

Memorandum on the Kingdom of Cambodia's Programme Audit report

The attached Gavi audit report sets out the conclusions of the programme audit of Gavi's support to the Kingdom of Cambodia's national immunisation programme.

The audit was conducted in April 2019 and the period under review was from 1 January 2015 to 31 December 2018. The scope of the audit covered the Health Systems Strengthening (HSS) grant, Operational costs grants, Vaccine Introduction Grants (VIGs), vaccine management and data management processes. The final audit report was issued to the Ministry of Health on 23 March 2020.

The audit report's Executive Summary (pages 4 and 5) sets out the key conclusions, details of which are in the body of the report. These included:

- There is an overall rating of Partially Satisfactory which 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.
- Eleven issues were identified, which related to grant oversight and governance, non-compliance with the procurement manual and inadequate controls over vaccine and supply chain management.
- Key findings were that:
 - a. Weaknesses in grant oversight and governance were observed, relating to ineffective monitoring of the National Immunisation Programme's performance;
 - b. Unsustainable staff incentive payments of US\$ 360,240 funded by Gavi, in absence of a credible transition plan for the government to gradually take over this expenditure;
 - c. The audit team questioned expenditures totalling US\$ 449,798 of which US\$ 411,125 related to a split procurement at national level, due to insufficient segregation of duties and non-compliance to the national procurement manual. Recoverable VAT amounts totalling US\$ 8,769 were also observed; and
 - d. The ineffective vaccine stock management at the Central Medical Stores.

The results of the programme audit have been discussed and agreed with the Ministry of Health, with a commitment to remediate the identified issues.

Gavi's management determined that fair value was received against the split procurement, as a sample of the items was physically verified and the price paid was in line with other similar acquisitions, therefore the questioned transactions were excluded from amount requested for reimbursement.

Specifically, in a letter to Gavi dated 10 April 2020, the Ministry of Health committed to:

- reimburse an amount totalling US\$ 5,166 as concluded by Gavi, which relates to transactions that were viewed as irregular or ineligible; and
- take measures to transfer and refund VAT expenditures totalling US\$ 8,769 to the Gavi designated account.

The Gavi Secretariat continues to work with the Ministry of Health to ensure the above commitments are met.

Geneva, 9 November 2020

KINGDOM OF CAMBODIA



Gavi Secretariat, Geneva, Switzerland



Final Audit Report – March 2020



Table of Contents

1. Executive Summary	3	Annex 3 – Classification of expenditures	30
1.1. Audit findings by section	3	Annex 4.1: Variances in data reported-Penta	31
1.2. Overall Audit Opinion	3	Annex 4.2 Variances in data reported-PCV	32
1.3. Executive summary	4	Annex 5.1: Discrepancies in physical count of Penta Vaccine on the day of the audit visit	33
1.4. Financial consequences of audit findings	5	Annex 5.2 Discrepancies in physical count of PCV Vaccine on the day of the audit visit	33
2. Scope and Objectives	5	Annex 5.3: Discrepancies in Actual vaccine balance -31.12.2018	33
2.1. Scope	5	Annex 5.4: Vaccine stores where GRN/ delivery noted were not maintained or available	34
2.2. Audit objectives	6	Annex 5.5: Vaccine stores where temperature monitoring charts differed from fridge tag temperature logs	34
2.3. Conduct of the audit engagement	6	Annex 6.1: Year wise Budget Utilization Statement (Budget v/s Actual)	35
2.4. Exchange rates	6	Annex 6.2: Province wise Budget Utilization Statement (Budget v/s Actual)	35
3. Background	6	Annex 6.3: Majority of expenditure incurred in Quarter 2 and Quarter 4	35
3.1. Introduction	6	Annex 6.4: Irregular Procurement	36
3.2. National entities involved in the executing and managing Gavi’s funds	7	Annex 6.5: Inadequately supported Expenditure	36
4. Audit Findings	8	Annex 6.6: Ineligible Expenditure - Vat Charged from Gavi Grant	36
4.1. Grant Oversight and Governance	8	Annex 7.1: Monetary thresholds for all procurement	36
4.2. Programme Management	12	Annex 7.2: Inadequate procurement committee and bid evaluation committee	37
4.3. Vaccine and Supply Chain Management	17	Annex 7.3: Fragmenting of Procurement	37
4.4. Budgetary and Financial Management	20	Annex 8 – Findings and Conclusions of visits to sub-national sites	38
4.5. Procurement	25		
4.6. Fixed Asset Management	27		
Annex 1 – Acronyms	28		
Annex 2 –Definitions: opinion, audit rating and prioritisation	29		

1. Executive Summary

1.1. Audit findings by section

Section*	Observation	Risk	Page
4.1	Grant Oversight and Governance		8
4.1.1	Weaknesses in oversight mechanism	■	8
4.1.2	Effectiveness of the internal audit assurance mechanism	■	10
4.2	Programme Management		12
4.2.1	Sustainability of incentive payments to staff	■	12
4.2.2	Inadequate data management and oversight	■	14
4.3	Vaccine and Supply Chain Management		17
4.3.1	Inefficient stock management at national level	■	17
4.3.2	Inadequate stock management at subnational levels	■	19
4.4	Budgetary and Financial Management		20
4.4.1	Inefficient budget preparation and management processes	■	20
4.4.2	Improvements needed in accounting systems and records	■	22
4.4.3	Questioned expenditure	■	23
4.5	Procurement		25
4.5.1	Non-compliance with the national procurement manual	■	25
4.6	Fixed Asset Management		27
4.6.1	Ineffective controls over Fixed Assets	■	27

1.2. Overall Audit Opinion

The Audit Team assessed the Ministry of Health’s management of Gavi support during the audit period as **partially satisfactory**, which means, “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 affect the achievement of the entity’s objectives.”

So as to address the risks associated with the findings, the team raised 11 recommendations, of which 5 (45%) were rated as of 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

The principal audit findings covering how Gavi's funds and vaccine support were managed during the four-year period, January 2015 to December 2018, are summarised below:

Grant oversight and Governance

The existing governance arrangements for the National Immunisation Programme (NIP), consisting of the National Maternal and Child Health Centre (NMCHC) Sub Technical Working Group (equivalent to an Interagency Coordination Committee) needed improvement, as there was no effective monitoring over the National Immunisation Programme's performance in its grant management and accountability.

The Ministry of Health's internal audit function never reviewed Gavi-funded expenditures at the national level or fixed assets.

Programme Management

Annual incentive payments totalling USD 360,240 disbursed to 893 staff were not linked to their performance, as required in the Grant Performance Framework. In the Audit Team's opinion, these payments were not sustainable as there was no plan for the Government to gradually absorb the expense. In addition, the viability of the immunisation programme at the sub-national level is potentially at risk given that insufficient funding was available to maintain the necessary personnel.

There were differences between the immunisation data reported at levels and the overall administrative data recorded. These were due to limited assurance over the quality of data and inadequate supervision and monitoring at national and subnational levels.

Vaccine and Supply Chain Management

Stock management and record keeping at the Central Medical Stores (CMS) was weak. Distribution was based on predetermined forecasts with no reconciliation to the actual consumption resulting in stock outs and expiries in some instances. Delivery documentation from the national level had inaccurate delivery dates and partial deliveries were not reflected in the records.

Based on the Audit Team's visits to 20 stores, lapses were consistently noted in the recording of vaccine temperatures and wastage. The Earliest expired first out principle was not consistently applied at both the national and sub-national levels. The maintenance processes for cold chain equipment were also inadequate.

Shortcomings in VSCM were due to gaps in staff skills and competencies at the central and sub-national level and inadequate supervision and monitoring.

Budgetary and Financial Management

The programme budgets' preparation process was inefficient and was not clearly aligned with other co-funded HSS activities. Annual Budgeting processes for Gavi funded activities were late, resulting in delayed Gavi funding disbursements, further postponing the transfer of such funds to subnational levels and resulting in execution delays of the respective programme activities. Consequently, the programme was unable to effectively absorb Gavi-provided funds. Gavi funded activities were executed in the last semester of the year, impacting the next year's planning processes.

The Audit Team questioned expenditures totalling USD 449,798 of which USD 411,125 related to a split procurement at national level, see Table 1 and Table 2 for details.

Other expenditures with incomplete supporting documentation - In addition to the above amounts whose validity or eligibility was questioned, the Audit Team also identified expenditures totalling up to USD 417,281 (perdiem, transportation and accommodation) which were supported by internally prepared documents. The issue is further discussed under Finding 4.4.2.

Procurement

The National Procurement Manual was not complied with for any of the 15 instances of procurement reviewed by the Gavi Programme Audit Team. There was insufficient segregation of duties between the bid evaluation and award processes. One procurement worth USD 411,125 which required international competitive bidding was split into two and awarded to one contractor awarded based on national bidding processes.

Fixed Asset Management

The Fixed Asset registers at national and provincial levels were not updated or consolidated. Further, such registers were not maintained at the district and health centre levels. There was no evidence that physical verification processes were in place and were carried out by the personnel responsible.

1.4. Financial consequences of audit findings

Table 1 – Summary of Expenditures questioned by the Audit Team, by grant in USD:

Grant	Amount tested	of total Expenditures	Expenditures questioned	% expenditures questioned (of total expenses)
HSS	1,698,959	11,659,882	426,625	4%
JE Campaign	477,925	2,552,725	1,285	<1%
MR	176,747	984,636	-	0%
TOTAL	2,353,631	15,197,243	427,910	4%

Table 2 – Summary of Expenditures questioned by the Audit Team, by category of questioned expenditures in USD:

Category of questioned expenditures	Amount questioned	as a % of tested	Details (report reference)
Irregular procurement	411,125	17.5%	4.5.1
Inadequately supported	2,850	0.12%	4.4.3
Irregular	5,166	0.22%	4.4.3
Ineligible	8,769	0.37%	4.4.3
TOTAL	427,910	38.07%	

In addition to the above amounts, the Audit Team identified expenditures totalling up to USD 417,281 which were supported by internally prepared documents. Although the Audit team was concerned with the inherent weaknesses presented, based on the information available at the time of the audit the Team did not propose that this be considered as necessary to be made whole. The issue is further discussed under Finding 4.4.2.

Table 3 – Remaining balances of Gavi funds held by the MOH which were unspent:

Balance of unspent funds	Bank (USD)	Cash (USD)	Total (USD)
Unspent balances at national level	1,854,923	631	1,855,554
Unspent balances at field offices	483,423	13,475	496,898
TOTAL	2,338,346	14,107	2,352,452

2. Scope and Objectives

2.1. Scope

A Partnership Framework Agreement was signed by the Ministry of Health, the Ministry of Finance and Gavi on 6 November 2013. Between January 2015 and December 2018 (“the audit period”), Gavi resources totalling USD 43.5 million were disbursed to the Kingdom of Cambodia (Cambodia), both as cash grants totalling USD 15.7 million, and vaccines and supplies totalling USD 27.8 million. The audit covered Gavi’s support provided to the country during this four-year period (see Table 4 below).

Table 4 – Gavi support USD: Disbursements as at 31 December 2018

Cash grants	2001-2014	2015	2016	2017	2018	Total
Health Systems Strengthening	10,315,500	-	4,299,456	3,439,458	3,439,978	21,494,392
Japanese Encephalitis - operational costs	-	2,665,500	-	-	-	2,665,500
Vaccine Introduction Grants	921,500	582,000	-	-	-	1,503,500
MR – follow-up campaign operating costs	-	-	-	1,049,052	-	1,049,052
Human papillomavirus Demo - cash support	-	-	191,500	-	-	191,500
Past cash grants	5,048,700	-	-	-	-	5,048,700
Sub-total cash grants	16,285,700	3,247,500	4,490,956	4,488,510	3,439,978	31,952,644
Vaccines	2001-2014	2015	2016	2017	2018	Total
Pentavalent	16,403,817	2,664,015	1,800,023	963,405	500,700	22,331,960
Pneumococcal	2,718,149	5,388,886	3,834,149	2,539,802	3,042,700	17,523,686
Inactivated Polio	-	438,985	603,515	1,198,255	351,097	2,591,852
Japanese Encephalitis campaign	-	2,501,288	(179,735)	-	-	2,321,553
Measles	901,888	29,219	171,559	207,391	-	1,310,057
MR – follow-up campaign	-	-	-	1,099,807	-	1,099,807
Injection Safety Devices	-	-	-	203,486	105,828	309,314
HPV demo	-	-	155,621	137,838	(1,129)	292,330
Past vaccine support	12,061,615	-	-	-	-	12,061,615
Sub-total vaccines	32,085,469	11,022,393	6,385,132	6,349,984	3,999,196	59,842,174
TOTAL	48,371,169	14,269,893	10,876,088	10,838,494	7,438,654	91,794,818

2.2. Audit objectives

In line with the respective programme agreements and with Gavi's Transparency and Accountability Policy, all countries that receive Gavi's support are periodically subject to programme audit, for which the primary objective is to provide reasonable assurance that the resources were used for intended purposes in accordance with the Gavi agreed terms and conditions, and that resources were applied to the designated objectives.

As a result, the Audit Team assessed the relevance and reliability of the internal control systems relative to the accuracy and integrity of the books and records, management and operational information; the effectiveness of operations; the physical security of assets and resources; and compliance with national procedures and regulations.

The team also reviewed the various processes and programme management arrangements governing Gavi's support (vaccines and cash grants) for which the respective entities were responsible, so as to: assess the existence and functioning of the key processes; undertake substantive tests of a sample of programme expenditures in scope; and review the vaccine supply chain management effectiveness and efficiency.

The current report, which was prepared based on select information and documentation provided to Gavi's representatives, cannot be considered as definitive for the entire amount of expenditures incurred during the audit period.

2.3. Conduct of the audit engagement

Between 18 March to 05 April 2019, the Gavi Audit Team reviewed expenditures incurred by the NIP both at national and subnational levels. At the National level, Gavi's Programme Audit audited transactions incurred by the following business units: NIP, NMCHC, Department of Budgeting and Finance and CMS. At the sub-national level, audit procedures were carried out at seven Provincial Health Departments, seven Operational Districts and six Health Centres. The auditors also engaged with Gavi Alliance partners and in-country stakeholders during the audit scoping and fieldwork stages. See Annex 8 for the list of sites visited by Gavi's Audit Team.

2.4. Exchange rates

Most grant-related expenditures were incurred in United States Dollars (USD), with the remaining being incurred in Cambodian Riel (KHR). For reporting purposes, the latter were converted to USD. The rate used for specific expenditures tested was based on the bank rate obtained at the time the funds were converted into USD. The exchange rate ranged from 3,942 to 4,115 KHR to USD 1 over the audit period.

3. Background

3.1. Introduction

The Kingdom of Cambodia has an estimated population of 16 million people, 22% of whom live in urban areas, and an increasingly mobile population. According to the United Nations Development Programme, the country ranks 146 out of 151 countries in the human development index and is ranked 161 out of 180 countries on the corruption perception index.

Cambodia has made significant progress towards the Sustainable Development Goals (SDGs) due to years of strong economic growth and reforms. Income growth has outpaced peers, poverty has declined, and the economy has begun to gradually diversify. With an estimated GDP per capita of USD 4,354¹ and an estimated 7% growth rate since 2015, it is ranked in the top 20 economies in terms of economic growth, the main drivers being textiles, manufacturing, agriculture, tourism and, more recently, construction and real estate. In 2016, the World Bank formally reclassified Cambodia as a lower middle-income country as a result of continued rapid economic growth over the past several years. However, elevated financial sector vulnerabilities, development spending needs, and governance weaknesses pose challenges for further advancing sustainable growth and development.²

The availability of public health facilities increased substantially in Cambodia between 1995 and 2012 as a result of the Health Coverage Plan. By the end of 2018, Cambodia's health structure comprised 9 national hospitals, 25 Provincial Health Departments (PHDs) with 24 Provincial hospitals, 100 Operational Districts, 84 Referral Hospitals, 1,200 Health Centres and Health Posts. Except for Health Posts, the vaccine supply chain relies on most of the above structures. Cambodia is also one of the few countries to have achieved most of its health related MDGs, including those related to maternal and child mortality.

¹ Global Health Observatory data repository, WHO
http://apps.who.int/gho/data/node.main.HWFGRP_0020?lang=en

² IMF Asia and Pacific dept <https://www.imf.org/en/Publications/CR/Issues/2018/12/17/Cambodia-2018-Article-IV-Consultation-Press-Release-Staff-Report-Staff-Statement-and-46478>

Despite these achievements and health infrastructure investments, the country still faces challenges with the health sector workforce as there were just 11.2 physician, nurses and midwives per 10 000 population (Est 2014) which is below WHO's recommended 23 health workforce ratio.³

3.2. National entities involved in the executing and managing Gavi's funds

At the national level, the Ministry of Health (MOH) maintains policy setting, planning, coordination, and management functions, while service delivery is devolved to the province and district levels. The Sector Wide Management mechanism for health is used to align and direct the contribution and activities of

the development partners in achieving MOH objectives. This mechanism involves membership from government, and development partners and operates at three levels: policy, operational, and the technical level.

The National Maternal and Child Health Centre (NMCHC) is one of 18 Central Units within the MOH, responsible for improving maternal and child health and reducing maternal and child mortality. NMCHC provides both preventive and curative healthcare through NMCH clinics and National Program including the National Nutrition Program, the National Reproductive Health Program, the National Immunization Programme (NIP) and a training unit.

³ Global Health Observatory data repository, WHO
http://apps.who.int/gho/data/node.main.HWFGRP_0020?lang=en

4. Audit Findings

4.1. Grant Oversight and Governance

4.1.1. Weaknesses in oversight mechanism

Context

In accordance with the Gavi Alliance Transparency and Accountability Policy, Gavi requires that suitable in-country oversight mechanisms being in place to monitor the programme's compliance. In Cambodia, the oversight function is the responsibility of the Technical Working Group on Health (TWGH) headed by the Minister at the health sector level and the Sub-technical working group for Maternal and Child Health (MCH).

In 2016, Gavi's Programme Capacity Assessment team noted areas requiring improvement in both governance and oversight. The Ministry of Health was also required to revise the MCH's Sub-Technical working group terms of reference (ToR), as the principle oversight body for the NIP programme. At the time of the audit in March 2019, this GMR had been marked as implemented by the country.

Description

There are currently three working groups that review the immunisation programme activities: (i) The National Immunisation Programme working group; (ii) the Sub-Technical Working group for Maternal and Child Health; and (iii) the Technical Working Group on Health, each with different responsibilities as defined by the terms of reference. All working groups include the appropriate key government and development partners. The Audit Team noted opportunities for improvement in the oversight mechanisms as noted below:

- The TWGH performs the duties of the NITAG and Interagency Coordination Committee on Immunisation. As per its ToRs, the TWGH meets on a monthly basis and is appropriately headed by the Minister. However, in our review of minutes provided, we noted that immunisation activities were discussed seven times in the last five years, out of a possible 50 meetings held. Our review of the meeting minutes noted that they were focussed on approval of Gavi proposals, joint appraisals and new vaccine support. There was no evidence of review of immunisation activities or follow up on key immunisation components as noted below.
- The Sub TWGH for MCH has the responsibility for review of technical immunisation activities. As per its ToRs, the Sub TWGH for MCH is supposed to meet every two months but meets four times a year as per the summary of meetings provided. In the last 18 meetings, NIP activities were included as an agenda item for two meetings, with no specific discussions in the period January 2018 to March 2019. We were therefore unable to conclude on the effectiveness of the oversight over the immunisation programme. Although revision of the ToRs for the Sub-TWGH for MCH were discussed in 2018, we are also unable to determine the extent to which the GMR was addressed as the ToRs provided for our review were dated June 2006.
- Whereas the National Immunisation Programme working group meets often to address operational issues, its ToRs have not been ratified by the Sub TWGH for MCH and do not include reporting responsibilities to the NIP oversight mechanism to ensure that all critical issues are escalated for the attention of Sub TWGH MCH and TWGH.

Furthermore, both TWGHs did not have standing agenda regarding key immunisation components like coverage data (including progress on the Data quality improvement plan), the cold chain function (including progress on Effective Vaccine Management), programmatic performance and timely budget preparation for Gavi. We noted delays in:

- preparation of Gavi programme budgets for example the 2019 budget was not submitted to Gavi till April 2019, similar delays were experienced in 2018. This has resulted in slow absorption of Gavi funding as noted in finding 4.4.1

Recommendation 1 - Critical

We recommend that MOH strengthen the oversight mechanism to provide effective oversight over the immunisation programme by ensuring that the:

- Technical Working Group on Health include NIP activities as a standing agenda item once a quarter to ensure that critical issues are escalated and addressed in a timely manner.
- The TWGH sub committees have the responsibility for follow up of recommendations from the various NIP reviews for example EVM, Data quality and NIP programme review;
- Sub-Technical working group for MCH, the selected oversight body for the NIP programme include EPI operational activities as a standing agenda during its meetings.
- NIP working group terms of reference are finalised to include reporting responsibilities to the Sub TWGH for MCH.

Management comments

- The Technical Working Group for Health (TWGH) is the ICC and NITAG for immunization program. But, TWGH covers all health-related matters with the clear TORs. The review and endorsement of some NIP plans and activities happen at any time as needed. Thus, the NIP activities didn't specifically include into TWGH's agenda as once in a quarter. Sometimes, NIP included as the agenda for more than one time in one quarter.
- Sub-Technical working group for MCH also review (technical areas) the NIP plans and activities regularly. Sub-Technical working group for MCH also report to Technical Working Group for Health (TWGH) twice a year.

<ul style="list-style-type: none"> addressing recommendations from the EVM and DQAIP. Implementation for 58% (7 of 12 activities) of the EVM recommendations has delayed, of which preventive and curative maintenance of cold chain equipment was still a critical gap at the time of the audit. There is limited progress on DQAIP recommendations from 2014. Currently, there is a plan to address the issues noted through technical assistance from Gavi, a pilot project which will commence in Q4 2019. <p>As a result, the Audit Team could not determine the effectiveness of oversight provided by these technical working groups on the EPI programme.</p>	<ul style="list-style-type: none"> NIP working group will update to include reporting responsibilities to the Sub TWG for MCH in the TOR. <p>Audit Team’s additional comments</p> <p>As noted in the finding, the TWGH (ICC equivalent) discussed immunisation activities only seven times out of a possible 50 meetings in the last five years. These meetings were focussed on submissions for Gavi funding, with no evidence of review of immunisation activities or follow up on recommendations from past reviews. There is a need to enhance the TWGH oversight and management of Gavi funded activities.</p>	
<p>Risk / Impact / Implications</p> <p>There is a risk that critical issues and challenges within the EPI may not be addressed in an efficient and effective manner where required governance committees are not functional. Examples of such issues are included in sections 4.2 and 4.3 of this report.</p>	<p>Responsibility</p> <p>MOH/MCH</p>	<p>Deadline / Timetable</p> <p>31 March 2020</p>

4.1.2. Effectiveness of the internal audit assurance mechanism

Context

Paragraph 25 on page 6 of the Aide Memoire, annexed to the Partnership Framework Agreement (PFA) signed by the MOH, the Ministry of Finance and Gavi, effective from 15 May 2013, in relation to internal audit states that “The respective implementing department within MoH to which the recommendations relates, is responsible for ensuring that the audit recommendations are implemented, under the oversight of the HSS Programme Monitoring Team. The Grant Management Requirements (GMRs) dated 14 June 2017 also stated that “The MoH internal audit unit will share its annual risk- based audit workplan, clearly showing planned coverage of Gavi programmes and make available to Gavi all relevant internal audit reports.”

The Grant Performance Framework for The Kingdom of Cambodia also includes a performance indicator to measure the “Incidence of issues of concern in audit reports”

Description

Effectiveness of follow-up of the internal audit recommendations: As at April 2019, the national internal audit team had completed audits for the HSS grants for 2016, 2017 and 2018. These audits were conducted at provincial level (including selected sample of districts and health centres) based on the grant objectives.

During the audit, the Audit Team was provided with internal audit reports for 2016 and 2017 and a summary of the findings from the 2018 audit. We noted the following aspects for improvement of the internal audit processes:

- **Audit planning:** The GMRs required the internal audit team to share annual audit work plans with Gavi. The 2018 and 2019 audit plans were not shared with Gavi.
- **Audit scope:** audits conducted focused on expenditure verification and vaccine stock reviews. No work was done to review Gavi-funded fixed assets even though USD 1,513,095 had been spent on procuring such assets.
- **Audit coverage:** internal audit reviews did not cover campaign expenditure (USD 3,537,361) or central level expenditure of USD 4,115,683 (including review of the procurement processes)

Table 5 – Expenditure at national and subnational levels

	HSS – 2015	HSS – 2016	HSS – 2017	HSS – 2018	JEV Campaign - 2015	MR - 2017	Total (USD)	%
Expenditure at central	762,847	1,518,322	1,408,445	568,424	224,075	90,476	4,572,590	29%
Expenditure at provinces	1,167,881	1,544,155	2,601,837	2,087,972	2,328,650	894,160	10,624,653	71%
Total expenditure	1,930,728	3,062,477	4,010,281	2,656,396	2,552,725	984,636	15,197,243	100%

- **Sharing of audit results:** The Grant Performance Framework requires the country to report on incidence of issues of concern in audit reports, for which the EPI unit is responsible, as the primary implementing department. Although external audits were shared with Gavi, the audit team noted that the internal audit reports were not been shared with the Gavi Secretariat as required, nor were these reports seen by the NIP team.

The Audit Team was also unable to obtain copies of the annual audit plans for 2017, 2018 and 2019 and therefore could not ascertain the extent to which the GMR had been addressed.

Recommendation 2 - Essential

We recommend that the MOH ensure that:

- The annual internal audit plan is shared with Gavi as required by the GMRs.
- Scope of internal audit review includes expenditure at the central level, scope areas like fixed assets (including verification); and
- Completed internal audit reports are formally shared with the respective PHDs and the NIP programme to ensure that findings are adequately followed up and addressed.
- Internal audit reports are formally translated into English and shared with Gavi annually.

Management comments

The MoH agrees with recommendation of Gavi Audit.

Risk / Impact / Implications	Responsibility	Deadline / Timetable
<p>Not sharing audit plans or reports (i) prevents Gavi from adequately participating in assessing the risk-based assurance process (for example ensuring that procurement and fixed assets are included in audit scope); (ii) is not compliant with the Grant Performance Framework and Grant Management Requirements; (iii) and does not facilitate the appropriate level of follow-up by the NIP. Similarly, the lack of transparency may prevent the MOH management to identify and address root causes of recurring issues or address control weaknesses in a timely manner.</p>	MOH/NIP	31 March 2020

4.2. Programme Management

4.2.1. Sustainability of incentive payments to staff

<p>Context</p> <p>In 2015, the Gavi Independent Review Committee (IRC) recommended that Cambodia develop Sector-wide guidelines for payment of incentives and salary top ups to share with Gavi. The Grant Performance Framework developed for the Health Systems Strengthening grant includes an annual objective linked indicator – the “Percentage of staff reaching annual performance targets for incentive payments”.</p> <p>The Gavi guidelines on detailed budgeting, section 2 on sustainability requires that where Gavi grants support such recurrent costs (e.g. for human resources and transport costs - only where there is a clear justification, including strong linkage to coverage and equity outcomes) that there needs to be a clear ‘exit’ plan, whereby such costs are incrementally taken over by other sources over time.</p>	
<p>Description</p> <p>Since 2016, Gavi has supported 893 national staff with incentive payments ranging from USD 20 to USD 400 per person per month, an annual expense totalling USD 360,240. These payments support 47 staff (including accounting and administration staff) at national level and 846 staff at subnational level, 736 of whom are nurses, doctors and midwives working across health centres.</p> <p>The Gavi Audit Team noted that:</p> <ul style="list-style-type: none"> • The Ministry established an appraisal process including evaluation forms, however, these were not completed consistently to support review of performance. For the sample selected for review, evaluations were provided for 2018 and there was no evidence of reviews done in 2016 and most of 2017. Evaluation forms were undated, individuals’ performance ratings were not indicated and the forms did not include areas for improvement for the staff. Staff were paid the same amount every month with no indication of their performance. Consequently, the incentives payments were equivalent to directly paying top-ups without a performance component, in addition to the individuals’ salaries. • Similarly, there was no plan in place to progress and transition these incentive payments over, for absorption into the government’s national budget. As noted by the IRC in February 2015, if there is no national commitment, it is unlikely that the incentive payments will be sustained after Gavi’s funding for this component finishes. 	<p>Recommendation 3 – Critical</p> <p>We recommend that the MoH:</p> <ul style="list-style-type: none"> • Ensure that the approved appraisal process is implemented consistently. Evaluation forms should be completed to indicate date of completion, staff performance ratings and areas for development. Evidence of the appraisals, held every semester, should be filed and used for the next semester’s incentive payments; and • Review the current Gavi funding and ensure that a clear exit plan for such recurrent costs is established as required by Gavi’s guidelines on detailed budgeting.

	<p>Management Comments</p> <p>Incentives and appraisal issues have been in discussion several times in 2015 within country team, Gavi Secretariat staff and TWGH (ICC). Ministry of Health also closely worked with the Ministry of Economy and Finance for developing the incentive guidelines and approved in May 2015. Then, the incentive guidelines have been updated on 04 January 2016 by the MoH for implementing of Gavi-HSS2 project from 2016 to end of 2020. In 2019, the incentive payment scheme have been discussed again and agreed by Gavi project country team and Gavi Secretariat staff to continue incentive and appraisal process until the end of the grant (Gavi-HSS2). Therefore exit plan of this recurrent cost will be taking care in new project.</p> <p>Audit Team’s additional comments</p> <p>While some of the issues noted in our review of the incentives programme will be addressed in the new grant for 2022, there is still a need for MCH/NIP management to ensure that the performance reviews conducted for 2020 and 2021 align with the incentive guidelines. As noted in the evidence reviewed, the evaluation forms completed were not indicative of the individual’s performance and therefore not in compliance with the incentive scheme under the Gavi HSS 2 grant as required by the incentive guidelines.</p>	
<p>Risk / Impact / Implications</p> <p>There is a risk that the country may fail to sustain the gains made within the immunisation programme, at the time that the Gavi support of the incentive payment scheme ends.</p>	<p>Responsibilities</p> <p>MoH/NIP</p>	<p>Deadline/ Timetable</p> <p>New grant (2022)</p>

4.2.2. Inadequate data management and oversight

Context

Article 8.1 (d) of PFA states, “The Government represents to Gavi that: Accuracy of information: All information that is provided to Gavi including, its applications, progress reports, any supporting documentation, and other related operational and financial information or reports, is accurate and correct as of the date of the provision of such information.”

Description

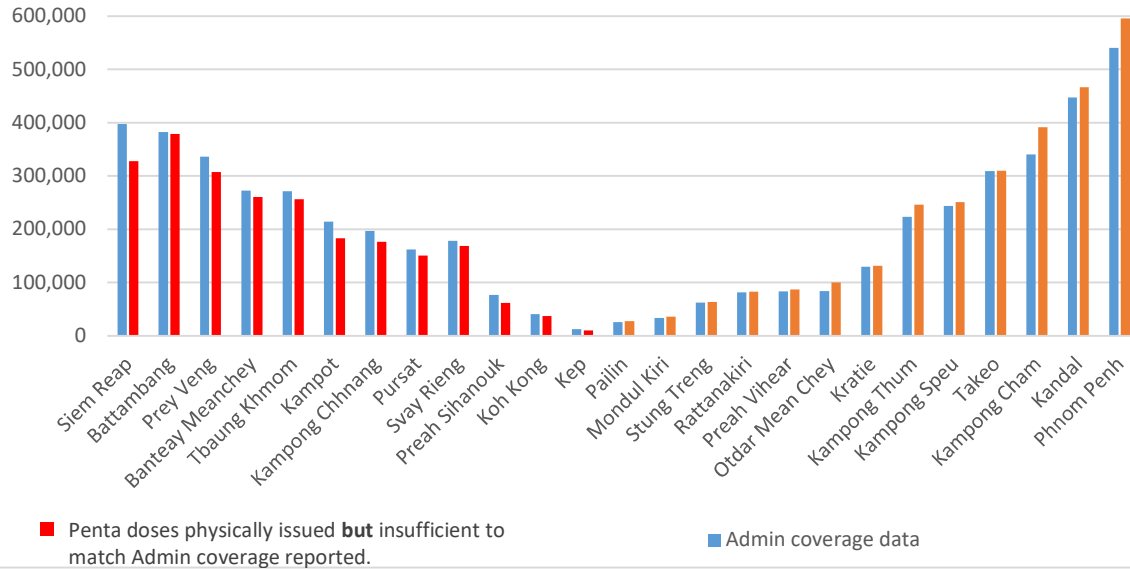
The Audit Team compared the administrative immunisation coverage (i.e. the official country estimates reported to WUENIC and placed in the public domain) to the total volume of pentavalent issued by the Central Vaccine Stores over the five-year period 2013–2017. Administrative immunisation coverage exceeded the number of doses physically available in 12 out of 25 provinces with respect to the number of children reported as vaccinated, compared to the volume of pentavalent issued by the Central Vaccine Stores (analysis excludes wastage). This triangulation analysis demonstrates that it was necessary for the programme to perform a routine analysis and follow up of potential areas for further investigation. The variances noted by the Audit Team are illustrated below:

Recommendation 4 – Critical

We recommend that the MoH:

- Routinely triangulates available immunisation data, including an assessment of administrative coverage data and vaccine availability / utilisation as a check for accuracy of data reported. Data anomalies noted should be included in the review of accuracy of vaccine stock and utilisation data and coverage data;
- Build data management capacity at the sub-national and conduct relevant staff training on the Guidelines and SOPs at the Central and sub-national levels;
- Develop / improve and implement suitable job aids for managing immunisation data including roles and responsibilities for staff. These guidelines should be distributed at all levels to promote uniformity in data collection, collation and reporting and be used as tool in the monitoring and supervision visits;
- Ensure that the Sub-Technical Working Group for MCH reviews immunisation data periodically and follows up on the timely implementation of the data quality assessments;
- Develop and implement a data supportive supervision plan to address data issues noted including data availability, inaccuracies and timely reporting;
- Consider adjusting the denominator data in HMIS, based on the results of the 2019 population census as necessary;
- Update data in HMIS to ensure accuracy and completeness of historical data for IPV and PCV

Penta coverage vs doses issued from Central (2014 to 2018)



Management Comments

- Triangulation of the immunization data is a new concept at global level and also to NIP/MoH, Cambodia. WHO Country Office shared the summary concept note in 2018. At this point of time, the Ministry of Health emphasized to use one source of data for all programs and activities under Ministry of Health. The Ministry of Health welcome the idea for triangulation, however, Ministry also likes to see the maturity of this triangulation, example of other countries, therefore, would like to wait and plan for the next grant (Gavi-HSS3). In the meantime, after following pilot study on data accuracy/audit in 2018, with the support from WHO, NIP started implementing data accuracy/audit at OD and HC in four provinces from June 2019. It will be implemented in remaining provinces in 2020.

<p>To explore the possible root causes of admin data variances, the Audit Team reviewed HMIS data and visited six health centres to verify reported (PCV and Penta) data against data collection tools (infant vaccination register, monthly summary sheet)</p> <p>Denominator data – The baseline for denominator in HMIS for the administrative immunisation data was determined by MCH (compared with 2008 population census data) and there have not been any major adjustments since, except for estimated population growth rates. Consequently, there are varied projections in targets set for some provinces especially for transient populations. The Audit Team noted upcoming plans for a census which could be used to adjust denominator data.</p> <p>Numerator data – Targets are set for each province and the monthly summary reports are used to summarise data for input into HMIS. Within the immunisation register, the facilities are able to record immunisation data related to activities outside the facility catchment area. However, on consolidation into the monthly summaries for input into HMIS, this distinction is lost. This results in facilities, districts and provinces reporting results higher than their population (results in greater than 100% reporting) especially in areas where there are major referral hospitals.</p> <p>Additionally, the Audit Team noted significant differences, ranging from 42% to as high as 52% for 2018 for Penta and PCV vaccines, when comparing monthly summary reports from catchment areas, to immunisation data from the respective health centres as recorded in Infant vaccine register. See annexes 4.1 and 4.2 for details</p> <p>Completeness and accuracy of data in HMIS – We noted that PCV and IPV data for 2015 and 2016 is missing from the HMIS system. This is attributed to delays in inputting the modules within the system. Similarly, HMIS immunisation data was not reconciled with the vaccination data recorded in infant vaccine registers (the primary source documentation). The Audit Team noted differences ranging from 42% to 82% for 2018. See annexes 4.1 and 4.2 for details</p> <p>Inadequate monitoring over immunisation data quality: Although data quality SOPs were developed, these have not translated into effective job aids to assist with data entry, data processing, validation, reporting and monitoring at sub national levels. The Audit Team noted inadequate supervision and monitoring of immunisation data both at subnational level and oversight at national level due to lack of a data technical working group.</p> <p>Oversight over immunisation data – At present, there was no data technical working group (within NMCH or EPI) charged with review of immunisation data and follow-up of recommendations from various data reviews. Whereas the 2013 data quality assessment and EPI reviews noted similar challenges in data collection, collation and recording, there were significant delays in implementing the recommendations.</p> <p>Ongoing work: In 2018, WHO assisted the country in developing a data quality improvement plan including templates for recording data. The country also received Targeted Country Assistance (TCA) funds in 2018, including subsequent improvement activities which are planned at the Health Centre level for Q4 2019. WHO has also received TA funding specific to strengthening local target population estimates and denominator workstream in 2019.</p>		
<p>Risk / Impact / Implications Inaccuracies in numerator and denominator data could result in use of inaccurate and incomplete data. This may undermine the reliability of administrative data.</p>	<p>Responsibility MoH/NIP</p>	<p>Deadline/ Timetable 31 December 2021</p>

4.3. Vaccine and Supply Chain Management

4.3.1. Inefficient stock management at national level

<p>Context</p> <p>WHO provides recommended Vaccine Management Guidelines and Standard Operating Procedures (SOPs) for countries to use. These are documented procedures which describe routine activities for managing vaccines, including guidance on how to perform essential tasks, correctly and consistently. The WHO Effective Vaccine Management (EVM) initiative provides materials and tools needed to monitor and assess vaccine supply chains and help countries to improve their supply chain performance. In 2015, an EVM assessment was completed and an improvement plan developed. The Audit Team determined that little progress was made in executing the subsequent improvement plan as noted in Finding 4.2.1.</p>	
<p>Description</p> <p>Lack of electronic logistics management system for vaccines: Health commodities were managed and tracked at Central Management Stores using an electronic stock system. However, the CMS system did not include the any data on vaccine stock records, and instead vaccine management was recorded manually. The Audit Team noted that other development partners (e.g. USAID and Global Fund) were working with CMS to further improve its supply chain system, such as by implementing of more advanced eLMIS system called mSupply. As at May 2019, the mSupply system was still operating on a pilot basis; full implementation was on hold and vaccine supply records were excluded.</p> <p>Inefficiencies in the manual vaccine management records at the Central Medical Stores: The Audit Team noted the following gaps:</p> <ul style="list-style-type: none"> • In some instances, batches of vaccines with differing expiry dates were inconsistently recorded on a single stock card. Thereafter the issuance records failed to identify which of the various batches were actually issued, and Earliest Expiry First Out (EEFO) procedures could not be accurately traced; • Vaccine records were manually maintained in an excel document. However, the detailed transactional data was overwritten to start the next month; with the revised position and no archive of the previous transactions was maintained. • Distribution of vaccines to the provinces was based on a predetermined forecast rather than determined on a consumption basis. This resulted in vaccine shortages in several provinces, as also identified by the internal auditor in his 2016 and 2017 reports. • Delivery of vaccines to provinces was supported by delivery invoices. However, these invoices and the underlying batch cards were not amended to match the substance of the actual distribution, in particular in the case of partial deliveries when some stock was withheld, the distribution was recorded in the form as if all the stock was delivered. The difference retained was entirely dependent on the undocumented memory of the vaccine stock manager. At the time of our planning mission, we noted various batches within the cold rooms which were documented as delivered to provinces. The vaccines which had been retained were not appropriately marked with the corresponding recipient for which the rest of the delivery was intended. • The dates on the delivery invoices reflected the date of signature and not the actual delivery dates (discrepancies of up to three weeks were noted) and hence the invoices did not corroborate or confirm the time of delivery. <p>It was noted that the root cause of some of the inefficiencies identified, were due to the fact that the vaccines at CMS, up until January 2019, were managed by a single individual with limited oversight.</p> <p>Cold Chain Equipment maintenance and insurance: There was no maintenance plan in place for freezers and refrigerators during the audit period. The Audit Team were unable to evidence what repairs were done or what other repairs were scheduled</p>	<p>Recommendation 5 - Critical</p> <p>We recommend that MoH;</p> <ul style="list-style-type: none"> • Work with the relevant development partners, with the objective of ensuring that the mSupply eLMIS system includes an activated vaccine module within its design for use at CMS; • Ensure that the vaccines stores at CMS are adequately staffed; • Finalise the SOPs and develop job aids for Vaccine and Cold Chain management or adopt the recommended WHO Vaccine and Cold Chain Management procedures and Stock Management guidelines; • Finalise the cold chain equipment maintenance contract, develop and operationalise a maintenance plan including specific guidelines on preventative and curative maintenance processes with defined roles and responsibilities at national and subnational levels; • Review CMS' process inefficiencies as noted by the Audit Team and ensure that the respective weaknesses are addressed; • Link identified capacity gaps at national and subnational levels to ensure that practical hands on training is delivered to the appropriate levels within the supply chain; • Insure vaccines at CMS and regional levels as required by the GMRs. <p>Management Comments</p> <ul style="list-style-type: none"> • MoH will work with the relevant development partners on the mSupply eLMIS system. • The MoH agrees with these recommendations

<p>or pending. As at May 2019, the selection process for the maintenance contract was not been completed. This remains an outstanding issue from the 2015 EVM improvement plan. The Audit Team also noted that none of the vaccines at the national and regional levels were insured.</p> <p>Vaccine and Cold chain management: In May 2019, both the vaccine supply and cold chain management standard operating procedures had not been finalised. Storekeepers staff did not have job aids for reference to guide the management of stock. Although some staff had received vaccine management training, from the various sites visited, the Audit Team identified gaps in basic stock management practices.</p>		
<p>Risk / Impact / Implications Without suitable vaccine management systems and processes in place, key activities such as stock levels, wastage management, and future vaccine forecasts may be poorly performed.</p>	<p>Responsibilities MoH/NIP</p>	<p>Deadline/ Timetable 31 December 2020</p>

4.3.2. Inadequate stock management at subnational levels

<p>Context</p> <p>WHO recommends Vaccine Management Guidelines and Standard Operating Procedures (SOPs) for countries to use. These documented procedures proscribe routine activities for the good management of vaccines. They inform what tasks need to be performed consistently and guide how to capture the necessary institutional knowledge.</p>		
<p>Description</p> <p>From the Audit Team’s visit to 20 vaccine stores (at PHD, OD and HC levels) spread across eight provinces, the following deficiencies were noted:</p> <p>Stock count not performed periodically: There was no evidence on file that physical stock counts were done across all of the 20 subnational stores visited. The stock counts conducted by the Audit Team identified unexplained differences for more than half of the stores as per Annexes 5.1 and 5.2. A reconciliation of stock records using stock movements for the year as at 31 December 2018 also revealed additional differences at noted in Annex 5.3.</p> <p>Weak maintenance of vaccine records The audit team’s store visits identified the following weaknesses in vaccine record-keeping:</p> <ul style="list-style-type: none"> • Pertinent information including VVM status, expiry dates and batch numbers was missing or was incorrectly recorded in the records for all stores; • Minimum and maximum stock balance levels were not complied with or followed at all 20 stores; • Delivery notes and/or goods received notes were missing at seven locations. See Annex 5.4 • Although storekeepers were aware of the EEFO principle, this this requirement was not followed or complied with. <p>Weaknesses in stock management: The Audit Team noted the following shortcomings:</p> <ul style="list-style-type: none"> • Vaccine vials were stored haphazardly in the refrigerators and different batches were mixed together at many of the stores; • Although fridge tags were in place, the temperatures recorded by these devices were often not regularly downloaded for routine monitoring. Where manual temperature recording was done, these charts did not agree with the respective temperature logs run by the Audit Team for the same period. See Annex 5.5 for details; • There was no formal contingency plan in the event of cold chain failure or lengthy power cuts; <p>The issues noted corroborated with the weaknesses identified in the monitoring and supervision conducted at provincial, district and health centre levels.</p>		<p>Recommendation 6 – Essential</p> <p>It is recommended that the MoH ensure that:</p> <ul style="list-style-type: none"> • Physical stock counts are conducted periodically at subnational level (at least quarterly) • All vaccine stores must comply with the “Earliest Expiry, First Out (EEFO)” principle and evidence their stock movements. • Ensure that stock records and supporting documents are complete and systematically filed. • Ensure that supportive supervision at subnational levels monitors compliance with SOPs
		<p>Management Comments</p> <p>The MoH agrees with these recommendations</p>
<p>Risk / Impact / Implications</p> <p>If vaccines are not stored within their recommended temperature range this might damage their potency, potentially impacting beneficiaries’ subsequent protection against diseases. Routine temperature monitoring can help to identify issues with the functionality of cold chain equipment. Noncompliance with the EEFO principle risks vaccines shelf-expiring or wasting. In the absence of regular physical stock counts, errors in the stock records may not be detected and investigated in a timely manner.</p>	<p>Responsibilities</p> <p>MoH/NIP</p>	<p>Deadline/ Timetable</p> <p>31 December 2020</p>

4.4. Budgetary and Financial Management

4.4.1. Inefficient budget preparation and management processes

Context

Paragraphs 7 and 8, from page 3 of the Aide-memoire annexed to the PFA state that “The HSS Programme Monitoring Team shall prepare a comprehensive, detailed AWPB (Annual Work plan and Budget) for the Gavi HSS programme showing all activities to be implemented. This AWPB shall be submitted to the TWGH (Technical Group Working for Health) for consultation and recommendation before the start of each GoCs (Government of Cambodia’s) financial year. A copy of the AWPB reviewed by TWHG, including the minutes of the meeting during which the AWPB was reviewed, is to be submitted to Gavi before implementation each year.” The Grant Performance Framework developed for the Health Systems Strengthening grant includes an annual objective linked indicator – “The percentage of HSS budget utilised during the reporting period”.

Description

Delays in finalisation of Annual Work Plan and Budget (AWPB): The Government and Gavi’s budgeting processes are planned to start six months before the funded year. However, there were significant delays in NIP’s finalisation of the Gavi budget. The AWPBs for 2017 and 2018 were submitted in March 2018 and in April 2019, respectfully. Moreover, HSS activities were co-funded by Government and several development partners, including Gavi. However, it was not clear how the Gavi budget was aligned to activities in the Government budget as the details of Government budgeted activities were not shared with the Audit Team.

Delays in preparation and approval of budgets resulted in the low level of budget utilisation and effectively delayed programme activities being conducted (as supported by the variability in timing of expenditure). This is further explained below:

Low absorption/Utilization of Gavi-provided funds: The Audit Team compared the overall utilization of Gavi-provided funds for the audit period as illustrated:

Table 6: Low absorption/utilization of Gavi provided funds

Year	Budget USD)	Expenditure Incurred (USD)	Variance (USD)	Utilization %
2015	3,349,069	1,930,728	1,418,341	57.6%
2016	5,145,380	3,062,477	2,082,903	59.5%
2017	5,368,044	4,010,281	1,357,771	74.7%
2018	4,999,979	2,656,396	2,343,583	53.1%

Similarly, at the PHD level, the Audit Team also noted a low utilization rate for Gavi-provided funds. (see Annex 6.2).

Spend variability: For the PHDs visited by Audit Team significant delays were noted until the funds were disbursed from the Central level, resulting in delayed programme activities and the variability of expenses throughout the year. Most Gavi-supported activities were executed late in the year, as follows;

- 98.6% of total 2016 expenditures were incurred in Q3 and Q4;
- 70% of total 2017 expenditures were incurred in Q3 and Q4;
- 84% of 2018 expenditures were incurred in Q2 and Q4, as closely aligned to the periodicity of the respective disbursements from the Central level (March, September and October) see annex 6.3

Recommendation 7 - Essential

The MOH, in collaboration with the NIP should:

- Ensure that a consolidated NIP budget is completed every year, which details all funding sources including national contributions;
- Ensure that budget preparations are completed and submitted to Gavi on time;
- Ensure that disbursements to subnational levels are done on time to support timely implementation of activities; and
- Ensure that the TWGH, (as an equivalent of the ICC) monitor and report on the use of Gavi-provided funding on a quarterly basis, so as to maximise the level of funds available.

Management Comments

- Based on the many years’ experience, the partner’s fund usually committed at the end of the year for next implementing year or beginning of the implementing year. At the same time, the financial/fiscal year of different organizations is different. Therefore, MoH will consolidate the national budget into the NIP budget and the other funding source will be updated, if available.
- On time budget disbursement to sub-national levels depends on many factors which include the agreement of amount allocation for the year from Gavi secretariat, time of disbursement of the amount by Gavi secretariat and receiving the decision letter from the Gavi secretariat.

Risk / Impact / Implications	Responsibilities	Deadline/ Timetable
Inefficient budgeting processes will delay the execution of Gavi-supported activities and contravenes the Grant Performance Framework. Delays in preparing and the subsequent approval of Gavi budget at national level limits the potential for HSS activities to be synchronised with other complementary partners' activities and may potential result in programmatic gaps or overlaps not identified during the budget preparation processes. This may also result in efficiencies as the same staff are engaged in all budget preparation exercises.	MoH/NIP	31 December 2021

4.4.2. Improvements needed in accounting systems and records

<p>Context</p> <p>Article 23 (Annex 2) Records and expenditures in Partnership Framework Agreement (PFA) states that <i>“The Government shall maintain accurate and separate accounts and records of each of the Programmes prepared in accordance with internationally recognised standards that are sufficient to establish and verify accurately the costs and expenditures under the Programmes. The Government shall maintain such accounts and records and any other supporting documents evidencing expenses made with Gavi’s funds according to the Country’s fiscal requirements for a minimum of five (5) years after the completion of a Programme.”</i></p>			
<p>Description</p> <p>Budgets were not included in accounting software: The national level accounting for Gavi’s programmes were maintained in an accounting system. However, although technically possible the budgets were not input into the system. As a result, budget analyses were performed manually, which was sub-optimal and reduced the visibility and efficiency of budget monitoring.</p> <p>Inadequate accounting records at the subnational levels: There was no accounting system in place at the provincial levels, resulting in transactions being recorded in basic spreadsheets. The Audit Team noted that these records were incomplete as they were primarily based on the bank and cash movements. Thus, no general ledgers, subledgers or suitable double entry records were maintained. As a consequence, monthly financial reports had to be prepared manually, including weak data management practices, such as each monthly report being overwritten by the next, effectively erasing the audit trail.</p> <p>Inadequate supporting documents: The Audit Team noted that most of the expenditures related to programme such as per diem, transportation, accommodation were supported by internally prepared documents, which were not validated by any other external or supplementary documentation. In addition, the respective payments were paid out as a cash advance to an individual who then provided support to liquidate the cash advance. The current Financial Management Manual lacks any appropriate guidance on what supporting documentation was required. Based on the 31 payment vouchers reviewed by the Audit Team, it was determined that 95% of all cash expenses (USD 144,743) from the selection reviewed totalling USD 152,906, were solely supported by internally prepared documents. Extending this analysis over the two-year period 2017 to 2018, there were further such cash expenditures totalling USD 272,538 which were not included in our sample. These amounts do not form part of the overall amounts questioned by the Audit Team, as explained below under Finding 4.4.3.</p>		<p>Recommendation 8 – Desirable</p> <p>It is recommended that the MOH:</p> <ul style="list-style-type: none"> • Ensure that central-level budgets are uploaded and monitored using the accounting software to ensure timely review and analysis of expenditure vs budget. This will ensure that budgets are monitored periodically; • Consider using suitable accounting software at provincial levels so that the primary accounting records are maintained in a more robust format. • Review the Financial Management manuals to provide appropriate guidance on supporting documents required. <p>See recommendation 3 on recurrent costs</p>	
<p>Risk / Impact / Implications</p> <p>No effective process to monitor the justification of sub-national advances. This could result in</p> <ul style="list-style-type: none"> • Hindering the staff ability to manage and monitor programme activities and expenditures at subnational levels; and • Compromising the quality and credibility of the financial reports submitted by the NIP to Gavi. <p>Consequently, Gavi’s reliance on the country’s submissions is likely to be undermined, and the resulting reports could be non-compliant with the Partnership Framework Agreement.</p>		<p>Responsibilities</p> <p>MoH/NIP</p>	<p>Deadline/ Timetable</p> <p>31 December 2021</p>
<p>Management Comments</p> <ul style="list-style-type: none"> • MoH will upload and monitor using the accounting software from 2019. • MoH will discuss with relevant partners and align with MEF accounting software to consider using suitable accounting software at provincial levels in the appropriate time. 			

4.4.3. Questioned expenditure

Context

Article 15 on page 6 of the PFA states that “The Gavi funds provided under this Agreement shall not be used to pay any taxes, customs, duties, toll or other charges or other charges imposed on the importation of vaccines and related supplies. The Government shall use its reasonable efforts to set up appropriate mechanism to exempt from duties and taxes all purchases made locally and internationally with Gavi funds.”

Under Audits and Records in Annex 1 (to the Aide Memoire) of the PFA page 55, paragraph 2 states that “The Country will maintain accurate accounting records documenting how Gavi Alliance funds are used. The Country will maintain its accounting records in accordance with its government-approved accounting standards for at least three years after the date of last disbursement of Gavi Alliance funds. If there are any claims of misuse of funds, Country will maintain such records until the audit findings are final”.

Section 2.5 in Annex 3 *Transparency and Accountability Policy* to the PFA states that “Funds must be managed within accounts that meet national legal requirements for auditing, accounting and procurement.” To this effect, a *Financial Management Manual* governs the use of and reporting on HSS and, by extension, other Gavi grants at central, PHD and OD levels. During the audit period, Financial Manuals published in May 2012 and September 2016 were applicable.

A *Procurement Manual* published in May 2012 established the policies and procedures applicable to planning, tendering, awarding and receipting of goods and services acquired through externally financed projects/programmes in Cambodia. In the absence of any other specific guidance, this extends to HSS and other Gavi grants. This Procurement Manual gives guidance on implementing government legislation.

Description

According to the summarised expenditure reports, over the period January 2015 – December 2018 expenditures totalling USD 15,424,481 were incurred. Of this total, expenditures amounting to USD 2,353,631 (15%) were reviewed by the Audit Team. From this review, the Audit Team’s questioned expenditures totalling USD 449,798 across three Gavi grants, as based on the supporting documentation. Details as follows:

Table 7: Questioned expenditure

Grant	Period	Tested	Irregular procurement	Inadequately supported	Irregular expenditure	Ineligible	Total Questioned	Questioned (% of tested)
HSS	2015-18	1,698,959	411,125	1,565	5,166	8,769	426,625	25.11%
JE Campaign	2015-16	477,925	-	1,285	-	-	1,285	0.27%
MR	2017	176,747	-	-	-	-	-	0.00%
Total		2,353,631	411,125	2,850	5,166	8,769	427,910	18.18%

The irregular procurement amounts relate to expenditures that were non-compliant with the procurement policies and procedures as defined in the *National Procurement Manual*. This included an amount totalling USD 411,125 in relation to the split procurement of motorcycles, discussed further in Finding 4.5.1.

See Annexes 6.4, 6.5, 6.6 and 7.3 for further details on the above expenditures.

Recommendation 9 - Essential

It is recommended that the MOH ensure that:

- All expenditures are adequately supported with the necessary documents included: signed and dated minutes of meetings; attendance sheets; payment schedules for allowances and per diems; third party receipts and invoices; acknowledgement forms; and/or activity reports
- The Government uses reasonable efforts to not charge duties or taxes or any other supplemental charges on Gavi funded expenditures, in accordance with the PFA agreement.

	<p>Management Comments</p> <p>The Gavi project will strengthen the capacity of implementing units to follow to financial management manual.</p> <ul style="list-style-type: none"> Gavi project was managed by Health Sector Support Program (HSSP2) which financed by pool funded and discrete funded projects (AFD, BTC, UNFPA, UNICEF) and used to pay taxes from the development partners fund. After the HSSP2 closed in October 2016, the Ministry of Economy and Finance issued a letter on tax exemption dated 06 September 2017 for Gavi funded project. 	
<p>Risk / Impact / Implications</p> <p>Insufficient or ineffective financial or internal controls governing expenditures, compromises the MOH’s ability to ensure that the Gavi-grants were used for their intended purpose, in accordance with the Partnership Framework Agreement.</p>	<p>Responsibilities</p> <p>MoH/NIP</p>	<p>Deadline/ Timetable</p> <p>31 December 2021</p>

4.5. Procurement

4.5.1. Non-compliance with the national procurement manual

<p>Context</p> <p>Section 9.2.1 (under Section 9.2 <i>Procurement Review Committee Formation and Thresholds</i>) of the <i>National Procurement Manual (Volume I)</i> of Kingdom of Cambodia provides the composition of various procurement committees, including the <i>General Procurement Committee</i> which should incorporate “...two representatives from MEF (Ministry of Economy and Finance)/ DIC (Department of Investment and Cooperation). A General Procurement Committee is required for the procurement of goods and services above USD 50,000 and up to USD 1 million, as defined on page 5 of Annex III of the National Procurement Manual (Volume I).</p> <p>Section 17.3.2 (under Section 17.3 <i>The Evaluation Report</i>) of the <i>National Procurement Manual (Volume I)</i> states “In the case of goods and works procurement the evaluation report will be prepared by the Procurement Officer under the guidance of the Bid Evaluation Committee calling on the support external resources and consultants if required and available. The draft evaluation report will then be presented to the PRC for review and approval.”</p> <p>Page 5 of Annex III (Annex 4.1) of the <i>National Procurement Manual (Volume I)</i> provides monetary thresholds applicable to all manner of procurement, including goods and services (for ease of reference, see Annex 7.1 to this report).</p>	
<p>Description</p> <p>The Audit Team reviewed 15 procurement activities with a total contract value of USD 850,491 during the period 2015-2018 and noted the following weaknesses:</p> <p>The Procurement Committees’ processes did not comply with the National Procurement Manual: The national procurement manual requires the presence of a representative from The Ministry of Economy and Finance and/or its Department of Investment and Cooperation in procurement committee for procurements exceeding USD 50,000. However, these representatives were not involved in all four procurements reviewed. (See Annex 7.2)</p> <p>No separate bid evaluation committee in place: In all the 15 cases reviewed, there was no segregation of duties between bid evaluation and award as required by the National Procurement Manual. This is because the same procurement committee both reviewed the bids as well as awarded the contracts. NMCHC/DBF did not form separate bid evaluation committee. (Annex 7.2)</p> <p>Insufficient segregation of duties: In all the 15 procurement cases reviewed, we noted that most of the procurement functions such as preparation of bidding document, evaluation of bids, preparation of bid evaluation report and recommendation for award were performed by one individual. There was no evidence of participation of procurement committee / bid evaluation committee in said functions. Further, there was no documentary evidence delegating authority to the procurement specialist to perform all of these functions for and on behalf of each committee, contrary to the provisions of the National Procurement Manual (Volume I).</p> <p>Procurement fragmentation: We noted a single procurement of motorcycles (total contract value USD 411,125 was split into two procurements within a two-month period. Additionally, the Audit Team was unable to obtain evidence that these procurements were supported by a procurement specialist from the World Bank as previously proposed in the country’s representation to Gavi’s IRC. As a result, each part of the split procurement was below the USD 300,000 threshold and circumvented the international</p>	<p>Recommendation 10 – Critical</p> <p>It is recommended that the MOH:</p> <ul style="list-style-type: none"> • Ensures compliance with the National Procurement Manual so that all goods, works and services are procured in a transparent and competitive manner; • Utilise the annual procurement plan as an opportunity to negotiate tenders for bulk purchasing of goods and services; • Formally record the involvement of the Procurement Committee decisions and the review of work done by procurement specialist; • Formally record delegations of authority to the procurement specialist for performing various procurement functions • Ensure to separate the Bid Evaluation committee from the procurement committee for independent evaluation and awarding of contracts; and • Mandates that the NIP should maintain an annual procurement plan for the assets it plans to acquire, including details such as the funding source; • Pools procurement activities wherever possible in accordance with the <i>Supporting Procurement Acquisition Concepts</i> outlined in section 3.7 of the <i>National Procurement Manual (Volume I)</i>, so as to accrue economies of scale.

<p>tendering method required by the National procurement manual. Ultimately, the same supplier was awarded both contracts for the same motorbike model (See Annex 5.3). The Audit Team independently validated the existence of the motorbikes on a sample basis.</p> <p>The Procurement Plan was not used for competitive bidding: Whereas a procurement plan is completed and updated by NIP, this plan is not leveraged in negotiation of procurement contracts to ensure value for money.</p>	<p>Management Comments</p> <ul style="list-style-type: none"> • The Ministry of Health will add the representative from Ministry of Economy and Finance in the procurement committees as audit recommendation. • The Ministry of Health will separate the procurement committees as auditor recommendation. • The Gavi project will update the procurement plan regularly in order to ensure the value for money. 	
<p>Risk / Impact / Implications</p> <p>Non-compliance with national procurement legislation may undermine the credibility of the procurement processes, if due process, transparency, competition and/or value for money is not obtained, potentially resulting in lower quality or overpriced goods and services.</p>	<p>Responsibilities</p> <p>MoH/NIP</p>	<p>Deadline/ Timetable</p> <p>31 December 2021</p>

4.6. Fixed Asset Management

4.6.1. Ineffective controls over Fixed Assets

<p>Context Paragraph 20, page 5 of the Aide Memoire annexed to the PFA provides that “MoH will keep the Fixed Assets Register for assets acquired using Gavi funds updated”.</p> <p>Article 10 on page 4 (Insurance) of the PFA states that “<i>Unless otherwise agreed with Gavi, the Government shall maintain, where available at a reasonable cost, all risk property insurance on the Programme assets (including vaccines and vaccine related supplies) and comprehensive general liability insurance with financially sound and reputable insurance companies. The insurance coverage shall be consistent with that held by similar entities engaged in comparable activities</i>”.</p> <p>Section 8 (Fixed Assets) of the Financial Management Manual provides that the register must be updated on a monthly basis with all fixed assets additions and disposal. The NMCHC Chief of Accountant/Finance Manager shall carry out a Physical verification at each outlet at least “once a year”. The Fixed Assets Register is printed out and the physical count is marked off against the Register List. Any missing, damaged or obsolete inventories shall be identified and reported to The NMCHC Chief of Accountant/Finance Manager.</p>		
<p>Description Between January 2016 and December 2018, approximately 10% of Gavi’s funds totalling USD 1,513,095 were spent by the central level on purchasing fixed assets. The Audit Team noted the following weaknesses in the management of these assets:</p> <p>Fixed assets verification: There was no evidence of periodic physical verification of the fixed assets, as noted by the Audit Team at all locations visited Audit Team.</p> <p>Lack of consolidated Fixed Assets Register: There was no consolidated Fixed Assets Register for Gavi funded assets in place. Instead, each year lists were maintained both at the central and subnational levels, but none of this information was consolidated or updated annually. For example, in Phnom Penh, the assets register had not been updated since 2017 although new assets were received in 2018 and in other provinces new lists were created each year but only for the assets procured in that year. Additionally, the Audit Team did not receive asset listings for any items procured prior to 2016. The Team also noted discrepancies in asset identification tags for specific items in five of the locations visited.</p> <p>Fixed asset lists not maintained at subnational level: Assets procured using Gavi support were distributed to various locations in the country, including NMCHC, PHDs, ODs and HCs. However, fixed assets listings are not maintained at OD and HC levels.</p> <p>There was no record of preventive/routine maintenance for cold chain equipment and other assets: There was no record or process for preventive/routine maintenance at all locations for vehicles and cold chain equipment. There was no maintenance contract for the period audited as required by the GMRs.</p> <p>No fixed assets insurance: The Audit Team noted that there was no insurance for assets Gavi acquired with Gavi support. Similarly, there was no Government provision to deal with any theft or damage to the assets.</p>		<p>Recommendation 11 - Essential It is recommended that the MOH:</p> <ul style="list-style-type: none"> • Maintain updated Fixed Assets Registers are maintained at both the central and sub-national levels. These registers should include pertinent information, such as: each item’s purchase cost including a benchmark currency valuation; date of purchase; serial numbers; unique identifiers; location and condition. This will help to ensure that assets are tracked, used for their designated purpose. • Conduct and document annual physical asset verifications at national and subnational levels. • Ensure that where non-insured fixed assets are lost or damaged during their useful life, they are replaced using government funds.
<p>Risk / Impact / Implications Controls over maintenance and verification of the fixed assets that were procured with Gavi funds were not implemented which may result in lack of timely identification of loss, damages, maintenance and replacement planning.</p>		<p>Management Comments MoH does with agree all of three recommendations such as update fixed assets register, conduct and document annual physical asset verifications and replace of lost or damaged fixed assets by using other sources.</p>
		<p>Responsibilities MoH/NIP</p>
		<p>Deadline/Timetable 31 December 2021</p>




Annex 1 – Acronyms

AOP	Annual Operation Plan	JE	Japanese Encephalitis
AWPB	Annual Work plan and Budget	MEF	Ministry of Economy and Finance
CMS	Central Medical Stores	MOH	Ministry of Health
DBF	Department of Budget and Finance	MR	Measles Rubella
DIC	Department of Investment and Cooperation	NCB	National Competitive Bidding
DSA	Daily Subsistence Allowance	NIP	National Immunization Programme
EEFO	Earliest Expiry First Out	NMCHC	National Maternal and Child Health Centre
EVM	Effective Vaccine Management	OD	Operational District
FAR	Fixed Asset Register	PBF	Performance Based Funding
Gavi	Global Alliance for Vaccines	PFA	Partnership Framework Agreement
GoC	Government of Cambodia	PHD	Provincial Health Department
HC	Health Centre	RFQ	Request for Quotation
HF	Health Facility	SOP	System Operating Procedures
HMIS	Health Management Information System	TOR	Term of Reference
HSS	Health Systems Strengthening	TWGH	Technical Group Working for Health
IA	Internal Auditor	UNICEF	United Nations International Children's Emergency Fund
ICB	International Competitive Bidding	USD	United States Dollars
ICC	Interagency Coordination Committee	VAT	Value Added Tax
IG	Inspector General	VIG	Vaccine Introduction Grant
IPV	Inactivated Polio Vaccine	VVM	Vaccine Vial Monitor
ITB	Invitation to Bid	WHO	World Health Organisation

Annex 2 –Definitions: opinion, audit rating and prioritisation

A. AUDIT RATING AND OVERALL OPINION

The audit team ascribes an audit rating for each area/section reviewed, and the summation of these audit ratings underpins the overall audit opinion. The audit ratings and overall opinion are ranked according to the following scale:

-  **Satisfactory** – Internal controls and risk management practices were adequately established and functioning well. No high-risk areas were identified. Overall, the entity's objectives are likely to be achieved.
-  **Partially Satisfactory** – 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 affect the achievement of the entity's objectives.
-  **Unsatisfactory** – Internal controls and risk management practices were either not established or not functioning well. The majority of issues identified were high risk. Hence, the overall entity's objectives are not likely to be achieved.

B. RISK LEVEL FROM AUDIT FINDINGS

The audit ratings and the overall opinion, as defined in section A above, are derived from the Audit Team's judgement, as based on the number and severity of audit findings identified for each theme / section. The assessment of the level of risk corresponding to each audit report, broadly correlates to a cross-referencing for the likelihood and potential impact of each risk (whether financial, operational and / or other). The level of risk is expressed in accordance to the scale below.

The prioritisation of the recommendations included in this report includes proposed deadlines for completion as discussed with the Ministry of Health, and an indication of how soon the recommendation should implemented. The urgency and priority for addressing recommendations is rated using the following three-point scale, as follows: Critical – Essential – Desirable.

C. PRIORITISATION OF THE RECOMMENDATIONS

Each recommendation in this report incorporates a deadline/ timetable for implementation, as agreed with the MOH. The prioritisation of the recommendations is determined according to three levels of urgency:

- **Critical:** Immediate action is required to ensure that the programme is not exposed to material risks or significant incidents. If no action is taken, this could have major consequences that could affect the overall activities, impact or outcomes of the programme;
- **Essential:** Corrective plan of action / or remediation steps are required in accordance to best practice, starting no later than 6 months after finalising this audit report. Failure to take action could have significant consequences, affecting important aspects of the programme activities or results; and;
- **Desirable:** Corrective action should be considered within a year of finalising this audit report. Not implementing the action could delay or weaken programme activities or results.

Annex 3 – Classification of expenditures

Adequately supported

Expenditures validated based on convincing evidence (evidence that is sufficient, adequate, relevant and reliable) obtained by the auditors during the carrying out of their mission on the ground.

Inadequately supported

Expenditures for which a key element or several essential aspects of the supporting documentation are missing, such as:

- Purchases: This is expenditure for which one or more of the essential items of documentary evidence required by the country's regulations on procurement are missing such as procurement plan, tender committee review, request for quotation, invoice, contract, purchase order, delivery note for goods and equipment, pro-forma invoice, the final invoice, etc.; and
- Programme activity: This is expenditure where essential documentation justifying the payment is missing. This includes but is not limited to travel without a travel authorisation, lack of a technical report or an activity report showing completion of the task, signed list by participants. Lack of the same documents to support liquidation of advances/floats given for meetings/trainings/workshops etc.

Inadequately supported expenditures should be classified into 3 non-exclusive sub-categories (an expenditure may belong to more than one of these subcategories):

- a) Expenditures which do not comply with the prescribed rules and regulations (e.g. Gavi national regulations, legal agreements, policies and procedures, etc.);
- b) Expenditures with incomplete and / or non-reliable elements within the supporting documentation (e.g. missing date, signature, letterhead, etc.);
- c) Expenditures that do not consist of original documents or are photocopies.

Irregular expenditures

This includes any deliberate or unintentional act of commission or omission relating to:

- a) The use or presentation of documents which are inaccurate, incomplete/falsified/inconsistent resulting in the undue use or payment of Gavi provided funds for activities, or the undue, withholding of monies from funds granted by Gavi; and
- b) Misappropriation of funds to purposes other than those for which they were granted.

Ineligible expenditures

Expenditures that do not comply with the country's programme/grant proposal approved by Gavi or with the intended purpose and relevant approved work plans and budgets.

Unsupported expenditures

Expenditures for which no supporting documentation was available, and for which no other credible evidence was provided.

Annex 4.1: Variances in data reported Penta

Year 2018								
Location	Penta vaccine	Per Infant Vaccine Register A	Per Monthly Sheet B	Per extract from HMIS C	Variance (Infant Vaccine Register vs Monthly Sheet) A-B	Variance (Infant Vaccine Register vs HMIS) A-C	% of Variance (A-B)/A	% of Variance (A-C)/A
Por Senchey HC	Penta 1	2,617	3,029	3,581	412	964	16%	37%
	Penta 2	2,306	3,027	3,464	721	1,158	31%	50%
	Penta 3	1,851	2,810	3,364	959	1,513	52%	82%
Siem Reap K HC	Penta 1	597	586	584	11	13	2%	2%
	Penta 2	607	548	554	59	53	10%	9%
	Penta 3	571	537	532	34	39	6%	7%
Khlong HC	Penta 1	556	453	463	103	93	19%	17%
	Penta 2	537	457	457	80	80	15%	15%
	Penta 3	494	350	345	144	149	29%	30%
Bek Chan HC	Penta 1	1,199	1,205	1,204	(6)	(5)	(0.50%)	(0.42%)
	Penta 2	1,134	1,128	1,137	6	(3)	0.53%	(0.26%)
	Penta 3	1,055	1,058	1,055	(3)	-	(0.28%)	-
Veal Ang Popel HC	Penta 1	589	592	582	(3)	7	(1%)	(1%)
	Penta 2	480	545	545	(65)	(65)	(14%)	(14%)
	Penta 3	387	550	550	(163)	(163)	(42%)	(42%)
Ponhea Pon HC	Penta 1	213	260	272	(47)	(59)	(22%)	(28%)
	Penta 2	181	217	215	(36)	(34)	(20%)	(19%)
	Penta 3	183	219	211	(36)	(28)	(20%)	(15%)

Annex 4.2 Variances in data reported-PCV

Location	Penta vaccine	Year 2018						% of Variance (A-B)/A	% of Variance (A-C)/A
		Per Vaccine Register A	Per Monthly Sheet B	Per extract from HMIS C	Variance (Vaccine Register vs Monthly Sheet) A-B	Variance (Vaccine Register vs HMIS) A-C			
Por Senchey HC	PCV 1	2,607	3,029	3,581	422	974	16%	37%	
	PCV 2	2,305	3,027	3,464	722	1,159	31%	50%	
	PCV 3	1,850	2,810	3,364	960	1,514	52%	82%	
Veal Ang Popel HC	PCV 1	581	505	505	76	76	13%	13%	
	PCV 2	470	466	466	4	4	1%	1%	
	PCV 3	374	486	486	(112)	(112)	30%	30%	
Siem Reap K HC	PCV 1	597	585	584	12	13	2%	2%	
	PCV 2	607	547	554	60	53	10%	9%	
	PCV 3	571	538	532	33	39	6%	7%	
Khngong HC	PCV 1	502	389	399	113	103	23%	21%	
	PCV 2	411	351	351	60	60	15%	15%	
	PCV 3	330	278	278	52	52	16%	16%	
Ponhea Pon HC	PCV 1	213	261	272	(48)	(59)	(23%)	(28%)	
	PCV 2	189	221	215	(32)	(26)	(17%)	(14%)	
	PCV 3	194	221	212	(27)	(18)	(14%)	(9%)	
Bek Chan HC	PCV 1	1,199	1,205	1,204	(6)	(5)	(0.50%)	(0.42%)	
	PCV 2	1,134	1,128	1,137	6	(3)	0.53%	(0.26%)	
	PCV 3	1,055	1,058	1,055	(3)	-	(0.28%)	-	

Annex 5.1: Discrepancies in physical count of Penta Vaccine on the day of the audit visit

Location	Audit visit date	Balance as per records	Physical Count	Variance
Phnom Penh Municipality PHD	26 March 2019	15,620	15,560	60
Kandal PHD	26 March 2019	21,730	21,770	-40
Takeo PHD	29 March 2019	26,440	23,190	3,250
Battambang PHD	29 March 2019	6,690	6,680	10
Prek Pnov OD	28 March 2019	1,058	1,078	-20
Kong Pisey OD	26 March 2019	2,654	2,170	484
Daun Keo OD	29 March 2019	722	1,210	-488
Ponhea Pon HC	28 March 2019	163	162	1
Siem Reap K HC	27 March 2019	89	75	14
Veal Ang Popel HC	26 March 2019	77	9	68
Khong HC	29 March 2019	60	45	15

Annex 5.2 Discrepancies in physical count of PCV Vaccine on the day of the audit visit

Location	Audit visit date	Balance as per records	Physical Count	Variance
Takeo PHD	29 March 2019	15,900	16,800	-900
Takmao OD	27 March 2019	236	250	-14
Daun Keo OD	29 March 2019	676	1,383	-707
Siem Reap K HC	27 March 2019	74	71	3
Khong HC	29 March 2019	60	53	7

Annex 5.3: Discrepancies in actual vaccine balance -31.12.2018

Location	Vaccine	Balance recomputed by the Audit Team	Balance as per records	Variance
Phnom Penh Municipality PHD	Penta	(7,200)	3,250	(10,450)
Kampong Speu PHD	Penta	7,313	5,288	2,025
	PCV	3,550	4,050	(500)
Takeo PHD	Penta	26,430	26,320	110
	PCV	31,230	31,800	(570)
Por Senchey OD	Penta	760	350	410
	PCV	2,525	465	2,060
Takmao OD	Penta	1,341	1340	1

Kong Pisey OD	Penta	1,689	1,664	25
	PCV	(775)	1337	(2,112)
Daun Keo OD	Penta	2,841	566	2,275
	PCV	352	971	(619)
Prey Kabas OD	Penta	92	1,730	(1,638)
	PCV	955	259	696
Siem Reap K HC	Penta	209	107	102
	PCV	179	104	75
Bek Chan HC	Penta	297	346	(49)
	PCV	297	346	(49)
Veal Ang Popel HC	Penta	3	43	(40)
	PCV	84	43	41

Annex 5.4: Vaccine stores where GRN/ delivery notes were not maintained or on file

Store Locations
Kampong Speu PHD
Takeo PHD
Kong Pisey OD
Daun Keo OD
Prey Kabas OD
Veal Ang Popel HC
Khong HC

Annex 5.5: Vaccine stores where temperature monitoring charts differed from fridge tag temperature logs

Store Locations
Phnom Penh Municipality PHD
Por Senchey OD
Prek Pnov OD
Ang Snuol OD
Takmao OD
Kong Pisey OD
Por Senchey HC
Ponhea Pon HC
Bek Chan HC

Annex 6.1: Budget Utilization Statement at Central USD (Budget v/s Actual)

Year	Budget for the year – USD	Expenditure Incurred - USD	Variance	Utilization %
2015	3,349,069	1,930,728	1,418,341	57.6%
2016	5,145,380	3,062,477	2,082,903	59.5%
2017	5,368,044	4,010,281	1,357,771	74.7%
2018	4,999,979	2,656,396	2,343,583	53.1%

Annex 6.2: Budget Utilization Statement for provinces visited (Budget v/s Actual)

Name of PHD	Budget for the year – USD	Expenditure Incurred - USD	Variance USD	Utilization
Kandal PHD	149,745	102,534	47,211	68%
Battambang PHD	167,661	112,659	55,002	67%
Siem Reap PHD	141,643	90,876	50,767	64%
Kampong Speu PHD	137,668	96,907	40,761	70%
Banteay Meanchey PHD	120,865	110,746	10,119	92%
Takeo PHD	103,150	99,438	3,712	96%
Phnom Penh PHD	416,345	382,299	34,046	92%

Annex 6.3: Expenditure incurred in Quarter 2 and Quarter 4.

Name of PHD	Total Expenditure incurred in 2018 - USD	Expenditure Incurred in Q2 & Q4 - USD	Percentage of Expenditure incurred in Q2 & Q4
Kandal PHD	102,534	97,394	95%
Battambang PHD	112,659	98,310	87%
Siem Reap PHD	90,876	80,429	89%
Kampong Speu PHD	96,907	92,388	95%
Banteay Meanchey PHD	110,746	101,318	91%
Takeo PHD	99,438	99,198	100%
Phnom Penh PHD	382,299	320,898	84%

Annex 6.4: Irregular Expenditure

S. No.	Description	Location	Amount (USD)
1	Anomaly in Signature noted	Takeo PHD	4,360
2	Invoices from different supplier with similar handwriting and pattern	Siem Reap PHD	320
3	Invoices from different supplier with similar handwriting and pattern	Siem Reap PHD	320
4	Invoices from different supplier with similar handwriting and pattern	Banteay Meanchey PHD	28
5	Invoices from different supplier with similar handwriting and pattern	Banteay Meanchey PHD	138
TOTAL			5,166

Annex 6.5: Inadequately supported Expenditure

S. No.	Description	Location	Amount (USD)
1	Signature PHD Director missing from the Disbursement Voucher	Kandal PHD	1,565
2	Signature of Cashier was missing from the Petty Cash Payment Voucher	Kandal PHD	1,285
TOTAL			2,850

Annex 6.6: Ineligible Expenditure - Vat Charged from Gavi Grant

S. No.	Description	Location	VAT Amount (USD)
1	Cotton Hydrophile	Centre Level	3,316
2	Walk in Cold Chain	Centre Level	5,453
TOTAL			8,769

Annex 7.1: Monetary thresholds for all procurement

Method	Procurement
International Competitive Bidding	All procurement above USD300,000
Limited International Bidding	Only when specifically allowed under the Project's legal agreements or with a specific no objection from the DP and MEF on an exceptional basis
National Competitive Bidding	All procurement above USD100,000
Shopping with Advertising	All procurement above USD25,000 and up to USD100,000
Shopping without Advertising	All procurement above \$500 and up to USD25,000
Petty Cash/Purchase order	All procurement USD500 and below but subject to Petty Cash limits set out

Method	Procurement
	in the FMM
Direct Contracting	Only when specifically allowed under the Project's legal agreements or with a specific no objection by the DP and MEF on an exceptional basis.

Annex 7.2: Inadequate procurement committee and bid evaluation committee

Date of Contract	Nature of procurement	Supplier's Name	Contract Value (USD)
11-02-16	Supply Printing Banners 4000 pcs and Flags 1000 pcs	Safeta Cambodia Co. Ltd	28,850
11-02-16	Supply and Printing T-Shirts 20000 pcs	Safeta Cambodia Co. Ltd	46,800
13-11-17	Supply of 125 sets of Motorcycles	OMC Co., Ltd.	205,250
03-04-15	1 set of Walk in Cold Room	Medicom Co., Ltd	59,982
11-02-16	Supply of 57000 packs of Cotton Hydrophile	Medicom Co., Ltd	36,480
11-02-16	Supply of 4 Plastic Bags	Mak Danet	12,918
6-Mar-17	Stationaries	Angkor Thom Book Centre	1,358
6-Mar-17	Payment for Supply Cotton of Hydrophile & Promethazine Syrup for MR SIA	MEDICOM CO. Ltd	21,560
6-Mar-17	Photocopy Documents	SEFETA (Cambodia) Co. Ltd	2,651
6-Mar-17	Plastic Bags	SEFETA (Cambodia) Co. Ltd	23,958
6-Mar-17	Printing T-Shirt	SEFETA (Cambodia) Co. Ltd	40,950
15-09-17	Supply of 125 sets of Motorcycles	OMC Co., Ltd	205,875
05-01-18	External Audit	KPMG	35,325
25-12-18	Supply of 3 IEC Material (Flipchart, Posters for VPO and Posters for Routine Immunization)	GET Business Co. Ltd	86,910
	Supply of 450 units of Power Stabilizer	Mongkul Bee Co. Ltd	41,625

Annex 7.3: Fragmented Procurement

Date of Invitation / Advertising	Contract Date	Mode of Procurement	Nature of procurement	Supplier's Name	Contract Value (USD)
9-Jun-17	15-Sep-17	NCB	Motorcycle 125 sets	OMC Co., Ltd	205,875.00
29-Sep-17	13-Nov-17	NCB	Motorcycle 125 sets	OMC Co., Ltd	205,250.00

Annex 8 – Findings and Conclusions of visits to sub-national sites

Location	Date of Audit Team's visit	Duration of visit (in days)	Areas Reviewed	Overall findings and Conclusions
Phnom Penh Municipality PHD	25-03-2019	2	Budget and Finance management	Interview with the team, review of books of accounts, Vouching, fund reconciliation, etc. No specific kilometer's travel in mission order. The mission order was signed in advance before actual activity got conducted. No account code was written in some disbursement vouchers. Date not written in PCPV voucher to ensure when the approval was made. Budgeting process at PHD level not documented. There was a gap between budgeted and actual expenditure.
Phnom Penh Municipality PHD Kandal PHD	25-03-2019 25-03-2019	2 2	Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's.
			Cash and bank Management	Review of cash and bank reconciliation statement and performance of surprise cash count. Monthly petty cash and bank book is prepared.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) is updated until December 2017.
			Budget and Finance management	Interview with the team, review of books of accounts, Vouching, fund reconciliation, etc. Signature of Cashier was missing from vouchers. Gavi paid stamp was missing from the voucher On Disbursement Voucher, signature of Director of PHD was missing. On Approved Budget request form, date for conducting the workshop was missing. Budgeting process at PHD level not documented. There was a gap between budgeted and actual expenditure.
Kandal PHD Kampong Speu PHD	25-03-2019 25-03-2019	2 1	Vaccines Management	Two Different vaccines of different expiry was mixed inside the refrigerator. No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's.
			Cash and bank Management	Review of cash and bank reconciliation statement and performance of surprise cash count. Monthly petty cash and bank book is prepared.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) is updated until December 2017.
			Budget and Finance management	Interview with the team, review of books of accounts, Vouching, fund reconciliation, etc. Budgeting process at PHD level not documented. There was a gap between budgeted and actual expenditure.
Kampong Speu PHD Takeo PHD	25-03-2019 27-03-2019	1 1	Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register.

Location	Date of Audit Team's visit	Duration of visit (in days)	Areas Reviewed	Overall findings and Conclusions
				<p>Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Mismatch in opening and closing stock. No back up plan for fire outbreak and cut-off electricity.</p>
			Cash and bank Management	Review of cash and bank reconciliation statement and performance of surprise cash count. Monthly petty cash and bank book is prepared.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) of year 2015 is not available.
			Budget and Finance management	Interview with the team, review of books of accounts, Vouching, fund reconciliation, etc. Anomaly in Signature noted (Same signature in different volunteer's name). Budgeting process at PHD level not documented. There was a gap between budgeted and actual expenditure.
Takeo PHD	27-03-2019	1	Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Mismatch in opening and closing stock. No back up plan for fire outbreak and cut-off electricity.
Banteay	27-03-2019	2		
Meanchey PHD			Cash and bank Management	Review of cash and bank reconciliation statement and performance of surprise cash count. Monthly petty cash and bank book is prepared.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) of year 2015 and 2018 is not available.
			Budget and Finance management	Interview with the team, review of books of accounts, Vouching, fund reconciliation, etc. Invoice is being prepared by same person in same pattern and handwriting. Lack of segregation of duties. Budgeting process at PHD level not documented. There was a gap between budgeted and actual expenditure.
Banteay	27-03-2019	2	Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's.
Meanchey PHD	29-03-2019	2		
Battambang PHD			Cash and bank Management	Review of cash and bank reconciliation statement and performance of surprise cash count. Monthly petty cash and bank book is prepared. Provincial Accountant also performs the duties of the cashier.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) of year 2015 is not available.
			Budget and Finance management	Interview with the team, review of books of accounts, Vouching, fund reconciliation, etc. Instances noted where Invoices from different vendors have same handwriting.

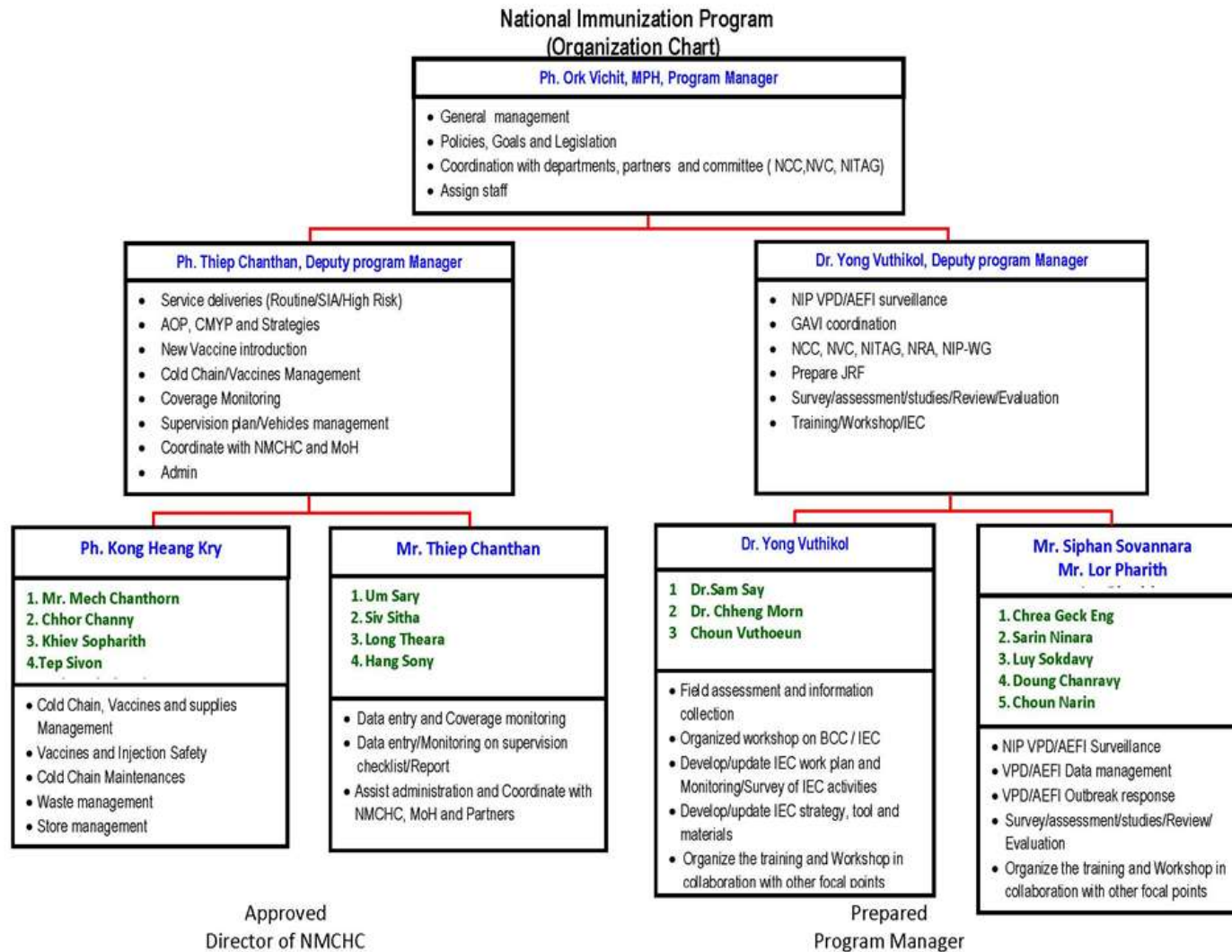
Location	Date of Audit Team's visit	Duration of visit (in days)	Areas Reviewed	Overall findings and Conclusions
				Budgeting process at PHD level not documented. There was a gap between budgeted and actual expenditure.
Battambang PHD Siem Reap PHD	29-03-2019 25-03-2019	2 2	Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Missing expiry and batch no. in Stock/Store Card.
			Cash and bank Management	Review of cash and bank reconciliation statement and performance of surprise cash count. Monthly petty cash and bank book is prepared.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) of year 2015 is not available.
			Budget and Finance management	Interview with the team, review of books of accounts, Vouching, fund reconciliation, etc. Instances noted where Invoices from different vendors have same handwriting. Date is missing from the request form. Budgeting process at PHD level not documented. There was a gap between budgeted and actual expenditure.
Siem Reap PHD Por Sen Chey OD	25-03-2019 27-03-2019	2 0.5	Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's.
			Cash and bank Management	Review of cash and bank reconciliation statement and performance of surprise cash count. Monthly petty cash and bank book is prepared. Vouchers are prepared and verified by PHD Chief Accountant only.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) of year 2015 is not available.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) not maintained at OD. No AMC for fixed assets.
Por Sen Chey OD Prek Pnov OD	27-03-2019 28-03-2019	0.5 0.5	Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Mismatch in opening and closing stock. Missing expiry and batch no. in Stock/Store Card. Minimum and Maximum Stock level criteria not adhered.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets.

Location	Date of Audit Team's visit	Duration of visit (in days)	Areas Reviewed	Overall findings and Conclusions
				Fixed Assets Register (FAR) not maintained at OD. No AMC for fixed assets.
Prek Pnov OD Takmao OD	28-03-2019 27-03-2019	0.5 0.5	Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Mismatch in opening and closing stock. Missing expiry and batch no. in Stock/Store Card. Minimum and Maximum Stock level criteria not adhered. Fridge tag inside the refrigerator does not generate the temperature chart.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) not maintained at OD. No AMC for fixed assets.
Takmao OD Angsnuol OD	27-03-2019 28-03-2019	0.5 0.5	Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Mismatch in opening and closing stock. Missing expiry and batch no. in Stock/Store Card. Minimum and Maximum Stock level criteria not adhered. Fire extinguisher not installed.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) not maintained at OD. No AMC for fixed assets.
Angsnuol OD Daun Keo OD	28-03-2019 29-03-2019	0.5 0.5	Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Mismatch in opening and closing stock. Missing expiry and batch no. in Stock/Store Card. Minimum and Maximum Stock level criteria not adhered. Fire extinguisher not installed.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) not maintained at OD. No AMC for fixed assets.
Daun Keo OD Kong Pisey OD	29-03-2019 26-03-2019	0.5 0.5	Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained.

Location	Date of Audit Team's visit	Duration of visit (in days)	Areas Reviewed	Overall findings and Conclusions
				<p>Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Mismatch in opening and closing stock. Missing expiry and batch no. in Stock/Store Card. Minimum and Maximum Stock level criteria not adhered.</p>
			Assets Management	<p>There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) not maintained at OD. No AMC for fixed assets.</p>
Kong Pisey OD Prey Kabas OD	26-03-2019 29-03-2019	0.5 0.5	Vaccines Management	<p>No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Mismatch in opening and closing stock. Missing expiry and batch no. in Stock/Store Card. Minimum and Maximum Stock level criteria not adhered.</p>
			Assets Management	<p>There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) not maintained at OD. No AMC for fixed assets.</p>
Prey Kabas OD Por Senchey HC	29-03-2019 27-03-2019	0.5 0.5	Vaccines Management	<p>No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Mismatch in opening and closing stock. Missing expiry and batch no. in Stock/Store Card. Minimum and Maximum Stock level criteria not adhered.</p>
			Assets Management	<p>There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) not maintained at OD. No AMC for fixed assets.</p>
Por Senchey HC Ponhea Pon HC	27-03-2019 28-03-2019	0.5 0.5	Vaccines Management	<p>No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Mismatch in opening and closing stock. Missing expiry and batch no. in Stock/Store Card. Minimum and Maximum Stock level criteria not adhered.</p>

Location	Date of Audit Team's visit	Duration of visit (in days)	Areas Reviewed	Overall findings and Conclusions
			Data Management	Reviewed the system of recording of data in Infant Vaccine Register, cross checked the Monthly Summary of Tally Sheet submitted by the health Centre and Data provided in HMIS report and noted variance in data.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) not maintained at OD. No AMC for fixed assets.
Ponhea Pon HC Siem Reap K HC	28-03-2019 27-03-2019	0.5 0.5	Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Mismatch in opening and closing stock. Missing expiry and batch no. in Stock/Store Card. Minimum and Maximum Stock level criteria not adhered.
			Data Management	Reviewed the system of recording of data in Infant Vaccine Register, cross checked the Monthly Summary of Tally Sheet submitted by the health Centre and Data provided in HMIS report and noted variance in data.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) not maintained at OD. No AMC for fixed assets.
Siem Reap K HC Bek Chan HC	27-03-2019 28-03-2019	0.5 0.5	Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Mismatch in opening and closing stock. Missing expiry and batch no. in Stock/Store Card. Minimum and Maximum Stock level criteria not adhered.
			Data Management	Reviewed the system of recording of data in Infant Vaccine Register, cross checked the Monthly Summary of Tally Sheet submitted by the health Centre and Data provided in HMIS report and noted variance in data.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) not maintained at OD. No AMC for fixed assets.
Bek Chan HC Khong HC	28-03-2019 29-03-2019	0.5 0.5	Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Mismatch in opening and closing stock.

Location	Date of Audit Team's visit	Duration of visit (in days)	Areas Reviewed	Overall findings and Conclusions
				Missing expiry and batch no. in Stock/Store Card. Minimum and Maximum Stock level criteria not adhered.
			Data Management	Reviewed the system of recording of data in Infant Vaccine Register, cross checked the Monthly Summary of Tally Sheet submitted by the health Centre and Data provided in HMIS report and noted variance in data.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) not maintained at OD. No AMC for fixed assets.
Khlong HC Veal Ang Popel HC	29-03-2019 26-03-2019	0.5 0.5	Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Mismatch in opening and closing stock. Missing expiry and batch no. in Stock/Store Card. Minimum and Maximum Stock level criteria not adhered.
			Data Management	Reviewed the system of recording of data in Infant Vaccine Register, cross checked the Monthly Summary of Tally Sheet submitted by the health Centre and Data provided in HMIS report and noted variance in data.
			Assets Management	There is no insurance of assets at PHD. No documented evidence of Physical verification of assets. Fixed Assets Register (FAR) not maintained at OD. No AMC for fixed assets.
			Vaccines Management	No Periodical physical count of stock of vaccine. No BIN Card maintained. Difference noted in physical count and data in stock register. Non-Monitoring of minimum and maximum temperature. No preventive maintenance provision for the cold chain equipment's. Mismatch in opening and closing stock. Missing expiry and batch no. in Stock/Store Card. Minimum and Maximum Stock level criteria not adhered.
			Data Management	Reviewed the system of recording of data in Infant Vaccine Register, cross checked the Monthly Summary of Tally Sheet submitted by the health Centre and Data provided in HMIS report and noted variance in data.
			Vaccines Management	Summary of Tally Sheet submitted by the health Centre and Data provided in HMIS report and noted variance in data.



Annex 9 – Action plan addressing the audit recommendations

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date and Responsible Person/ unit for implementing the recommendation.
<p>Recommendation 1 – Critical</p> <p>We recommend that MOH strengthen the oversight mechanism to provide effective oversight over the immunisation programme by ensuring that the:</p> <ul style="list-style-type: none"> • Technical Working Group on Health include NIP activities as a standing agenda item once a quarter to ensure that critical issues are escalated and addressed in a timely manner. • The TWGH sub committees have the responsibility for follow up of recommendations from the various NIP reviews for example EVM, Data quality and NIP programme review; • Sub-Technical working group for MCH, the selected oversight body for the NIP programme include EPI operational activities as a standing agenda during its meetings. • NIP working group terms of reference are finalised to include reporting responsibilities to the Sub TWG for MCH. 	<ul style="list-style-type: none"> • The Technical Working Group for Health (TWGH) is the ICC and NITAG for immunization program. But, TWGH covers all health-related matters with the clear TORs. The review and endorsement of some NIP plans and activities happen at any time as needed. Thus, the NIP activities didn't specifically include into TWGH's agenda as once in a quarter. Sometimes, NIP included as the agenda for more than one time in one quarter. • Sub-Technical working group for MCH also review (technical areas) the NIP plans and activities regularly. Sub-Technical working group for MCH also report to Technical Working Group for Health (TWGH) twice a year. • NIP working group will update to include reporting responsibilities to the Sub TWG for MCH in the TOR. <p>Audit Team's additional comments</p> <p>As noted in the finding, the TWGH (ICC equivalent) discussed immunisation activities only seven times out of a possible 50 meetings in the last five years. These meetings were focussed on submissions for Gavi funding, with no evidence of review of immunisation activities or follow up on recommendations from past reviews. There is a need to enhance the oversight and management of Gavi funded activities.</p>	<p>MOH/MCH</p> <p>31 March 2020</p>
<p>Recommendation 2 – Essential</p> <p>We recommend that the MOH ensure that:</p> <ul style="list-style-type: none"> • The annual internal audit plan is shared with Gavi as required by the GMRs. • Scope of internal audit review includes expenditure at the central level, scope areas like fixed assets (including verification); and • Completed internal audit reports are formally shared with the respective PHDs and the NIP programme to ensure that findings are adequately followed up and addressed. <p>Internal audit reports are formally translated into English and shared with Gavi annually.</p>	<p>The MoH agrees with recommendation of Gavi Audit.</p>	<p>MOH/NIP</p> <p>31 March 2020</p>

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date and Responsible Person/ unit for implementing the recommendation.
<p>Recommendation 3 – Critical</p> <p>We recommend that the MoH:</p> <ul style="list-style-type: none"> Ensure that the approved appraisal process is implemented consistently. Evaluation forms should be completed to indicate date of completion, staff performance ratings and areas for development. Evidence of the semester appraisals should be filed and used for the next semester incentive payments; and Review the current Gavi funding and ensure that a clear exit plan for such recurrent costs is provided as required by the guidelines on detailed budgeting. 	<p>Incentives and appraisal issues have been in discussion several times in 2015 within country team, Gavi Secretariat staff and TWGH (ICC). Ministry of Health also closely worked with the Ministry of Economy and Finance for developing the incentive guidelines and approved in May 2015. Then, the incentive guidelines have been updated on 04 January 2016 by the MoH for implementing of Gavi-HSS2 project from 2016 to end of 2020. In 2019, the incentive payment scheme have been discussed again and agreed by Gavi project country team and Gavi Secretariat staff to continue incentive and appraisal process until the end of the grant (Gavi-HSS2). Therefore exit plan of this recurrent cost will be taking care in new project.</p> <p>Audit Team’s additional comments</p> <p>While some of the issues noted in our review of the incentives programme will be addressed in the new grant for 2022, there is still a need for MCH/NIP management to ensure that the performance reviews conducted for 2020 and 2021 align with the incentive guidelines. As noted in the evidence reviewed, the evaluation forms completed were not indicative of the individual’s performance and therefore not in compliance with the incentive scheme under the Gavi HSS 2 grant as required by the incentive guidelines.</p>	<p>MOH/NIP</p>
<p>Recommendation 4 – Critical</p> <p>We recommend that the MoH:</p> <ul style="list-style-type: none"> Routinely triangulates available immunisation data, including an assessment of administrative coverage data and vaccine availability / utilisation as a check for accuracy of data reported. Data anomalies noted should be included in the review of accuracy of vaccine stock and utilisation data and coverage data; Build data management capacity at the sub-national and conduct relevant staff training on the Guidelines and SOPs at the Central and sub-national levels; Develop / improve and implement suitable job aids for managing immunisation data including roles and responsibilities for staff. These guidelines should be distributed at all levels to promote uniformity in data collection, collation and reporting and be used as tool in the monitoring and supervision visits; Ensure that the Sub-Technical Working Group for MCH reviews immunisation data periodically and follows up on the timely implementation of the data quality assessments; 	<ul style="list-style-type: none"> Triangulation of the immunization data is a new concept at global level and also to NIP/MoH, Cambodia. WHO Country Office shared the summary concept note in 2018. At this point of time, the Ministry of Health emphasized to use one source of data for all programs and activities under Ministry of Health. The Ministry of Health welcome the idea for triangulation, however, Ministry also likes to see the maturity of this triangulation, example of other countries, therefore, would like to wait and plan for the next grant (Gavi-HSS3). In the mean time, after following pilot study on data accuracy/audit in 2018, with the support from WHO, NIP started implementing data accuracy/audit at OD and HC in four provinces from June 2019. It will be implemented in remaining provinces in 2020. 	<p>MOH/NIP</p> <p>31 December 2021</p>

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date and Responsible Person/ unit for implementing the recommendation.
<ul style="list-style-type: none"> Develop and implement a data supportive supervision plan to address data issues noted including data availability, inaccuracies and timely reporting; Consider adjusting the denominator data in HMIS, based on the results of the 2019 population census as necessary; Update data in HMIS to ensure accuracy and completeness of historical data for IPV and PCV		
<p>Recommendation 5 - Critical</p> <p>We recommend that MoH;</p> <ul style="list-style-type: none"> Work with the relevant development partners, with the objective of ensuring that the mSupply eLMIS system includes an activated vaccine module within its design for use at CMS; Ensure that the vaccines stores at CMS are adequately staffed; Finalise the SOPs and develop job aids for Vaccine and Cold Chain management or adopt the recommended WHO Vaccine and Cold Chain Management procedures and Stock Management guidelines; Finalise the cold chain equipment maintenance contract, develop and operationalise a maintenance plan including specific guidelines on preventative and curative maintenance processes with defined roles and responsibilities at national and subnational levels; Review CMS' process inefficiencies as noted by the Audit Team and ensure that the respective weaknesses are addressed; Link identified capacity gaps at national and subnational levels to ensure that practical hands on training is delivered to the appropriate levels within the supply chain; Insure vaccines at CMS and regional levels as required by the GMRs. 	<ul style="list-style-type: none"> MoH will work with the relevant development partners on the mSupply eLMIS system. The MoH agrees with these recommendations 	MOH/NIP 31 December 2020
<p>Recommendation 6 – Essential</p> <p>It is recommended that the MoH ensure that:</p> <ul style="list-style-type: none"> Physical stock counts are conducted periodically at subnational level (at least quarterly) All vaccine stores must comply with the “Earliest Expiry, First Out (EEFO)” principle and evidence their stock movements. 	The MoH agrees with these recommendations	MOH/NIP 31 December 2020

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date and Responsible Person/ unit for implementing the recommendation.
<ul style="list-style-type: none"> Ensure that stock records and supporting documents are complete and systematically filed. Ensure that supportive supervision at subnational levels monitors compliance with SOPs 		
<p>Recommendation 7 - Essential</p> <p>The MOH, in collaboration with the NIP should:</p> <ul style="list-style-type: none"> Ensure that a consolidated NIP budget is completed every year, which details all funding sources including national contributions; Ensure that budget preparations are completed and submitted to Gavi on time; Ensure that disbursements to subnational levels are done on time to support timely implementation of activities; and Ensure that the TWGH, (as an equivalent of the ICC) monitor and report on the use of Gavi-provided funding on a quarterly basis, so as to maximise the level of funds available. 	<ul style="list-style-type: none"> Based on the many years' experience, the partner's fund usually committed at the end of the year for next implementing year or beginning of the implementing year. At the same time, the financial/fiscal year of different organizations is different. Therefore, MoH will consolidate the national budget into the NIP budget and the other funding source will be updated, if available. On time budget disbursement to sub-national levels depends on many factors which include the agreement of amount allocation for the year from Gavi secretariat, time of disbursement of the amount by Gavi secretariat and receiving the decision letter from the Gavi secretariat. 	<p>MoH/NIP</p> <p>31 December 2021</p>
<p>Recommendation 8 – Desirable</p> <p>It is recommended that the MOH:</p> <ul style="list-style-type: none"> Ensure that central-level budgets are uploaded and monitored using the accounting software to ensure timely review and analysis of expenditure vs budget. This will ensure that budgets are monitored periodically; Consider using suitable accounting software at provincial levels so that the primary accounting records are maintained in a more robust format. Review the Financial Management manuals to provide appropriate guidance on supporting documents required. <p>See recommendation 3 on recurrent costs</p>	<ul style="list-style-type: none"> MoH will upload and monitor using the accounting software from 2019. MoH will discuss with relevant partners and align with MEF accounting software to consider using suitable accounting software at provincial levels in the appropriate time. 	<p>MoH/NIP</p> <p>31 December 2021</p>
<p>Recommendation 9 - Essential</p> <p>It is recommended that the MOH ensure that:</p> <ul style="list-style-type: none"> All expenditures are adequately supported with the necessary documents included: signed and dated minutes of meetings; attendance sheets; payment schedules for 	<ul style="list-style-type: none"> The Gavi project will strengthen the capacity of implementing units to follow to financial management manual. Gavi project was managed by Health Sector Support Program (HSSP2) which financed by pool funded and discrete funded projects (AFD, BTC, UNFPA, UNICEF) and used to pay taxes from 	<p>MoH/NIP</p> <p>31 December 2021</p>

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date and Responsible Person/ unit for implementing the recommendation.
<p>allowances and per diems; third party receipts and invoices; acknowledgement forms; and/or activity reports</p> <ul style="list-style-type: none"> The Government uses reasonable efforts to not charge duties or taxes or any other supplemental charges on Gavi funded expenditures, in accordance with the PFA agreement. 	<p>the development partners fund. After the HSSP2 closed in October 2016, the Ministry of Economy and Finance issued a letter on tax exemption dated 06 September 2017 for Gavi funded project.</p>	
<p>Recommendation 10 – Critical</p> <p>It is recommended that the MOH:</p> <ul style="list-style-type: none"> ensures compliance with the National Procurement Manual so that all goods, works and services are procured in a transparent and competitive manner; Utilise the annual procurement plan as an opportunity to negotiate tenders for bulk purchasing of goods and services; formally record the involvement of the Procurement Committee decisions and the review of work done by procurement specialist; formally record delegations of authority to the procurement specialist for performing various procurement functions ensure to separate the Bid Evaluation committee from the procurement committee for independent evaluation and awarding of contracts; and mandates that the NIP should maintain an annual procurement plan for the assets it plans to acquire, including details such as the funding source; <p>pools procurement activities wherever possible in accordance with the <i>Supporting Procurement Acquisition Concepts</i> outlined in section 3.7 of the <i>National Procurement Manual (Volume I)</i>, so as to accrue economies of scale.</p>	<ul style="list-style-type: none"> The Ministry of Health will add the representative from Ministry of Economy and Finance in the procurement committees as audit recommendation. The Ministry of Health will separate the procurement committees as auditor recommendation. <p>The Gavi project will update the procurement plan regularly in order to ensure the value for money.</p>	<p>MoH/NIP</p> <p>31 December 2021</p>
<p>Recommendation 11 - Essential</p> <p>It is recommended that the MOH:</p> <ul style="list-style-type: none"> Maintain updated Fixed Assets Registers are maintained at both the central and sub-national levels. These registers should include pertinent information, such as: each item's purchase cost including a benchmark currency valuation; date of purchase; serial numbers; unique identifiers; location and condition. This will help to ensure that assets are tracked, used for their designated purpose. Conduct and document annual physical asset verifications at national and subnational levels. Ensure that where non-insured fixed assets are lost or damaged during their useful life, they are replaced using government funds. 	<p>MoH does agree with all of three recommendations such as update fixed assets register, conduct and document annual physical asset verifications and replace of lost or damaged fixed assets by using other sources.</p>	<p>MoH/NIP</p> <p>31 December 2021</p>