

Fraud Mitigation Through Separation of Duties and Key Process Checks in A Performance –Based Financing System: Ex-Ante and Ex-Post Verification

Shamsuddeen Sa'ad^{1,2*}, *Abdulkarim I. Dahiru*², *Hassan Adamu*², *Ogedengbe Babatunde*²,
*Danjuma Oyinaka*²

National Primary Health Care development Agency, Abuja – Nigeria¹

Oxford Policy Management, Abuja – Nigeria²

Abstract

Performance-based financing (PBF) involves incentivizing health providers based on their performance to meet targets or undertake specific actions. Effecting the transfer of these performance incentives requires series of verifications aimed at contributing to the reliability of the data and the subsequent performance payments. In any PBF setting, verification could either be before (ex-ante) or after performance payments (ex-post). In either case, sanction will be applied if fraud is established. Fraud could also be intentional or unintentional. This paper highlights possible fraud in Nigeria's PBF system and measures to mitigate them. An important measure identified is the separation of function and a good quality ex-ante and ex-post verification. One area of fraud that is overlooked is not in the area of production but in the utilization of funds. Often a times, unexplained ambiguous expenses are seen in the health facilities financial books. This paper makes a policy recommendation that in addition to replacing the facility manager and withdrawing the facilities purchase contract there should be an established independent financial audit team whose function is to audit the financial record books of the health facilities and hiring of a legal practitioner for the program.