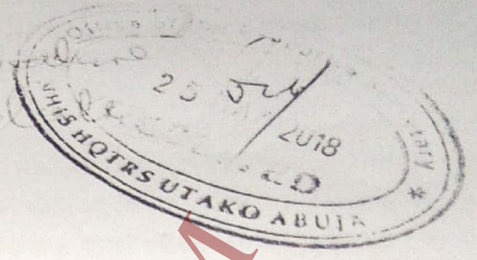


Original Collected by me

Name  
Designation

Signature



To: Executive Secretary/CEO (NHIS)

From: Chairman, Governing Council. (NHIS)

Date: 25<sup>th</sup> May, 2018

Re: MEMORANDUM ON THE URGENT NEED FOR NATIONAL HEALTH INSURANCE SCHEME TO INVEST ITS RESIDUAL FUNDS

Memoranda presented to NHIS Governing Council on 27<sup>th</sup> March, 2018 and 25<sup>th</sup> April, 2018 refers.

1. You may recall that based on the detailed situation and financial analysis, Council approved the investment of **N30,000,000,000.00** (Thirty billion Naira) in Federal Government Securities on the condition that no commission should be paid to third parties. The provisional approval, so granted, directed management to initiate due process and submit a proposal to enable Council seek authorization by the Honourable Minister of Health.

2. As it stands, Council's attention has been drawn to new information which you failed to disclose in your earlier presentation. (see attached). This includes:

\* that while the ministerial approval dated 18<sup>th</sup> August, 2017 was referenced in the two memos presented, you failed to disclose that ministerial memo dated 29<sup>th</sup> August, 2018 withdrew same approval.

\* that you failed to disclose to Council that the withdrawal letter explicitly stated the Honourable Minister of Finance's advise against the investment of RESIDUAL FUNDS in securities because "*such investment will be an indirect violation of the Federal Government's Treasury Single Account (TSA) policy*". Significantly, this advice was not disclosed to Council on either occasion.

\* that on 28<sup>th</sup> February, 2018, you formally engaged Cowry Asset Management Limited as NHIS Asset Manager/Financial Adviser without stating the terms and conditions of engagement. Again, this material fact was not disclosed to Council.

\* that on 5<sup>th</sup> March 2018, on the eve of Council inauguration, you approved, wholesale, a proposal by Cowry titled "*INDICATIVE OFFER TO SELL FGN BONDS*" and directed General Manager Contribution Management to expedite disbursement of **N25,000,000,000.00**

(Twenty five billion Naira) for long term investment in FGN BONDS without obtaining prior approval of the Honourable Minister of Health as required under the Act..

\* that on 3<sup>rd</sup> May, 2018, while referencing Council approval of 24<sup>th</sup> April 2018, you again, formally engaged Cowry Asset Management Ltd, without an INDICATIVE investment proposal, as Financial Adviser/Portfolio Manager. Indeed, the vague and elastic terms of engagement states, "As in a similar way it did its Forensic Auditors and retained Lawyer-----". Presumably the same INDICATIVE OFFER TO SELL FGN BONDS of March 5<sup>th</sup> 2018 subsist in the new engagement OFFER.

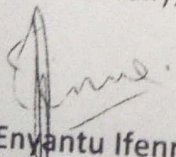
\* that in furtherance of the above, you instructed General Manager, Procurement to process Cowry's engagement on 8<sup>th</sup> May, 2018, without further reference to Council for approval.

In summary, it is evident that there are procedural gaps. Also, Council was not presented with all available information to enable informed decision making on the matter. Indeed we believe that non-disclosure of significant information misled Council into error in decision which may compromise her standing. Furthermore, we note, in particular, that the non-disclosure of the advice and directive of Honourable Minister of Health may have led Council to provisionally approve the investment of funds, which if implemented, would contravene TSA policy.

Therefore, you are requested to explain, in writing, the observed procedural lapses and failure to disclose critical information to Council on the matter.

It will be appreciated if such explanation is presented to council at its meeting scheduled for 12<sup>th</sup> June, 2018.

Yours Faithfully,

  
Dr Enyantu Ifenne,  
Chairman of Council.