

Memorandum on Republic of Benin Programme Audit report

The attached Gavi Audit and Investigations report sets out the conclusions of the programme audit of Gavi's support to the Government of the Republic of Benin immunisation programmes. The audit was conducted between December 2017 and May 2018. The audit covered the Republic of Benin Expanded Programme on Immunisation (EPI) through the Vaccine Introduction grant (IPV) and HPV vaccine demonstration, and the Health System Strengthening (HSS) grant during the period from 1 January 2013 to 30 September 2017.

The report Executive Summary (pages 3 to 5) sets out the key conclusions (the details of which are set out in the body of the report):

1. There is an overall rating of Partially Satisfactory (page 3) which means that "Internal controls, financial and budgetary management processes were generally established and functioning but needed improvement. Several issues were identified that may negatively affect the achievement of the objectives of the audited entity".
2. Nineteen issues were identified in the following areas: (i) Governance and organisation; (ii) Accounting management; (iii) Budgetary and financial management; (iv) Asset management (v) Procurement; (vi) Vaccine supply management.
3. Key findings were that:
 - a. Programmatic expenditures totalling US\$ 111,589 were categorised by the audit team as unsupported, inadequately justified, irregular or ineligible (table 1, page 5).
 - b. Significant weaknesses regarding internal controls and grant management practices were observed at the ANV-SSP level, which included: absence of a Financial Procedures Manual during the period covered by the audit, decision-making chain key actors' roles and responsibilities not defined, insufficient accounting management of expenditures, lack of follow-up on advanced funds, and absence of external audit reports.
 - c. Gavi-funded assets were not subject to a strict and formalised follow up that would have guaranteed a satisfactory security and preservation: no asset register, absence of inventory (except for the cold chain equipment) and most of the assets were not insured. Furthermore, Gavi-funded construction and rehabilitation works in order to increase the cold chain equipment capacities in several health districts were incomplete and/or unfinished which could lead to deterioration and loss of value.
 - d. The audit team observed several discrepancies in the vaccine and stock registers physical and administrative management at all levels of the health pyramid: incomplete and inaccurate (and sometimes deficient) stock registers, irregular and inadequately supported stock inventories, lack of formative supervision.

In 2020, the results of Gavi's programme audit have been agreed verbally with the MOH.

The Gavi Secretariat continues to work closely with the MOH to obtain a written commitment to remediate the identified issues and to reimburse the US\$ 111,589 of questioned expenditures.

Geneva, October 2021

THE REPUBLIC OF BENIN



Gavi Secretariat, Geneva, Switzerland
(hereinafter Gavi)



Final audit report – August 2020



1. Executive Summary

1.1. Audit ratings by category and finding

Section*	Findings	Risk*	Page
4.1	Governance and management arrangements		11
4.1.1	Significant deficiencies in the internal control framework during execution – ANV-SSP	■	11
4.1.2	Lapses in control functions and external audits	■	13
4.1.3	Poor planning undermining project closure and process transfer – UCP-PRPSS	■	15
4.1.4	Gaps in segregation of duties – UCP-PRPSS	■	16
4.2	Accounting and financial management		17
4.2.1	Lack of proper books and records – ANV-SSP	■	17
4.2.2	Accounting basis and methodology not in place at the sub-national level	■	19
4.2.3	Absence of petty cash register– ANV-SSP	■	20
4.2.4	Questioned expenditures	■	21
4.3	Budgetary management		23
4.3.1	Lapses in advance monitoring and tracking – ANV-SSP	■	23
4.3.2	Residual unutilised funds to be reimbursed or reallocated	■	24
4.3.3	Unbudgeted for expenditures after the project end, without proper approval – UCP-PRPSS	■	26
4.3.4	Records could not be closed at the period end – UCP-PRPSS	■	27
4.4	Asset management		28
4.4.1	Incomplete, disputed or poorly executed civil works	■	28
4.4.2	Inadequate fixed asset management	■	30
4.5	Procurement		32
4.5.1	Procurement framework not aligned with the national Public Procurement code – UCP-PRPSS	■	32
4.5.2	Discrepancies and non-compliance in supporting documentation – UCP-PRPSS	■	33

Section*	Findings	Risk*	Page
4.6	Vaccine supply management		35
4.6.1	Inadequate physical stock handling; lack of fire suppressant	■	35
4.6.2	Poor administration and vaccine supply management at national level	■	37
4.6.3	Poor administration and vaccine supply management at sub-national levels	■	38

1.2. Overall audit opinion

For the period under review, the audit team assessed that the management of Gavi's support by the Ministry of Health as overall **partially satisfactory**, which means that internal controls and risk management practices were generally established and functioning but needed improvement. One or more high risk areas were identified that may affect the achievement of the entity's objectives. Hence, the objectives of UCP-PRPSS and ANV-SSP programmes are likely to be achieved.

So as to address the risks associated with the findings, the team raised 19 recommendations, of which 6 (32%) were rated as critical and need to be addressed by implementing remedial measures according to the action plan (defined on Annex 9).

* The audit ratings attributed to each section of this report, the level of risk assigned to each audit finding and the level of priority for each recommendation, are defined in Annex 2 of this report.

1.3. Executive summary

Key findings concerning the programme funds and vaccines received and their management are summarised below. Given the differences between the ANV-SSP and the UCP-PRPSS' respective internal control and accounting processes, each entities' findings are shown under separate headings.

Governance and management arrangements

A review of the **ANV-SSP** identified significant deficiencies in its internal controls, firstly because no financial management procedures manual was in place for the period examined. Hence, primary roles and responsibilities were not established for decision making – from the national level down to subnational levels of the health system, and budget control and expenditure management were not subject to clear, rigorous rules to ensure the proper use of programme funds. Despite the terms and conditions established between Gavi and the MOH, no external audit was executed during the period.

In contrast, the **UCP-PRPSS** had an adequate internal control framework in place, based on a procedural manual developed by the World Bank, but still including weaknesses in the segregation of various administrative, financial and accounting duties. However, discrepancies were noted with respect to the closure and transfer of this project's processes over to the ANV-SSP and Alliance partners, due to the lack of robust and comprehensive planning.

Accounting and financial management

The ANV-SSP did not maintain proper records in line with generally recognised accounting standards, consistent with the agreed Partnership Framework Agreement between Gavi and the MOH. No proper accounting system was in place (general ledger, cashbook, bank reconciliations, etc.) during the execution of the Gavi-funded programmes. Turnover in the unit's accounting staff and the absence of effective knowledge transfer resulted in the bankbook records and transactions needing to be reconstituted with respect to Gavi-related expenditures, notwithstanding incomplete documentation. As a consequence, a significant proportion of the expenditures reviewed were questioned, summarised in table 1 below. Equally, it was noted that the ANV-SSP did not have a petty cash register in place and therefore cash expenditures could not be adequately traced.

The UCP-PRPSS' financial management, accounting and reporting processes were more robust, given its use of an accounting system.

At the sub-national level, the absence of any accounting basis or proper books and records (journals, bank and cashbook, etc.) was frequently observed by the audit team.

Expenditures incurred by the various programmes implemented by the ANV-SSP and UCP-PRPSS expenditures were reviewed, consisting of 75 transactions totalling CFA 645,723,949 (USD 1,204,509) and corresponding to 31% of the overall amount reported as spent. The audit team questioned expenditures totalling CFA 60,305,214 (USD 111,589), equivalent to 9% of the amounts reviewed, categorising these as inadequately justified, irregular, ineligible or

unjustified. A break-down of these questioned expenditures is summarised below in table 2 (or 4.2.4 in the report).

Budgetary management

No system was established to track the ANV-SSP's programme advances, in order to monitor activities were duly implemented and ensure that unspent funds were paid back.

No tracking system was in place for ANV-SSP's programmatic activities advances in order to monitor activities and ensure that unspent funds were paid back. Despite the reconstitution of the ANV-SSP expenditures' from its bank statements and supporting documents, the overall expenditures did not reconcile with the current bank balance.

The **UCP-PRPSS** incurred unbudgeted for expenditures after the project end, without proper approval. Moreover, some accounting entries were not reconciled, therefore the books and records could not be closed at the end of the period.

Asset management

There was no formal, consistent process to track Gavi-funded assets, to ensure these were physically secured and tagged. No asset register was maintained by the ANV-SSP, and the UCP-PRPSS register included some assets that had already been transferred to the ANV-SSP. No physical inventory of other than cold chain assets was conducted. The majority of fixed assets were not insured, in disregard of the Partnership Framework Agreement provisions.

In addition, Gavi-funded civil and rehabilitation works to augment cold chain capacity in several health districts was incomplete or poorly executed and following dispute stoppages, this could result in additional remedial costs, degradation or loss of value.

Procurement

The UCP-PRPSS' procurement unit based its procurement framework on the World Bank's general guidelines and diverged from the national Public Procurement Code (in particular thresholds governing the choice of procurement methods). In general, the execution of select procurement activities was adequate, despite some discrepancies and non-compliance in awards' supporting documentation.

Vaccine supply management

The audit team's visits to various vaccine stores identified discrepancies in vaccine records and weak administrative and vaccine supply management across the various levels of the health system and in particular: incomplete or compromised stock registers; infrequent physical inventories often poorly documented; and a lack of supervision and monitoring.

At the central level, an analysis of vaccine records covering the audit period, highlighted significant discrepancies between each year's stock records, including significant vaccine losses from losses or expirations. Also, no adequate fire suppression was installed at the central vaccine warehouse given the risk of electric faults.

1.4. Financial impact of the audit findings

Table 1 – Summary of expenditures questioned by the audit team, by grant in CFA francs/ USD:

Grant	Implemented by:	Amount Tested:	Out of total spent	Amount questioned	% questioned of tested amount
HSS	UCP-PRPSS	504,028,102 <i>936,855</i>	27%	709,400 <i>1,319</i>	0%
VIG IPV	ANV-SSP	93,683,107 <i>182,975</i>	98%	27,245,854 <i>53,215</i>	29%
HPV Demo	ANV-SSP	48,012,740 <i>84,679</i>	66%	32,349,960 <i>57,055</i>	67%
TOTAL	CFA francs USD	645,723,949 <i>1,204,509</i>	31%	60,305,214 <i>111,589</i>	9%

Table 2 – Summary of these same questioned expenditures, by category, in CFA francs and USD:

Category of questioned expenditures	Questioned amount	% of total amount tested	Details (report section)
Unjustified expenditures	356,000 <i>634</i>	0 %	4.2.3 / appendix 4
Irregular expenditures	351,800 <i>635</i>	0 %	4.2.3 / appendix 4
Inadequately justified expenditures	59,597,414 <i>110,320</i>	9 %	4.2.3 / appendix 4
Total of questioned expenditures	FCFA USD	60,305,214 <i>111,589</i>	9 %

Furthermore, the audit team identified unused grant funds, remaining from the IPV grant (closed) and HPV-demo, and a final balance from the HSS2 programme, whose activities were still ongoing. Residual funds from terminated programmes should be returned to Gavi, unless otherwise agreed with the Gavi Secretariat. The remaining HSS2 programme funds (i.e. the remaining balance after current expenditures and any further programmatic encumbrances are deducted) will need to be audited as part of the closure and transfer of activities from UCP-PRPSS to ANV-SSP. Equally, any reallocation of such resources will have to be approved by Gavi. The following table 3 summarises the overall amounts as detailed in section 4.3.2.

Table 3 – Residual unutilised funds by programme and MoH entity, in CFA francs and USD:

Programme	Implemented by	Unspent amount (CFA francs)	Unspent amount (USD)
Health System Strengthening (HSS 1+2)	UCP-PRPSS	827,648,452	<i>1,538,379</i>
New Vaccine Introduction (IPV)	ANV-SSP	96,627,381	<i>181,808</i>
Anti-HPV vaccine demonstration			