

Memorandum on Burkina Faso Programme Audit report

The attached Gavi Audit and Investigations report sets out the conclusions on the programme audit of Gavi's financial and vaccine support to the Government of Burkina Faso between 1 January 2012 and 30 June 2015. The programme audit was conducted between October and December 2015.

The report Executive Summary (pages 4 to 6) 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 4) 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. 15 issues were identified by the audit team, mainly caused by non-compliance with Gavi's Transparency and Accountability Policy (page 5).
3. Key issues were identified in the following areas (page 5):
 - a. Vaccine supply management;
 - b. Expenditure and disbursements;
 - c. Procurement of goods and services; and
 - d. Tangible fixed assets management.
4. Key findings were:
 - a) US\$ 417,770 of grant expenditures were inadequately supported, ineligible or paid twice (table 3 page 6).
 - b) The wastage of approximately 0.5 million doses of Pentavalent vaccine which shelf-expired in 2015 (table 3 page 6).

The results of the programme audit have been discussed with the Ministry of Health. By response to each of the recommendations in the report, the Ministry agreed to remediate the identified issues. In February 2017 it replaced the expired vaccines and credited the programme US\$ 22,071 in local currency, which had been paid twice to the same supplier.

In addition, specifically, in a letter of 15 December 2016, Gavi Secretariat requested that the Ministry of Health, formally commit to reimbursing Gavi US\$ 395,699 determined as inadequately supported or ineligible. We have had a verbal commitment from the Minister to respond and this is expected in June 2017.

Gavi will follow through with the Ministry of Health on reimbursement and review the improvements made to assess whether they are responsive to the issues identified in the audit.

Geneva, July 2017

The audit work and the resultant report were both undertaken in French. The full French report and cover memo are available on the Gavi Audit and Investigation web page.

The following is a translated English version of the Executive Summary only from this report.

A full English translation of the French report will be made available in due course.

BURKINA FASO

Gavi Secretariat, Geneva, Switzerland
(hereinafter Gavi)

Final audit report – 5 September 2016



1. Summary

From October to December 2015, the GAVI Programme Audit team (hereinafter “the audit team”) carried out an audit of Gavi cash and vaccine support to Burkina Faso.

This audit covered the operational expenditure of the Health Systems Strengthening programmes (HSS), the Immunisation Services Support (ISS), the Measles-Rubella vaccination campaign and the New Vaccine Support (NVS), as well as vaccine stock management from 1 January 2012 to 30 June 2015 by the Ministry of Health (MoH).

The below table summarises Gavi-funded expenditure in Burkina Faso and those amounts tested by the audit team from 1 January 2012 to 30 June 2015. Overall, 27% of Gavi-funded expenditure was tested.

Table 1 – Summary of overall expenditure and expenditure tested from 1 January, 2012 to 30 June, 2015, expressed in CFA francs (FCFA) and converted into US dollars (USD) at rates identified in section 2.3 of this report:

Place of expenditure	Total expenditure (USD)	Tested expenditure (USD)	Total expenditure (FCFA)	Tested expenditure (FCFA)	Tested expenditure (%)
Management unit PADS	9 870 595	2 865 212	5 136 066 685	1 492 781 818	29%
Central Region	467 903	310 886	233 400 188	155 189 653	66%
West-Central Region	544 575	318 124	274 458 516	160 994 094	59%
North-Central Region	413 132	281 711	205 463 602	140 351 976	68%
Northern Region	535 334	165 405	268 956 788	83 260 812	31%
Plateau Region	324 336	267 513	163 013 031	134 640 854	83%
Other regions	3 412 926	0	1 711 655 977	0	0%
Total	15 568 802	4 208 851	7 993 014 787	2 167 219 207	27%

The regional expenses do not include the operating costs of the PADS management unit, e.g. the salary costs of employees seconded to the regions.

Opinion

The audit team assessed the management of Gavi funds by the MoH to be **partially satisfactory**. This means that “internal controls and risk management practices were generally established and functioning, but needed improvement. One or more high- and medium-risk areas were identified that may impact on the achievement of the entity’s objectives”. The following table summarises the audit ratings:

Table 2 – Summary of audit focus areas rated by the audit team:

Area	Audit rating	Report section
Management of vaccine supplies	Unsatisfactory	4.1
Budgetary and financial management	Partially satisfactory	4.2
Commitment of expenditure	Unsatisfactory	4.3
Procurement procedures	Partially satisfactory	4.4
Management of fixed assets	Partially satisfactory	4.5
Overall rating	Partially satisfactory	

Key issues

The audit team highlighted 15 deficiencies resulting from various operational and programmatic weaknesses which could affect the viability of the programme, and from non-compliance with Gavi's Transparency and Accountability Policy.

To address these deficiencies, the audit team made 15 recommendations, of which 6 (40%) were rated as essential. This means that "immediate action is required to ensure that the programme is not exposed to any significant mishaps. Failure to take any steps might have major consequences which could affect all the activities and results of the programme".

Among the shortcomings identified in this report, the following are the most significant:

<i>Vaccine stock management</i>	Ineffective earliest expiry first out practices for vaccine distribution resulted in the expiry of almost 500,000 doses of Pentavalent in 2015, i.e. 17% of the national stock for 2015. Inventory registers contained too many errors, and discrepancies identified in the registers by way of stock counts were not satisfactorily investigated. Batch numbers and expiry dates were not recorded with sufficient rigour (see points 4.1.1 to 4.1.3).
<i>Budgeting and financial management</i>	<p>The use of different financial systems by the PADS and the DPV necessitated the manual re-input of a significant number of accounting journal entries generated at the health district level.</p> <p>Budget consumption reports were also generated and updated by manually merging two sources of data (see point 4.2.1).</p>
<i>Disbursement and expenditure</i>	<p>While an independent review and approval process of programme expenditures existed, its effectiveness was restricted by a lack of rigour upstream with respect to collecting the necessary documentation to substantiate the existence or appropriateness of programmatic activities.</p> <p>Nearly 13% of audited expenditure for the period 2012 to 2015 were inadequately supported.</p> <p>This was also found to have delayed expenditure approval processes, and created tension between the various actors in the DPV and the PADS (see points 4.3.1 to 4.3.5).</p>
<i>Procurement</i>	The procurement process was too protracted, and delivery deadlines could not always be adhered to by suppliers. Quality and value for money criteria were insufficiently considered during bid assessments (see points 4.4.1 to 4.4.4).
<i>Fixed assets management</i>	The absence of a fixed assets register made it impossible to obtain a comprehensive and current appraisal of fixed assets financed by Gavi. Consequently, it was not possible to assess whether the infrastructure was fit for purpose as regards vaccination programmes (see point 4.5.1).

The table below summarises amounts questioned by the audit team:

Table 3 – Summary of amounts questioned by the audit team, expressed in CFA francs (FCFA) and converted into US dollars (USD) at rates identified in section 2.3 of this report:

Categories of expenditure	Total (USD)	Total (FCFA)	Report section
Inadequately supported per diems and fuel costs for missions carried out by entities other than the PADS management unit	368 799	191 012 378	4.3.2.1
Ineligible per diems with no economic or contractual justification in the context of a monitoring and evaluation workshop	7 018	3 470 000	4.3.2.1
Ineligible per diems pertaining to the Measles-Rubella vaccination campaign in the health district of Boulmiougou	19 882	9 830 000	4.3.2.2
Duplicate payment to a supplier for which the recovery process has been initiated by the PADS but not yet successfully concluded	22 071	12 967 000	4.3.5
Total	417 770	217 279 378	
Categories of vaccines		Doses	Report section
Date expired vaccines - DTC-HepB-Hib (Penta)		499 110	4.1.2