily, I was wondering about any decision on the final grant for Pakistan. This is the very last instalment and I would like to reassure the team that they can complete the project. If you do have any ongoing concerns, then I'd be happy to discuss.

Thank you for your understanding.

Best wishes

[REDACTED]

[REDACTED]  
Oxfam Scotland  
207 Bath Street  
GLASGOW  
G2 4HZ

Tel: [REDACTED]  
Cell: +44 [REDACTED]  
Skype: [REDACTED].oxfam

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<http://oxf.am/ouZ>

----- Forwarded by [REDACTED]/Marketing/Oxfam on 20/03/2013 16:56 -----

From: [REDACTED]  
To: [REDACTED]  
Cc: [REDACTED]  
Date: 13/03/2013 15:16  
Subject: Re: Pakistan Audit

Dear [REDACTED]

The team in Pakistan have come back with responses to your questions regarding the financial irregularities in one of our (now former) partner's accounts.

**1. In the first instance, a reassurance that it is not Scottish Government funds which have been misappropriated.** To be completely transparent, at this point, we are not in a position to confirm to what extent any funds have been misappropriated - or not. The financial reconciliation of their accounts led the team to suspect that there could be some misappropriation of donor funds handled by the partner relating to some of Oxfam's projects. Following our standard Loss Prevention Policy, the situation was immediately reviewed and risks assessed. Based on our review and analysis, we have discontinued our partnership and are conducting a detailed

audit to verify our initial findings. It will only be on completion of that audit that we will be able to confirm misappropriated amounts (if any), and from what source.

**2. That this is an isolated case, which hasn't affected your other partner on the project.** Yes, we can confirm that this is an isolated case, which has not affected other partners on the project.

**3. Some detail as to how much this will impact on the project and what systems have been put in place to minimise disruption.** Please note that there has been no impact on the project activities. The Scottish Government can be assured that most activities have already been completed in the target district. In order to complete the project, Oxfam has engaged independent consultants to carry out the media activities and outstanding refresher training. Furthermore, thanks to Oxfam's extensive network of relationships at the grassroots level, links have been established between the project's community groups and a different existing partner for ongoing support and facilitation of the project activities.

As you will appreciate, this is a very unfortunate situation for the team in Pakistan and the people with whom they work. We will, of course, inform you of the outcome of the investigation immediately upon its completion. Please let me know if you have any other concerns at present.

Many thanks for your patience and understanding in this matter.

Best wishes  
[REDACTED]

[REDACTED]  
Oxfam Scotland  
207 Bath Street  
GLASGOW  
G2 4HZ

Tel: 0141 285 [REDACTED]  
Cell: [REDACTED]  
Skype: [REDACTED]

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<http://oxf.am/ouZ>

From: [REDACTED]  
To: [REDACTED]  
Cc: [REDACTED]  
Date: 11/03/2013 14:04  
Subject: Pakistan Audit

Dear [REDACTED],

Thank you for your email and for bringing this to our attention.

Obviously we must take all cases of suspected fraud very seriously and I understand that you are in a difficult position as well. I just wanted to set out our position in the hope that we can gain a couple of assurances which will allow us to proceed with making the remaining payment which is due this financial year.

1. In the first instance, a reassurance that it is not Scottish Government funds which have been misappropriated.
2. That this is an isolated case, which hasn't affected your other partner on the project.
3. Some detail as to how much this will impact on the project and what systems have been put in place to minimise disruption.

If you have any questions please let me know.

Best wishes,

[REDACTED]  
[REDACTED]/Development Officer/International Development  
Team/International Division/Scottish Government/ Victoria Quay/Edinburgh/EH6  
6QQ  
Email: [REDACTED]  
Office: [REDACTED]

From: [REDACTED]  
Sent: 04 March 2013 16:53  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: [REDACTED]

Hi [REDACTED]

We've received the instalment for [REDACTED] so thank you very much!

The audit investigation is in process in Pakistan and it is expected to be completed by the end of March. I am assured it will be a thorough check and I will share the report with you as soon as I have it.

Please be assured that Oxfam is taking the situation with the utmost seriousness.

The project is continuing and you will receive the end of year report in good time.

Many thanks for your patience.

Best wishes

[REDACTED]

[REDACTED]  
Oxfam Scotland  
207 Bath Street  
GLASGOW  
G2 4HZ

Tel: [REDACTED]  
Cell: +44 [REDACTED]  
Skype: [REDACTED]

Waiting is not an option. Act now  
<http://oxf.am/ouZ>

----- Forwarded by [REDACTED/Marketing/Oxfam on 04/03/2013 16:46 -----

From: [REDACTED/Marketing/Oxfam  
To: C[REDACTED]@scotland.gsi.gov.uk  
Cc: [REDACTED]@scotland.gsi.gov.uk,  
[REDACTED]/Marketing/Oxfam@Oxfam  
Date: 22/02/2013 14:41  
Subject: [REDACTED]

Hi [REDACTED]

[REDACTED] and I've attached the Feedback on Pakistan.

I've also just now emailed a request to the Pakistan team for an update on where we are regarding their investigation.

As soon as I hear back from them, I'll be back in touch.

Do, please, let me know if there are any other issues.

Best wishes  
[REDACTED]

[REDACTED]

Oxfam Scotland  
207 Bath Street  
GLASGOW  
G2 4HZ

Tel: [REDACTED]  
Cell: +44 [REDACTED]  
Skype: [REDACTED]

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<http://oxf.am/ouZ>

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\*\*\*\*\*

From: [REDACTED]  
Sent: 28 January 2014 12:04  
To: [REDACTED]  
Subject: FW: Pakistan Audit  
Attachment: PDF

[REDACTED]  
International Development  
Area 3-C (North)  
Victoria Quay, Edinburgh, Eh6 6QQ  
Tel: 0131 244 [REDACTED] (Ext [REDACTED])

From: [REDACTED]  
Sent: 15 May 2013 14:52  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: Re: Pakistan Audit

Dear [REDACTED]

Thank you for your email.  
As discussed, I've been in touch with our team in Pakistan.

I've attached a letter explaining the delay and the current position.  
I believe that this is a very local matter, being handled appropriately.  
However, just in case, we have prepared answers to your questions in red below.

And of course please don't hesitate to come back to me if you have any further questions.

Thank you for your continuing understanding!

Best wishes  
[REDACTED]

[REDACTED] Fundraising Manager  
Oxfam GB | Glasgow | +44 (0)141 285 [REDACTED] | +44 [REDACTED] | Skype  
[REDACTED]

[www.oxfam.org.uk/scotland](http://www.oxfam.org.uk/scotland) | [twitter.com/oxfamscotland](https://twitter.com/oxfamscotland)

Waiting is not an option. Act now

From: [REDACTED]  
To: [REDACTED]  
Cc: [REDACTED]  
Date: 13/05/2013 12:13  
Subject: Pakistan Audit

Dear [REDACTED]

We've now had confirmation that the Minister will be announcing the successful projects through the 2013 South Asia Development Fund at the NIDOS event on Friday. In light of this and following on from our conversation this morning, our Comms team are anxious that we have some "lines to take" just in case the question of fraud is raised. It is with this in mind that we are looking to have some further information on the misappropriation of funds from Oxfam's "Empowerment of poor farmers in Sindh and South Punjab of Pakistan" project.

Whilst I appreciate your chasing this up with the Auditors in Pakistan, the Minister is especially keen that we have as much detail as possible around these allegations and it is for this reason that we are asking that Oxfam try to address the questions below, as far as you are able and in the absence of the formal report:

\* **How much money was given to the partner from SG funds over the course of the 3 year project?** The partner was disbursed £102,146 over the course of the three-year project.

\* **What is the maximum amount of money which could have been taken?** Out of a total amount of £96,933.12 spent by the partner; we are confident that approximately £59,873.23 has been spent properly, which is related to the direct project activities. The rest of the amount (approximately £37,059.89) is under audit right now (HR and communications costs). At the moment, we can say, with limitations, that, of this amount, only 30 per cent might have been misappropriated (if any). Since the investigative audit is in process - this information is based on the Oxfam Pakistan team's own preliminary review.

\* **What has been the impact on the outcome of the project?** Please note that there has been no impact on the project activities. The Scottish Government can be assured that most activities have already been completed in the target district. In order to complete the project, Oxfam has engaged independent consultants and existing partners in the target area to carry out the media activities and other outstanding activities. Furthermore, thanks to Oxfam's extensive network of relationships at the grassroots level, links have been established between the project's community groups and a different existing partner for ongoing support and facilitation of the project activities.

\* **Beyond not working with this particular partner again, what steps does Oxfam intend to take to tighten up the monitoring of their finances?** When any Oxfam finance team suspects that there could be some misappropriation of donor funds, they immediately instigate the standard Loss Prevention Policy, reviewing the situation and assess any and all risks. We conduct a detailed audit to verify the initial findings and may, depending on the situation, discontinue the partnership.

\* **An assurance that any missing monies will be covered by Oxfam.**

The audit was planned to be completed by end of March 2013 but, due to non-cooperation by the ex-partner, the audit has not yet been completed. We have served a legal notice to the ex-partner through our lawyer for instigating cooperation with the auditors. We have also made it clear in the notice that if they do not co-operate Oxfam GB will have to go into litigation to recover any missing monies.

Anything you can provide on the above points by the end of the day would be greatly appreciated.

Best

[REDACTED]

[REDACTED]/Development Officer/International Development Team/International Division/Scottish Government/ Victoria Quay/Edinburgh/EH6 6QQ

Email: [REDACTED]

Office: [REDACTED]

\*\*\*\*\*

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Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo le gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh, leig fios chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

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Oxfam GB is a member of Oxfam International and a company limited by guarantee registered in England  
No. 612172.  
Registered office: Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY.  
A registered charity in England and Wales (no 202918) and Scotland (SC 039042)

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From: [REDACTED]  
Sent: 21 March 2013 10:45  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: RE: Pakistan Audit

Morning [REDACTED]

Thanks very much for your email. We are all well here in the International Development Team, looking forward to things quietening down to the usual break neck speed!

With regard to the Pakistan grant, I sought advice from our audit department and have been advised that, until we have further information regarding the financial irregularity which was flagged up, we are not in a position to release further funds.

Once we know whether fraud has been committed, the extent, its value, how it happened and most crucially if Scottish Government funds were affected, we will then be in a position to make a decision as to releasing the final payment. The difficulty for us is that all Scottish Government grants need to be paid before the end of the financial year (although we can accrue a payment for a week or so thereafter) so as soon as you are able to share the outcome of the audit with us we can decide how to proceed.

I'm sorry I'm not able to offer any firm assurances at this stage, but if there is anything you wish to talk over then I'd be happy to.

Best wishes,

[REDACTED]  
[REDACTED]/Development Officer/International Development  
Team/International Division/Scottish Government/ Victoria Quay/Edinburgh/EH6  
6QQ  
Email: [REDACTED]  
Office: [REDACTED]

From: [REDACTED]  
Sent: 20 March 2013 17:02  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: Fw: Pakistan Audit

Hi [REDACTED]

I trust this finds you well.

I'm sure you have had some week - Malawi announcements, Presidents visiting, Receptions, Dinners...

Have things quietened down to their usual hectic-ness?

While I appreciate you must have been in a bit of a whirl, and I do hate to bother you unnecessarily, I was wondering about any decision on the final grant for Pakistan. This is the very last instalment and I would like to reassure the team that they can complete the project. If you do have any ongoing concerns, then I'd be happy to discuss.

Thank you for your understanding.

Best wishes

[REDACTED]

[REDACTED]  
Oxfam Scotland  
207 Bath Street  
GLASGOW  
G2 4HZ

Tel: [REDACTED]  
Cell: +44 [REDACTED]  
Skype: [REDACTED]

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<http://oxf.am/ouZ>

----- Forwarded by [REDACTED]/Marketing/Oxfam on 20/03/2013 16:56 -----

From: [REDACTED]  
To: [REDACTED]  
Cc: [REDACTED]  
Date: 13/03/2013 15:16  
Subject: Re: Pakistan Audit

Dear [REDACTED]

The team in Pakistan have come back with responses to your questions regarding the financial irregularities in one of our (now former) partner's accounts.

**1. In the first instance, a reassurance that it is not Scottish Government funds which have been misappropriated.** To be completely transparent, at this point, we are not in a position to confirm to what extent any funds have been misappropriated - or not. The financial reconciliation of their accounts led the team to suspect that there could be some misappropriation of donor funds handled by the partner relating to some of Oxfam's projects. Following our standard Loss Prevention Policy, the

situation was immediately reviewed and risks assessed. Based on our review and analysis, we have discontinued our partnership and are conducting a detailed audit to verify our initial findings. It will only be on completion of that audit that we will be able to confirm misappropriated amounts (if any), and from what source.

**2. That this is an isolated case, which hasn't affected your other partner on the project.** Yes, we can confirm that this is an isolated case, which has not affected other partners on the project.

**3. Some detail as to how much this will impact on the project and what systems have been put in place to minimise disruption.** Please note that there has been no impact on the project activities. The Scottish Government can be assured that most activities have already been completed in the target district. In order to complete the project, Oxfam has engaged independent consultants to carry out the media activities and outstanding refresher training. Furthermore, thanks to Oxfam's extensive network of relationships at the grassroots level, links have been established between the project's community groups and a different existing partner for ongoing support and facilitation of the project activities.

As you will appreciate, this is a very unfortunate situation for the team in Pakistan and the people with whom they work. We will, of course, inform you of the outcome of the investigation immediately upon its completion. Please let me know if you have any other concerns at present.

Many thanks for your patience and understanding in this matter.

Best wishes  
[REDACTED]

[REDACTED]  
Oxfam Scotland  
207 Bath Street  
GLASGOW  
G2 4HZ

Tel: [REDACTED]  
Cell: +44 [REDACTED]  
Skype: [REDACTED]

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<http://oxf.am/ouZ>

From: [REDACTED]  
To: [REDACTED]  
Cc: [REDACTED]  
Date: 11/03/2013 14:04  
Subject: Pakistan Audit

Dear [REDACTED]

Thank you for your email and for bringing this to our attention.

Obviously we must take all cases of suspected fraud very seriously and I understand that you are in a difficult position as well. I just wanted to set out our position in the hope that we can gain a couple of assurances which will allow us to proceed with making the remaining payment which is due this financial year.

1. In the first instance, a reassurance that it is not Scottish Government funds which have been misappropriated.
2. That this is an isolated case, which hasn't affected your other partner on the project.
3. Some detail as to how much this will impact on the project and what systems have been put in place to minimise disruption.

If you have any questions please let me know.

Best wishes,

[REDACTED]  
[REDACTED]/Development Officer/International Development  
Team/International Division/Scottish Government/ Victoria Quay/Edinburgh/EH6  
6QQ  
Email: [REDACTED]@scotland.gsi.gov.uk  
Office: [REDACTED]

From: [REDACTED]  
Sent: 04 March 2013 16:53  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: [REDACTED]

Hi [REDACTED]

We've received the instalment for [REDACTED] so thank you very much!

The audit investigation is in process in Pakistan and it is expected to be completed by the end of March. I am assured it will be a thorough check and I will share the report with you as soon as I have it.

Please be assured that Oxfam is taking the situation with the utmost seriousness.

The project is continuing and you will receive the end of year report in good time.

Many thanks for your patience.

Best wishes

[REDACTED]

[REDACTED]  
Oxfam Scotland  
207 Bath Street  
GLASGOW  
G2 4HZ

Tel: [REDACTED]

Cell: [REDACTED]

Skype: [REDACTED]

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From: [REDACTED]  
Sent: 15 March 2013 12:37  
To: [REDACTED]  
Cc: [REDACTED]

Subject: RE: Pakistan Audit

[REDACTED]

Thanks for seeing me this morning. My initial thoughts are that SG should wait for the Oxfam auditors to report on this potential fraud as the information they have provided so far does not give sufficient assurance that SG funds have been protected or not.

I realise the end of year budget and the payment schedule is at stake but we should protect any SG funds from being misused. We do not know the depth and extent of such irregular activity so paying out more funds would seem inappropriate at present.

We might be in a position whereby Oxfam has to repay funds. They are the agents in the offer letter of SG funds and must account for their use against specific outcomes and any impact on these as a result of this irregular activity has to be accounted for before any final payment. We discussed paying Oxfam the funds for the sake of the budget and then for them to hold onto it, however, this places budgetary considerations above safeguarding the SG accounts and the Permanent Secretary as Accountable Officer. In other words, if it was your money, would you pay it?

Having said that, Oxfam appear to be on the case and obviously have robust responses in place. They contacted you directly with a letter instead of within a report (as per Opportunity International), which is gratifying. The auditors will see whether it is fraud, its extent, its value, how it was perpetrated, and how the governance, risk and control framework worked; either how it can be improved, or indeed has worked in the first place to spot this irregularity.

As this is the second irregularity with which we have dealt, it should be reported up the line to DD level again and for consideration how to deal with such a risk and for it to form part of the certificate of assurance perhaps which DDs and Directors provide upwards for Governance statements to the accounts. Of course this does not mean this case goes right up the line but at least the DD will be aware of the risks emerging and will monitor as necessary.

If SG funds have been impacted directly from this activity then SG Fraud Response should be informed. Unlike the previous Opportunity International project, this appears to be more direct funding but I may have misunderstood.

I hope this helps and feel free to contact me further with any developments.

[REDACTED]  
Internal Audit Division

From: [REDACTED]  
Sent: 14 March 2013 14:22  
To: [REDACTED]  
Cc: [REDACTED]

Subject: FW: Pakistan Audit

Dear [REDACTED],

I have been advised by my colleague [REDACTED] to contact you regarding an issue we are having with one of the projects that we fund in Pakistan.

[REDACTED] had reason to seek your advice recently in relation to a misappropriation of funds by [REDACTED] in India. Based on your advice at the time he was able to gain the necessary assurances from Opportunity that enabled the funding to continue.

We have now been alerted to a new fraud incident involving the partner organisation of the SG funded Oxfam project in Pakistan, which is due to come to an end in the next couple of months. We have written to them to seek reassurances but as you can see from the email below, unfortunately Oxfam have not been able to respond on all the points that we raised as they are awaiting the outcome of an audit which won't be complete until the end of March. We have not released any further payments since being alerted to this potential fraud. We have one outstanding payment of £26,435.50 to be made by the end of the financial year and I would be most grateful for your advice as to how we should proceed.

We would be happy to have a meeting to discuss this further if that would be helpful.

Kind regards,

[REDACTED]

[REDACTED]/Development Officer/International Development  
Team/International Division/Scottish Government/ Victoria Quay/Edinburgh/EH6  
6QQ  
Email: [REDACTED]  
Office: [REDACTED]

From: [REDACTED]  
Sent: 13 March 2013 15:17  
To: [REDACTED]  
Cc: [REDACTED]

Subject: Re: Pakistan Audit

Dear [REDACTED]

The team in Pakistan have come back with responses to your questions regarding the financial irregularities in one of our (now former) partner's accounts.

**1. In the first instance, a reassurance that it is not Scottish Government funds which have been misappropriated.** To be completely transparent, at this point, we are not in a position to confirm to what extent any funds have been misappropriated - or not. The financial reconciliation of their accounts led the team to suspect that there could be some misappropriation of donor funds handled by the partner relating to some of Oxfam's projects. Following our standard Loss Prevention Policy, the situation was immediately reviewed and risks assessed. Based on our review and analysis, we have discontinued our partnership and are conducting a detailed audit to verify our initial findings. It will only be on completion of that audit that we will be able to confirm misappropriated amounts (if any), and from what source.

**2. That this is an isolated case, which hasn't affected your other partner on the project.** Yes, we can confirm that this is an isolated case, which has not affected other partners on the project.

**3. Some detail as to how much this will impact on the project and what systems have been put in place to minimise disruption.** Please note that there has been no impact on the project activities. The Scottish Government can be assured that most activities have already been completed in the target district. In order to complete the project, Oxfam has engaged independent consultants to carry out the media activities and outstanding refresher training. Furthermore, thanks to Oxfam's extensive network of relationships at the grassroots level, links have been established between the project's community groups and a different existing partner for ongoing support and facilitation of the project activities.

As you will appreciate, this is a very unfortunate situation for the team in Pakistan and the people with whom they work. We will, of course, inform you of the outcome of the investigation immediately upon its completion. Please let me know if you have any other concerns at present.

Many thanks for your patience and understanding in this matter.

Best wishes  
[REDACTED]

[REDACTED]  
Oxfam Scotland

207 Bath Street  
GLASGOW  
G2 4HZ

Tel: 0141 285 [REDACTED]  
Cell: +44 [REDACTED]  
Skype: [REDACTED]

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<http://oxf.am/ouZ>

From: [REDACTED]  
To: [REDACTED]  
Cc: [REDACTED]  
Date: 11/03/2013 14:04  
Subject: Pakistan Audit

Dear [REDACTED]

Thank you for your email and for bringing this to our attention.

Obviously we must take all cases of suspected fraud very seriously and I understand that you are in a difficult position as well. I just wanted to set out our position in the hope that we can gain a couple of assurances which will allow us to proceed with making the remaining payment which is due this financial year.

1. In the first instance, a reassurance that it is not Scottish Government funds which have been misappropriated.
2. That this is an isolated case, which hasn't affected your other partner on the project.
3. Some detail as to how much this will impact on the project and what systems have been put in place to minimise disruption.

If you have any questions please let me know.

Best wishes,

[REDACTED]  
[REDACTED]/Development Officer/International Development  
Team/International Division/Scottish Government/ Victoria Quay/Edinburgh/EH6  
6QQ  
Email: [REDACTED]  
Office: 0131 244 [REDACTED]

From: [REDACTED]  
Sent: 04 March 2013 16:53  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: [REDACTED]

Hi [REDACTED]

We've received the instalment for [REDACTED] so thank you very much!

The audit investigation is in process in Pakistan and it is expected to be completed by the end of March. I am assured it will be a thorough check and I will share the report with you as soon as I have it.

Please be assured that Oxfam is taking the situation with the utmost seriousness.

The project is continuing and you will receive the end of year report in good time.

Many thanks for your patience.

Best wishes

[REDACTED]

[REDACTED]  
Oxfam Scotland  
207 Bath Street  
GLASGOW  
G2 4HZ

Tel: 0141 285 [REDACTED]  
Cell: +44 [REDACTED]  
Skype: [REDACTED]

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