

# Memorandum on the Republic of Chad

## Programme Audit report

The attached Gavi Audit and Investigations report sets out the conclusions of the programme audit of Gavi's support to the Government of the Republic of Chad's immunisation programmes, executed by the Ministry of Public Health and National Solidarity.

The audit was conducted between March and August 2021 by a team of consultants mandated by Gavi, and supported by the Supreme Audit Institution (Cour Suprême de la République du Tchad) between August 2021 and April 2022. The audit scope covered the Republic of Chad's Expanded Programme on Immunisation, as well as Health Strengthening Systems activities between 1 January 2017 to 31 December 2020. During this period, Gavi supported immunisation services, a new vaccine introduction grant (for meningitis), measles and meningitis campaigns operational costs, Health System Strengthening and the Cold Chain Equipment Optimisation Platform.

The report Executive Summary (pages 3 to 5) sets out the key conclusions, details of which are set out in the body of the report:

1. There is an overall rating of ineffective (page 4) which means that "Internal controls, governance and risk management practices are not adequately designed and/or are not generally effective. The nature of these issues is such that, the achievement of the programme's objectives could be seriously compromised."
2. Twenty-four issues were identified in the following areas: (i) governance and management arrangements; (ii) financial accounting; (iii) budgetary management; (iv) finance and treasury management; (v) fixed asset management; (vi) procurement; (vii) vaccine supply management; and (viii) monitoring and evaluation.
3. Key findings were that:
  - a. Governance entities with an oversight over the immunisation programme did not fully exercise their steering role in directing and coordinating the activities;
  - b. Oversight entities including – the Inspector General for Health, Inspector General for Finance and the Project Management Unit's internal audit function – did not fully fulfil their attributions, and provided insufficient assurance;
  - c. The internal control framework for grant management was insufficiently defined in the absence of an up-to-date management procedural manual and operating guidelines, which could be disseminated and implemented across the respective decentralised levels concerned;
  - d. The absence of proper handovers between programmatic personnel and improper archiving processes, resulted in the loss of institutional knowledge and critical documentation relating to execution. In particular, supporting documents for 2017 and 2018 expenditures were not properly recorded and treasury management was dysfunctional. As a consequence, the review of expenditures for these two years could not be concluded during this phase of the audit. A subsequent review is planned to be undertaken in 2023, which necessitates the reconstitution of the programme's books and records;
  - e. Several weaknesses in the accounting logical security were noted resulting in the inappropriate segregation of duties;
  - f. Budget execution was not sufficiently followed-up;

- g. Fixed assets, fleet vehicles and the use of fuel were not sufficiently monitored; and
- h. Immunisation data records were not sufficiently validated and controlled.

The results of the programme audit were discussed with the Ministry of Public Health and National Solidarity, who agreed to remediate the weaknesses and issues identified. The Gavi Secretariat continues to work with the Ministry to ensure that the above commitments are met, and that the subsequent review of expenditures takes place as planned.

Geneva, July 2023

# PROGRAMME AUDIT – AUDIT REPORT

THE REPUBLIC OF CHAD

SEPTEMBER 2022



## 1. Executive Summary

### 1.1. Audit ratings by category

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Section*	Finding	Risk*	Page
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### 1.2. Overall audit opinion

The audit team assessed the management of Gavi's support during the audit period, undertaken by the Ministry of Public Health and National Solidarity's (MoHS) for the Republic of Chad, as being overall **"Ineffective"** which means, "Internal controls, governance and risk management practices are not adequately designed and/or are not generally effective. The nature of these issues is such that, the achievement of the programme's objectives could be seriously compromised."

To address the risks associated with the issues, the audit team raised 24 recommendations, of which 12 (50%) were rated as high risk, requiring the implementation of the remedial action plan proposed by the MOHP (defined on annex 10 of the full report).

\* The audit ratings attributed to each section of this report, the level of risk assigned to each audit finding and the level of priority for each recommendation, are defined on Annex 2 of the full report.

### 1.3. Executive Summary

#### ***Governance and management arrangements***

During the audit period, the Inter-Agency Coordination Committee (ICC) did not fully exercise its coordination leadership role, as the planned frequency of its meetings was not observed. In addition, there was a lack of focus on monitoring the implementation of grants and identifying technical assistance needs. The EPI Technical Assistance Committee (EPI-TAC), for its part, did not meet as frequently as planned and was mainly active during the immunisation campaigns. The restructuring of these two committees was still in progress at the time of this audit.

The Programme Management Unit (PMU) for the Ministry of Public Health and National Solidarity (MoPH), which has been operational since 2019, has not been formally integrated into the Ministry's organisational chart and has not been sufficiently involved in the coordination and programmatic monitoring of activities. The PMU also has weaknesses in its verification and oversight mechanisms, including delays in external audits and a lack of functionality of its internal audit function.

The internal control framework for grant management has, in general, been strengthened since the establishment of the PMU as well as redesigning the funding mechanism of activities, but remains insufficient at the level of the structures execution the grants' activities. Thus, the sub-directorate of immunisation (EPI) still does not have an up-to-date management procedural manual, and the entities at the decentralised level lacked operating guidelines for financial accounting and reporting. In addition, the EPI experienced several personnel changes without any proper handovers formally taking place.

Finally, the supervisory function provided by both the Inspector General for Health (IGH) and of the Inspector General for Finance (IGF) was not operational during the audit period.

#### ***Accounting management***

Financial years 2017 and 2018 – relating to the interim period during which Gavi's funds were administered by UNICEF. The EPI was not able to account for the expenditures it incurred using Gavi funds. Supporting documents for expenditures were not properly recorded or archived. The Supreme Audit Institution, in support of the Gavi audit team, noted these shortcomings with respect to the agreements and regulations in force, and as a consequence they could not conclude on the use of the funds managed by EPI during this period. The MoPH will be required to reconstitute the books and records, including referencing the supporting documentation, so that the review of these expenditures can be carried out by the audit team at a later stage.

Since 2019, the PMU, under the MoPH's supervision, has been responsible for the accounting of Gavi's funds and for improving accountability. It should be noted that the Supreme Audit Institution did not call into question any of the expenditures of funds administered by the PMU. However, delays were noted in keeping the accounts up to date and several weaknesses in internal controls and segregation of duties were identified.

**The Republic of Chad – September 2022**

#### ***Budgetary management***

The EPI's budgeting and operational action plans reflected unexplained discrepancies, as compared to the budgets approved by Gavi. In addition, accounting gaps did not allow for the possibility to monitor the budget of activities, for which the EPI was responsible during the audit period.

The PMU, which has been responsible for monitoring the Gavi's budget of support since 2019, did not have an overall view covering all of the activities financed by donors. As a consequence of not using the accounting system to monitor budgets, some accounting discrepancies were not promptly identified and there were delays in producing financial reporting statements, which were not generated every quarter.

The Supreme Audit Institution's auditors for the Republic of Chad reviewed the expenditures managed by the PMU, and as a result identified several departures from the manual of procedures.

#### ***Fixed asset management***

In general, the provisions relating to the management of fixed assets were not complied with during the audit period, both in terms of the lack of computerised record keeping and the lack of exhaustive physical inventory counts, including the verification of assignments and the working condition of the assets. Rolling stock was particularly affected by the lack of compliance, as vehicles that were delivered in 2018 could not be located at the time of the audit.

#### ***Procurement***

Most procurements were carried out by UNICEF through its central supply division. However, weaknesses were identified in the procurement processes managed by the PMU during 2020, which resulted in several purchases which were non-compliant with the public procurement laws and regulations.

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

The audit team noted that management of cold chain was inadequate at the central level. There were significant lapses in: the national equipment inventory and a review of how stock-records were maintained, necessitating the strengthening of capabilities. The physical security of the central warehouse must be reviewed in order to avoid potential vaccine losses.

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

Some improvements were noted in terms of updating data collection tools, but data checks and validation were insufficient across the various levels of the health system. In addition, the supervisions carried out by the EPI should be undertaken more regularly and should focus on capacity building, particularly in terms of the use of statistics and health information tools to validate data quality.