

# Memorandum on Gavi's programme audit in the Democratic Republic of Congo

The attached audit report presents the findings of the audit of Gavi's support to the Democratic Republic of Congo's immunisation programmes, implemented by the Ministry of Public Health, Hygiene and Prevention (MSPHP). The audit was executed by Gavi's programme audit team between May and September 2022, and covered the activities of the Expanded Programme on Immunisation (EPI) and Health Systems Strengthening (HSS) during the period from 1 January 2018 to 31 December 2021. During this period, Gavi supported the introduction of new vaccines, the operational costs of three immunisation campaigns, the cold chain equipment optimisation platform, the HSS programme, and the response to the COVID-19 pandemic through the COVAX facility.

The key points of the executive summary of the audit report (pages 2 to 5), are described in detail in the body of the report, are as follows:

1. Overall, the management of Gavi support was found to be **ineffective** (page 2), which means that "Internal controls, governance and risk management practices are not adequately designed and/or are not generally effective. The nature of these issues is such that, the achievement of the programme's objectives could be seriously compromised".
2. Twenty-five weaknesses were identified in the following areas: (i) Governance and management arrangements; (ii) Accounting and financial management; (iii) Budget management; (iv) Procurement; (v) Vaccine supply management; and (vi) Monitoring and evaluation.
3. Key findings included the following elements:
  - a. USD 261,521 of unjustified or insufficiently justified, ineligible or irregular programme expenditure (page 6), of which USD 209,365 is subject to a request for reimbursement and includes USD 35,648 of unduly paid taxes (VAT);
  - b. To which must be added USD 46,376 in open advances dating from the period from 1 July 2020 to 30 June 2022, for which the supporting expenditure documents have not been sent to central accounting (page 6), i.e. a total of USD 255,741;
  - c. Coordination of the programme has proved to be inadequate and the texts governing it need to be revised;
  - d. The Expanded Programme on Immunisation has a number of weaknesses in terms of governance, particularly with regard to the procedural framework for management and a lack of clarity with regard to the definition of its logistics strategy;
  - e. The management of human resources in the Expanded Programme on Immunisation and the Financial Management Support Unit shows shortcomings in terms of both staff assignments and remuneration;
  - f. There are significant shortcomings in the management and monitoring of fixed assets at the level of each entity audited;
  - g. Significant shortcomings were noted in the monitoring of procurement plans and in the application of procedures and execution of contracts;
  - h. Generally speaking, the EPI's logistical management suffers from a lack of strategic vision, which has led to serious malfunctions at the various levels of responsibility, resulting in particular in the loss of vaccines and inputs and the destruction of infrastructure.

The results of the programme audit and investigation were shared with the Minister of Public Health Hygiene and Prevention in a letter dated 7 August 2023. The MSPHP's commitment to undertake the necessary actions to remediate the weaknesses and issues identified, as well as to reimburse the expenditure and open advances in question, is currently pending.

# PROGRAMME AUDIT – AUDIT REPORT

THE DEMOCRATIC REPUBLIC OF THE CONGO

SEPTEMBER 2022



## 1. Executive Summary

### 1.1. Audit ratings per category

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<b>4.1</b>	<b>Governance and management arrangements</b>		
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<b>4.2</b>	<b>Accounting and financial management</b>		
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<b>4.3</b>	<b>Budget management</b>		
4.3.1	Late approval of annual work plans and budgets (CAGF/SANRU)	■	28
<b>4.4</b>	<b>Procurement</b>		
4.4.1	Procurement governance not sufficiently defined (MSPHP)	■	29
4.4.2	Inadequate filing and archiving of public procurement files (CGPMP/SANRU)	■	30
4.4.3	Observations relating to audited contracts (CGPMP)	■	31
4.4.4	Observations relating to audited contracts (SANRU)	■	33
<b>4.5</b>	<b>Vaccine supply management</b>		
4.5.1	Flawed logistics management (EPI)	■	34
4.5.2	Crystallisation of logistics-related risks (EPI)	■	36
4.5.3	Insufficient dissemination and adoption of operating procedures (EPI)	■	37
4.5.4	Inadequate stock management (EPI)	■	38

Section*	Finding	Risk*	Page
<b>4.6</b>	<b>Monitoring and evaluation</b>		
4.6.1	Inadequate quality of immunisation data (EPI)	■	39
4.6.2	Irregular supervisions (EPI)	■	40

### 1.2. Overall audit opinion

The audit team assessed the **Democratic Republic of the Congo's** management of Gavi support during the audit period was overall **"Ineffective"** which means, "Internal controls, governance and risk management practices are not adequately designed and/or are not generally effective. The nature of these issues is such that, the achievement of the programme's objectives could be seriously compromised."

To address the risks associated with the issues, the audit team raised 25 recommendations (of which 13, or 52% were rated as high risk), requiring the implementation of the remedial action plan proposed by the parties audited (defined on **annex 21** of the full report).

\* 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 3** of the full report.

### 1.3. Executive Summary

This report details the results of the audit of the Gavi programmes in the Democratic Republic of Congo (DRC) in 2022, covering the various aspects of the management of the resources made available to the country (in particular vaccines, cash and equipment) during the period 2018 to 2021.

This audit follows on from those carried out in 2015 and 2018, which highlighted shortcomings in the management of Gavi support, both in the form of vaccines and grants. While clear improvements in financial management were noted during the current audit, thanks in particular to the strengthening of the role of the fiduciary agency between 2018 and 2021, the situation significantly deteriorated in the areas of programme management, despite the recent commissioning of a new logistics hub near Kinshasa in 2018.

Since October 2018, a plan to relaunch comprehensive immunisation ("Mashako plan") has been implemented in support of the Expanded Programme on Immunisation (EPI) with a view to significantly increasing immunisation coverage in the country, in particular by strengthening logistics and the data component. This plan has begun to produce encouraging results and, in some respects, partially compensates for certain structural weaknesses in the EPI, but cannot be considered a permanent solution.

The weaknesses identified in the course of this audit call for urgent corrective action and, for the areas concerned, the need for continuation and acceleration of current efforts.

#### *Governance and management arrangements*

The bodies responsible for coordinating and steering the immunisation programme in DRC, in place at both central and the provincial levels, have shortcomings in terms of their regulatory framework and operationalisation. This is particularly true of the National Health Sector Steering Committee and the Inter-Agency Coordination Committees, whose establishment and operational directives are no longer up to date. Furthermore, the planned meeting frequency and role for these committees, as well as those of the Gavi HSS ad-hoc committee, have not been respected.

The EPI's governance framework, as a key player in the implementation of immunisation, is dysfunctional due to the obsolescence of legal and regulatory texts, and to the absence of administrative and financial management procedures, as well as risk management. For example, the Kinkole logistics hub has no regulations governing its operation despite having been in service for more than 4 years, and the same applies to the new sub-national hubs which were recently built or are under construction. This also reflects the absence of an established logistics strategy underpinning immunisation, and directly detracts from impact of the programme's results.

Human resources management has given cause for concern, both at the EPI and at the Cellule d'Appui à la Gestion Financière (CAGF). It is imperative that the status, assignment and remuneration of staff in both these two entities be reviewed, as emphasised by the DRC Court of Auditors' magistrates during this audit.

Finally, the EPI's monitoring and control mechanisms lack effectiveness, despite the involvement of the Inspector General for Health (IGS) and a monitoring agency charged with inspecting the

immunisation campaign activities. In addition, the CAGF audit committee is not operational and the internal audit function has not been provided with its staff resources as planned..

#### *Accounting and financial management*

There is a fiduciary agency in support of CAGF, whose role has expanded over the past few years, which has resulted in a strengthened control environment and a significant reduction in questioned expenditures since the previous audit, underlining the appropriateness of the current management mechanism. However, updates to CAGF's procedural manual still need to be finalised and strictly enforced. This will make it possible to resolve management shortcomings which were identified, including: consolidated reporting, treasury monitoring, processing funding requests and the archiving of accounting documents.

In addition, CAGF's monitoring of unjustified advances remains problematic, as noted during prior years' audits. Although improvements have been observed, delays in the submission of supporting accountabilities for expenditures continue to result in high levels of unjustified advances, particularly to the Provincial Health Divisions (DPS), resulting in the audit team questioning outstanding advances totalling **USD 46,376**.

A number of shortcomings were also identified in the accounting and financial management for both the non-governmental organisation SANRU and the DPS'. SANRU will have to review its process of preparing annual accounts, in order to reduce the time taken to process subsequent funding requests and to improve its archival of documents. The DPS' concerned will have to duly open and monitor bank accounts and maintain accounting records of their transactions.

The audit team reviewed a sample of expenditure managed by CAGF and SANRU during the audit period, totalling USD 6,483,666, and identified deficiencies in supporting documentation and ineligible expenditures (VAT on bank charges and unduly paid bonuses) totalling **USD 261,521**.

Finally, there are significant shortcomings in the management and monitoring of fixed assets at CAGF, SANRU and the DPS': asset records are not integrated into the respective accounting systems (where these exist), records are incomplete, and other than vehicles – assets are not insured against the risk of damage or loss, of which some incidents recently occurred.

#### *Budget management*

It was not possible to finalise the budgets for CAGF and SANRU on time, leading to late the approval of the annual work plans and budgets, and resulting in inadequate budget monitoring and activity funding. The audit team also identified monitoring errors associated with the justification of outstanding advances dating from recent financial years. SANRU does not use its accounting software to monitor its budget.

#### *Procurement*

The DRC's Court of Auditors magistrates, in support of the audit team, reviewed the Project Management and Public Procurement Unit (CGPMP) management of procurement and

contracting, in its support function of CAGF and at SANRU's level. The magistrates' observations highlighted shortcomings in the definition of the CGPMP's role, as well as weaknesses in the filing and archiving of procurement files for these two entities. In addition, from a review of a sample of contracts, they noted a number of events which were non-compliant with the Public Procurement Law.

### ***Vaccine supply management***

Generally speaking, the EPI's logistics management suffers from a lack of strategic vision, resulting in serious dysfunctions across the various tiers with delegated responsibility.

In 2018, the EPI acquired a central warehouse near Kinshasa international airport, mostly financed by Gavi, to replace the EPI's outdated facilities located in the city centre. Less than four years after its assignation, the audit team noted that the use of this new logistics nerve centre is sub-optimal and that the EPI's logistics management still falls short of expectations:

- The roles and responsibilities for managing the major logistics sites are not clearly defined and allocated, and as a result, the logistics' team is struggling to operationalise the hub-based distribution model;
- The maintenance of cold chain facilities is in its infancy, exposing equipment to appreciable risks of breakdowns, damage or the loss of vaccines, which have occurred in a number of places. For example: a fire at the Bunia depot (Ituri province); repeated breakdowns of cold chain equipment units; and the breakdown of the air conditioning and electrical systems at the Kinkole hub;
- Working vehicles and rolling stock, which were purchased and financed by Gavi, are diverted from their intended purpose of transporting vaccines over to private use (i.e. to transport other goods).

In addition, logistics for vaccines and other immunisation supplies suffers from the absence of standard operating procedures, to be disseminated across the various levels of the supply chain and for which training should be done. As a result, effective vaccine management practices remain heterogeneous and remain a root cause for several stock management shortcomings noted during the audit:

- Stock movements are not systematically and correctly recorded in the registers;
- Inconsistencies in stock records are not analysed and corrected – 5.8 million auto-disabled syringes are missing, resulting in the audit team questioning their equivalent value (USD 465,968);
- Closed-vial vaccines losses are insufficiently documented;
- Physical stock count inventories are irregular and insufficiently documented;
- Data from the DHIS2 tool is not sufficiently exploited in order to report current data on ongoing operational stock back up the hierarchy.

### ***Monitoring and evaluation***

The mechanisms for collecting and checking the quality of data relating to the key immunisation programme indicators have not significantly improved since the prior audit held in 2018. Data entry checks and validation meetings did not take place as frequently planned at the designated levels, resulting in data discrepancies across the various levels of the health system, and incomplete data being reported back into the performance framework. Vaccination data for COVID-19 is reported inconsistently across several databases, and numerous discrepancies were also identified.

Supervisions, a positive factor towards improving the quality of immunisation data, have not been carried out regularly at the central or at intermediate levels. In this context, the scope of the Mashako plan and its introduction into other provinces not initially covered could be an essential element in remedying the shortcomings noted in the EPI programme.

#### 1.4. Financial impact of the audit findings

The quantitative impact of the findings is summarised by nature in the table below and constitutes the total amount (in USD) called into question by the audit and therefore likely to be the subject of a claim for reimbursement:

Nature/ category	Entity concerned	Amount questioned (in USD)	Comments
Failure to justify expenditures	CAGF	210,282	Review of a sample of 16% of the total expenditure incurred during the audit period, with the total in question representing 3% of the expenditure audited.  See finding 4.2.7
Open advances prior to 30/06/2022 (and after 01/07/2020) <sup>1</sup>	CAGF	46,376	See finding 4.2.5
Top-ups and salary deductions	CAGF	15,591	See finding 4.1.5
Improper tax payments	CAGF	35,648	See finding 4.2.6
Vaccines and immunisation supplies supplied by Gavi/ COVAX lost through fire	PEV	108,721	Fire at the Bunia office in August 2022, loss estimated by UNICEF.  See finding 4.5.2
Equipment and buildings lost to fire	PEV	105,000	Fire at the Bunia office in August 2022.  See finding 4.5.2
Syringes not found in stock	PEV	465,968	See finding 4.5.4
<b>TOTAL</b>		<b>987,586</b>	

<sup>1</sup> Unjustified open advances prior to 01/07/2020 have already been the subject of a request for reimbursement.