

Memorandum on the Solomon Islands

Assessment of the use of funds by the EPI

The attached Audit and Investigations report sets out the conclusions of the assessment of Gavi's support to the Solomon Islands' Ministry of Health and Medical Services (MoHMS) as managed by its Expanded Programme on Immunisation (EPI). This assessment fieldwork was conducted in January 2023.

Gavi's Audit and Investigations team reviewed the MoHMS's management of Gavi's support to the expanded programme on immunisation during the two-year period 1 January 2019 to 31 December 2022. Specifically, this 2023 assessment picked up following an earlier outsourced financial review in an attempt to understand the root causes of the financial issues identified in that earlier review and to determine to what extent programme activities were satisfactorily performed. The assessment also considered the capacity of both the EPI team and the broader MoHMS to manage the country's immunisation programme.

The report's executive summary (page 1) sets out the key conclusions, the details of which are set out under the report's main findings:

1. Overall, there was an absence of proper documentation, care and diligence in the handling of Gavi-provided funds and resources by the MoHMS staff working on EPI matters, and many expenses lacked supporting documentation, making it difficult to assess the extent to which programme activities had been properly conducted.
2. Significant findings were identified in the following areas: (i) Financial management; (ii) asset management; (iii) management and reporting of vaccines; and (iv) EPI capacity, finances and supervision.
3. To address the risks associated with these findings, the Audit and Investigations team raised nine recommendations.
4. Key findings were that:
 - a. There has been persistent and systematic misuse of cash advances. The EPI team managed payments and expenses on its own rather than make use of the established Ministry accounting systems, contributing to a high degree of non-compliance.
 - b. There was no reliable management control over these advances. The majority were approved/submitted by a former senior EPI official, including many which were assessed as being inflated. This official also approved significant cash advances to others despite the inclusion of ineligible expenses and allowances.
 - c. There also remains a large number of outstanding cash advances, some dating back

- three years or more, that have not been justified and retired.
- d. The EPI team made a number of unauthorised payments despite Gavi's request to freeze all outgoings beyond February 2021.
 - e. Overall, the Gavi team questioned expenditures totalling USD 339,687.
 - f. The programme at both national and provincial levels failed to take responsibility for the upkeep of programme assets provided by Gavi, and items were left to deteriorate. The absence of asset registers increased the risk of asset management deficiencies, in terms of asset misappropriation and in maintaining/repairing them.
 - g. No data triangulation exercises were undertaken between the: vaccine requests from provinces; vaccine deliveries from the National Medical Stores, and immunisation data reported.

The findings of this assessment have been discussed with the Ministry of Health and Medical Services who accepted the findings and have proposed remedial measures. The Gavi Secretariat continues to work with the government to that their commitments are met, and to agree on how to make the programme whole.

Geneva, November 2023

Assessment of the Use of Funds by the Expanded Programme on Immunisation (EPI) at the Solomon Islands Ministry of Health and Medical Services

1 Executive Summary

Gavi Audit and Investigations undertook an assessment mission at the Ministry of Health and Medical Services (MoHMS) in the Solomon Islands. The purpose was to follow-up on the results of a recent outsourced financial review that identified issues at the Ministry's Expanded Programme on Immunisation (EPI). The assessment found that Gavi-supplied funds and assets were not used with appropriate care and diligence by MoHMS staff working on EPI matters, and that many expenses lacked supporting documentation, making it difficult to assess whether programme activities had been properly conducted. While on balance, our assessment concluded that the majority of activities lacking proper documentation probably took place (including EVM trainings and cold-chain verification visits), it was not possible to place reliance on the expenses said to have been incurred.

The main findings are as follows:

- 1.1. There has been persistent and systematic misuse of cash advances. The EPI team managed payments and expenses on its own rather than make use of the established Ministry accounting systems. This has contributed to a high degree of non-compliance with basic financial good practices. The absence of proper and timely accounting has been exacerbated by the submission and approval of inflated expenses. The financial review commissioned by Gavi estimated misuse at USD 339,687. The whole amount could be questioned because of the absence of appropriate accounting documentation, but if we accept the premise that the majority of activities took place, our best estimate for questioned expenditure (on the basis of mis-stated costs) across two financial years has been assessed at approximately **USD 113,229**.
- 1.2. In addition, there are a large number of outstanding cash advances, some dating back three years or more which remain un-surrendered. Despite this having been raised as an issue many times previously, insufficient attention has been paid to financial accountability in this area. The current level of outstanding and unsupported advances amounts to questioned expenditure of **USD 100,502**.
- 1.3. The EPI team also made a number of unauthorised payments despite a Gavi request to freeze outgoings in February 2021, totalling **USD 5,609**.
- 1.4. The programme at both national and provincial levels has failed to take responsibility for the upkeep of assets provided for the Gavi-supported programmes, and assets have been left to deteriorate. The absence of an asset register increases the risk of deficiencies in asset management, both in terms of misappropriated assets and the ability to maintain or repair assets already provided. This included critical ultra-cold-chain (UCC) equipment in the National Medical Stores leading to the loss of over a quarter of a million doses of Covax vaccines. We include in questioned expenditure the value of assets that appear to have been misappropriated in the sum of **USD 50,758**.
- 1.5. There was no triangulation between vaccine requests from provinces, vaccine deliveries from the National Medical Stores and reporting of immunisation data. This meant there was a missed opportunity for more accurate assessment of vaccine coverage and wastage volumes.

2 Scope of Assessment

The review built on the outsourced financial assessment in an attempt to understand the root causes of the issues raised and the extent to which programme activities were performed notwithstanding the absence of appropriate accounting documentation. The review also considered the capacity of both the EPI team and the broader Ministry of Health to deliver the immunisation programme.

3 Main Findings

Financial Management

GAVI-supplied funds were not handled with proper care and diligence. Rather than the MoH requiring use of the proper Ministry functions, including Procurement and Finance units, the EPI unit handled the funds independentlyⁱ. Further, neither the EPI unit or the MoH applied a sufficient level of accounting or oversightⁱⁱ.

No books of accounting were made available to usⁱⁱⁱ. Although the EPI unit had previously employed an accountant, this person has since left. The^{iv} review therefore had to rely on manually going through cheque stubs to identify bank transactions in chronological order.

Cash imprests^v were used extensively to advance funds for field trip expenses, and there was little or no control over the allocation, use, surrender or review of these funds^{vi}. Some of the cash advances were of considerable value and even exceeded the Ministry's threshold for full procurement tender exercises (SBD 10,000), but without any meaningful checks or controls. Proof of settlements were backed by self-certified receipts in the majority of cases, rather than vendor receipts or invoices. In some cases, a practice of inflating the amount of these payments^{vii} appeared to be the norm and was practiced by staff at various locations and grades. For example, various taxi drivers and ministry officials quoted a fixed cost of SBD 100 between Honiara airport and the city, yet in every instance seen, the self-certified receipt in the EPI team stated the cost at SBD 150, i.e. a 50% inflation over the actual cost. Given that there were few other substantive data points to work with, our best estimate of questioned expenditure amounts to 50% of the inflation in the overall amount of USD 339,687, i.e. one third. The amount of questioned expenditure thus stands at USD 113,229.

Many advances were settled months or even several years late. At^{viii} the time of our assessment, there was still a total of USD 100,502¹ of outstanding advances and imprests that had not been accounted for. Furthermore, we noted that many of the retired imprests precisely matched the amount of the advance. This exceptional level of accuracy is unusual in a setting where precise costs of fuel and accommodation in remote regions of the country are not always known in advance. When combined with the inflated amounts this suggests that imprest documentation was retrospectively manipulated to match the value of the initial cash advance^{ix}.

The majority of advances were approved by a former senior EPI official who also personally submitted expenses which were assessed as being inflated. This official approved significant cash advances to others despite the budgets including costs for ineligible expenses (per diems^x). Thus,

¹ It is possible that some of these advances are included in the estimate from the outsourced financial review of expenditures without sufficient supporting documentation. However, in the absence of any proper accounting system it is not possible to identify if this is the case. Note that the MoH was required to maintain adequate financial documentation per its commitments in the PFA and GMRs.

we do not have assurance that there was any reliable management control over the verifying or approving cash advances.

Compounding the issues is that the programme was informed that the MoH had been advised on various occasions that it was not complying with acceptable practices. Previous financial audit reports on the programme had raised issues around inadequate supporting documentation and outstanding advances. Instead of being remedied, these issues persisted. In fact, financial accounting was so weak that even the outsourced financial review – which had as one of its Terms of Reference to support the compilation of outstanding accounts – was unable to do so due to *inter alia* the number of outstanding acquittals, limited coding of expenses to an activity code or specific grant, and limited supporting documentation.

Further, the MoH did not comply with the Grant Management Requirements issued by Gavi on 29 October 2018 which required compliance with the Public Financial Management Act, including *inter alia* prompt action to recover overdue amounts.

In addition, Gavi requested the programme to cease spending further funds after 16 February 2021 due to insufficient financial reporting. Despite this, the EPI team continued to make a number of payments without Gavi approval in the sum of USD 5,609 (table 5 refers).

The EPI unit maintains an independent annual operating plan (AOP) which is submitted to Gavi in applying for grant approvals. Application of funds are not measured and monitored by the EPI team against their AOP.

Asset Management

Assets were not being effectively managed. The assessment mission observed significant failings in asset management at both the national and provincial levels. There is no asset register and/or systematic ability to record, locate, identify or verify Gavi-funded assets.

We noted instances of vehicles and camera equipment in the personal possession of individuals. There were a number of high value items including cold chain equipment, boats and 4WD vehicles funded by Gavi, that were not functional and had not been repaired or serviced. This was evident at both the national and provincial levels.

At the National Medical Stores (NMS), a newly supplied cold-chain fridge was found to be faulty at installation, yet the Cold Chain staff had not reported this to the manufacturer and the fridge remained unused^{xi}. Also, five of the six ultra-cold-chain (UCC) fridges supplied to the Ministry for Covid vaccines were non-functional. We were advised that this was the result of a brief earthquake in 2022, but no other products appear to have been affected by this. While these items await repair, the remaining UCC fridge has insufficient capacity to store the full inventory of Covid vaccines (see below).

In two provinces, key vehicles were not functional. In one province, the Gavi funded boat has been out of repair for some months. Two other (non-Gavi) boats were also non-functional which meant that the province's last operational boat was being shared among multiple programmes. It is not known how vaccine deliveries will continue if this boat becomes non-operational. In another province, the Gavi-funded 4 wheel-drive car for the EPI project was said to be broken. We located the vehicle at the home of a former EPI official (along with another Ministry vehicle) but were unable to ascertain its functionality.

It should be noted that the Grant Monitoring Requirements of 29 October 2018 required the maintenance of comprehensive asset registers together with annual verifications. This was not performed.

Table 4 refers to the assets removed from the programme by current or former staff in the sum of USD 50,758.

Management and Reporting of Vaccines

Vaccines stored inside the cold room at the NMS, seemed reasonably organised, barring a few storage practices which inconsistent with WHO guidelines (e.g. loose vials, vaccines on floor).

However, due to the non-functioning UCC equipment, over a quarter million doses (43,470 vials) of Pfizer Comirnaty were at an imminent risk of wastage due to a breakdown of the ultra-cold-chain storage (see preceding section).

On a visit to one province, it was noted that vaccine record keeping was not properly maintained. Inventory records were haphazard and the only reliable way to measure stock on hand was through regular manual stocktakes.

Cold chain equipment at a provincial warehouse was not supported with a dedicated back-up power supply, with staff having to secure generators from other departments during power cuts. Vaccine stocks were visibly limited at the provincial warehouse, with staff advising that they operated on a just-in-time ordering basis from the NMSD. This increases the risk of stock-outs, and while the Central Province is relatively close to the NMSD – when combined with the shortage of boat transportation – represents a high programmatic risk. At a child welfare clinic visited, at the time of inspection, vaccines appeared to be properly stored with intact VVMs and within temperature range but again, were not supported with dedicated power backup.

Vaccine reporting takes a bottom-up approach starting from service delivery centres submitting manual reports to provincial centres, where the data is populated and uploaded into the DHIS health information management system. The planning process for delivery was not always clear; we could not identify plans, reports or outcomes for the HPV social mobilisation campaign despite expenditure being incurred. At the EPI unit, there was no triangulation between vaccine requests from provinces, vaccine deliveries from the NMS and reporting of immunisation data to the EPI unit. As a result, this meant there was a missed opportunity to properly analyse or challenge potentially inaccurate immunisation data and vaccine wastage.

EPI Programme – Capacity and Miscellaneous

Capacity: The positions of EPI Director, having authority over payments, and the EPI accountant are currently vacant. However, this assessment does not recommend that any accounting continues to remain within the EPI team distinct from the MoHMS finance team.

The EPI team is housed in an office with poor environmental health standards. The office is home to various rodents and both furniture and a number of EPI financial files were attacked by termites. This impeded the assessment of documents which was exacerbated by the lack of a clear accounting system, the absence of the EPI accountant/finance officer, and the lack of access to her computer.

Finances: The unsatisfactory reporting of expenses lead to Gavi funding being frozen in 2021 and there remained a balance of SBD 2,733,210 (USD 339k) in the Gavi programme bank account at

31 January 2023 and a further USD 494,398 in the Ministry of Finance account (reserved for Gavi programmes) as at 31st December 2022. The first of these accounts still requires the signature of a former EPI official for access. This is a fundamental failure in good treasury management practices, exacerbated by the fact that several other former officials also have access to the bank account. This assessment recommends the removal of all unnecessary bank signatories as a priority^{xii}.

After a failure to submit audited financial reports, leaving Gavi unable to assess expenditure against grant funds, a funding freeze was initiated from 16th February 2021. The funding freeze had an impact on the number of activities that were able to be conducted by the EPI team, and in particular travel to provinces. However, the supply and transportation of vaccines was not directly affected.

Sub-National Supervision: During a visit to the Central Islands Province, it was reported that no scheduled supervisory visits were undertaken by the national office to visit the province. The last visit was in 2021 for a routine immunisation catch-up. No visits were made in 2022.

4 Conclusion

While the EPI team has been making efforts to ensure the proper functioning of the programme, its activities have been hindered by poor financial and asset management at various levels. At the same time, it could better utilise the information available to better analyse vaccine needs and utilisation. However, it is recognised that the EPI unit has only a modest staff capacity, especially since the departure of the former director.

In terms of finance, the MoHMS has not implemented proper controls despite multiple audits pointing out the weaknesses in the financial systems. When combined with the lack of proper financial management or oversight, this review is unable to recommend further direct funding to the MoHMS at the present time.

Similarly, asset management needs to be improved, in terms of documentation, maintenance and administration, before Gavi can consider funding further funds for asset purchases.

This review assesses that financial reporting has been sufficiently unreliable that it would be reasonable to reclaim the full amount of expenditure justified using self-certified receipts. However, in an effort to accommodate the possibility that some of the expenditure may have been incurred, this review suggests that given the limited data point showing expense inflation of 50% of actual costs that this (i.e. one third of total unjustified expenditure) is ineligible.

The review is also unable to consider self-certified receipts for the outstanding advances, some of them several years old. In the absence of documentation justifying these amounts, this expenditure is also deemed ineligible.

We place on record our gratitude to the staff at the EPI and MoHMS for their assistance during and after our visit.

5 Appendices

A note on Recommendations and MoH Responses

Gavi received various comments to the report. These comments came in various forms. Gavi considers the primary management response to be those that were recorded in the box for 'management comments' at the bottom of each recommendation section. However, MoH provided additional commentary through two other means:

- a. Some comments were added using the Review/Comment feature where comments appear in a box outside the body of the main document. These comments have been relocated either to an endnote (in the case of comments on the main body of the report) or placed below the main management comment (where the comment was in response to the text in one of the recommendations). Where the endnote directly addresses a recommendation, it is also replicated in the management response section.
- b. Additionally, the MoH also provided some additional comments in the section of the appendices where Gavi had put its own Recommendations. These comments have been relocated to the bottom of the corresponding Management Comment Section.

Some non-material responses (mainly in track/change comments) appearing to relate to internal communication within MoH) have been omitted but all material responses are included verbatim unless otherwise indicated. Each of the various types of MoH response have been labelled to show their provenance. Where relevant, any further clarification or response from Gavi is situated immediately after the MoH comment.

5.1 Financial Management

5.1.1 EPI Practices vis-à-vis Government Practices:

<p><i>Observations</i></p> <p>The MoH has an established accounting system where funds are handled in accordance with proper MoH procedures (governed by the General Orders of Public Service) involving the Finance, Procurement and other departments as well as being subject to audits by the Auditor General. However, in the case of Gavi's programme, financial management was allowed to operate separately whereby the accounting was done by the EPI team directly but with limited involvement of others. This lead to an inherently weaker control environment.</p> <p>Specific examples of practices in the EPI process vis-à-vis the MoHMS's processes on-system are given below:</p>	<p><i>Recommendations</i></p> <p>MoHMS should manage all Gavi funding through the existing accounting and control mechanisms inherent in the government "on-system" treatment of funds.</p>
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<ol style="list-style-type: none"> 1. The EPI team paid out significant cash advances without control by the MoHMS Finance team. The amounts of these cash payments even exceeded the threshold for procurement tenders which were done “on-system”. 2. No EPI procurement transactions were reviewed for approval by the government’s procurement unit. 3. Per-diems are normally approved by the Permanent Secretary on the strength of a travel itinerary and air ticket. Per diems are limited to SBD 100 a day and reduced based on actual meal expenses. These practices were not followed in the EPI, as per-diems were often paid even where meals and accommodation were provided. 4. Per-diems are limited to travel outside of one’s duty station – a practice also disregarded by the EPI team. 5. EPI made payments to nurses and government hospitals for training – another practice not permitted by standard MoHMS rules. <p><i>Root-Causes</i> Failure to apply proper controls to Gavi funds, exacerbated by the lack of structured processes within EPI, and the lack of supervision and oversight by both the EPI unit and line managers at the MoHMS.</p>	
<p><i>Management Comments</i></p> <ul style="list-style-type: none"> - MoH Management Comment: <i>Participants that have travel out of their work place and sleep over for such event like training and workshops are entitle to receive perdiem even thought catering is done during the workshop. This is for all other trainings and workshop that MOH is organising.</i> - MoH Comment in response to recommendation text: <i>The plan was to have all province go on system in 2021 but did not eventuate due to the freeze of funds. Agree this will be the way forward.</i> - MoH Additional Response in Recommendation Section: <i>GAVI to provide and fund a finance support team (to include a project finance and procurement personnels) and be located and officed at the MHMS Finance Unit, independent from the programme team. Not at the Programme Divisional Unit (RMNCAH)/EPI). So often the programme team also would do the financial undertaking and hence so much distraction on the core programmatic work. [Response from Gavi program team – two additional positions to assist with financial management have already been budgeted for].</i> See endnote ii in response to recommendation: <i>The Gavi funds must be put through SIG budget process and appropriated to ensure payments are facilitated (sic) through SIG payment process, procurement requirements are met and transparent use of funds</i> - See also endnote ix. 	

5.1.2 Misuse of Gavi cash advances through the use of Self-Certified Receipts:

<i>Observations</i>	<i>Recommendations</i>
<p>1. Self-certified Receipts: While many smaller vendors in parts of the Solomon Islands do not routinely issue an invoice or a receipt, the practice of EPI staff submitting self-certified paperwork to justify their own cash advances has become the norm, not the exception. Even in cases where vendors routinely provide invoices (e.g. fuel and transport), the practice was for staff to write a number representing the payment on a piece of paper and use this as justification for the expense. There is no evidence that the EPI team questioned any of these submissions. We are therefore unable to conclude that each of these expenses were actually incurred or that the amounts were stated correctly.</p> <p>2. Inflated Amounts: Certain expenses appear to have been inflated. For example, the maximum fare to travel from the Honiara airport was SBD 100 whereas the budget and claim was made for SBD 150 in every case reviewed. Similarly, per-diems of SBD 100 to 150 were said to have been paid out in many instances but were not reduced even where catering was provided (sometimes also against self-certified receipts).</p> <p>3. Unclear Linkage to Budget Codes: Payments are not tracked against the AOP, hence it was not feasible to fully compare budgeted versus actual expenditure. With generic descriptions of activities in the AOP, linking activities to expenditure exacerbated the issue. For instance, the budgetary plans of 2018 had activity titles such as “Health Services Grants – Primary”.</p> <p>4. Other Irregularities:</p> <ul style="list-style-type: none">• While the majority of receipts were self-certified, in some instances where actual invoices were presented, they were in the form of photocopies rather than originals. Lack of original receipts further exacerbates the risk of possible misuse. For example, expenses of USD 3,153 for an HPV social mobilisation campaign was entirely supported with photocopied documents.• Often, in cases of air travel, there was neither a printed airline reservation nor a boarding pass available to establish who travelled. For example, one airfare for EVM	<p>a. Any further finances handled by the programme must be subject to proper accounting systems, supervision, and control, with clear responsibilities and accountabilities.</p> <p>b. EPI and MoHMS management should challenge any expenditures that appear inflated or make unjustified use of self-certified receipts.</p> <p>c. The AOPs should be informed by micro-plans and in alignment with the National Strategic Plan. More descriptive cost codes would help track and monitor actual pay-outs against budgeted activities.</p> <p>d. The EPI team should cease paying ineligible per diems or other payments to Ministry staff for attending EPI trainings or workshops.</p>

training in Malaita in February 2020, incurred an air fare of USD 258 but may not have been for business purposes as the name on the invoice appeared to point to a relative of an EPI official rather than the official themselves.

- In a few instances, per diems were paid through cash advances to local participants as well. For example, expenses for the same EVM workshop were paid to locally attending participants in the sum of USD 708. Moreover, per diems were not adjusted for food expenses although catering costs were also incurred. In another instance, an advance to Guadalcanal province in December 2020 included payments of USD 3,724 to existing staff nurses.

Root-Causes

Failure to follow Ministry policies or manage expenditure judiciously, the absence of accounting systems, and a lack of diligence in oversight and supervision

Management Comments

- MoH Management Comment: *Participants that travel from their work station to attend a training and sleep over have always been paid allowances and same for all other health programs.* [Gavi response: the recommendation relates to payment of *ineligible* expenses, rather than those eligible under official MoH instructions.]
- MoH Comment in response to Recommendation A: *Agree on the condition that a focal finance officer must be capacitated to properly*
- MoH Comment in response to Recommendation B: *Self-certified receipts with such expenditure for program implementation activities is not just with GAVI funds but others too*
- MoH Comment (1) in response to Recommendation D text: *Don't agree. EPI staff that travel to Province or either way to Honiara for trainings and workshop is entitle to receive perdiem \$100 SBD according to FI and it is approved in HSS budget proposal and work plan but I will refer this to our finance team to comment further on this point.* Comment (2): *I would like to concur with this comment made by [EPI Colleague]. The payment of perdiems is based on the current guidance from MOHMS finance team and Financial Instructions. Another point to make is that calculations of perdiems, accommodation, catering is made separately and not as one package perdiem rate as used by UN agencies and regional agencies.* [Gavi clarification: the recommendation relates to payment of *ineligible* expenses, rather than those eligible under the instructions. Gavi considers that more scrutiny of expense claims is required to comply with the instructions].
- MoH Additional Response (1) in Recommendation Section: *Genuine filing of supporting documentations is a challenge for the Ministry in terms of maintaining a filing system, audit trailing of transaction and or paper trailing. The Ministry has had technical support over many years on this space. Support is required for purposes of inhouse enhancement of capacity.* Additional Response 2: *More so internal standing procedures need to also be in place to ensure proper documentation, spot checks of audit trail linked to genuine and proper supporting documentations etc.*

- See endnote ix in relation to recommendation B: *Confirms and [we] share the same concerns. An internal memo is being prepared for distribution*
- See also endnotes ii and vii.

5.1.3 Retirement of Advances:

Observations

In most cases, the imprest amount was justified on the strength of self-certified receipts exactly matching the sums and expense categories as per the cash advance request.

Combined, these issues present a high risk that cash expenditure from advances was manipulated and the documentation fabricated. For example:

- Advance payments amounting to USD 14,153 were collectively paid to two cold chain officials in September 2020 as part of activities under the national cold chain inventory assessment. These advances – which were budgeted to include ineligible expenditure such as per-diems – were still pending settlement as on January 2023.
- A Cold Chain Officer acknowledged providing parts of cash advances on to interns hired to take the money to provinces for specific EPI projects. However, the settlements would still be submitted by the Cold Chain Officer using self-certified receipts. This increases the lack of accountability and casts further doubt on the reliability of these submissions.
- In other instances, the remainder of an unspent cash advance was surrendered to a provincial hospital, but with no method to return the cash back to the EPI unit.

The above suggests that the some or all of the cash imprest documentation was written up retrospectively, an assessment endorsed by the high level of outstanding advances. Several advances have been long overdue for years. As per the MoHMS guidelines, new advances should not have been approved until existing dues were settled, but this practice was routinely disregarded, even in the case of an on-system trial approved to provinces. Even where settlements were made, expense reports were submitted much later.

At the time of this report, advances of USD 100,502 were still outstanding. This included off-system advances to provinces of USD 41,658, imprests to staff of

Recommendations

- a. The MoHMS should introduce and implement a policy for advance approvals and settlements for the EPI team. This should include limits on cash advances, requirements for proper and timely accounting and proper authorisation before and after the fact.
- b. MoHMS should ensure that all outstanding advances are settled on time, ensuring that proper documentation (not self-certified receipts) are provided to justify the advances.
- c. MoHMS should introduce a policy for advance approvals and settlements that the EPI team must adhere to and implement controls required under the policy for follow-up and timely settlement.

USD 32,879, and advances for an on-system trial through the government's financial processes of USD 25,965. (Table 2 refers).

Of the total advances of USD 100,502 due, Choiseul accounted for USD 21,075, the NMSD accounted for USD 36,405 and a sum of USD 371 was even due from a retired EPI staff member, illustrating the absence of control or oversight across this area. The lack of an accounting system even made it difficult to find the dates of the advance without reviewing them individually.

Even with the on-system trial, government accounting procedures were being ignored and fresh advances made before older ones had been retired. E.g. an advance of USD 12,883 was given to the provincial office at Guadalcanal while an amount of USD 70,018 remained unsettled, and a sum of USD 28,775 was given to provincial office of Choiseul while an outstanding imprest of USD 1,229 remained unsettled.

Moreover, this seems to be recurring as auditors have reported outstanding advances long due for settlement during every year of audit since 2016.

Combined, these issues present a high risk that cash expenditure from advances was misused and the documentation fabricated.

Root-Causes

Lack of policies for advance approvals and settlement, failure to take note of previous recommendations, not maintaining timely and accurate records, lack of oversight and failure to verify submissions.

Management Comments

- MoH Management Comment: *A challenge that is faced with all health programs as well. The further down we go for implementation the difficult it is to get a stamp receipt by vendors.*
- MoH Comments in response to Recommendation B and C text not included as they appear to be non-material internal communications.
- MoH Additional Response in Recommendation Section: *What may be required is that the finance support team for this support should be established at the Finance Unit of MHMS, not officed at the Programme office (in this case the EPI Programme). Right from the very beginning the finance support team should have been independent and should not be located at the programme office. Lessons learnt.*

- Endnote vi in relation to Recommendation B: *All cash advances should be vetted by accounts/finance unit to verify funding proposal are reasonable and genuine before being submitted to PSH for approval. Similarly, on retirement of cash advances receipts must be vetted for being genuine and not accepted on face value.*
- Endnote viii in relation to recommendation B: *Cash advances should be retired within two weeks of the program being implemented. Having a program finance officer would be helpful to keep track of retirement due dates, assist with retirement and vet receipts provided. This should be the first layer of vetting of receipts apart from the imprest officer at MHMS Accounts.*
- See also endnotes v, vii and x.

5.2 Asset Management

5.2.1 Lack of Processes in Asset Management:

Observations

There was no mechanism to record, monitor and manage assets procured for the EPI unit, making it difficult to review of assets a complicated affair. The review placed reliance on cheque stubs, physical verification reports from 2019 and discussions with staff. A proper accounting system would include an asset register which is necessary to ensure proper identification and tracking of assets. Without this, an independent verification of assets was not feasible. Hence, a complete list of Gavi-funded assets was not available.

Cash in bank accounts may also be considered as an asset. Several former officials still have access to an EPI bank account.

Root-Causes

The EPI team did not take adopt practices to identify, track or record assets.

Recommendations

- MoHMS should maintain an asset register to include all items supplied to the EPI programme, and ensure it is updated at regular intervals following physical verification. The register should incorporate asset descriptions including *inter alia*, date of purchase, location, condition, responsible person, etc.
- Assets in the personal possession of current or retired individuals should be recalled, or the purchase price of the assets reclaimed from the individuals.
- All unnecessary bank signatories should be removed as a priority.

Management Comments

- MoH Management Comment: *The former finance & admin officer keeps records of assets procure by Gavi at the national level and provincial level are accountable to report conditions of assets, which needs to be strengthened*
- MoH Comment in response to Recommendation A: *Way Forward*

- MoH Additional Comment in Recommendation Section: *The Ministry through the Finance and procurement team have circulated an asset inventory checklist and not all programmes have populated the inventory checklist. The feedback has been very poor. Going forward, an internal policy on asset management will be developed to ensure all MHMS assets are properly managed.*
- See also endnote xii in response to Recommendation (c): *Agree; former officers should not continue to be signatories the account. Bank should be notified immediately once officer is no longer with the program.*

5.2.2 Failure to Maintain Assets in Working Order:

Observations

1. Various assets were non-functional and in need of repair. The review flags this as an area of significant concern due to the prevalence of broken assets and the lack of action taken to have them repaired. This is impacting the running of the EPI programme both centrally and in the provinces.
2. Ultra Cold Chain freezers (UCC) were funded under COVAX for storage of Pfizer vaccines. Of six UCC freezers, five were said to have ceased functioning at the time of an earthquake in November 2022 or shortly thereafter. The manufacturer does not have a local service centre, which was given as the reason for non-repair. Further, refrigeration units were also found to be in repair due to breakdown. (Refer observation 5.3 under Management and Reporting of Vaccines for more information).

At Guadalcanal province, a Gavi-funded vehicle (Toyota 4WD G-4175) was not available for inspection at the provincial healthcare centre. Inquiries revealed that the vehicle was under repair and was stored at the former EPI official's private residence. It was not clear how long the vehicle had been stored there.



Recommendations

- a. The MoHMS should ensure that Gavi-funded assets are maintained in proper working order and provide clear procedures and funding for upkeep and repair.

4. At the Central Islands Province, a similar situation prevailed where boats and cold chain equipment were in need of repair. The Gavi funded boat was upturned, and non-operational with the outboard motor removed. The Central Islands Province has four boats: two for the EPI and another for administrative purposes. Of the EPI boats, one was funded by Gavi in 2014, but ceased to function in 2022 due to wear and tear of the out-board-motor (OBM). The remaining functional boat in the province is now used for multiple activities, including immunisation logistics and support, when there should be four working boats. The province advised that there was no budget for the cost of repairs to the boats or OBMs.



One of the non-functional boats kept outside the Provincial hospital entrance

5. At the Central Islands Province, solar-powered cold storage equipment installed in 2020 had stopped working recently and hence, an older refrigerator was in use. The Provincial hospital housing a warehouse, and vaccine delivery centres was not supported with backup in case of power outages.

Root-Causes

A failure to assume responsibility for the upkeep or repair of donor-funded assets.

Management Comments

- MoH Management Comment: *For point 3 , the GP EPI [vehicle] was return (sic) to GP health office the next day of the picture taken*
- MoH Comment in Response to Recommendation A: *Agree*
- MoH Comment in Response to Observation 2: *The Ministry through the Finance and procurement team have circulated an asset inventory checklist and not all programmes have populated the inventory checklist. The feedback has been very poor. Going forward, an internal policy on asset management will be developed to ensure all MHMS assets are properly managed.*
- MoH Additional Comment in Recommendation Section: *The issue of repair and maintenance are operational matters and ongoing monitoring of these should be done surely.*
- See also endnote xi: *Relevant officers also need to be informed and made aware of what to do in the event an equipment is malfunctioned.*

5.2.3 Assets under Unauthorised Personal Possession of Officials:

Observations

At Honiara, some assets were found to be in the personal possession of individuals rather than being used for programme activities.

A Gavi-funded vehicle and an EPI vehicle were found in the private residence of a retired EPI official. The same official has retained a Gavi-funded EPI laptop. Although retired, this individual also continues to be a signatory to the bank account maintained for Gavi funds.

In addition, one digital camera was taken by a Cold Chain official for personal use by his daughter and has not been returned.

Root-Causes

Lack of an asset register or supervisory control of assets.

Recommendations

- a. The MoHMS should ensure that the vehicular, computer and camera equipment mentioned here should be returned to the respective programme offices forthwith.
- b. MoHMS must also ensure that access to assets and information pertaining to the Gavi programme must be restricted after authorised officials retire or resign.

Management Comments

- MoH Management Comment: *Asset from retired officers are retrived (sic).*
- MoH Comment in Response to Recommendation A text: *Return Already (sic)*
- MoH Comment in Response to Recommendation B text: *Agree*
- MoH Additional Comment in Recommendation Section: *Again this relates to asset management and again operational matter.*

5.3 Management & Reporting of Vaccines

5.3.1 Breakdown of Cold Chain Equipment and Resulting Vaccine Wastage:

<p><i>Observations</i></p> <ol style="list-style-type: none"> 1. Due to the breakdown of the UCCs, 43,470 vials of Pfizer Comirnaty vaccines had to be relocated to storage in the walk-in cold room and have likely expired since as they last only 31 days outside UCC facilities. Additionally, of a total of 127,200 doses, 21,200 vials already past their expiry date (10/22) were given dispensation by the WHO to be used up to 04/23. However, most will expire based on low projected in-country demand for COVID-19 vaccines. 2. Refrigerator units: On inquiry, we were informed four refrigeration units were in need of repair: one within a year of installation, the second recently, a third after installation and the fourth, two years after installation. A new refrigerator received in 2021 was sent to the Malaita province, but found to be faulty at the time of installation and hence, was returned to Honiara. <p><i>Root-Causes</i></p> <p>It is not known why the cold chain equipment became faulty but there is a lack of asset maintenance, reporting of problems, and repair thereof.</p>	<p><i>Recommendations</i></p> <ol style="list-style-type: none"> a. The MoHMS must prioritise cost of repairs as cold chain storage is an important pillar in programme management.
<p><i>Management Comments</i> MoH Management Comment : <i>None received</i></p> <ul style="list-style-type: none"> - MoH Comment in Response to Recommendation text: <i>This will be prioritised by the EPI team. (One other non-material comment omitted).</i> - MoH Additional Comment in Recommendation Section: Again these are operational matters but critical to this is the ongoing communication by all relevant parties (Cold Chain, finance, program, procurement) to ensure consistency and timely flow of information so that issues could be resolved. 	

5.3.2 Vaccine Storage Practices:

<p><i>Observations</i></p> <ol style="list-style-type: none"> 1. The NMSD had two walk-in cold rooms (WICs) – one for pharmaceuticals and other for immunisation vaccines. At the time of inspection, the WICs were equipped with temperature sensors and monitors. The majority of non-Covid vaccines were stored in a satisfactory condition but some were not stored in compliance with recommended WHO guidelines: storage was not based on order of expiry, vaccine vials were loosely stored, and vaccine cartons were stored on the floor instead of on pallets. 2. At the Central Islands Province, the Tulagi Provincial Warehouse had limited stock of vaccines. Cold chain equipment was not functioning optimally. As informed, solar-powered equipment installed in 2020 had stopped working recently due to which an older refrigerator was in use. At the time of inspection, the generators were not functional for the cold storage units, placing the vaccines at risk during power outages. The PHC staff are forced to seek alternate sources during power outages. The Child Welfare Clinic (vaccine delivery centre) adjacent to the Provincial Warehouse did not have power backup either. <p><i>Root-Causes</i> Inadequate supervision, and insufficient reliable back-up power.</p>	<p><i>Recommendations</i></p> <ol style="list-style-type: none"> a. The MoHMS should comply with WHO’s recommended guidelines on vaccine storage. This includes ensuring adequate supervision of storage conditions to maintain vaccine shelf life. b. The EPI team should ensure that both national and provincial warehouses maintain dedicated power back-up to retain shelf-life of vaccines and minimise the risk of stock-outs.
<p><i>Management Comments</i></p> <ul style="list-style-type: none"> - <i>MoH Management Comment : None received</i> - <i>MoH Additional Comment in Recommendation Section: Again, these are operational matters, particularly on timely payment on utilities (SIEA, SIWA and Telekom) where certain processes are external at MOFT rather than the MHMS, hence it is outside of our control</i> 	

5.3.3 Recording and Reporting of Data:

<p><i>Observations</i></p> <ol style="list-style-type: none"> 1. There was no triangulation of data between demand generation, stock of vaccines and deliveries. Further, monitoring of wastage was cited as too difficult to track. 2. Micro-plans, programme reports and reports on outcomes were not available or not comprehensive in some cases. For example, for the HPV campaign, (~USD 45,896 over 17 months), no micro-plans or report on outcomes were provided. In February 2020, EVM waste management training was undertaken. No report on outcomes were available. 3. During a visit to the Central Islands Province, immunisation documentation was reviewed at a Child Welfare Clinic was attempted. There was an effective process in place but with much duplication of paperwork (tally sheets, individual health notebooks, child health registers). We also noted minor data integrity issues including dates of vaccination being a day or two before birth in some cases. It is not known if this was the result of maintaining extraneous records. <p><i>Root-Causes</i></p> <p>Under-utilisation of the information available to the EPI team.</p>	<p><i>Recommendations</i></p> <ol style="list-style-type: none"> a. The EPI team should triangulate the vaccine demand, delivery and usage data (taking account of known disease outbreaks reported by UNICEF). This will give further insights into the reliability of reported figures and help identify discrepancies, wastage and areas for attention. The EPI team should consider leveraging the expertise of WHO and UNICEF as required.
<p><i>Management Comments</i></p> <ul style="list-style-type: none"> - MoH Management Comment : <i>None received</i> - MoH Additional Comment in Recommendation Section: <i>Agree and this where competent and confident TA support is required where capacity of the MHMS and EPI team is enhances and skills transfer is established. Given the population expansion and the demand for EPI services increase, additional EPI capacity is required, for instance an additional EPI officer or two to be positioned at the Programme.</i> 	

6 Tables Forming Part of Report

Table 1: Recurring observations by Auditors Reported in Earlier Years and not Addressed by MoHMS

Year of Audit	Nature of Observation
2016 External Audit	Lacked adequate supporting documentation
	Unspent expenditure (presumably advances unspent and due)
	Expenditure in excess of sums received
2014, 2015 & 2016 Internal Control Memorandum of the External Auditor	Advances not settled
	Unspent funds not returned
2018 External Audit	Lacked adequate supporting documentation
	Payments without 3 quotations
	Payments without request letters (presumably prior approvals)
	Advances not settled (unsure if this could be higher)
2019 External Audit	Lacked adequate supporting documentation
	Ineligible expenses
	Unspent advances
2019 Outsourced Financial Review	No external supporting docs:
	Supporting docs are quotes and proforma invoices:
	Supporting docs are generic receipts
	Remaining cash not returned in a timely manner
	Cheque amount does not tie to the bank statement
	Supporting document date issue
2020 Outsourced Financial Review	No external supporting docs
	Supporting docs are quotes and proforma invoices
	Supporting docs are generic receipts

Note: External audit reports for 2017 were not available.

Table 2: Break-up of Outstanding Settlements by Recipients of Advances

Nature of Advance	Recipient	Purpose	Date	Amount in SBD	Amount in USD	
Advance to Provinces	Guadalcanal	Immunisation catch-up	06-Dec-20	103,771	12,883	
	Malaita	RED strategy training		87,652	10,882	
	HCC	Not known		14,372	1,784	
	Choiseul	HPV social mobilisation	11-Jun-19	9,834	1,221	
	Makira	Rotavirus training		36,427	4,522	
	Western	HPV roll-out in schools	10-Sep-19	2,950	366	
	Isabel	Unknown		665	83	
	Temotu	Rotavirus training	27-Aug-20	79,880	9,917	
		Total of Advances to Provinces:			335,551	41,658
Imprests to Staff	EPI/Child Health Department	Not known		2,990	371	
	MHMS-NMS Staff No. 1	EVM assessment		18,950	2,353	
	MHMS-NMS Staff No. 2	National cold chain assessment	22-Sep-20	60,850	7,554	
	MHMS-NMS Staff No. 2	Cold chain assessment in Western Province	03-Jan-20	92,650	11,502	
	MHMS-NMS Staff No. 2	Cold chain relocation at Guadalcanal	14-Jun-20	12,650	1,570	
	MHMS-NMS Staff No. 2	Cold chain installation at Rennel Province	19-Jun-20	2,850	354	
	MHMS Honiara City Council	Not known		13,147	1,632	
	MHMS Honiara City Council	Not known		3,100	385	
	MHMS – Health Promotion Division	Not known		2,050	254	
	MHMS – NMS Staff No. 3	National cold chain assessment	22-Sep-20	53,150	6,598	
	MHMS – NMS Staff No. 3	Not known		2,466	306	
		Total of Imprests to Staff:			264,853	32,879
		Guadalcanal		23-Mar-20	21,677	2,691
	Choiseul		23-Mar-20	169,759	21,075	

Nature of Advance	Recipient	Purpose	Date	Amount in SBD	Amount in USD
Advance for on-system trial through the national government's processes	Central Islands	Outreach, training and micro-planning (Settlement information awaited)	23-Mar-20	17,710	2,199
	Renbel	Rotavirus Training	23-Mar-20	0	0
	National Medical Stores	Salaries for cold chain officer	23-Mar-20	0	0
	Total of Advances for On-System Trial:			209,146	25,965
GRAND TOTAL OF ADVANCES				809,550	100,502

Note: A&I was unable to verify the amounts advanced to provinces as the information was not produced during the mission.

Table 3: Exceptions Identified by the Outsourced Financial Review

Year	2019 in SBD	2020 in SBD	2019 in USD	2020 in USD
Payments as per the ANZ bank statement	7,937,464	2,869,113	985,403	356,189
Exceptions identified by outsourced financial review	1,510,218	1,225,972	187,487	152,199
	19%	43%	19%	43%
Total Exceptions for Both Years	2,736,190		339,687	
Note from this Assessment: Assuming 50% was due to Inflation of Payments	912,063		113,229	

Table 4: Listing of Assets Removed from the Programme without Authorisation

Nature of Asset	Unit Cost in USD	Quantity	Total in USD	Date of Purchase	Remarks
Canon Powershot SX620 HS Digital Camera SDHC Card 16 GB and Pouch BT-JYA 1037-L	496	1	496	13-Dec-18	In personal possession of NMSD official
Toyota 4WD G-4175, Guadalcanal	48,256	1	48,256	28-Jun-18	In personal possession of EPI official
Laptop of retired EPI Director - HP ProBook 450 G3 - i5 core (Bag/ Mouse)	2006	1	2,006	07-Feb-19	In personal possession of EPI official
Total in USD			50,758		

Table 5: Unapproved Payments after the Programme was Informed that no further payments were to be made without approval from 16th February 2021

Date	Payments in SBD	Payments in USD	Purpose (Provided by MoHMS Finance)
19-Feb-21	6,000	745	Buma Levo Tutuo. Being for Catering Services at National Referral Hospital on HBAS UPD.
23-Feb-21	859	107	Ausmart Company Ltd. Being for Stationaries for HBAS/UPD Training at NRH.
23-Feb-21	5,319	660	Ausmart Company Ltd. Being for Office Stationaries for EPI office.
25-Feb-21	2,477	308	Solomon Airlines Ltd. Being for Vaccine Freight bills.
25-Feb-21	8,625	1,071	Solomon Airlines Ltd. Being for Vaccine Freight bills.
15-Jun-21	780	97	Advanced Technology. Being for 16 Flash Drives for EPI team.
04-Oct-21	55,700	6,915	Morris & Sojnocki. Being for Audit Professional Services of GAVI Alliance Cash Support Acct.
06-Oct-21	21,121	2,622	Solomon Airlines Ltd. Being for Vaccine Freight bills.
Total	100,881	12,524	
Less: Audit Fees	-55,700	-6,915	
Unapproved Payments	45,181	5,609	

The foreign currency conversion rate in the report has been considered at 8.05504 SBD equivalent of 1 USD (Source: <https://www.oanda.com/currency-converter/en/?from=USD&to=SBD&amount=1> accessed on 17th March 2023).

Table 6: Glossary

AOP	Annual Operating Plan
CCEOP	Cold Chain Equipment Optimisation Platform
EPI	Expanded Programme on Immunisation
EVM	Effective Vaccine Management
HPV	Human Papillomavirus
HSS	Health Systems Strengthening
MoHMS/MHMS	Ministry of Health and Medical Services
MR	Measles-Rubella
NMS	National Medical Stores
NMSD	National Medical Stores Department
OBM	Out-Board Motor
PCV	Pneumococcal Conjugate Vaccine
PHC	Provincial Health Centre
RCH	Reproductive and Child Health
SBD	Solomon Islands dollar
SIG	Solomon Islands Government
UCC	Ultra Cold Chain
USD	United States Dollar
WIC	Walk-In Cold Rooms

Endnotes – comments from MoH in response to the main body of the report text

References to these endnotes are also included in the Recommendation Section where appropriate

ⁱ MoH Comment, “The need to recommend on a finance support team to manage DP funds – including Gavi and GF etc”. This comment is similar to the response in Section 5.1.1 and is addressed there.

ⁱⁱ MoH Comment, “The Gavi funds must be put through SIG budget process and appropriated to ensure payments are facilitated (sic) through SIG payment process, procurement requirements are met and transparent use of funds.”

ⁱⁱⁱ MoH Comment not included as it appears to be a non-material comment for internal purposes.

^{iv} MoH Comment, “The project office must have finance officer to prepare all payment requests and keep records of all financial transactions being approved and paid”. (This comment is addressed in section 5.1.1).

^v MoH Comment, “Agree that this needs to be tightened as it is prone to abuse and misuse of funds not only for GAVI but on SIG funds as well.”

^{vi} MoH Comment, “All cash advances should be vetted by accounts/finance unit to verify funding proposal are reasonable and genuine before being submitted to PSH for approval. Similarly, on retirement of cash advances receipts must be vetted for being genuine and not accepted on face value.”

^{vii} MoH Comment, “Correct and agree”.

^{viii} MoH Comment, “Cash advances should be retired within two weeks of the program being implemented. Having a program finance officer would be helpful to keep track of retirement due dates, assist with retirement and vet receipts provided. This should be the first layer of vetting of receipts apart from the imprest officer at MHMS Accounts.” No Gavi response considered necessary but partly addressed in 5.1.1.

^{ix} MoH Comment, “Confirms and [we] share the same concerns. An internal memo is being prepared for distribution.

^x MoH Comment, “Cash advances requests must be endorsed by HOD EPI for all officers under his/her supervision. Cash advance request of head of EPI will have to be endorsed/approved by PSH. However, all cash advances should be vetted by accounts/finance unit to verify costings prior to PSH approval.”

^{xi} MoH Comment, “Relevant officers also need to be informed and made aware of what to do in the event an equipment is malfunctioned”.

^{xii} MoH Comment, “Agree; former officers should not continue to be signatories the account. Bank should be notified immediately once officer is no longer with the program.”