

Memorandum on Comoros Programme Audit report

The attached Gavi Audit and Investigations report sets out the conclusions on the programme audit of the Union of Comoros' National Coordination for the Expanded Programme of Immunisation. The audit was conducted between November and December 2016 and covered programme activity in the period 1 January 2013 to 30 September 2016.

The report Executive Summary (pages 3 to 7) sets out the key conclusions (the details of which are set out in the body of the report). In order to reach its opinion, the Gavi audit team placed significant reliance upon an audit conducted by the National Court of Auditors undertaken in July 2014, and considering that all of supporting documents for the expanded immunisation programme for the period 2013 – mid 2015 were missing:

1. There is an overall rating of Unsatisfactory (page 3) which means that “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”.
2. 10 issues were identified, mainly caused by non-compliance with Gavi’s Transparency and Accountability Policy (page 3).
3. Key issues were identified in the following areas (page 4):
 - a. Budgeting and financial management;
 - b. Expenditure and disbursements;
 - c. Procurement of goods and services;
 - d. Tangible fixed assets management; and
 - e. Vaccine supply management.
4. Key findings were:
 - a) There were unsupported expenditures of US\$ 411,009 (table 2 page 5)
 - b) The wastage of approximately 5,500 doses of Pentavalent vaccine which shelf-expired in 2016 (table 3 page 5)

The results of the programme audit have been discussed with the Union of Comoros' Ministry of Health and they have agreed to remediate the identified issues. Specifically, in a letter of 29 April 2017, they have agreed to reimburse Gavi:

- US\$ 322,248, being the balance of unsupported expenditures after taking into account the historic cost of buildings constructed using Gavi funds which are regarded as a legitimate programme expenditure.
- A further \$1,269, being the value of 470 doses of pentavalent vaccines purchased in 2014, which were wasted and shelf-expired in 2017. The potential wastage of another 5,000 additional doses of pentavalent, was not substantiated.

Gavi will follow through with the Ministry of Health to review and assess improvements made towards addressing the deficiencies identified during the programme audit.

Geneva, July 2017

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

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

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

UNION OF THE COMOROS

Gavi Secretariat, Geneva, Switzerland
(hereinafter: Gavi)

Final Audit report – 23 February 2017



1. Executive Summary

Between 28 November and 2 December 2016, the Gavi Programme Audit team (hereafter: “the audit team”) carried out an audit of Gavi’s cash and vaccines support provided to Comoros.

This audit covered the operational expenditure incurred by the Ministry of Health (MoH), for the first tranche of Health System Strengthening (HSS) funding as well as monies for the introduction of IPV. Subsequent tranches of HSS funding (the 2nd tranche was disbursed in 2015 and the third in 2016) were administered by UNICEF and were excluded from the scope of this audit. The audit also covered the management of vaccines for the same period.

Opinion

The audit team assessed that the Ministry of Health’s management of the Gavi funds was **unsatisfactory**. This means that “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”. The following table summarises the audit ratings.

Table 1 – Audit ratings by category:

Category	Audit rating	Report section
Vaccine Management	Unsatisfactory	4.1
Budgeting and financial management	Unsatisfactory	4.2
Expenditure and disbursements	Unsatisfactory	4.3
Procurement	Unsatisfactory	4.4
Fixed assets	Unsatisfactory	4.5
Overall opinion	Unsatisfactory	

Key issues

The audit team raised 10 issues, which were mainly caused by a range of operational and programme weaknesses, as well as non-compliance with Gavi’s Transparency and Accountability Policy, and which could affect the viability of the programme.

To address these issues, the audit team has made 10 recommendations, all of which were rated as being critical in priority, which means that “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 programme’s overall activities and output.”

Among the weaknesses noted in this report, the most significant are:

<i>Budgeting and financial management</i>	No accounting system or budgetary management tools were in place, reflecting an overall lack of suitable financial management and related controls. (Refer to issues 4.2.1 and 4.2.3)
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<i>Expenditure and disbursements</i>	HSS expenditures totalling 220,541,405 Comorian francs (USD 594,532) for the period 2013 to 2014 were not justified by any acceptable supporting documentation. The lack of any such substantive documentation put into question the existence and credibility of all the expenses incurred during this period. (Refer to issues 4.3.1 and 4.3.2)
<i>Procurement</i>	The procurement of significant goods and services for the HSS programme did not comply with national public procurement procedures. Respective supporting documents and contracts were either missing or were incomplete. Furthermore, (incomplete) civil works contracts for offices and hangars were solely signed by the CNPEV coordinator, without due authority or approbation. (Refer to issues 4.4.1 and 4.4.2)
<i>Fixed assets</i>	There was no fixed asset register in place, so as to provide an overview of all assets purchased with programme funds. (Refer to issue 4.5.1)
<i>Vaccine Supply Management</i>	Errors in stock records put into question the programme's ability to credibly manage its vaccine stockpile and forecast requirements. Furthermore, non-compliance with the principle of first-expired first-out increased the risk of shelf-expired vaccines, and resulted in the loss of at least 470 doses of pentavalent in 2016. (Refer to issues 4.1.1 to 4.1.3)

Table 2 – Summary of HSS questioned amounts, in US dollars (USD):

Expenditure Category	Amount (USD)	% HSS expenditure (1 st tranche)	Report section
Total HSS funding questioned by the Comoros' National Court of Auditors – Accounts Section report.	411,009	69%	Error! Reference source not found.6-1

In December 2016, at the time of the Gavi audit, the complete absence of any supporting documents on file was noted with respect to expenditures totalling USD 594,532. It was noted that in July 2014, a similar audit of these same supporting documents (which have since disappeared) was carried out by the Comoros' National Court of Auditors – Accounts Section. As a result, the audit team concluded that it could rely upon the Court of Auditors' observations and that their work at that time, was representative of the existence and condition of the respective supporting documents.

Table 3 – Summary of shelf-expired vaccines, by number of doses

Vaccine Category	Doses	Report Section
Pentavalent vaccine (DTC-HepB-Hib) which shelf-expired.	470	4.1.2
Pentavalent vaccine (DTC-HepB-Hib) which potentially shelf-expired, but which was not recorded in sub-national registers.	5,000	4.1.2

Conclusions from prior audits

The Gavi audit team reviewed in detail prior audit reports whose scope included HSS and/or IPV funding, both grants which were managed by the CNPEV during the period 2013 to 2014, including:

- The National Court of Auditors – Accounts Section’s audit report on EPI grant management for the period January 2013 to May 2014 (September 2014);
- The MOF Inspectors’ and MOH Inspector – General’s internal audit report on HSS for the year 2013 (September 2014); and
- The external audit report of Gavi’s funds for the years 2013 and 2014, covering both RSS and IPV grants, undertaken by the commercial audit firm Mazars (in August 2015);

All three audits identified similar corresponding material issues, which equally corroborated with Gavi’s own audit of the programmes. The following table summarises these issues:

Table 4: Key audit issues

Observations:	Court of Auditors	Inspector General	External audit
Missing accounting records relating to the management of the first tranche of HSS funds (January 2013 to May 2014)	√	√	√
Inconsistent budgetary management, HSS 2013-2014	√	√	√
Absence of, or no supporting documents (e.g. procurement, advances, per diems etc.)	√	√	√
Transfer of funds to CNPEV staff members’ personal bank accounts without any justification.	√		
Budgetary overruns without prior approval (e.g. fixtures and fittings, “strategic approach” advances, communication).	√	√	
Significant expenditure not budgeted for and undertaken without prior approval by the ICC and Gavi (e.g. civil works construction and other insufficiently justified expenditures)	√	√	

Given that the audit conducted by the National Court of Auditors – Accounts Section:

- was undertaken in the second half of 2014, i.e. only a few months after Gavi froze the corresponding programme accounts’ (in April 2014);
- with a substantive, exhaustive audit scope coverage, given that the audit team reviewed all expenditures and available documents on file;
- and whose audit report meets the necessary quality standards expected for such an exercise,

the Gavi audit team assessed the pertinence of the National Court of Auditors’ work in accordance with international auditing norms, including international standard 610 (ISA 610). As a consequence, and having noted the absence of primary supporting records, the audit team carried out its auditing procedures to determine that it could place reliance on the National Court of Auditors’ work, and where relevant, draw from their detailed observations, quantifications, and what amounts they questioned. The following table presents a summary of these amounts:

Table 5: Amounts questioned by the National Court of Auditors – Accounts Section audit report, in USD

Observations	Amounts questioned in USD	Amounts questioned in KMF	National Court of Auditors' report reference
Absence of, or no supporting documents (e.g. procurement, advances, per diems etc.)	218,182	80,879,980	1.1.a, 1.1.b 1.1.c, 1.1.d, 1.1.e, 1.1.f, 1.1.h
Transfer of funds to staff members' personal bank accounts without any justification.	31,476	11,668,000	1.2.c, 1.2.d
Budgetary overruns without prior approval (e.g. fixtures and fittings, "strategic approach" communication)	19,607	7,268,388	1.1.b, 1.1.d, 1.1.e, 1.1.g
Significant expenditure not budgeted for and undertaken without prior approval by the ICC and Gavi (e.g. civil works construction and other insufficiently justified expenditures)	141,744	52,544,614	1.2.a, 1.2b
Total expenditures questioned	411,009	152,360,982	

On 2 December 2016, the audit team's preliminary conclusions were presented in an exit meeting including the following:

- The Minister of Health;
- The Director of Cabinet of the Minister of Health;
- The Secretary General of the Ministry of Health;
- The Director General of Health;
- The CNPEV Coordinator; and
- The CNPEV Administrative Manager.

The Minister of Health took note of the key issues raised and committed the Ministry of Health to addressing the issues raised.

Annex 4 - Acronyms

CNPEV	National Coordination for the Expanded Programme of Immunization
DGS	Director General of Health
DRS	Regional Directorate of Health
EVM	Effective Vaccine Management
MOH	Ministry of Health
VVM	Vaccine vial monitor
EPI	Expanded Programme of Immunization
HSS	Health System Strengthening
SMT	Stock Management Tool
IPV	Inactivated polio vaccine