

# Memorandum on the Republic of Cameroon's Programme Audit report

The attached audit report sets out the conclusions on Gavi Secretariat's Programme Audit of the Government of Cameroon's immunisation programmes as managed by the Ministry of Public Health.

The audit was conducted in April 2016 with a follow up mission in November 2016 to extend audit procedures to additional regions and increase the volume of supporting documentation reviewed. It covered the period from 1 January 2013 to 29 February 2016. The scope of the audit included the Ministry of Public Health's management of MR Campaign, VIG, ISS and HPV demo grants, and vaccine supply management. The final audit report was issued to the Ministry of Public Health on 30 June 2017.

The audit report's Executive Summary (pages 2 to 5) sets out the key conclusions, the details of which are set out in the body of the report:

1. There is an overall rating of Unsatisfactory (page 2) which means that "Internal controls, and risk management processes were either not established or not functioning properly. The majority of issues or anomalies identified represent a critical level of risk. Hence, the overall objectives of the audited entity were not likely to be achieved".
2. 22 issues were identified, largely due to various operational and programmatic weaknesses that could affect the sustainability of the programme, as well as non-compliance with Gavi's Transparency and Accountability Policy (page 3).
3. Key issues were identified in the following areas (page 4): lapses in budgetary management processes; shortcomings in the maintenance of accounting books and records; questionable expenditures due to guidelines not being followed; national procurement procedures not been respected; and the inadequate management of vaccines and stock records.
4. Key findings were that:
  - a. The audit questioned expenditures of \$0.4 million relating to unsupported, inadequately supported, irregular and ineligible expenditures and raised further concerns over the use of funds totalling \$2.7 million for Measles-Rubella campaign activities.
  - b. Significant wastage of expired vaccines, largely due to the non-compliance with the "First Expired First Out" principle. This include more than 0.4 million doses of Inactivated Polio Vaccine and 0.2 million doses of pentavalent vaccine (page 5).
  - c. Recurrent administrative errors and inconsistencies in the national vaccine store's stock records led the audit to conclude that up to 20% of the annual turnover of Gavi-supported vaccines had been either misplaced or wasted (page 5).

Based on the draft audit report findings which were formally presented by Gavi in April 2017, the Ministry mandated its Inspector General to assess the internal control environment and supporting documentation of those regions and district health centres which benefitted from Gavi's financial support. In those regions already audited by Gavi, the Inspector General corroborated Gavi's audit findings. In select other regions, the Inspector General similarly reported significant control weaknesses and questionable expenditure. In recognition of the fact that both sets of findings were closely aligned, the Gavi Secretariat determined an overall level of misuse, based on the aggregate findings of both the Programme Audit and the Inspector General's investigation.

In a letter dated 7 November 2018, the Minister committed to:

- reimburse USD 1,586,166 to Gavi Secretariat in 2019;

- remediate the identified issues in response to the recommendations made in the audit report;  
and
- follow up and report back to Gavi Secretariat on vaccine losses and inconsistencies identified in the stock records.

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

Geneva, March 2019

# **THE REPUBLIC OF CAMEROON**

Gavi Secretariat, Geneva, Switzerland  
**(hereinafter Gavi)**

**Final audit report – 30 June 2017**



## 1. Summary

The Gavi Programme Audit team (hereinafter "the audit team") conducted an audit of Gavi's cash and vaccine support in Cameroon in two phases between May and November 2016.

This audit covered the programmes' operational costs for Immunisation Services Support (ISS), the Measles and Rubella (MR campaign), Vaccine Introduction Grants (VIG), and the management of vaccines and immunisation supplies during the period 01 January 2013 to 29 February 2016 by the Cameroonian Ministry of Public Health (MOPH).

The table below summarises Gavi's cash support to the MOPH and the amounts tested by the audit team for the audit period from 1<sup>st</sup> January 2013 to 29<sup>th</sup> February 2016:

*Table 1 - Summary of Gavi's cash support and expenditures for the period 01 January 2013 to 29 February 2016, in CFA francs and US dollars (USD) equivalent (according to Section 2.3 of the report):*

Support type	Managed by:	Gavi cash grant (CFA francs)	Expenditures tested (CFA francs)	Gavi cash grant (USD)	Expenditures tested (USD)
MR campaign	EPI	3 444 934 925	420 188 338	5 825 500	752 360
VIG	EPI	1 116 234 490	277 714 513	2 123 500	484 079
ISS	EPI	691 408 980	38 671 759	1 399 500	78 277
HPV demo	DCOOP	100 365 230	0	203 000	0
<b>Total</b>		<b>5 352 943 625</b>	<b>736 574 610</b>	<b>9 554 500</b>	<b>1 314 716</b>

\* EPI - Expanded Program on Immunisation, designated the EPI Central Technical Group (EPI-CTG);  
DCOOP – Division of Cooperation.

### Opinion

For the period under review, the Audit Team assessed that the management of Gavi's support by the MOPH was overall **unsatisfactory**, which means that according to Gavi "Internal controls and risk management processes were either not established or not functioning properly. The majority of issues or anomalies identified represent a critical level of risk. Hence, the overall objectives of the audited entity were not likely to be achieved."

The table below summarises these audit ratings:

*Table 2: Audit ratings by category:*

Category	Audit Rating	Report section:
Budgeting and Financial Management	Unsatisfactory	4.1
Expenditure and disbursements	Unsatisfactory	4.2
Procurement	Unsatisfactory	4.3
Asset Management	Partially satisfactory	4.4
Vaccine Supply Management	Unsatisfactory	4.5
<b>Overall rating</b>	<b>Unsatisfactory</b>	

## Key observations

The programme audit scope and ensuing conclusions regarding the use of Gavi support were hampered due to the large volume of transactions to be verified, the missing or incomplete nature of many supporting documents and the inadequate accounting at most levels of the Expanded Program on Immunisation (EPI).

As a result, the audit scope was limited to testing disbursements and expenditures related to the sub-national activities as listed in Table 1 above and a review of related supporting documentation. This also because of:

- A lack of proper accounting systems and records;
- No reconciliation of the uncommitted funds balance upon conclusion of the MR campaign; and
- Credible treasury statements and statements of uncommitted Gavi funds could not be provided prior to completion of Gavi's audit procedures and issuance of the present report.

Specifically in relation to the MR campaign, it was noted that:

- Despite the large volume of transactions, the audit team tested approximately CFA francs 420 million of expenditures, just over 12% of Gavi's cash support (see Table 1 above).
- While the expenditures questioned in this report relate only to those transactions tested, the audit team also identified significant structural deficiencies in the management of funds which the Government needs to urgently remediate;
- At least 80%, or almost CFA francs 1.6 billion (USD 2.7 million), of the operational budget for MR campaign activities was disbursed in cash (cash advances, miscellaneous allowances, fees and incentives);
- Controls relating to the reporting and justification of these cash expenditures were globally inadequate; and
- The audit team was unable to obtain satisfactory assurance on the use of these MR campaign funds given that most of the supporting documentation provided was incomplete and failed to comply with the fiduciary requirements set out in the Minister of Health's circular dated September 2015.

As such, Gavi reserves the right to:

- request additional information relating to expenditures from the MR campaign and the vaccine introduction grants; and
- request the restitution of any new questionable expenditure related to Gavi-funded programs identified during subsequent analytical work undertaken by the Government of Cameroon.

The audit team identified 22 issues brought about by various operational and programmatic weaknesses that may impede programmatic sustainability, as well as cases of non-compliance with Gavi's Transparency and Accountability Policy.

To address these deficiencies, the audit team made 22 recommendations, of which 19 (86%) were rated as essential, which means "immediate action is required to ensure that the programme is not exposed to significant or material incidents. Failure to take action could potentially result in major consequences, affecting the programmes' overall activities and outputs."

The most critical deficiencies and anomalies noted in the report are as follows:

<i>Budgetary management</i>	Weaknesses were identified throughout budget establishment, approval and execution phases. These included both unauthorised reprogramming of funds as well as unjustified budget overruns. Inadequate budget oversight failed to ensure that expenditures were monitored during the execution of Gavi-funded programmatic activities, thereby impeding or limiting reforecasting processes (See sections 4.1.1 to 4.1.3).
<i>Financial management</i>	Significant shortcomings were observed in the conservation of accounting and treasury records for each programme once funds had been withdrawn from the respective bank account. Specifically, the absence of cashbooks and bankbooks led to a complete lack of oversight over operational funds made available to and expended by Regional Units, Health Districts and Health Centres (See sections 4.1.4 to 4.1.6).
<i>Expenditures &amp; disbursements</i>	<p>Clear mandatory guidelines exist for funding commitments, requests for financing, settlement of and justification of expenditure. A review of expenditures found that these guidelines were not scrupulously respected.</p> <p>As a result, 17% of expenditures tested by the audit team from the 2013 to 2016 period were inadequately documented or unsupported. In addition, 13% of expenditures tested were either irregular or ineligible (See sections 4.2.1 to 4.2.6).</p>
<i>Procurement</i>	National procurement procedures for the acquisition of goods and services are in effect which define procurement thresholds and applicable purchasing methods, as well as modalities for the receipt of goods and services. However, these procedures were globally ignored (See sections 4.3.1 to 4.3.4).
<i>Fixed Assets management</i>	The cold chain was found to be fragile across all echelons of the EPI, largely as a result of a lack of routine and preventive maintenance or appropriate repairs. This precariousness was exacerbated by the fact that information on the working condition of cold chain equipment was unreliably or inadequately recorded in the fixed assets registers (See sections 4.4.1 to 4.4.2).
<i>Vaccine supply management</i>	<p>The central EPI unit was unable to find or trace approximately 1.7 million doses of vaccines and 1.8 million syringes due to unreconciled lapses in the recording and follow-up on stock. These stock record anomalies adversely impacted as much as 20% of the annual turnover of Gavi-funded vaccines and syringes.</p> <p>The expiry of 818,829 doses of vaccine from the beginning of 2014 through April 2016 was largely attributable to non-compliance with the "First expired First out" vaccine stock management principle. 82% of these expired doses were Pentavalent or IPV, equivalent respectively to 6% and 32% of the volume of each vaccine handled by the EPI national store in aggregate during 2014 and 2015 (See sections 4.5.1 to 4.5.4).</p>

The following tables summarise the Gavi-financed vaccines which, according to the EPIs national store stock registers, shelf-expired, VVM expired or went missing due to stock administration or physical management failures:

*Table 3a - Summary of shelf or VVM expired vaccines per the national store's stock registers (2014-2016):*

Vaccine	Explanation	Doses	Report section
Pentavalent	Identified in SMT* as expired in 2014 and 2015	69,250	4.5.4
Pentavalent	Identified in SMT as disbursed from the central warehouse one month prior to expiring	151,000	4.5.4
PCV-13	Identified in SMT as shelf or VVM-expired in 2014 and 2016	26,394	4.5.4
Rotavirus	Identified in SMT as expired in 2016	500	4.5.4
Meningitis-A	Identified in SMT as expired in 2015	81,430	4.5.4
Yellow fever	Identified in SMT as expired in 2014, 2015 and 2016	43,055	4.5.4
IPV	Identified in SMT as expired in 2015	447,200	4.5.4
<b>Total</b>		<b>818,829</b>	

\* = Stock Management Tool

*Table 3b - Summary of vaccines that went missing per the national store's stock registers (2014-2015):*

Vaccine	Explanation	Doses	Report section
Pentavalent	Identified in SMT* as missing (net amount) in 2014 and 2015	123,620	4.5.3
PCV-13	Identified in SMT as missing (net amount) in 2014 and 2015	175,891	4.5.3
Rotavirus	Identified in SMT as missing (net amount) in 2014 and 2015	306,663	4.5.3
Yellow fever	Identified in SMT as missing (net amount) in 2014 and 2015	950,110	4.5.3
IPV	Identified in SMT as missing (net amount) in 2014 and 2015	106,060	4.5.3
<b>Total</b>		<b>1,662,344</b>	

The table below summarises expenditures questioned by the audit team:

*Table 4 - Summary of expenditures questioned, expressed in CFA francs and converted into equivalent US dollars (USD) using applicable exchange rates per Section 2.3:*

Questioned expenditures classification:	Value (CFA francs)	Value (USD)	Report Appendix
Ineligible expenditures	1,527,032	2,726	5.2
Unsupported expenditures	29,882,229	53,337	5.3
Inadequately supported expenditures	93,958,679	167,707	5.4
Irregular expenditures	94,918,463	169,421	5.5
<b>Total</b>	<b>220,286,403</b>	<b>393,191</b>	