# Memorandum on the Kingdom of Lesotho
# Programme Audit report

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

The audit was conducted by Gavi's programme audit team in March 2018 and reviewed the period 1 January 2015 to December 2017, with a scope covering the programme activities during that period. The final audit report was issued to the Lesotho Ministry of Health (MOH) on 18 November 2018.

The report's executive summary (page 1 - 4) sets out the key conclusions, the details of which are set out in the body of the report:

- There was an overall rating of Unsatisfactory (page 1) 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."
- Nineteen issues were identified, most of which related to non-compliance with the MOH's own guidelines; and to the financial management arrangements governing Gavi cash grants.
- Key findings were that:
    a. The governance and oversight of the Gavi-supported activities were unsuccessful in addressing issues of capacity constraints and the programme's underperformance. The MOH's programme unit managing the national immunisation programme was significantly understaffed and operated in an environment with insufficient accountability;
    b. Vaccine supply management was ineffective. There were significant weaknesses in the handling and management of stock. In January 2018, 159,180 doses of Measles Rubella vaccines (worth US$ 170,085) shelf-expired. In addition, during 2016-2017 vaccines worth US$ 60,251 were written-off without an adequate explanation.
    c. The MOH's financial management and budgetary controls were ineffective, and Gavi-grant specific accounting records were not maintained.
    d. The MOH's procurement function entered into and managed a single-source contract for service, contradictory to terms and conditions and for which there was insufficient evidence of value for money accruing to the Gavi-funded programme.

The results of the programme audit have been discussed and agreed with the Ministry of Health, with a commitment to remediate the identified issues. With respect to the shelf-expired vaccines, it was determined that the loss did not qualify as misuse, as the MOH was not directly responsible for the build-up of excess stock. Specifically, in a letter dated 25 July 2019, the MOH committed to reimburse the unsupported and ineligible expenditure totalling USS 333,901 as determined by Gavi.

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

Geneva, November 2019

# KINGDOM OF LESOTHO
# Programme Audit of Gavi's Support to the Ministry of Health

**Gavi, the Vaccine Alliance**
**Geneva, Switzerland**

**Final Audit Report – 18 November 2018**

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# 1. Executive Summary

Between 5 February and 9 March, 2018, Gavi's Programme Audit Team (the Audit Team) conducted a programme audit of Gavi-provided cash and vaccine support to the Kingdom of Lesotho's Ministry of Health (MOH) for its immunisation programme.

The Audit Team's scope covered the MOH's: Grant Oversight and Governance Mechanism, Programme Management, Financial Management, Vaccine and Supply Chain Management, and Procurement, for the three-year period - January 2015 to December 2017. Overall approximately 46% of the expenditure reported for the period was reviewed, as per Table 1 below:

*Table 1: MOH expenditure reported between Jan 2015 – Dec 2017, and corresponding amounts reviewed by the Audit Team*

| Gavi cash grant | Expenditure reported (USD) | Expenditure reviewed (USD) |
|---|---|---|
| Health System Strengthening | 829,898 | 558,154 |
| Operational costs - Measles-Rubella | 705,419 | 134,822 |
| Vaccine Introduction Grant – Rotavirus Vaccine | 14,671 | 13,309 |
| Vaccine Introduction Grant - Inactivated Polio Vaccine | 26,088 | 18,538 |
| Vaccine Introduction Grant - Pneumococcal Vaccine | 25,603 | 6,313 |
| **Total** | **1,601,679** | **731,136** |

**Key findings**

The Audit Team assessed the Lesotho Ministry of Health's management of Gavi funds as **Unsatisfactory**, which means, "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."

*Table 2: Summary of key areas as rated by programme audit*

| Area | Audit Rating: |
|---|---|
| Oversight and Governance | Unsatisfactory |
| Programme Management | Unsatisfactory |
| Vaccine and Supply Chain Management | Unsatisfactory |
| Financial Management | Unsatisfactory |
| Procurement | Unsatisfactory |
| **Overall rating** | **Unsatisfactory** |

The Audit Team raised 19 issues and made 19 recommendations to address them. The recommendations were prioritised as either critical, essential or desirable. Definitions of the three-levels of prioritisations are summarised in Annex 4. Out of 19 recommendations, 12or 63% were rated as of critical priority, 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 programme's overall activities and output."

| Table 3: Summary of the audit findings | |
|---|---|
| Oversight and Governance | The oversight and governance mechanisms did not provide adequate assurance or stewardship over Gavi's support to the national immunisation programme.<br>The role of the Interagency Coordinating Committee (ICC) was ineffective as it failed to ensure that the Ministry of Health was held accountable for not addressing chronic capacity constraints and the programmes' underperformance. The ICC meetings were infrequent and did not provide consistent programme direction and guidance.<br>External audit reports did not provide sufficient assurance on the use of Gavi-funding, as the audits' scope included all donor funds, without a Gavi specific summary. The Internal Audit function's scope of works did not cover any donor-funded activities, including Gavi support.<br>Due to weak oversight mechanism in general, there was no monitoring of: key programme performance indicators, execution rate of annual work plans, and the management of vaccine supplies. |
| Programme Management | The national immunisation programme was understaffed and was unable to adequately implement, monitor or manage Gavi-supported activities. During the period October 2015 – September 2016, there was no acting Expanded Programme on Immunisation (EPI) Manager in post. The roles and responsibilities of the immunisation team were not defined. Senior management failed to hold its staff accountable for underperformance, and there was no effective reporting line within the MOH hierarchy. Although the MOH acknowledged the programme's structural weaknesses, there was a lack of follow-through to address the deficiencies.<br>The Health System Strengthening grant implementation lagged by 18 months and only 31% of the approved budget was absorbed by the end of the grant period, i.e. 31 December 2017[1]. Gavi was meant to disburse the total grant in four annual disbursements beginning December-2014. However, due to the lower rate of fund absorption than anticipated, only the first tranche was disbursed as of December 2017.<br>In parallel, due to poor planning in the implementation of the Measles-Rubella (MR) campaign, the actual vaccination period had to be extended from the original plan of 2 weeks to 12 weeks period. As a result of this unforeseen extension the overall budget was overspent by 24%. |
| Vaccine and Supply Chain Management | The supply chain was ineffective in managing vaccines and stock records were not maintained adequately. There were weaknesses and errors in the handling of vaccines, including storage, distribution, and temperature monitoring. These issues were mainly due to: the absence of standard operating procedures; shortages of key staff; lack of designated person to coordinate immunisation activities at the district level; lack of monitoring at the subnational levels; and the involvement of untrained health workers in managing vaccines.<br>The immunisation coverage and vaccine stock data were unreliable and could not be used for decision-making purposes. The MOH over-estimated its vaccine needs for the MR campaign, resulting in shelf-expiry of 159,180 MR doses in January 2018. The Audit Team estimates, based on 2017 consumption rates, that a further 117,514 doses of MR vaccine were similarly at risk of expiring by September 2018. Earliest expired first out principles were not followed. In addition, during the two-year period 2016-2017, a significant proportion (ranging from 7-15% of vaccine turnover) of Gavi supported-vaccines totalling US$ 60,251 were written out of the stock-records without any explanation on record. |

[1] Gavi has granted a 'No Cost Extension' to Lesotho Ministry of Health for the HSS grant until December 2018.

| Table 3: Summary of the audit findings | |
|---|---|
| Financial Management | The MOH's budgetary financial management and internal controls were ineffective, and it was unclear what financial regulations were applied to Gavi's grants.<br>The HSS budget was developed by the Technical Working Group[2] (TWG), without any input from the districts and the grant application was submitted to Gavi without involving the MOH Accounting Unit. The HSS programme was incoherent as neither a detailed work-plan nor realistic sub-national budgets were in place, resulting in the need for multiple budget revisions during implementation.<br>Moreover, expenditures were incurred without ensuring availability of the budget or grant funds. The HSS grant was overspent by US$ 38,729[3] and the MR campaign grant was overspent by US$ 138,785. These budget-overruns were covered by unspent balances from prior vaccine introduction grants.<br>No staff member was designated with the role to account and report on Gavi-funds, bank reconciliations were not routinely performed, and Gavi-specific financial statements were not prepared, as required. Financial management was inadequate, and not all expenditures were supported by appropriate documentation. As a consequence, the Audit Team questioned expenditure totalling US$ 344,393 (see Table 5). |
| Procurement | In December 2016, a service contract to manage the MOH's vehicle fleet was established using sole sourcing, contrary to national procurement regulations. The process for selecting this supplier was undocumented; and neither the EPI Team nor the designated procurement function were involved in the supplier selection and contracting processes.<br>The MOH paid the supplier US$ 206,086[4] for the entire contract in advance, in contradiction to the contractual terms, and prior to service being rendered. There was no evidence of any contract supervision, since no progress reports and no details of the subsequent services that were received were on record.<br>The Audit Team also questioned the principle of charging the entire contract to Gavi's HSS grant with no cost apportionment. This is because Gavi's support was limited to seven vehicles purchased in 2016, whereas the contract covered the entire MOH fleet of more than 180 vehicles of all ages and conditions. |

*Table 4: Summary of total vaccines loss questioned by the Audit team in USD*

| Category | Amount | Report Reference |
|---|---|---|
| MR Vaccines expiry due to over procurement [159,180 doses] | 170,085 | 4.3.1 |
| Vaccine written-off in SMT without justification | 60,251 | 4.3.3 |
| **Total** | **230,336** | |

[2] The Technical Working Group comprised members from MOH Planning & Statistics, MOH Procurement, MOH Disease Control, MOH Health Education, MOH Project Accounting Unit and Alliance Partners UNICEF, WHO, and CHAI.
[3] To avoid double counting, this amount is excluded from the overall expenditures questioned by the Audit Team. The overspent was due to a payment to a fleet management company which is questioned by the Audit Team.
[4] This amount is included in the overall expenditure questioned by the Audit Team, under both Table 11: Breakdown of unsupported expenditure and Annex 2: Details of Expenditures Questioned by the Audit Team.

*Table 5: Summary of total expenditure questioned by the Audit Team in USD*

| Category | Amount | Report Reference |
|---|---|---|
| Unsupported expenditure – Fleet management | 206,086 | 4.4.3 |
| Unsupported expenditure – Other | 125,149 | 4.4.3 |
| Inadequately supported expenditure | 10,492 | 4.4.3 |
| Ineligible expenditure | 2,666 | 4.4.3 |
| **Total** | **344,393** | |

# 2. Objectives and Scope

### Objectives

In line with June 2013 Partnership Framework Agreement and Gavi's Transparency and Accountability Policy, the primary objective of a programme audit is to review internal controls and risk management practices. In addition, the programme audit sought to obtain assurance on whether Gavi's funds and resources were used for the intended purposes in accordance with the agreed terms and conditions, as well as to identify opportunities to enhance programme processes.

Specifically, the audit sought to explore the following questions:

i) Do the programmes' grant oversight and governance mechanism provide reliable assurance over the stewardship and management of Gavi's resources?
ii) Is the integrity of the national immunisation programme, as well as the resources it has available, adequate for the programmatic needs; and does the MOH's programme team support the implementation of Gavi-funded activities effectively?
iii) Is the national vaccine management and supply chain system efficient in delivering the right quantities and quality of vaccines and in recording their movement accurately?
iv) Do the budgetary, financial management and procurement controls and processes function effectively, including accurate and well-defined accountability for the use of Gavi resources?

### Scope

The Audit Team reviewed the expenditures, procurement, vaccine supply chain, and programme management under the responsibility of the national immunisation programme during the three-year period from 1 January 2015 to 31 December 2017. In addition, the Audit Team assessed the existing oversight and governance mechanism of the national immunisation programme.

The Audit Team also reviewed, on a select basis, the vaccine supply chain including records, encompassing the central vaccine stores, 4 district vaccine stores (DVS) and 12 Health Facilities. See Table 17 in Annex 3 for the list of sites visited by the Audit Team.

### Exchange rate

Expenditures were incurred in Lesotho Loti (LSL) which, for reporting purposes, have been converted to the United States Dollar (USD) at a rate of US$ 1 to LSL 13, equivalent to the average exchange rate over the audit period of 2015 - 2017.

# 3. Background

The Kingdom of Lesotho is land-locked country and has a population of 2,007,201 according to the 2016 national population census[5]. The country is a lower income country with a gross domestic product of US$ 2.721 billion in 2017[6]. The country is divided into 10 districts: Berea, Butha-Buthe, Leribe, Mafeteng, Maseru, Mohale's Hoek, Mokhotlong, Qacha's Nek, Quthing and Thaba-Tseka.

The MOH is mandated with policy setting, planning and coordination and management roles. Responsibility for service delivery is effectively devolved to the district level. The MOH has coordination structures that link the national level to the district and community levels via the District Health Management Teams (DHMT). Out of a total 216 health facilities providing immunisation in the country (including both public and private), 79 facilities are owned and managed by the Christian Health Association of Lesotho, four by the Lesotho Red Cross Society, and 133 by the MOH. The country continues to tackle the issue of HIV/AIDS, which remains a significant challenge given the national HIV prevalence at 25%[7] in 2016.

**Gavi-support to Lesotho**

During the period 2002 – 2017, the total cash and vaccine support provided by Gavi to Lesotho totalled US$ 7,547,630. The total cash grant was US$ 2,055,710 (US$ 1,907,452 to the MOH and US$ 148,258 through UNICEF); and the total value of vaccines was US$ 5,491,920.

*Table 6: Gavi support to Lesotho in US Dollars*

| Grant Type/Year Disbursed | 2002-2014 | 2015 | 2016 | 2017 | Grand Total |
|---|---|---|---|---|---|
| Vaccine Support to the MOH | 3,351,137 | 334,256 | 1,049,914 | 756,613 | 5,491,920 |
| Cash grants to the MOH | 1,240,768 | 100,000 | 566,684 | - | 1,907,452 |
| Cash grants via UNICEF | - | - | - | 148,258 | 148,258 |
| **Total** | **4,591,905** | **434,256** | **1,616,598** | **904,871** | **7,547,630** |

[5] Source http://www.bos.gov.ls/, accessed 17 July 2018.

[6] https://data.worldbank.org/country/lesotho, accessed 17 July 2018.

[7] Gavi Joint Appraisal report 2017.

# 4. Audit Findings

## 4.1 Grant Oversight and Governance

### 4.1.1. Interagency Coordination Committee did not function effectively

Description

The Interagency Coordination Committee (ICC) did not meet every three months, as required by its Terms of Reference (TOR). The ICC meeting minutes were not maintained and therefore there was no mechanism to track and monitor the implementation of its decisions. Also, there was no evidence that the ICC fulfilled its advocacy role to promote national immunisation programmes or improve coordination among partners in support of the immunisation programmes.

The Audit Team noted that frequent changes in the MOH's leadership, including the ICC chairperson, disrupted the consistency of the committee's overall direction and resulted in its meetings being convened infrequently. The roles and responsibilities of the ICC members were not properly defined. The committee's TORs were outdated and ineffective in responding to the present day complexities of the national immunisation programme, such as large portfolio of vaccines, multiyear strategies, monitoring of key performance indicators, financial sustainability etc.

There was ambiguity between the respective roles, responsibilities and accountabilities between the ICC and the immunisation programme's Technical Working Group (TWG)[8]. Similarly, there was no defined protocol for how the TWG recommendations should be communicated to the ICC. As a consequence, a number of decisions made by the TWG were unimplemented.

The ICC meetings did not have a defined programme or standing agenda to steer its discussions on the implementation and performance of the immunisation programme. Key recommendations from several of the Alliance Partners' assessments were not debated and addressed.

Risk / Impact / Implications

Due to the ICC's lack of commitment and engagement, certain pertinent issues, such as the national immunisation programme's chronic staffing shortages, weaknesses in the HSS grant and the vaccine management were not addressed.

Recommendation 1 (Critical)

[8] The Technical Working Group comprised of members from MOH Planning & Statistics, MOH Procurement, MOH Disease Control, MOH Health Education, MOH Project Accounting Unit and Alliance Partners UNICEF, WHO, and CHAI.

The MOH, in consultation with the in-country Alliance Partners, is recommended to revise the ICC's TOR so as to reflect the reality of current operational requirements. In addition, the MOH should ensure that the ICC meets regularly as dictated by its own mandate. Furthermore, the MOH should consider:

- Appointing an alternate chair who can deputise in the event that the ICC Chairperson is unavailable;
- Requiring that the representative members of the ICC should have capability and seniority as decision-makers, as well as ability and authority to represent and commit their organisations;
- Broadening membership of the ICC by including other suitable in-country partners that are engaged in the immunisation activities; and
- Reviewing the TORs of the ICC committee so as to ensure they include oversight for the immunisation activities, and responsibility for ensuring accountability and adherence to an approved oversight plan.
- Develop a standing agenda for the ICC meetings which, at the minimum, should include key indicators on which the ICC is expected to deliberate and take appropriate decision. E.g. of key EPI indicators include quality and completion of immunisation coverage reported by each district; vaccine stock levels at the CVS; vaccine shipments in pipeline; status of cold chain conditions across all the districts; vaccine write-offs; status of vaccines reaching near expiry dates, and implementation status of the EPI annual workplans. These indicators should be reported to the ICC by the EPI Technical Working Groups. In addition, the ICC should also monitor progress on the implementation of recommendations from various reviews concerning EPI.

Management Comments

See Annex 6 for management comments and action plan.

### 4.1.2. MOH Internal Audit function did not provide assurance on Gavi-funded activities

Description

The MOH Internal audit (IA) function's scope of work did not include donor-funded programme activities. Effectively, all of the audits that the IA carried out were undertaken in response to an ad-hoc request from management.

In general, the IA function did not maintain: (i) a risk universe or (ii) an annual audit plan. Furthermore, various departments within the MOH were not properly informed or briefed on the IA's mandate and function, for them to pro-actively ensure that IA was involved in providing suitable assurance on their programmes.

Risk / Impact / Implications

Lack of, or insufficient oversight by the Internal Audit function is likely to compromise the MOH's ability to identify control weaknesses or detect misuse of funds on a timely basis.

Recommendation 2 (Critical)

The MOH should mandate the involvement of its IA function during the lifecycle of its various programmes, to undertake a range of targeted audits, spot checks, as well as advisory and review engagements. The MOH is encouraged to discuss these plans with Gavi's Country Programme team directly, so as to explore the possibility for Gavi to contribute to funding a share of the IA's scope of works, via an agreed workplan and budget.

Management Comments

See Annex 6 for management comments and action plan.

### 4.1.3. External audits did not provide sufficient assurance

Description

The Office of the Auditor General's external audit reports for both fiscal years 2014/2015 and 2015/2016 covered a basket of multiple donor funds, rather than providing donor-specific reports, for example tailored to Gavi's earmarked funds. However, the scope of these external audits included the overall Health Sector Reform Programme encompassing multiple funding sources, rather than as Gavi specific audit reports, as required.

It was therefore not possible to establish from the audit reports, the proportion of the overall expenditures and cash balances relating to Gavi's grants.

Except as otherwise agreed in writing between Gavi and the implementing entity, Gavi's guidelines on financial audits does not accept a health sector audit reports.

Risk / Impact / Implications

If the design and scope of the external audits does not match Gavi's fiduciary and reporting requirements, the resultant audit reports might not provide the necessary assurance on the performance and management of Gavi's funding.

Recommendation 3 (Essential)

The MOH should discuss with the Office of the Auditor General the need to:

- Perform grant-specific external audits on all of Gavi-grants; and
- Expand the scope of its grant-specific audits by including reporting on the effectiveness of key processes and budget management and the fund absorption rate; and covering sub-national activities, rather than solely focusing on central-level expenditures.

Management Comments

See Annex 6 for management comments and action plan.

## 4.2 Programme Management

### 4.2.1 EPI structure not properly established and understaffed

Description

Since its establishment in 1979, the national immunisation programme has continued to function to date with the same light structural setup. Several reviews by the Alliance Partners have highlighted that the current setup does not meet the existing demands and complexity of the national immunisation programme, with the EPI Team members lacking the requisite skills and competencies required to manage a multi-dimensional programme

Absence of a permanent EPI structure – Central Level

The Audit Team noted that the MOH did not have an established, permanent EPI Unit. The MOH's civil service listing for 2016/2017 allowed for only four positions with immunisation-related responsibilities in the Directorate of Primary Health Care. As a result, the implementation of the national immunisation programme was informally assigned to these four positions, with the immunisation manager (EPI manager) role being assumed by the Child Survival Manager, alongside three Cold Chain Technicians in support.

In September 2016, UNICEF, in conjunction with the MOH, conducted an "EPI Human Resource Rapid Assessment". The assessment recommended 28 EPI positions nationwide, in order to effectively manage the national immunisation programme. Prior to the 2016 assessment, the MOH reassigned eight staff between 2008 and 2013 in the temporary EPI roles. The re-assigned positions were for a Deputy EPI Manager, two Data Managers, a Surveillance Officer, two Cold Chain Technicians and two Cold Chain Assistants.

However, the Audit Team is of opinion that:

- The current temporary assignment of staff is ineffective due to absence of a proper EPI Unit, lack of job descriptions and blurred reporting lines.
- The MOH failed to dedicate sufficient effort in advocating for the UNICEF proposed structure to be reviewed and approved by the Ministry of Public Service. At the time of the audit in March 2018, there was no evidence on file supporting that the MOH had followed through and submitted the proposed structure to the Ministry of Public Service.

Chronic understaffing

Following the recommendation of 2016 UNICEF Assessment, the MOH reassigned the Public Health Nurse for Maseru district to act as an EPI Manager. The new EPI Manager along with eight previously re-assigned staff managed the national immunisation programme.

Despite the MOH's effort to temporarily bridge the resource gap, the EPI Team still fell short by 20 positions in contrast with the 28 positions recommended by the 2016 UNICEF Rapid HR Assessment. As of March 2018, some of the key positions at both central and subnational levels were not yet filled. At the central level, National Logistic Officer (1) and Vaccine Store Manager (2) were unfilled. Similarly, at the subnational level, the positions of EPI Focal Point (10) and Cold Chain Officer (10) were unfilled.

Given that there were no District EPI Focal Points at the subnational level, the Public Health Nurses were expected to perform all immunisation-related tasks, in addition to their other existing responsibilities. However, the Nurses were not only overburdened but they also lacked appropriate skills and were untrained for the job. This lack of capacity translated into the districts' unsatisfactory handling of vaccines, poor stock records, and unreliable immunisation data, for details see section 4.3.

The Audit Team noted that the aforementioned current temporary re-allocation of staff to manage the immunisation programme was not sustainable, as there was no backfilling of the appointed staffs' prior role. Thus, the individuals designated to EPI had to divide their time between both their roles, since they were required to continue executing their original assignment, resulting in them being only partially committed to their new EPI role.

In addition, following the retirement of the Child Survival Manager (EPI Manager) in October 2015, this central-level position remained vacant for 11 months until September 2016, resulting in the role and responsibilities not being fulfilled for the duration, as there was no acting EPI Manager for the interim. See Annex 1 for EPI staffing evolution.

Risk / Impact / Implications

Understaffing; lack of competency and skill gaps; unclear roles and responsibilities; and the lack of EPI-specific job descriptions, undermined the programme's overall capacity and accountability to execute its mandate satisfactorily.

Recommendation 4 (Critical)

In consultation with the national immunisation partners, the MOH is recommended to:

- Set up a fully functional and permanent EPI Unit with its own dedicated staff, roles and responsibilities, reporting lines, and well defined relationship with other MOH departments.
- Prioritise the implementation of the 2016 UNICEF HR assessment recommendations, so as to address the resourcing gap between the immunisation programme need.

Management Comments

See Annex 6 for management comments and action plan.

### 4.2.2 Lack of accountability

Description

Central Level – absence of accountability and job description

The absence of a dedicated EPI Unit diluted the overall responsibility for the programme. Furthermore, there was no mechanism in place to hold the EPI Team accountable for the programme's performance, as the MOH senior management failed to establish any reporting requirements for the EPI staff, and therefore there was no practice of regular reporting or supervision.

In addition, there were no EPI-specific job descriptions in place, which resulted in a lack of clarity with regard to what were the EPI staff's designated roles and responsibilities. This resulted in the EPI Team not being answerable for the immunisation programme's underperformance, and similarly the MOH hierarchy was unable to instil a culture of accountability.

The EPI Team had insufficient capacity, which limited its ability to execute various programme activities in a piecemeal fashion. Thus only a limited range of programme activities, perceived to be of the highest priority, were implemented. As a result, during the period under audit review, i.e. January 2015 – December 2017, many planned EPI activities under HSS grant were remained unimplemented, without anyone being held accountable for non-delivery of results, see section 4.2.4 for details.

Risk / Impact / Implications

In the absence of a detail job description and effective accountability framework which obliges the MOH staff to make an effort toward achieving EPI goals, the EPI Team may continue to perform unsatisfactorily.

Recommendation 5 (Critical)

In consultation with the national immunisation partners, it is recommended that the MOH management strengthens the EPI Team's reporting by:
- instilling a culture of accountability from those responsible for the EPI programme; and
- Developing suitable standard operating procedures, which require the EPI Team to report back regularly on progress with its activities.

Management Comments

See Annex 6 for management comments and action plan.

### 4.2.3 Insufficient training and lack of adequate skills

Description

Nationwide - untrained health workers in immunisation programme

In 2004, 2010 and 2017, UNICEF undertook Training Need Assessments of the MOH's health workers involved in immunisation. The Assessments consistently observed that the basic health staff lacked required skills, and also repeatedly recommended that a robust training plan be established to improve staffs' capacity. Although the MOH accepted the UNICEF assessments' findings and recommendations, it failed to remediate and address the gaps identified. For instance at the time of Gavi's audit in March 2018, none of the current Data Managers and Cold Chain Technicians were able to provide evidence of any training related to their area of work. According to the MOH, the Data Managers were hired as Data Clerks but were currently undertaking M&E function for the EPI.

Similarly, for the district Public Health Nurses effectively acting as immunisation focal points there was no evidence of any training in vaccine management. The skills gap was exacerbated by the fact that the central-level EPI Team did not undertake any routine supervision or monitoring visits at the subnational level to identify and address such shortcomings.

Central Level – Lack of coordination capacity

The EPI Manager failed to involve and manage inter-dependencies with other MOH units properly, which resulted in delays, both in the additional time taken until activities were implemented, as well as a lag until these were reported upon. For example, the EPI manager did not involve the Finance Unit in the finalisation of its budget, or in any monitoring thereon. Similarly, the Procurement Unit was not involved in the development of EPI's annual procurement plans.

Risk / Impact / Implications

Mismatch between the programmatic needs and the staff capacity jeopardises achievement of programme targets.

Recommendation 6 (Essential)

In consultation with the Gavi Alliance Partners, the MOH is recommended to:

- Prioritise the implementation of the 2018 Training Need Analysis recommendations, so as to improve staff skills and capacity.
- Similarly, the EPI Team is required to proactively engage with both the MOH's Finance and the Procurement Units, when preparing and routinely monitoring both its programme budget, as well as its plan of procurement.

Management Comments

See Annex 6 for management comments and action plan.

### 4.2.4 Unsatisfactory implementation of the HSS grant and low fund absorption

Description

Unsatisfactory grant implementation rate and key grant activities not implemented

For the four-year period, January 2014 to December 2017, Gavi provided an HSS grant totalling US$ 2.7 million to reduce morbidity and mortality caused by vaccine-preventable diseases. The MOH had a target of increasing the national immunisation coverage to 90% by 2016. However, due to lack of capacity and non-prioritisation of key programme activities, grant implementation was slow and the overall target coverage remained low.

As of 31 December 2017, the official grant end date, only 31% of the approved HSS grant had been absorbed and the national immunisation coverage remained at 70% for all antigens, considerably below the 90% target.

At the time of the audit in March 2018, key grant activities which remained unimplemented or incomplete were:

- Purchase and rehabilitation of cold chain equipment and infrastructure. The original budget had provided for four DVs each at $25,000. In 2017, contractors were selected and construction for three DVs started. By the time of Gavi audit, Leribe DVs was fully completed and handed over, Berea & Butha-buthe were partially constructed. Rehabilitation of the fourth DVs had not started.
- Training of health workers; and

  Monitoring and evaluation of immunisation performance such as training for data collection, the conduct of a data quality assessment, and the conduct of an assessment of the impact of HSS interventions. According to the MOH, this activity planned for the end of the grant life. At the time of the audit, EPI had obtained a 'no cost extension' (NCE) to implement HSS activities until December 2018. After the completion of audit fieldwork in March 2018, the Audit Team was informed that Gavi Secretariat had granted additional year of NCE to the MOH until December 2019 to fully implement the HSS workplan.

Delayed recruitment of Technical Assistance (TA) to support implementation

In 2013, the MOH submitted its HSS budget to Gavi, including a budget for TA, but without specifying the associated TORs for this role. In March 2015, one of the recommendations from the Joint Appraisal emphasised the urgent need to follow through with the recruitment of the TA coordinator role, so as to build the MOH's staff capacity in the planning, implementation and monitoring of the HSS grant.

However, as illustrated by the EPI Manager post remaining vacant for 11 months until September 2016 (and with no interim cover), the recruitment for the TA Coordinator position remained a matter of some urgency. Ultimately it was not until September 2016 that the MOH selected CHAI for the technical assistance position. At this point, the appointment of a TA was effectively two years overdue, given that the MOH began receiving its HSS funding from November 2014.

Perpetual lack of detailed budget and workplan for NCE period

During 2017, the MOH requested a one-year no cost extension (NCE) until 31 December 2018 so as to implement its remaining immunisation activities. However, although Gavi approved the NCE in September 2017, as at March 2018, the MOH had not yet reciprocated by preparing a detailed work plan with timelines, measures, performance indicators and prioritisations to manage the implementation within the NCE period.

### Risk / Impact / Implications

Lack of basic grant management procedures may lead to poor implementation and low returns from Gavi's investments.

A detailed budget and workplan is central to successful implementation of any programmes. Its absence compromises the MOH's ability to effectively monitor the implementation progress and control the budgets.

### Recommendation 7 (Critical)

The MOH is recommended to prepare a detailed work plan and performance framework that includes milestones and key performance Indicators for the remainder of the no-cost extension period for the HSS grant. The workplan should be submitted to the Senior Country Manager for Gavi approval. Subsequently, this workplan should be updated and approved as and when required.

### Management Comments

See Annex 6 for management comments and action plan.

### 4.2.5 Shortcomings in the planning for MR campaign and non-compliance with WHO guidelines[9]

Description

In August 2016, Gavi disbursed funds totalling US$ 566,684 to the MOH to support the operational costs of a national Measles Rubella campaign and to introduce the vaccine in the national routine programme. The campaign was initially scheduled to be launched in October 2016. However, due to the EPI Manager vacancy during the period October 2015 – September 2016 and inadequate planning, the campaign was launched only in February 2017. Various shortcomings in planning and executing the campaign, as discussed further in sections 0 and 4.2.6, resulted in the duration of the campaign being extended from the original two weeks planned to a total period of 12 weeks.

Inappropriate timing of the campaign

When deciding on the timing for a campaign, the WHO Guidelines recommend consideration of a range of factors including: accessibility; seasonal and cultural events such as planting, harvesting; religious, traditional and political events; and school openings.

However, the audit team noted that the MOH executed the MR campaign at the peak of the country's rainy season (February – May, 2017) which severely restricted entry to poorly accessible areas. The timing of the campaign also coincided with the campaigning period for the presidential elections, which adversely affected the mobilisation of a number of health workers and vaccinators. Lastly, the months selected for the campaign was also immediately before the exam period at national schools which also limited the participation by the students and their parents.

No assurance that the entire health workers involved in the campaign were trained

The WHO Guide also prescribes, as a pre-requisite to successful training, the identification of both qualified and committed trainers, as well as appropriate trainee participants. This to ensure that the learning imparted is appropriately cascaded which ultimately improves the execution of the campaign activities.

The final MR campaign report[10] stated that a total of 4,130 health workers (590 teams with 7 members in each) participated in the campaign. The Audit Team was unable to determine the effectiveness and level of participation, given that according to the training participants' attendance lists, only 341 health workers were trained prior to the campaign, less than 10%. Furthermore, there was no other documentation to evidence that any of the other campaign health workers who participated received any training, even though there was more than 30% of the budget available for the training.

Campaign launched despite low readiness

WHO's pre-campaign assessments at the national level and across all of the 10 districts, at both two months and two weeks, prior to the start of the campaign, rated the overall state of campaign readiness at 49%. As a result, the assessment(s) recommended further reassessment of status, one week prior to the campaign launch, to confirm that a sufficient level of readiness was attained before executing the campaign. However such a reassessment did not take place, and the campaign was launched despite the report's recommendation. The Audit Team noted that there was no documentation on file, evidencing that the MOH's efforts were sufficient to achieve the necessary state of readiness at district level.

[9] WHO AFRO Measles SIAs Planning and Implementation Field Guide, 2010.

[10] MR Campaign Report by the MOH, Oct 2017.

Risk / Impact / Implications

If WHO's recommended guidelines on supplementary immunisation activities are not followed, there is a significant risk that activities will be executed sub-optimally, potentially compromising the objective of reaching the maximum target population, as well as undermining the principle of using resources as efficiently as possible.

Recommendation 8 (Critical)

For future immunisation campaigns, the MOH is recommended to:

- Ensure that the campaigns are not launched until an adequate level of readiness is reflected in the pre-campaign readiness assessment.
- Develop and outline of the milestones, with suitable timelines and tentative budgets and progress toward achieving and monitoring those milestones.
- Fully comply with the WHO's "Supplementary Immunisation Activities' Planning and Implementation Field Guide" on social mobilisation.
- Allocate adequate funding to each district, in accordance with a properly developed budget based on micro-plans of the respective districts.
- Establish and widely communicate clear criteria for the selection of campaign participants, in particular the vaccinators, health workers and supervisors.
- Ensure that the key phases of the campaign are subject to supervisory review and validation; and that suitable supervisory checklists and AEFI reports are circulated and completed by the participants, and thereafter that these reports are analysed and properly filed.

Management Comments

See Annex 6 for management comments and action plan.

### 4.2.6 Weaknesses in the implementation of MR campaign

Description

The Audit Team identified several shortcoming in the implementation of the Gavi-supported MR campaign such as: the selection of unsuitable media platforms for social mobilisation; weak levels of monitoring and supervision; and the poor management of the reported AEFI cases.

Ineffective social mobilisation

The WHO Guide recommends that social mobilisation planning be conducted at least six months prior to a campaign launch, as a component of the micro-planning process. However, the MOH did not prepare a social mobilisation plan at all. According to the post-campaign survey, several parents cited that one of the main reasons for their children not being immunised was insufficient information on the campaign.

The same survey also found that the MOH social mobilisation channels deployed by the MOH were not preferred by the health workers. The MOH used schools as the means of reaching out to communities for the campaign, whereas the community's preferred channel was radio talk shows and public announcements.

Ineffective monitoring and supervision

The WHO Guide recommends that campaign supervisors be appointed at each level to support operatives and ensure that activities are properly implemented throughout. The Guide also recommends that supervisors receive key skills training so as to be able to execute and coordinate hands-on supportive supervision of the MR campaign. The supervisors were to conduct on-site visits which were to be documented using the specific supervision checklist provided. Once completed, these checklists were to be analysed

by the campaign coordinators and identify areas for improvement. For example, supervision monitoring results were supposed to determine the underlying reasons, as well as to quantify the number of unimmunised children, so as to remediate any structural bottlenecks, and address such issues during the remaining campaign period.

The Audit Team noted that there was no evidence to support that the individuals selected as supervisors were actually trained; or that they subsequently completed the necessary monitoring and supervision checklists as required, thus potentially undermining the identification and targeting of any unimmunised children.

Sub-optimal management of the reported Adverse Effects Following Immunisation (AEFI) cases

In March 2017, various print and electronic media outlets questioned the safety of the MR vaccine. The media posted images of children alleged to have had severe reactions, as well as some claimed to have died after being vaccinated. In total, 41 AEFI cases were reported throughput the country, including four deaths.

According to the MOH, allegations of significant AEFI cases were used to discredit the government in-power, by generating adverse publicity about the vaccine's safety.

In 2017, a joint report published by WHO and UNICEF, officially established that these four deaths were "coincidental" and were not caused by the MR vaccine. However the report also identified some serious weaknesses in the AEFI management, namely:

- Despite training, the health workers were ill-equipped to respond to parental concerns on AEFI.
- There was poor documentation of reported AEFI cases.
- Poor vaccination records led to repeat vaccination of some children.
- More emphasis was put on training for nurses/vaccinators but doctors were omitted and therefore were unable to respond appropriately to the reported AEFI cases.

The MOH was unable to provide the Audit Team with the final AEFI file post completion for review. Similarly, none of the documentation of reported AEFI cases and evidence of follow-up actions were on file at the central level.

In addition, none of the 12 health facilities visited by the Audit Team had any AEFI case investigation and Reporting forms available, to demonstrate the existence of this tool.

### Risk / Impact / Implications

Weak implementation and lack of monitoring and supervision during the implementation phase of a campaign threatens reaching the targets and provide no assurance on effective use of Gavi's investments.

Poor management of reported AEFI cases can lead to loss of public confidence in vaccine safety.

### Recommendation

See Recommendation 8 above.

### Management Comments

See Annex 6 for management comments and action plan.

## 4.3 Vaccine and Supply Chain Management

### 4.3.1 Vaccine overstock, expiries and damage

Description

Vaccines overstocked

The Audit Team noted that by the end of the year in 31 December 2017, the Central Vaccine Store (CVS) had significantly overstocked its vaccines beyond its designated maximum level of six months[11]. In particular, the stock levels for MR vaccines were above 30 months, see Table 14 in Annex 3.

Vaccines expiry

**MR vaccines** - Subsequently, on 27 February 2018, during the stock count, the Audit Team identified that 159,180 doses (US$ 170,085) of MR vaccines had shelf-expired on 31 January 2018.

Vaccines likely to expire

**MR vaccines** - In addition, the CVS had another 173,260 doses of MR vaccines, from three different batches, which were scheduled to shelf-expire in April, May and September 2018, if not used before the expiry date, see Table 15 in Annex 3. Based on 2017 MR routine monthly consumption, most of this stock was surplus to requirements, and the Audit Team estimated that approximately two thirds, or 117,514 (US$ 71,213) of the balance MR vaccine doses would expire before being used, see Table 16 in Annex 3.

**Rotavirus vaccines** – Due to delayed introduction of Rotavirus vaccine in the routine immunisation programme, the CVS, as at 31 December 2017, had a stock build-up of 73,100 dosage which were received in three different shipments between Jan – Nov, 2017. In addition, in 2018, the MOH received 40,500 dosage and a further shipment of 24,000 dosage is scheduled within the year. Due to absence of historical data on vaccine distribution/ issuance to subnational level, the Audit Team was unable to estimate vaccine dosages that are at the risk of shelf-expiry.

Vaccine damage

During 2017, a shipment of PCV vaccine (batch # 554916), 10,800 doses were heat-exposed when the consignment was mistakenly shipped to Tanzania, prior it being redirected to its actual port of delivery in Maseru. Upon reception of the vaccines in September 2017, UNICEF Lesotho reviewed the vaccine's VVM status and confirmed that the stock had been heat damaged during transit and should therefore be disposed of. However, the Audit Team noted that the MOH did not have a suitable process in place to quarantine any vaccines which were identified as expired or damaged. At the time of the audit in March 2018, it was noted that 1,800 doses of the heat-expired PCV vaccine were missing from the Central Vaccine Store. Based on discussions and given that the vaccines were neither disposed nor recorded as wastage in SMT, it was indicated to the Audit Team that these missing damaged PCV doses might have been erroneously issued to the district-level.

[11] According to UNICEF, maximum vaccine stock levels at the Central Vaccine Store in Lesotho was set at six months.

UNICEF Lesotho confirmed that it would replace the damaged PCV vaccine, after it claims the loss on behalf of the MOH from its insurer. However, UNICEF indicated that it can only make such a claim, on receipt of a certification of damage and proof of the vaccine's incineration. As the MOH had no process for issuing such certifications, it elected to use a private contractor to dispose of the vaccine. However, as of March 2018, the issue is still pending, as the MOH claimed not to have a suitable budget line against which it could charge the contractor's processing of the damaged PCV.

Risk / Impact / Implications

Expired vaccines due to mismanagement is a waste of Gavi's support and reduces the number of vaccines available for the country's children.

Recommendation 9 (Essential)

For the MR vaccine, the MOH is recommended to:
- Strictly comply with EEFO principles;
- Actively monitor stock levels and expiry dates by maintaining up-to-date and accurate stock records; and
- Discuss and escalate with the Alliance Partners and Gavi Country Programme any likely expiries and measures to minimise loss.

Recommendation 10 (Essential)

The MOH is recommended to establish a robust forecasting system by:
- Using the latest population census data of 2016 in estimating its annual forecast;
- Strengthening its stock management system by including a suitable system to track and monitor vaccine wastage;
- Undertaking a comprehensive inventory of the CVS vaccines and timely reporting on Gavi web portal.

Recommendation 11 (Desirable)

The MOH should expedite the issuance of a suitable certification of damage/ incineration for the PCV vaccines as requested by UNICEF and submit it to them in order for them to process a claim on behalf of the MOH for insurance compensation.

Management Comments

See Annex 6 for management comments and action plan.

### 4.3.2 Unclear roles and responsibilities in vaccine management

Description

The Audit Team noted that there was uncertainty regarding who was ultimately responsible for the country's vaccine forecasting process, including the surplus MR campaign vaccines received by the MOH in September 2016. From discussions it was observed that for most of the audit period, there was not a designated EPI staff member in place, with the capacity and/or competence to be responsible for the overall forecasting and management.

In parallel, since February 2016 a Vaccine and Cold Chain and Logistic Consultant was seconded by UNICEF to the MOH to support the national immunisation programme. The Consultant was funded by Gavi under 'Targeted Country Assistance' within the 'Partnership Engagement Framework'. Due to EPI understaffing, this resulted in the UNICEF Consultant substituting and performing various operational tasks including stock management activities, vaccine forecasting and managing the national stock records, without any suitable segregation of duties. Vaccine forecast for the MR campaign was conducted in 2016, at the time when there was no EPI Manager. The forecast was jointly developed by a team of representatives from UNICEF, WHO, CHAI and MOH (Surveillance Officer and Data Manager). Although UNICEF stated that the MOH approved the final forecast figure for 2016, the Audit Team questioned the capacity of the Surveillance Officer and Data Manager to critically review and check the proposed forecast estimates. As stated to the Audit Team, the current EPI Manager considers that the country's vaccine management is a joint responsibility for both the MOH and UNICEF.

According to the MOH, vaccine forecast for the MR campaign was done using the population census of 2006, hence the latest national population statistics and birth cohort to be immunised were relatively imprecise. In hindsight, the EPI team considers that the 2016 campaign requirement for the country's birth cohort was significantly lower than the volume of vaccine received in 2016. The most recent official population data is available from 2016 census, but at the time of forecasting for the MR campaign, the 2016 census data was not yet published, and therefore 2006 census data was used.

Risk / Impact / Implications

Absence of segregation of duties compromises the MOH EPI Team's and Alliance Partner's ability to provide oversight, review work products, and to identify errors.

Recommendation 12 (Critical)

The MOH is recommended to establish a robust forecasting system by establishing clear segregation of duties and responsibilities for the MOH EPI Team so that the team remains accountable for the day-to-day operation of the national immunisation programme. The MOH should progress from dependency on the Alliance Partners for operational matters such as finalisation of the vaccine forecast, maintenance of the cold chain, and vaccine stock records.

Management Comments

See Annex 6 for management comments and action plan.

### 4.3.3 Unjustified vaccine write-offs and discrepancies in the stock records

Description

Vaccine write-offs

During the period January 2015 – December 2017, significant amounts of vaccine were written-off at the Central Vaccine Stores (CVS) without any documented justification explaining the adjustment. The approximate value of the net vaccines which were written-off totalled US$ 60,251, see

Table 7 below:

*Table 7: Vaccines written off without justification at the Central Vaccine Store during the year 2016- 2017*

| Vaccine | Number of Doses written off | | | Value in USD | As a % of vaccine turnover 2016-2017 |
|---|---|---|---|---|---|
| | 2016 | 2017 | Total | | |
| Pentavalent | 4,720 | 10,620 | 15,340 | $11,505 | 7% |
| IPV | 1,246 | 5,960 | 7,206 | $20,177 | 19% |
| Pneumococcal -13 | 3,200 | 3,250 | 6,450 | $21,285 | 3% |
| Rota | - | 3,150 | 3,150 | $ 7,284 | 11% |
| **Total** | | | | **$60,251** | |

For details of the computation of vaccines written out of the stock records refer to Table 19 in Annex 3.

Discrepancy between actual stock and stock records

On 1 March 2018, the Audit Team carried out a physical inventory of the vaccines at the CVS and found that the physical balances counted by the Team, did not reconcile with the Stock Management Tool (SMT) record balance or to the stock ledger hard-copy, see Table 8 below.

*Table 8: Unexplained variances after the Audit Team's stock count, in doses*

| Vaccine | Quantity Counted (a) | Damaged (b) | Stock Ledger Balance (c) | SMT Balance (d) | Variance = (d) - (a-b) |
|---|---|---|---|---|---|
| Measles Rubella | 173,260 | - | 350,950 | 175,270 | 2,010 |
| Pentavalent | 73,500 | - | 74,600 | 76,500 | 3,000 |
| Rotavirus | 69,950 | - | 70,400 | 70,400 | 450 |
| Pneumococcal-13 | 72,650 | 9,000 | 76,310 | 63,050 | (600) |

Poor records of vaccine movements from central to districts

The Audit Team visited four districts and noted the additional unexplained variances in the vaccine movements between the central CVS (deliveries) and the districts' DVS (receipts), see Table 9 below. The comparison of vaccines issued per SMT with district ledgers revealed that the receipts recorded at the districts were significantly lower than

the issues recorded by the CVS. Given that the vaccine registers at the districts were not updated, it was the most likely reason for the variance. In particular, the Maseru DVS, the capital and the district with the largest population, did not have any stock ledgers or records for 2017. Furthermore, given that the variance for MR vaccine was exceptionally large, the Audit Team believes that the districts did not record vaccines received for the MR campaign. For breakdown of variance by DVS, see Table 18 in Annex 3.

*Table 9: Unexplained anomalies in the vaccine movements between CVS and DVS during the period Jan – Dec, 2017, in doses*

| | Penta | PCV | MR | Rota |
|---|---|---|---|---|
| Unexplained Variance (less vaccines recorded at four districts visited by the Audit Team) | 37,300 | 39,690 | 261,190 | 11,050 |
| Total vaccine issuances to all districts during 2017[12] | 109,220 | 110,800 | 1,005,940 | 28,750 |
| **% shortfall unaccounted for** | **34%** | **36%** | **26%** | **38%** |

### Risk / Impact / Implications

Without accurate and reliable vaccine stock records, the MOH is hampered in its ability to: (i) prepare accurate forecasts; (ii) ensure that the right quantity and quality of vaccines are available at each service delivery point; (iii) ensure that the vaccines are used as intended; and (iv) manage the level of vaccine wastage and expiry within a tolerable range.

### Recommendation 13 (Essential)

It is recommended that the MOH:

- Develops and finalises its vaccine management policies and standard operating procedures;
- Conducts trainings across the health system to ensure that staff managing vaccine comply with the operating procedures;
- Prioritises the implementation of recommendations from the various assessments, including: (i) 2014 EVM assessment (WHO/MOH); (ii) 2018 Training Needs Analysis (UNICEF); (iii) 2016 Cold Chain Temperature Monitoring Study (UNICEF); and (iv) 2018 Vaccine Supply Chain Assessment (CHAI); and
- In collaboration with Gavi Alliance Partners, set up a suitable mechanism to monitor and track the implementation of the EVM recommendations.

### Management Comments

See Annex 6 for management comments and action plan.

[12] Per 2017 Stock Management Tool, maintained at the Central Vaccine Store.

### 4.3.4 Absence of policy, procedures and systems for recording vaccine wastages and immunisation data

Description

Close and open vial wastage

At the time of the audit in March 2018, there was no policy guidance in place setting out how the incidence of vaccine wastage, for both close and open vial, at each associated level of the health system should be measured and reported. As a result, the country's actual vaccine wastage rate at the sub-national level remains unknown.

Further, at the CVS, the MOH had no procedure in place for quarantine and disposal of damaged vaccines. As a consequence, the Audit Team found that the damaged MR and PCV vaccines were still stocked in the CVS alongside the undamaged vaccines.

Absence of an effective system for capturing immunisation data

The Audit Team also noted that the country lacked an effective health management information system which is capable of capturing and reporting vaccine consumption and coverage at the districts. As a consequence, the MOH was unable to monitor consumption trends; and make necessary adjustments to the vaccine delivery shipments so as to avoid overstocking and expiries of vaccines as reported in section 4.3.1 above.

Risk / Impact / Implications

In absence of the actual wastage data, the MOH cannot identify areas with high wastage rates and is unable to address poor practice, inefficiencies or excessive losses so as to plan, develop and execute suitable interventions to address wastage.

Without a proper information system for immunisation data, the EPI will not be able to correctly measure and report its immunisation coverage at the districts; and ultimately unable to realistically forecast its vaccine needs.

Recommendation 14 (Essential)

The MOH, with support of the Alliance Partners, is recommended to undertake a study to establish a comprehensive nationwide policy on recording, monitoring and reporting on open and close vial wastage rates.

Recommendation 15 (Critical)

The MOH is recommended to Institute an effective health management information system such as District Health Information System (DHIS2) which is able to capture and report on the actual vaccine consumption; and make periodic adjustments to the vaccine shipments according to the consumption patterns.

Management Comments

See Annex 6 for management comments and action plan.

### 4.3.5 Vaccine temperature exposures were not monitored

Description

Every three months, vaccine were distributed from the CVS, with a vehicle moving between the sub-national stores, to top up each of the districts' vaccine balances to their designated maximum stock level. Distribution-runs typically took between two to four days and were done using a non-refrigerated truck, with the vaccines being packed into carrier boxes with ice packs. However, the MOH did not have a practice of monitoring vaccine temperatures during distribution between the central and district-level stores, despite the necessary tools being available. Any remaining vaccines were subsequently returned to the CVS, but the vaccines were restocked without checking for any heat damage.

Similarly, CVS cold room temperatures were not monitored during office hours. Although the store has a temperature monitoring system, it was deactivated during the daytime, and there was no permanent staff presence on-site. In addition, there was no established protocol for the first respondent's responsibilities when the temperature alarm was triggered outside of office hours. From discussions with the EPI Unit, the Audit Team noted that those responsible were not consistent in clarifying what should be done in the case of such an event.

At the sub-national level, 3 out of 12 health facilities visited by the Audit Team did not have any records on file evidencing that their vaccines' temperature were monitored or tracked. Similarly none of the 12 health facilities visited had any vaccine temperature monitoring procedure in place for the weekend period.

This primary reason for the unsatisfactory temperature monitoring was due to the absence of standard operating procedures; shortages of key logistical staff; lack of monitoring at the subnational levels; and the involvement of untrained health workers in managing vaccines.

Risk / Impact / Implications

Failure to store vaccines within the recommended temperature range could reduce vaccines' potency, undermining the effectiveness of immunisation programmes.

Unless adequate monitoring and recording of vaccine temperature occurs along the supply chain, it is difficult to determine if vaccines are properly secured throughout storage and transport. Similarly, temperature monitoring can help to pre-empt future problems with the proper functioning of the cold chain equipment.

Recommendation

Refer to Recommendation 13:
- Develop and finalise its vaccine management policies and standard operating procedures; and
- Conduct training across the health system to ensure that staff managing vaccine comply with the operating procedures.

Refer to Recommendation 6:
- Prioritise the implementation of the 2018 Training Need Analysis recommendations, so as to improve staff skills and capacity.

Management Comments

See Annex 6 for management comments and action plan.

## 4.4 Financial Management

### 4.4.1 Ineffective structure and processes for financial management

Description

Lack of accountability due to unclear roles and responsibilities

The immunisation programme in Lesotho is part of the Child Survival Programme, which is itself within the wider Family Health Division. Similarly the immunisation programme overseen by the Family Health Division's Director, was ultimately included within the Primary Health Care Department, the department having overall responsibility.

During the expenditure review, the Audit Team observed that the Director of Primary Health Care was not involved by the Family Health Division when a purchase requisition or payment request needed to be approved. Instead, the Head of Family Health Division would redirect such a demand to the Director of Health Planning and Statistics. The MOH was unable to explain why the Primary Health Care Department, which was the principal entity responsible for the immunisation activities, was effectively side-lined. During the audit fieldwork, the Director of Primary Health Care was on leave and was therefore unavailable to discuss this observation with the Audit Team.

Absence of resource allocated for book keeping and reporting of Gavi-provided grants

In 2008, the MOH established a Projects Accounting Unit (PAU) to manage all donor funds, including Gavi's. All of the PAU staff were paid by specific donor funds. Except for Gavi, each of the other donors had a dedicated accountant(s) in place that was directly paid from their grant funding rather than from the MOH payroll (this included the Global Fund, World Bank, CDC, PEPFAR, etc.). In January 2014, Gavi conducted a Financial Management Assessment which highlighted the need for a dedicated accountant in the PAU to manage Gavi funds.

However, the MOH did not follow through and implement the recommendation from 2014 Gavi assessment; and as a result, no accountant was appointed to manage Gavi's funding over the past four years, to date.

From discussions with the EPI Team, the Audit Team determined that the absence of a dedicated accountant has compromised PAU's ability to: (i) ensure that expenditures are incurred in line with the approved budget and workplan; (ii) verify that such expenditures are adequately supported; (iii) maintain proper books and accounts; (iv) perform bank reconciliations; and (v) produce financial reports in a timely manner.

Inconsistent application of financial management guidelines

Gavi's January 2014 Financial Management Assessment required the MOH to apply its own national regulations with respect to the management of Gavi-provided funds. As the PAU was created to manage and ensure compliance with donor specific financial management requirements, the PAU was unclear as to which regulations did apply to Gavi-grants. This resulted in the applicable public financial management regulations not being followed, as prescribed. Certain inconsistencies included:

- **Advance Imprest**
  The Financial and Treasury Regulations require an imprest system for all the advance payments. Such an imprest system ensures the liquidation of the respective advances, only after the return of the necessary supporting documentation (including trainings attendance registers, signed payment sheets and supervision reports for supervision and monitoring). However the PAU did not maintain such an imprest system for Gavi-grants, and instead immediately expensed all such advances, at the time the funds were disbursed.

- **Daily Subsistence Allowance**
  Since July 2009 and in accordance with a Public Notice of 8 July 2009, issued by the Ministry of Public Service, the per diem rates applicable to Government ministries were rationalised from a daily three-part element of LSL 700 (US$ 88 as at June 2009) to a single LSL 250 payment. However the PAU did not adjust its practice, and instead continued to apply the outdated LSL 700 per diem rate for all Gavi-funded activities. The Audit Team noted that there was no waiver or approval on file, to justify the continued use of the pre-July 2009 per diem rates.

Risk / Impact / Implications

Inadequate financial management structure and weak processes compromises the MOH's ability to record, monitor and report on the use of Gavi-grants.

Recommendation 16 (Critical)

The MOH is recommended to:

- Develop standard financial management guidelines for its donor-funded programmes. The guidelines should be based on the national Public Financial Management regulations, and any conflict between the donor guidelines and the national regulations should be discussed and agreed with Gavi (and potentially with the other donors who ascribe to the same set of financial management guidelines).
- Clarify senior management's roles and responsibilities, with respect to their involvement and accountability in approving expenditures for Gavi-funded activities.
- Assign a Gavi-dedicated accountant to manage Gavi-provided grants, with responsibility for checking that adequate and sufficient supporting documentation is attached to all transactions. The accountant needs to work with the EPI team in the development of all budgets which are then submitted to Gavi.
- Ensure compliance with the official per diem rates as posted by the Ministry of Public Services. Any deviation from the official rates should be appropriately justified, approved and documented. The MOH is also encouraged to discuss with its donors, the need to harmonise the applicable per diem rates which apply across its portfolio of donor-funded programmes.

Management Comments

See Annex 6 for management comments and action plan.

### 4.4.2 Sub-optimal budget preparation and monitoring processes

Description

HSS programme without a detailed workplan and performance framework

In 2013, when the MOH submitted its HSS grant application to Gavi's Independent Review Committee for approval, it did not include a detailed work plan or a performance framework with milestones, measures, and key performance indicators. As a result in January 2014, when Gavi carried out its Financial Management Assessment for the HSS grant, it recommended that the MOH develop: (i) detailed work plans (including a procurement plan) and (ii) operational budgets (both for individual partners as well as an

overall consolidated budget), for these to be presented to the ICC for validation and approval. Once approved, the MOH was to forward this documentation to Gavi. However, no such detailed workplan with timelines and prioritization of activities has ever been prepared.

Budget vs. actual expenditure variance analysis not performed

The budgeting module, within the accounting system used by the PAU, was not configured for Gavi-funded programmes. Instead programme expenditures were approved and incurred without ensuring availability of the budgets. No variance analysis between budgeted and actual expenditure was prepared and reviewed by management on a regular basis. Such analysis was only prepared at the time of submission of the expenditure report to Gavi's online portal. There was no regular review of the workplan to assess implementation progress. Lastly, all of Gavi's funds were pooled in a single bank account, and the overall bank balance was not analysed into its component parts, as required, so as to enable reconciliation to be completed of the respective funds remaining against each grant, including Gavi's.

As a consequence:

- Ineligible expenditures totalling US$ 2,666 related to an activity that was not part of the Gavi approved workplan, were incorrectly charged to the HSS grant. See section 4.4.3 for details.
- The expenditure reports prepared by the PAU for Gavi grants were inaccurate. For instance, one report for Rota VIG budget vs. expenditure as at December 2016, had numerous casting errors.
- There were budget overruns which were financed by savings from underutilised Gavi-grants, VIG for PCV and Rota. Budget overrun of: US$ 38,729 on the HSS grant was mainly due to a payment to a fleet management company, see section 4.5.1; and US$ 138,785 on the MR campaign related to the payment of allowances to the individuals participating in the campaign. According to the MOH, in April 2018 (after the audit fieldwork), it had reimbursed the funds back to the programme and had informed the Gavi Country Support Team. There was no indication from the MOH of its plans to reimburse the overspent amount from the HSS grant.

### Risk / Impact / Implications

Inadequate budgetary management and monitoring processes could compromise the MOH's ability to systematically track and report on expenditures, and to ensure it executes the workplan as planned.

### Recommendation 17 (Critical)

The MOH is recommended to:

- Migrate the accounting for Gavi funds over to the existing accounting system as overseen by the PAU. Similarly, the system's budget module should be applied to strengthen budgetary controls and tracking Gavi expenditures against individual budget lines and activities.
- Ensure that the PAU Finance Manager and the MOH's Director of Finance are involved in regularly monitoring this budget, and ensuring that the project fund bank balances are reconciled each month.
- Use the required Gavi templates for budgeting and reporting to ensure compliance as well as effective programme management.

### Management Comments

See Annex 6 for management comments and action plan.

### 4.4.3 Questionable expenditures

Description

The Audit Team identified significant lapses in the MOH's internal controls related to the review and approval of supporting documents for the programme expenditures. As a consequence, 47% of the expenditures reviewed by the Audit Team were questioned due to the absence of suitable documentation and evidence of eligibility, see Table 10 below. For the classification of expenditures, as questioned by the Audit Team, see Annex 5.

*Table 10: Summary of expenditure questioned by the Audit Team in USD*

| Gavi grant/ support | Expenditures sampled and tested | Questioned Expenditures | | | |
|---|---|---|---|---|---|
| | | Unsupported | Inadequately supported | Ineligible | Total |
| HSS | 558,154 | 219,791 | - | 2,666 | **222,457** |
| MR | 134,822 | 86,592 | 10,492 | - | **97,084** |
| IPV | 18,538 | 18,538 | - | - | **18,538** |
| ROTA | 13,309 | - | - | - | **-** |
| PCV | 6,313 | 6,313 | - | - | **6,313** |
| **Total** | **731,136** | **331,234** | **10,492** | **2,666** | **344,392** |

Unsupported expenditure

Expenditures totalling US$ 331,234 were classified as not supported with credible documentation justifying the payments. The largest expenditure in this category related to the payment of US$ 206,086 to a fleet management company, see section 4.5.1 for details. Other expenditures, i.e., US$ 125,149 in this category were mainly due to the absence of: attendance lists of participants; training reports; and supporting documentation for the liquidation of staff advances.

Inadequately supported expenditure

Expenditures totalling US$ 10,492 were classified as inadequately supported which relate to two separate payments made to two different hotels for accommodation and meals for training participants. In one instance, training was held in a hotel which was not recommended by the evaluation report and no original supporting documents were available. In the other instance, the hotel was directly selected without obtaining three quotations as required.

Ineligible expenditure

Expenditure totalling US$ 2,666 related to per diem payment for a training in the District Health Information System held in Tanzania was erroneously charged to Gavi's HSS grant. The expenditure associated with the activity was deemed as ineligible as it was not part of the HSS budget and workplan.

According to the MOH, it had decided to fund the training using M&E budget line of Gavi HSS grants because it related to DHIS2 which, in future, was expected to capture all routine immunisation data. The training was attended by the central EPI staff. The Audit Team disagrees with the MOH statement because the M&E component of the

workplan was for: (1) training Village Heath Workers (VHW) on data collection; (2) purchase phones for VHWs; (3) Conduct Data Quality Assessment; and (4) conduct evaluation of impact of GAVI funded HSS interventions. The workplan did not provide for any DHIS training for central EPI officers. Further, the expenditure was erroneously charged under the budget-line for administration cost.

### Risk / Impact / Implications

Weak internal controls over expenditure management compromises the MOH's ability to ensure that Gavi's monies are used for their intended purpose, in accordance with the approved budgets and workplan.

### Recommendation 18 (Critical)

The MOH is recommended to:

- Ensure that the expenditures related to Gavi grants are subject to periodic and timely review by an independent reviewer from the PAU who is not involved in keeping the expenditure records.
- Ensure that the expenditures related to Gavi grants are subject to periodic and timely review by the Internal Audit function.
- Refer to Recommendation 16 regarding the development of a standard financial management guidelines for its donor funded programmes. The guidelines must clearly require that the expenditures related to allowances and incentives are supported by receipts signed by the recipients and show the amount of funds received. The payment must be supported further by signatures, identity card, designation, duty station, and contact details, e.g. mobile number of the recipients.

### Management Comments

See Annex 6 for management comments and action plan.

## 4.5 Procurement

### 4.5.1 Non-compliance with Public Procurement Regulations

Description

The National procurement guidelines and processes, as stipulated in the Public Procurement Regulations 2016 were not complied with for a significant Gavi-funded procurement.

In December 2016, a contract (or MOU)[13] was signed between the MOH and a supplier for the provision of fleet management services. The contract value totalled US$ 206,086 (LSL 2,679,116) and was for services covering the period January-December, 2017. The MOU stipulated that the supplier was responsible for the management of the entire MOH transportation fleet, including 184 vehicles (47 four-wheelers and 137 motorcycles). Services included the provision of comprehensive insurance, vehicle-maintenance and servicing. The fleet contractor's responsibilities also extended to providing transportation services to outreach health workers and transport blood samples from the villages to the health centres.

The Audit Team noted that the contract was awarded on a single-source basis with the agreement being signed between the supplier, and both the MOH's Principal Secretary and the Director General of Health Services. However, there was no documentation on file to justify the selection of this supplier on a non-competitive basis, or to validate that any other MOH Unit was involved in the selection process. According to the MOH Procurement Unit, the supplier selection and contracting processes bypassed its function, as it had no knowledge of the contract.

The supplier was paid in February 2017, receiving a prepayment for the entire contracted amount prior to rendering any service. This advance payment was not in compliance with article seven of the contract/MOU, which stipulated that the supplier would be paid retroactively each quarter, after it reported on the services it rendered for the period. This payment was jointly approved: by both (i) the Principal Secretary who remained in post until February 2017; and (ii) the Director of General Health Services, who was still in post at the time of the audit in March 2018.

In addition, the Audit Team noted that there were no progress reports or minutes on file to evidence that a quarterly discussion between the supplier and the MOH occurred, as required.

The management contract covered the entire MOH's transportation fleet, for the most part consisting of vehicles other than those funded by Gavi for non-immunisation programmes. However there was no cost apportionment, as the entire annual expenditure for the contract was charged solely to Gavi's HSS grant. The Audit Team noted that the seven immunisation vehicles procured using Gavi funds constituted less than 4% of the MOH's total number of vehicles. Assuming that the contract was solely for seven new purchased Gavi vehicles, management cost per vehicle appears to be exceptionally high, i.e. c. USD 30,000/vehicle.

[13] The fleet management arrangements with the supplier were established in the form of a Memorandum of Understanding (MOU), with this document being commonly referred to by the MOH management as a "contract".

Finally, there was no dedicated budget line for this activity in the approved HSS budget. 100% of the contract's cost was charged to the budget line: "Launch mobile immunisation teams in low performing districts (lunch allowances)", which bore no relation to the rationale for the expenditure.

The Audit Team concluded that the management contract expenditure should be considered as ineligible and is questioned, as reflected in section 4.4.3.

According to the MOH, since 2008, it had a MOU with the fleet management company; and under the same MOU, Gavi procured vehicles were managed. MOH claims that Gavi funds were used only for the management of Gavi procured vehicles. The fleet management was jointly funded by Global Fund, Vodafone Foundation, Jersey Overseas Aid, and briefly by Médecins Sans Frontières (MSF). The Audit Team disagrees with the MOH assertion that the funds were used transparently and for intended purposes because in absence of the supporting documents, the Audit Team is unable to establish the supplier selection process, rationality of cost apportionment, evidence of service delivery and compliance with the MOU.

### Risk / Impact / Implications

Where the selection of suppliers is non-competitive, there is a risk that the services obtained may not provide value for money. Not applying suitable principles of cost-apportionment can penalise funding sources, by applying costs unrelated to their programme.

### Recommendation 19 (Critical)

In future, it is recommended that the MOH ensure the integrity of its procurement process, by ensuring that these are strictly managed via the MOH's dedicated Procurement Unit. The award of contracts should always fully comply with national procurement regulations, and this process should be adequately documented to ensure that for each award, any decisions taken are duly recorded and put on file.

### Management Comments

See Annex 6 for management comments and action plan.

# Annex 1: National immunisation staffing evolution

| 2008 - 2016 | |
|---|---|
| Titles reassigned - not necessarily filled | |
| **Titles** | **No. of posts** |
| Deputy EPI Manager | 1 |
| Data Manager | 2 |
| Surveillance Officer | 1 |
| Cold Chain Technicians | 2 |
| Cold Chain Assistants | 2 |
| **Total** | **8** |
| -EPI Manager responsibility was assumed by Child Survival Manager.<br>-No EPI Manager for the period Oct 2015 -Sep 2016. | |

| 2016 | |
|---|---|
| 2016 UnicefHR Assessment - Recommended | |
| **Titles** | **No. of posts** |
| EPI Manager | 1 |
| Deputy EPI Manager | 1 |
| National Logistics Officer | 1 |
| National Cold Chain Officer | 1 |
| Vaccine Store Manager | 2 |
| Data/M&E Manager | 1 |
| Surveillance Officer | 1 |
| EPI Focal Point (districts) | 10 |
| Cold Chain Officer (districts) | 10 |
| **Total** | **28** |

| 2016/2017 | |
|---|---|
| Actual civil service established positions | |
| **Titles** | **No. of posts** |
| EPI Manager | 1 |
| Cold Chain Technicians | 3 |
| **Total** | **4** |
| Short by 24 positions when compared with 2016 UNICEF assessment | |

| March 2018 | |
|---|---|
| Responsibilities without staff allocation - At the time ofGavi Audit | |
| **Titles** | **No. of posts** |
| National Logistics Officer | 1 |
| Vaccine Store Manager | 2 |
| EPI Focal Point (districts) | 10 |
| Cold Chain Officer (districts) | 10 |
| **Total** | **23** |
| Other functions were carried out by either established positions or temporarily reassigned positions | |

# Annex 2: Details of Expenditures Questioned by the Audit Team

*Table 11: Breakdown of unsupported expenditure*

| Grant | Voucher | Date | Amount (LSL) | Description |
|---|---|---|---|---|
| HSS | GA 028 | 01-Aug-16 | 100,700 | Meals and accommodation while training and switch from tOPV to bOPV and IPV. There was no activity report for the training and the attendance registers were not signed off by participants |
| HSS | GA0323 | 04-Dec-17 | 77,461 | Meals and accommodation for 55 people during RED/REC training –Mafeteng. There was no activity report for the training and the attendance registers were not signed off by participants |
| HSS | GA 071 | 28-Feb-17 | 2,679,116 | Payment to fleet management for which no evidence was provided for the supplier selection and service delivery. |
| IPV | GA 002 | 15-Apr-16 | 241,000 | IPV Launch advance to staff for which there was no supporting documentation including participant attendance registers. |
| MR | GA0056 | 20-Jun-17 | 260,200 | Allowances Vaccinators/Supervisors/Info Officers-Mafeteng. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA0081 | 04-Jul-17 | 404,600 | Allowances for Vaccinators/Volunteers MR Campaign-Berea. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA0008 | 26-04-2017 | 28,000 | Allowances for MR Vaccinators Quthing. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA0040 | 06-06-2017 | 2,000 | Allowances for Supervisors MR Campaign-Maseru. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA0045 | 08-06-2017 | 18,800 | Allowances for Supervisors MR Campaign-DHMT. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA0050 | 14-06-2017 | 22,500 | Allowances for Supervisors MR Campaign-St Josephs. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA0056 | 20-06-2017 | 16,000 | Allowances Supervisors/Info Officers-Mafeteng. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA0059 | 21-06-2017 | 6,000 | Allowances for Supervisors MR Campaign-Maseru. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |

| Grant | Voucher | Date | Amount (LSL) | Description |
|---|---|---|---|---|
| MR | GA0037 | 06-06-2017 | 60,000 | Allowances for MR Campaign Mobilizers Berea & Central. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA 123 | 31-03-2017 | 21,000 | Allowances for Rubella in Qacha's Nek-Supervision. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA 124 | 31-03-2017 | 42,000 | Allowances for Coordinating during rubella campaign. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA 126 | 31-03-2017 | 21,000 | Allowances for Berea Central team during Rubella. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA0077 | 04-07-2017 | 34,000 | Allowances supervisors MR Campaign-ThabaTseka. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA0086 | 10-07-2017 | 74,700 | Allowances for Supervisors MR Campaign-Mohale's Hoek. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA0091 | 10-07-2017 | 7,000 | Allowances for Supervisor MR Campaign-Mohale's Hoek. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA0093B | 11-07-2017 | 26,600 | Allowances for Supervision MR Campaign-ButhaButhe. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA0111 | 20-07-2017 | 11,000 | Allowances for Drivers & HMIS MR Campaign-Berea. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA0160 | 08-08-2017 | 61,300 | Allowances Supervisors MR Campaign-Mokhotlong. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA0181 | 23-08-2017 | 2,000 | Allowance for Data Clerk MR Campaign. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| MR | GA0189 | 28-08-2017 | 7,000 | Allowances for Supervisor MR Campaign-Leribe. There were no activity reports such as the daily tally sheets attached. In addition, there was incorrect application of policy for allowances. |
| PCV | GA 018 | 22-Dec-16 | 77,894 | Training conducted in Berea District on 16-19 June 2015. There was no training report for the training and the attendance registers were not signed off by participants. |

| Grant | Voucher | Date | Amount (LSL) | Description |
|---|---|---|---|---|
| PCV | GA 021 | 29-Feb-16 | 4,180 | Meals for 44 people during launch of PCV 13 in Mafeteng on 10th July 2015. There was no training report for the training and the attendance registers were not signed off by participants. |
| **TOTAL LSL** | | | **4,306,051** | |
| **TOTAL USD** | | | **331,234** | |

*Table 12: Breakdown of inadequately supported expenditure*

| Grant | Voucher | Date | Amount (LSL) | Description |
|---|---|---|---|---|
| MR | GA0069 | 26-Jun-17 | 95,682 | Payment to a hotel for meals and accommodation for 50 people during cascading training on MR campaign at Qacha's Tek district. Transaction was not supported by a training report and the meeting was held in a hotel which was not recommended by the quotation evaluation report. Moreover, all requisition documents were in photocopies and no approval was obtained from the concerned director for the change in a hotel. |
| MR | GA090 | 03-Mar-17 | 40,714 | Payment for advert for Measles-Rubella campaign message from week of 30 Jan 2017 to the week of 20 Feb 2017 without adequate quotations as per the national procurement regulations. |
| **TOTAL LSL** | | | **136,396** | |
| **TOTAL USD** | | | **10,492** | |

*Table 13: Breakdown of ineligible expenditure*

| Grant | Voucher | Date | Amount (LSL) | Description |
|---|---|---|---|---|
| HSS | GA0242 | 03-Oct-17 | 20,794 | Per diem payments for DHIS 2 training in Tanzania. This activity was not in the approved budget/workplan. It was wrongly charged to administration costs. |
| HSS | GA0334 | 13-Dec-17 | 13,863 | |
| **TOTAL LSL** | | | **34,657** | |
| **TOTAL USD** | | | **2,666** | |

# Annex 3: Tables supporting audit observation on Vaccine and Supply Chain Management

*Table 14: Months of stock at Central Vaccine Store as at December 2017*

| Gavi-supported Vaccines | Months of Stock |
|---|---|
| Pentavalent | 10.2 |
| Measles Rubella | 37.8 |
| Pneumococcal -13 | 9.5 |

*Table 15: Breakdown of expired and near-expiry MR vaccines identified by the Audit Team during the stock count as at 27 February 2018*

| Receipt Date | Batch # | Expiry Date | Doses | Status |
|---|---|---|---|---|
| 20-Sep-16 | 012M5116B | Jan-18 | 135,070 | Expired |
| 20-Sep-16 | 012M5117A | Jan-18 | 24,110 | Expired |
| **TOTAL EXPIRED** | | | **159,180** | |
| 20-Sep-16 | 012M5124 | Apr-18 | 52,060 | Near Expiry |
| 20-Sep-16 | 012M5125 | May-18 | 42,700 | Near Expiry |
| 13-Feb-17 | 012M6035 | Sep-18 | 78,500 | Near Expiry |
| **TOTAL NEAR-EXPIRY** | | | **173,260** | |

*Table 16: Estimated expiry of the MR vaccines, stocked at the CVS as at 27 Feb 2018, based on average monthly distribution of 2017 MR routine vaccines*

| | | Stock Bal. (doses) | Average monthly consumption until the expiry dates | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Batch # | Expiry date | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Potential expiry (doses) |
| 012M5124 | Apr-18 | 52,060 | 9,291 | - | - | - | - | - | 42,769 |
| 012M5125 | May-18 | 42,700 | - | 9,291 | - | - | - | - | 33,409 |
| 012M6035B | Sep-18 | 78,500 | - | - | 9,291 | 9,291 | 9,291 | 9,291 | 41,336 |
| **Total near-expiry doses** | | | | | | | | | **117,514** |

*Table 17: Vaccine Stores visited by the Audit Team*

| District | Health Facilities/DVS | | District | Health Facilities/DVS | |
|---|---|---|---|---|---|
| Maseru | 1. DVS QE2 | 2. Thababosiu | Qachas'nek | 1. DVS hospital | 2. Medikane |
| | 3. SDA | 4. LDF | | 3. St Francis | 4. Mohlapiso |
| Berea | 1. DVS Hospital | 2. Khubetsoana | Quthing | 1. DVS hospital | 2. Villamaria |
| | 3. Good-shephered | 4. Koali | | 3. St Matthews | 4. Dili dilli |

*Table 18: Unexplained variances between CVS and DVS deliveries per vaccine order forms*

| Issues from CVS per vaccine order forms maintained at districts | | | | |
|---|---|---|---|---|
| **District** | **Penta** | **PCV** | **MR** | **Rota** |
| Quthing | 6,720 | 6,900 | 92,020 | 2,000 |
| Qacha's Nek | 4,640 | 5,800 | 32,420 | 1,300 |
| Berea | 11,420 | 11,850 | 127,100 | 4,200 |
| Maseru | 38,240 | 37,500 | 17,120 | 6,850 |
| **Total (1)** | **61,020** | **62,050** | **268,660** | **14,350** |
| Receipts recorded in the ledgers maintained at the districts | | | | |
| **District** | **Penta** | **PCV** | **MR** | **Rota** |
| Quthing | 3,940 | 3,410 | 3,970 | 2,000 |
| Qacha's Nek | 5,360 | 5,300 | 500 | 1,300 |
| Berea | 14,420 | 13,650 | 3,000 | - |
| Maseru | - | - | - | - |
| **Total (2)** | **23,720** | **22,360** | **7,470** | **3,300** |
| | | | | |
| **Total Variance (1) - (2)** | **37,300** | **39,690** | **261,190** | **11,050** |

*Table 19: Unexplained missing vaccines and gaps in stock records*

Based on the Audit Team's analysis of the EPI central level stock records in SMT, the following variance and unexplained gaps were identified:

**Missing units/doses of stock in SMT**

| | | H | J | A | B | C | D | E | F | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | <<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<< | | | SMT Data | >>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>> | | | | <<<<<<<<<<<<<<<<<<<< PA analysis | >>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>> | | | |
| | Unexplained opening | | | | 2015 | | | | | Vaccine | Vaccine missing, surplus | | | |
| | differnce gain/loss | Brought fwd | Arrivals | Issued | Wastage | missing | Surplus | Returns | Closing bal. | issued | wasted or opening difference | | | |
| Penta | N/A | 28,000 | 102,000 | - 117,622 | | - 1,168 | 37,230 | | 48,440 | 117,622 | N/A | | | |
| PCV | N/A | 117,000 | 21,600 | - 114,451 | | - 8,729 | 6,180 | | 21,600 | 114,451 | N/A | | | |
| Rota | N/A | - | - | | | | | | - | 0 | N/A | | | |
| MR | N/A | - | - | | | | | | - | 0 | N/A | | | |
| IPV | N/A | - | - | | | | | | - | 0 | N/A | | | |
| ADS 0.5ml | N/A | 1,036,200 | | - 201,200 | | -1,012,400 | 461,400 | | 284,000 | 201,200 | N/A | | | |
| | | | | | | | | | | | | | | |
| | Unexplained opening | | | | 2016 | | | | | Vaccine | Vaccine missing, surplus | | | |
| | differnce gain/loss | Brought fwd | Arrivals | Issued | Wastage | missing | Surplus | Returns | Closing bal. | issued | wasted or opening difference | | | |
| Penta | - | 48,440 | 114,000 | - 102,880 | | - 10,810 | 6,090 | | 54,840 | 102,880 | (4,720) | | | |
| PCV | 2,450 | 24,050 | 106,900 | - 100,750 | | - 3,750 | 550 | | 27,000 | 100,750 | (3,200) | | | |
| Rota | N/A | - | - | | | | | | - | 0 | 0 | | | |
| MR | N/A | - | 1,028,800 | | | | | | 1,028,800 | 0 | 0 | | | |
| IPV | N/A | - | 45,360 | - 37,074 | | - 4,062 | 2,816 | | 7,040 | 37,074 | (1,246) | | | |
| ADS 0.5ml | 471,700 | 755,700 | - | - 361,600 | | - 79,200 | 38,200 | | 353,100 | 361,600 | (41,000) | | | |
| | | | | | | | | | | | | | | |
| | Unexplained opening | | | | 2017 | | | | | Vaccine | Vaccine missing, surplus | | | |
| | differnce gain/loss | Brought fwd | Arrivals | Issued | Wastage | missing | Surplus | Returns | Closing bal. | issued | wasted or opening difference | | | |
| Penta | - 8,520 | 46,320 | 157,500 | - 109,220 | | - 3,560 | 1,460 | | 92,500 | 109,220 | (10,620) | | | |
| PCV | - 9,000 | 18,000 | 174,900 | - 110,800 | | - 3,400 | 9,150 | | 87,850 | 110,800 | (3,250) | | | |
| Rota | N/A | - | 105,000 | - 28,750 | | - 3,150 | | | 73,100 | 28,750 | (3,150) | | | |
| MR | - | 1,028,800 | 78,500 | - 1,005,940 | | - 33,280 | 213,260 | 69,610 | 350,950 | 1,005,940 | 179,980 | | | |
| IPV | - 245 | 6,795 | - | - 1,080 | - 2,520 | - 3,600 | 405 | | - | 1,080 | (5,960) | | | |
| ADS 0.5ml | - 9,900 | 343,200 | 663,700 | - 796,500 | | | | | 210,400 | 796,500 | (9,900) | | | |

| 2016-2017 | Total vaccine issued | Net vaccine missing | % missing | Estimated price/unit $ | USD value missing |
|---|---|---|---|---|---|
| Penta | 212,100 | (15,340) | -7% | $ 0.75 | (11,505) |
| PCV | 211,550 | (6,450) | -3% | $ 3.30 | (21,285) |
| Rota | 28,750 | (3,150) | -11% | $ 2.31 | (7,284) |
| IPV | 38,154 | (7,206) | -19% | $ 2.80 | (20,177) |
| ADS 0.5ml | 1,158,100 | (50,900) | -4% | | |
| | | | | | (60,251) |

**PA observations:**

There was too much MR left over at the end of 2017, putting in doubt whether some of this near-expired vaccine would be used in time prior to expiring.

The MR was all issued in Feb 2017, however much of the returns received in Nov 2017, consisted of Jan 2018 expiring vaccine and this portion of the vaccine was wasted.

# Annex 4: Definitions of audit ratings and prioritisations

**A.** Audit ratings

The Gavi Programme Audit Team's assessment is limited to the specific audit areas under the purview and control of the primary implementing partner administrating and directing the programme of immunisation. The three audit ratings are as follows:

- **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 impact on 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.** Prioritisation of recommendations

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.

# Annex 5: Classification of questioned expenditures

**Adequately supported** – Expenditures validated on the basis of convincing evidence (evidence which is sufficient, adequate, relevant and reliable) obtained by the auditors during the carrying out of their mission on the ground.

**Inadequately supported** – This covers two sub-categories of expenditure:

a. 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.
b. 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.

**Irregular Expenditure** – 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,
b. The embezzlement or misappropriation of funds to purposes other than those for which they were granted.

**Ineligible expenditures** – Expenditure which does not comply with the country's programme/grant proposal approved by Gavi or with the intended purpose and relevant approved work plans and budgets.

# Annex 6: Management comments and action plan

*Table 20: Management comments and action plan as at 14 September 2018*

| AUDIT OBSERVATION | AUDIT RECOMMENDATION | MOH MANAGEMENT COMMENTS | MOH ACTION PLANS | MOH INDIVIDUAL RESPONSIBLE | COMPLETION DATE |
|---|---|---|---|---|---|
| **4.1.1. Interagency Coordination Committee (ICC) did not function effectively** | Recommendation 1 (Critical)<br><br>The MOH, in consultation with the in-country Alliance Partners, is recommended to revise the ICC's TOR so as to reflect the reality of current operational requirements. In addition, the MOH should ensure that the ICC meets regularly as dictated by its own mandate. Furthermore, the MOH should consider:<br><br>• Appointing an alternate chair who can deputise in the event that the ICC Chairperson is unavailable;<br><br>• Requiring that the representative members of the ICC should have capability and seniority as decision-makers, as well as ability and authority to represent and commit their organisations;<br><br>• Broadening membership of the ICC by including other suitable in-country | -The ICC Chairperson is the Honourable Minister of Health however should he/she not be available, the meeting is chaired by the Honourable Deputy Minister of Health. Furthermore, a decision was reached by senior management that there should be two alternate chairs, and this should clearly be reflected in the soon to be updated terms of reference (ToRs). The Director General Health Services has been nominated as the second alternate chair.<br><br>-The office of the Honourable Minister has approved an ICC meeting calendar ending in Q1 2019[14]. The calendar has been shared with all ICC members to enable senior decision-makers to be able to schedule the meetings accordingly in their respective calendars. | -Orientation of the ICC members is to be undertaken in September 2018. As part of the orientation, the TORs will be reviewed with the aim of among others, clearly indicated chairmanship and alternative chairs, outline oversight mechanisms of the EPI program, and accountability mechanisms of the TWG to the ICC. Furthermore, invitations of membership will be extended to other in-country partners such as the Ministry of Education and Training (MoET), World Bank, Centre for Disease Control (CDC) | Head Family Health | September 2018 |

[14] The current government fiscal year ends in Q1 2019.

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| | partners that are engaged in the immunisation activities; and<br>• Reviewing the TORs of the ICC committee so as to ensure they includes oversight for the immunisation activities, and responsibility for ensuring accountability and adherence to an approved oversight plan. | | | | |
| **4.1.2. MOH Internal Audit function did not provide assurance on Gavi-funded activities** | Recommendation 2 (Critical)<br>The MOH should mandate the involvement of its IA function during the lifecycle of its various programmes, to undertake a range of targeted audits, spot checks, as well as advisory and review engagements. The MOH is encouraged to discuss these plans with Gavi's Country Programme team directly, so as to explore the possibility for Gavi to contribute to funding a share of the IA's scope of works, via an agreed workplan and budget. | Management comments<br>At present the IA function has only three officers to perform IA duties for the entire Ministry of Health at the central and district level. Due to the critical staff shortages, the IA scope of work has been limited to Government finances only.<br>In addition to the understaffing, the unit is also challenged by lack of electronic auditing tools which would enable faster audit performance especially faced with critical shortage of staff. | Action plans<br>The IA office intends to include Gavi funds audit within its scope of work from the 2019/2020 fiscal year. The unit does however require more guidance/training on Gavi's fiduciary and financial audit requirements | | |
| **4.1.3. External audits did not provide sufficient assurance** | Recommendation 3 (Essential)<br>The MOH should discuss with the Office of the Auditor General the need to:<br>• Perform grant-specific external audits on all of Gavi-grants; and<br>• Expand the scope of its grant-specific audits by including reporting on the effectiveness of key processes and budget management and the | Management comments<br>Gavi grant-specific external audits can be undertaken to be able to provide the Gavi grants specific reports in compliance with Gavi's guidelines on financial audits. | Action plan<br>The Gavi Secretariat to indicate preference on external audit modalities. Two options are available, (1) Have Gavi funds specific audits following annual MoH external audit (this will require funding from Gavi to be undertaken) or (2) provide the office of the Auditor General with specific terms of reference (ToRs) | Responsible<br>Gavi Secretariat | Timelines<br>October 2018 |

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| | fund absorption rate; and covering sub-national activities, rather than solely focusing on central-level expenditures. | | for the grant-specific external audit which would be followed during the annual MOH external audit | | |
| **4.2.1 EPI structure not properly established; and understaffed** | Recommendation 4 (Critical)<br><br>In consultation with the national immunisation partners, the MOH is recommended to:<br><br>• Set up a fully functional and permanent EPI Unit with its own dedicated staff, roles and responsibilities, reporting lines, and well defined relationship with other MOH departments.<br><br>• Prioritise the implementation of the 2016 UNICEF HR assessment recommendations, so as to address the resourcing gap between the immunisation programme need. | Management comments<br><br>-The Family Health structure which includes EPI has been submitted to HR, and HR is in consultations with the Ministry of Finance to approve financing of the structure.<br><br>-Basing from the 2016 HR assessment, the Family Health Division developed a structure that also includes district level Officers.<br><br>-The Family Health Division structure was included within the broader MoH proposed structure which was presented to the Ministry of Public Service (MoPS). There is an in-principle approval on the MoH's structure by MoPS. The MoH structure is still to be presented to the Ministry of Finance (MoF) for approval.<br><br>-That said, the EPI structure has been incorporated within the MoH Budget Framework Paper[15] (BFP) by the MoH Human Resource Department to be effected in the 2019/2020 fiscal year. MoH is however still to undertake a prioritization exercise of all submission by the different departments based on the financial ceiling allocated to MoH by the Ministry of Finance (MoF) for the following year. It is worth noting that within EPI at the | Action plan | Responsible<br><br>EPI Manager<br><br>Director, Human Resource | Timeline<br><br>31st October 2018 |

[15] The MoH budget framework paper provides an indication to the Ministry of Finance (MoF) the MoH's financial requests for the coming year

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| | | central level, there are Officers who have been acting within the proposed positions[16]. A phased approach (which would entail prioritization) will be undertaken in filling in new positions that are currently vacant.<br><br>-MoH will continue with advocacy for faster approval processes from the Ministry of Finance, as this will enable hiring for the vacant positions | | | |
| **4.2.2 EPI Team unaccountable for immunisation programme** | Recommendation 5 (Critical)<br><br>In consultation with the national immunisation partners, it is recommended that the MOH management strengthens the EPI Team's reporting by:<br>• instilling a culture of accountability from those responsible for the EPI programme; and<br>• Developing suitable standard operating procedures, which require the EPI Team to report back regularly on progress with its activities. | Management comments<br><br>-The afore mentioned in herein acknowledged, and the Family Health Division will work on instilling the culture of accountability<br><br>-The establishment of positions with clear job descriptions should be able to inspire more positive employee engagement.<br><br>-MoH has included request for a GAVI-dedicated accountant within PAU in the second health system strengthen (HSS2) grant proposal. The accountant will ensure regular and timely reporting on programme performance and expenditure. | Action plan<br><br>Submission of HSS2 grant proposal | Responsible<br><br>Head Family Health | Timeline<br><br>January 2019 |
| **4.2.3 Insufficient training and lack of adequate skills** | Recommendation 6 (Essential)<br><br>In consultation with the Gavi Alliance Partners, the MOH is recommended to: | Management comments<br><br>-The 2018 training needs analysis recommendations will partly be implemented through government funding, and the HSS no-cost-extension (NCE) work plan. It is recommended that the training plan be | Action plan<br><br>-Development of a procurement plan following the approval of the the no-cost-extension (NCE) work | Responsible<br><br>EPI Manager | Timeline<br><br>**NCE procurement plan** - dependent on |

[16] The positions have to be officially included in the MoH establishment list

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| | • Prioritise the implementation of the 2018 Training Need Analysis recommendations, so as to improve staff skills and capacity.<br>• Similarly, the EPI Team is required to proactively engage with both the MOH's Finance and the Procurement Units, when preparing and routinely monitoring both its programme budget, as well as its plan of procurement. | implemented over a four-year period, and as such in addition to implementation through government funding, some trainings have been included within the second health system strengthening (HSS2) grant proposal to be submitted by MoH to the Gavi Secretariat in January 2019.<br>-EPI engages with the Procurement Unit and Finance Department when developing and implementing recurrent budget work plan. Both units were engaged when developing the HSS grant in 2014 and the revision in 2016. It is acknowledged that the shortfall has been in proactively engaging the units in routinely monitoring of programme budget. | plan, and following approval of the second HSS grant<br>-Work with MoH Finance and Procurement Unit when developing the HSS2 budget | | approval timelines by the Gavi Secretariat<br>**HSS 2** – January 2019 |
| **4.2.4 HSS performance unsatisfactory; with low fund absorption** | Recommendation 7 (Critical)<br>The MOH is recommended to prepare a detailed work plan and performance framework that includes milestones and key performance Indicators for the remainder of the no-cost extension period for the HSS grant, i.e. until December 2018. The workplan should be submitted to the Senior Country Manager for Gavi approval. Subsequently, this workplan should be updated and approved as and when required. | Management comments<br>A detailed work plan for the NCE period ending in December 2018 was developed and submitted to Gavi for review in Q2 2018. Based on the discussions from the June in-country meeting with Gavi, EPI developed a work plan ending in June 2019. The workplan, with timelines and key performance indicators was also submitted to Gavi in Q3 2018. | Action plan<br>Undertaken | Responsible | Timeline |
| **4.2.5 MR campaign planning shortcomings; non-compliance with WHO guidelines** | Recommendation 8 (Critical)<br>For future immunisation campaigns, the MOH is recommended to:<br>• Ensure that the campaigns are not launched until an adequate level of | Management comments<br>- In the initial phases of the MR campaign planning there was a change of EPI Managers (the current EPI Manager assumed duty in September 2016). The MR campaign planning | Action plan<br>-The country hosted the regional AEFI surveillance workshop which was attended by 7 countries. The country leveraged on this | Responsible<br>Surveillance Officer<br>EPI Manager | Timelines<br>Surveillance trainings - February 2019 |

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| | readiness is reflected in the pre-campaign readiness assessment.<br>• Develop and outline of the milestones, with suitable timelines and tentative budgets and progress toward achieving and monitoring those milestones.<br>• Fully comply with the WHO's "Supplementary Immunisation Activities' Planning and Implementation Field Guide", including the development of social mobilisation and micro-plans, and using a broad consultative process of all the primary stakeholders.<br>• Allocate adequate funding to each district, in accordance with a properly developed budget based on micro-plans of the respective districts.<br>• Establish and widely communicate clear criteria for the selection of campaign participants, in particular the vaccinators, health workers and supervisors.<br>• Ensure that the key phases of the campaign are subject to supervisory review and validation; and that | was undertaken under the leadership of a WHO consultant who was ultimately responsible for documenting all processes undertaken in preparation for the campaign. It is hereby acknowledged that a shortfall occurred in not taking ownership of all documents during and after the campaign. The national macroplan was developed through consolidating of each districts' micro plan. Copies of the districts' microplans are herein attached with the submission.<br>-The developed national plan for the MR campaign outlined timelines, and a supporting budget. The document was availed to the audit team.<br>-Funding of the campaign per respective district was done based on the developed microplans. It would provide a better perspective of bullet 4 of the recommendation if further clarification is provided.<br>-A broad consultative process was followed during the MR campaign planning however it is hereby acknowledged that there were no reports developed of the consultations.<br>-Its hereby acknowledge that demand generation is weak at the district level, and this is exacerbated by critical staff shortages within the health education department[17]. A proposal | workshop to develop a comprehensive surveillance workplan. Training of trainers on surveillance is to be held in November 2018, with step down trainings to follow in February 2019.<br>-Implementation of the revised reaching every child (RED) strategy will be leveraged on to strengthen routine social mobilization by Village Health Workers (VHWs).[18] The VHWs will also provide support to the chosen civil society organization (CSOs) who will also undertake [19]social mobilization at the district level | | CSO engagement – December 2019 |

[17] The departments is armed with only two Officers who are responsible for social mobilization of all health programs.

[18] Village Health Workers are not limited to EPI only. They support all health programs at the community level.

[19] Dependent on approval from Gavi. The chosen CSO will have a mandate of exclusively focusing on EPI social mobilization at the district and community level

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| | suitable supervisory checklists and AEFI reports are circulated and completed by the participants, and thereafter that these reports are analysed and properly filed. | has been included within the HSS2 grant to engage local civil society organization (CSOs) to undertake vaccine safety social mobilization. The request also includes a consultant to developed an M&E framework with clear performance indicators to guide the engagement of the CSO's | | | |
| **4.2.6 Weaknesses in the MR campaign implementation** | Refer to Recommendation 8, above. | | | | |
| **4.3.1 Vaccine overstock, expiries and damage** | Recommendation 9 (Essential)<br>For the MR vaccine, the MOH is recommended to:<br>• Strictly comply with EEFO principles;<br>• Actively monitor stock levels and expiry dates by maintaining up-to-date and accurate stock records; and<br>• Discuss and escalate with the Alliance Partners and Gavi Country Programme any likely expiries and measures to minimise loss. | Management comments<br>-It is acknowledged that the cadre utilized for vaccine management at the central vaccine store does not hold sufficient skills to effectively manage vaccine stock. The Logistician positions is the number one prioritized position when implementing the EPI structure. In the meantime, a CHAI Supply Chain Officer will be brought on board to actively support EPI on vaccine stock management and distribution.<br>-The vaccine stock management currently been developed (to be included within DHIS2) will allow real time data on vaccine stock levels and expiry dates, thereby providing visibility and allowing for informed decision making. | Action<br>Development and operationalization of a vaccine stock management form which will also track wastage | Responsible<br>EPI Manager<br>CHAI | Timelines<br>Vaccine stock management form - 31st March 2019 |

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| **4.3.1 Vaccine overstock, expiries and damage** | Recommendation 10 (Essential)<br>The MOH is recommended to establish a robust forecasting system by:<br>• Using the latest population census data of 2016 in estimating its annual forecast;<br>• Strengthening its stock management system by including a suitable system to track and monitor vaccine wastage;<br>• Undertaking a comprehensive inventory of the CVS vaccines and timely reporting on Gavi web portal. | Management comments<br>-As rightly captured, at the time of the MR campaign planning, the 2006 census estimates were used. The 2016 census however did reveal that the number of surviving infants is significantly lower than previously estimated, by more 10,000. The 2016 census is now being used for forecasting.<br>-EPI is currently working on developing a vaccine stock reporting form which will be included within DHIS2. The form will also include a feature that will automatically calculate wastage. | Action plan<br>Development and operationalization of a vaccine stock management form which will also track wastage | Responsible<br>EPI Manager | Timeline<br>Vaccine stock management form - 31st March 2019 |
| **4.3.1 Vaccine overstock, expiries and damage** | Recommendation 11 (Desirable)<br>The MOH should expedite the issuance of a suitable certification of damage/ incineration for the PCV vaccines as requested by UNICEF and submit it to them in order for them to process a claim on behalf of the MOH for suitable insurance compensation. | Management comments<br>-It is of the understanding that the PCV consignment surpassed VVM stage 2 while in transit due to the consignment being sent to Tanzania instead of being delivered to the country. As the consignment expired while in transit, it is thus expected that wastage will be compensated through international transit insurance as the consignment was received already having surpassed VVM stage 2. Furthermore, funding for issuance of the certification of damage is expected to be undertaken by UNICEF. | Action plan<br>Since the consignment had expired before arriving at the ministry, it is the responsibility of UNICEF and its procurement agency to handle the issue of obtaining the certificate. The Ministry of health has facilities for destroying expired vaccines, but does not issue certificates in this regard. Since it has to be done externally, UNICEF is expected to handle issuing of the certificate and related funding logistics | Responsible<br>UNICEF | Timeline |
| **4.3.1 Unclear roles and responsibilities in vaccine management** | Recommendation 12 (Critical)<br>The MOH is recommended to establish a robust forecasting system: | Management comments<br>Please refer to comments on 4.2.1 | Action plan | Responsible<br>Head Family Health | Timeline<br>Ongoing |

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| | • Establish clear segregation of duties and responsibilities for the MOH EPI Team so that the team remains accountable for the day-to-day operation of the national immunisation programme.<br>• The MOH should progress from dependency on the Alliance Partners for operational matters such as finalisation of the vaccine forecast, maintenance of the cold chain, and vaccine stock records | MoH has prioritized the establishment of the structure | | | |
| **4.3.3 Unjustified vaccine write-offs and discrepancies in the stock records** | Recommendation 13 (Essential)<br>It is recommended that the MOH:<br>• Develops and finalises its vaccine management policies and standard operating procedures;<br>• Conducts trainings across the health system to ensure that staff managing vaccine comply with the operating procedures;<br>• Prioritises the implementation of recommendations from the various assessments, including: (i) 2014 EVM assessment (WHO/MOH); (ii) 2018 Training Needs Analysis (UNICEF); (iii) 2016 Cold Chain Temperature Monitoring Study (UNICEF); and (iv) 2018 Vaccine Supply Chain Assessment (CHAI); and<br>• In collaboration with Gavi Alliance Partners, that it sets up a suitable mechanism to monitor and track the | Management comments<br>-The vaccine management standard operating procedures (SOPs) have been developed, and there are plans for training on SOPs. EPI is to undertake immunization in practice training and the developed SOPs will form part of the content<br>-EPI is currently developing a tool (modelled after the annual EPI work plan tool) to track recommendations of all conducted assessments. Meetings have been held to discuss the implementation status of the recommendations. These discussions will inform the applicable status of recommendations in the tracking tool | Action plan<br>Dissemination of SOPs | Responsible<br>EPI Manager | Timelines<br>Training – 31st March 2019<br>Development of recommendations tracking tool – 30th November 2018 |

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| | implementation of the EVM recommendations. | | | | |
| **4.3.4 Absence of policy, procedures and system for: close and open vial wastages; and immunisation data** | Recommendation 14 (Essential)<br>The MOH, with support of the Alliance Partners, is recommended to undertake a study to establish a comprehensive nationwide policy on recording, monitoring and reporting on open and close vial wastage rates. | Management comments<br>-Policy and procedures on how to report and monitor wastage exists. The shortfall is on the implementation of the policy. The vaccine stock reporting form currently been developed should provide some remedy to the challenge.<br>-The vaccine stock management form that is currently been developed will enable wastage tracking for each health facility<br>-To augment the above mentioned initiatives, a wastage monitoring study has been incorporated within the HSS2 proposal. The goal of the study is to provide accurate wastage rates, type and place of occurrence, and provide recommendations on measures to reduce wastage at the different supply chain levels. The direct result of the study would also be the review, and update accordingly, of policies on recording and of reporting open and closed vial wastage. | Action plan<br>Conduct wastage monitoring study | Responsible<br>EPI Manager | Timeline<br>March 2020 |
| **4.3.4 Absence of policy, procedures and system for: close and open vial wastages; and immunisation data** | Recommendation 15 (Critical)<br>The MOH is recommended to Institute an effective health management information system such as District Health Information System (DHIS2) which is able to capture and report on the actual vaccine consumption; and make periodic adjustments to the vaccine shipments according to the consumption patterns. | Management comments<br>Please refer to 4.3.1 comments<br>-In addition, MoH is going to roll out vaccine stock management form within DHIS2. This will be able to enhance reporting on vaccine use and wastage of each health facility | Action plan | Responsible | Timeline<br>31st March 2019 |

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| **4.3.5 Vaccine temperature exposures were not monitored** | Refer to Recommendation 13:<br>• Develop and finalise its vaccine management policies and standard operating procedures;<br>• Conduct training across the health system to ensure that staff managing vaccine comply with the operating procedures;<br>Refer to Recommendation 6:<br>• Prioritise the implementation of the 2018 Training Need Analysis recommendations, so as to improve staff skills and capacity. | Management comments<br>Please refer to comments in 4.3.3 above | Action plan | Responsible | Timeline |
| **4.4.1 Ineffective financial management structure and processes** | Recommendation 16 (Critical)<br>The MOH is recommended to:<br>• Develop standard financial management guidelines for its donor-funded programmes. The guidelines should be based on the national Public Financial Management regulations, and any conflict between the donor guidelines and the national regulations should be discussed and agreed with Gavi (and potentially with the other donors who ascribe to the same set of financial management guidelines).<br>• Clarify senior management's roles and responsibilities, with respect to their involvement and accountability in approving expenditures for Gavi-funded activities. | Management comments<br>-Development of a standard financial management guidelines for donor-funded programmes can be undertaken through support of a consultant to develop a document<br>-Requesting is undertaken by cost centres. All divisions within the directorate of primary health care (DPHC) is allocated its own cost centres for financial management, which includes financial requests. The accounting officer for the cost centres is the head of each division.<br>-Every financial year the PS request the Directors and Heads of divisions to submit their names and signatures to align with their respective cost centres. The names and signatures are submitted to the accounting general through a savingram. | Action plan<br>A support from GAVI will be appreciated by the Ministry to engage a consultant who will develop the said document (Public Financial Management)<br>Submission of HSS2 with request for funding for a Gavi-dedicated accountant and Program Officer | Responsible<br>Director Finance, and Finance Manager PAU | Timeline |

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| | • Assign a Gavi-dedicated accountant to manage Gavi's monies, with responsibility for checking that adequate and sufficient supporting documentation is attached to all transactions. The accountant needs to work with the EPI team in the development of all budgets submitted to Gavi.<br><br>• Ensure compliance with the official per diem rates as posted by the Ministry of Public Services. Any deviation from the official rates should be appropriately justified, approved and documented. The MOH is also encouraged to discuss with its donors, the need to harmonise the applicable per diem rates which apply across its portfolio of donor-funded programmes. | -The request for a Gavi-dedicated accountant and Program Officer to manage Gavi grants has been included within the HSS2 proposal under the objective speaking to Leadership, Management, and Coordination (LMC)<br><br>-This recommendation on per diem rates is actually what is currently happening. Approval is sought from the Principal Secretary before granting of per diem. In addition, the 2019/2020 savingram from the Ministry of Finance has issued a savingram for Officers working out of station. Accommodation is rated at M900 per night and M150 per meal. | | | |
| **4.4.2 Sub-optimal budget preparation and monitoring processes** | Recommendation 17 (Critical)<br><br>The MOH is recommended to:<br><br>● Migrate the accounting for Gavi funds over to the existing accounting system as overseen by the PAU. Similarly, the system's budget module should be applied to strengthen budgetary controls and tracking Gavi expenditures against individual budget lines and activities.<br><br>● Ensure that the PAU Finance Manager and the MOH's Director of Finance are involved in regularly monitoring this budget, and ensuring | Management comments<br><br>-The first recommendation 17 will also be addressed by engagement of GAVI dedicated accountant in PAU.<br><br>-Regular budget monitoring by these two officers will be easily performed when a dedicated accountant is in place.<br><br>-The Gavi budgeting template was only received by MoH in June 2018. The template was used to develop the NCE budget that was send to the Gavi Secretariat. This template will be used to develop all Gavi budgets moving forward. | Action plan<br><br>Engagement of Project Accountant in PAU immediately after receiving approval for funding the position. | Responsible<br><br>Director Finance, Finance Manager PAU, Director Health Planning and Statistics | Timeline |

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| | that the project fund bank balances are reconciled each month.<br>● Use the required Gavi templates for budgeting and reporting to ensure compliance as well as effective programme management. | | | | |
| **4.4.3 Unsupported and questionable expenditures** | Recommendation 18 (Critical)<br>The MOH is recommended to:<br>• Ensure that the expenditures related to Gavi grants are subject to periodic and timely review by an independent reviewer from the PAU who is not involved in keeping the expenditure records.<br>• Ensure that the expenditures related to Gavi grants are subject to periodic and timely review by the Internal Audit function.<br>• Refer to Recommendation 15 regarding the development of a standard financial management guidelines for its donor funded programmes. The guidelines must clearly require that the expenditures related to allowances and incentives are supported by receipts signed by the recipients and show the amount of funds received. The payment must be supported further by signatures, identity card, designation, duty station, and contact details, e.g. mobile number of the recipients. | Management comments<br>-The first bullet of the recommendation will be undertaken once a Gavi-dedicated accountant has been recruited.<br>-The IA's involvement has been outlined in 4.1.2 above.<br>-Development of a standard financial management guidelines for donor-funded programmes can be undertaken through support of a consultant to develop a document | Action plan<br>A support from GAVI will be appreciated by the Ministry to engage a consultant who will develop the said document (Public Financial Management guidelines for donor funds) | Responsible | Timeline |

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| **4.5.1 Non-compliance with Public Procurement Regulations** | Recommendation 19 (Critical)<br><br>In future, it is recommended that the MOH ensure the integrity of its procurement process, by ensuring that these are strictly managed via the MOH's dedicated Procurement Unit. The award of contracts should always fully comply with national procurement regulations, and this process should be adequately documented to ensure that for each award, any decisions taken are duly recorded and put on file. | Management comments<br><br>The Rider for Health main mandate is "transport logistics for the health sector". The MoU between Riders for Health and MoH is reviewed every 5 years and updated accordingly. Riders for Health supports health partners including the ministry by managing vehicles on a reliable, predictable and cost effective basis, and has provided maintenance to MoH donated vehicles since 2008.<br><br>-Funding that was received from GAVI was used solely for the fleet and activities under the particular project only (not for the entire donated fleet as mentioned in the report. Part of the fleet was funded by Global Fund, Vodafone Foundation, Jersey Overseas Aid, and briefly MSF. The LSL2,679,116 was for a comprehensive fleet management including attending to break-downs wherever the vehicles were deployed as per letter from MoH dated 11th November 2016, and a letter from GAVI asserting that MoH has approved Riders for Health as a service provider based on the MoU that is in place. | Action plan | Responsible | Timeline |