

Memorandum on Gavi's programme audit in Madagascar

The attached audit report sets out the conclusions on the programme audit of Gavi's support to the Government of Madagascar's national immunisation programmes, as managed by the Ministry of Public Health (MoPH).

The audit was undertaken by Gavi's programme audit team between February and June 2022. It reviewed the period from 1 January 2019 to 31 December 2021. The audit scope covered the management of Gavi grants by the Expanded Programme on Immunisation (EPI), the Programme Coordination Unit (PCU), and by COMARESS (*a civil society coalition for reinforcing health systems and vaccination in Madagascar*), during this period.

The audit report's executive summary (pages 3 to 5) sets out the key conclusions, details of which are described in the body of the audit report. These included:

1. There is an overall rating of **needs significant improvement** in managing Gavi's support, which means that "one or few significant issues were noted. Internal controls, governance and risk management practices have some weaknesses in design or operating effectiveness such that, until they are addressed, there is not yet reasonable assurance that the objectives are likely to be met."
2. Twenty weaknesses were identified relating to the areas of governance, oversight and operations, and non-compliance with Partnership Framework Agreement requirements.
3. Key findings included the following elements:
 - a. The operating frameworks for both the Inter-agency Coordination Committee and the EPI Technical Advisory group need to be updated and strengthened to better oversee and guide the implementation of Gavi supported programmes;
 - b. A lack of clarity over the strategy and relevant roles and responsibilities in the management of the COVID-19 pandemic have hindered the country's programmatic response;
 - c. Coordination and communication issues and diverse operating procedures between the different channels of cash support to the EPI, have contributed to delaying the approval of funding requests and exacerbated the complexity of programmatic and financial reporting;
 - d. Vacant PCU staff positions and weak EPI performance management mechanisms have impeded effective programme management;
 - e. Recommendations issue from the previous Gavi audit in 2017, and subsequent audits and reviews of the EPI Directorate and PCU, have not fully delivered on potential, due to a lack of diligent and concerted follow-up on their implementation;
 - f. Shortcomings in the availability and completeness of supporting documentation, as well as the bookkeeping and the financial and programmatic reporting, were identified at the PCU, EPI and COMARESS;
 - g. Budgetary management weaknesses, related to the oversight gaps mentioned, delayed timely budgetary reporting which, in turn, held up the disbursement of subsequent advances and programmatic execution against plan;
 - h. Deficiencies in the planning, execution, and management of procurement, as well non-compliance with established procedures, were identified;
 - i. Gavi requested for questioned expenditures totalling USD 163,631 to be reimbursed;
 - j. The absence of a single, up-to-date fixed assets register did not allow for an accurate, exhaustive overview of equipment, limiting the EPI team's ability to anticipate, budget for and carry out preventive and corrective maintenance, else replace any obsolete equipment;
 - k. A low level of implementation of the "Effective Vaccine Management improvement plan";

- l. Unreliable or incomplete vaccine stock and immunisation records, leading to discrepancies and inconsistencies in the data, which were not promptly identified or investigated by the EPI team; and
- m. A lack of follow-up and rigour in implementing the data quality improvement plan, translating into concerns with respect to the quality, consistency and management of data reported.

The results of the audit and investigation were discussed with the Republic of Madagascar's Minister of Public Health who has agreed to remediate the identified issues. Thereafter, in a letter of 13 December 2022, the Gavi Secretariat wrote to the Minister of Health requesting that the Republic of Madagascar reimburse Gavi an amount totalling US\$163,631, being the total of Gavi's funds that was determined to have been misused.

The Gavi Secretariat continues to work with the MoPH to ensure that their commitments are met, and to establish a schedule for the amounts to be repaid.

Geneva, July 2023

PROGRAMME AUDIT – AUDIT REPORT

MADAGASCAR

NOVEMBER 2022



1. Executive Summary

1.1. Audit ratings by category

Section*	Finding	Risk*	Page
4.1	Governance and management arrangements		11
4.1.1	Defective programmatic implementation mechanisms	■	11
4.1.2	Lack of clarity over the COVID-19 immunisation programme strategy and governance	■	13
4.1.3	Inadequate internal control framework and oversight mechanisms	■	14
4.1.4	Unsatisfactory implementation and follow-up of audit recommendations	■	15
4.1.5	Insufficient collaboration between the PCU, the EPI and the Directorate of Studies, Planning and Information System	■	16
4.1.6	Allocation of PCU human resources to Gavi-supported programmes	■	17
4.1.7	The terms of reference for PCU staff need to be redefined	■	18
4.1.8	Weaknesses in the management and staffing of EPI human resources	■	19
4.2	Financial management and accounting		21
4.2.1	Accounting/bookkeeping deficiencies	■	21
4.2.2	Non-compliance with the F&AM operational guidance provisions	■	24
4.3	Budgetary management		26
4.3.1	Insufficient budget oversight	■	26
4.4	Procurement		27
4.4.1	Procedural weaknesses and non-compliance with established procedures	■	27
4.5	Programme expenditures		30
4.5.1	Questioned expenditures	■	30
4.5.2	Weaknesses and gaps in the control of expenditures	■	31
4.6	Fixed assets management		32
4.6.1	Weaknesses in the management and oversight of fixed assets	■	32

Section*	Finding	Risk*	Page
4.7	Vaccine supply management		34
4.7.1	Lack of regular monitoring of the implementation of the “EVM improvement plan” by the central level	■	34
4.7.2	Absence of national standard operating procedures (SOPs)	■	35
4.7.3	Discrepancies identified between the vaccine stock records and immunisation data	■	36
4.8	Monitoring and evaluation		39
4.8.1	Poor follow-up and implementation of the data quality improvement plan	■	39
4.8.2	Shortcomings in programmatic and logistics data quality	■	41

1.2. Overall audit opinion

For the period under review, the audit team determined that the management of Gavi’s support by the Ministry of Health, **needs significant improvement** which means that Internal controls, governance, and risk management practices have some weaknesses in design or operating effectiveness such that, there is not yet reasonable assurance that the objectives are likely to be met.

So as to reduce the risks associated with the above findings, the team raised **20 recommendations**, requiring the implementation of the remedial action plan (defined on **annex 9** of the full report).

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

1.3. Executive Summary

In 2017, Gavi's Audit and Investigations function audited the Republic of Madagascar's Ministry of Public Health's (MoPH) implementation of Gavi-supported immunisation programs and identified numerous concerns. This led to Gavi temporarily suspending its fund disbursements to the MoPH until alternative programme management arrangements for the delivery and monitoring of Gavi's vaccine and cash support could be defined and operationalised.

The current programme audit undertaken in June 2022, reflects an improved situation when compared to 2017. Nevertheless, and despite the significant resources mobilised to strengthen the monitoring and implementation structures of the MoPH's Expanded Programme on Immunisation (EPI), several shortcomings remain which must be addressed in order to accomplish the expected activities and achieve the programmes' objectives. See below for a summary of the various issues and themes described in section 4 of this audit report.

Governance and management arrangements

The Inter-Agency Coordinating Committee does not operate according to its terms of reference and is experiencing difficulties in mobilising decision-making via its regular meetings, and in monitoring the implementation of the Expanded Programme on Immunisation (EPI) Directorate's activities. Delays in the operationalisation of the Technical Advisory Group for Immunisation also impacted on the EPI Directorate's effectiveness.

The shortcomings of these bodies reflect the general governance issues surrounding the immunisation programme in Madagascar. The management of COVID-19 programme also illustrates these difficulties through a lack of clarity regarding its strategy and the relevant roles and responsibilities. These weaknesses hindered the implementation of an effective immunisation programme. For example, just 4% of the country's population received two doses of COVID-19 vaccine, while another 1.8 million doses from the national stockpile had expired, or were about to expire by the end of June 2022.

Gavi's cash support to the national EPI is disbursed through three different channels depending on the programme and activities being funded. In addition to coordination and communication issues between these instances, divergent procedures and controls were also identified. This contributed to delaying the approval of funding requests and exacerbated the complexity of the task of producing consolidated programmatic and financial reporting. Also, as a result the measles vaccination campaign had to be postponed twice.

The management of human resources is also a challenge, both for the Project Coordination Unit (PCU), which is responsible for the Gavi-HSS grant since 2018, and for the EPI Directorate. Key positions dedicated to the management of Gavi funds remained vacant in the PCU, in particular the

programmatic coordination post. Elements which must be addressed include a review of the specific tasks assigned to each role and the corresponding performance management mechanisms, in particular for the EPI Directorate, so as to ensure effective programme management.

Finally, the recommendations from the last Gavi audit in 2017, and subsequent audits and reviews of the EPI Directorate and PCU that were undertaken, have not fully delivered on their potential due to a lack of diligent and concerted follow-up on their implementation.

Financial management and accounting

Both at the PCU and at the level of the entities responsible for conducting EPI activities, shortcomings have become apparent in the availability and completeness of supporting documentation, as well as in the bookkeeping and financial/ programmatic reporting. Several cases of non-compliance with the provisions of the Operational Guide for Administrative, Financial and Accounting Management and Contracting of the HSS2 programme (OG F&AM), were identified across the various different levels of implementation and monitoring, that were audited.

Similar shortcomings were identified at COMARESS (*a civil society coalition for reinforcing health systems and vaccination in Madagascar*), which also received Gavi funding during the audit period.

Budgetary management

The audit noted a lack of reliability and completeness in budgetary reporting which could impact on strategic decision-making and on the implementation and achievement of programme objectives. This shortcoming is also evident, among other factors, in the absence of concerted monitoring over the execution of HSS2 funds by all budget implementers. In addition, budget execution reports are submitted late because of the difficulties in managing supporting documentation mentioned above, thereby delaying the disbursement of subsequent advances which, in turn, impacted on overall budget execution and Gavi cash support absorption. The manual preparation of reports by the PCU, due to a lack of use of the accounting software provided for this purpose, also affected the timely submission of reliable reports.

Procurement

The review of the procurement framework based on Gavi's cash support and the analysis of a sample of files at the PCU and EPI Directorate revealed shortcomings in the planning and monitoring of procurement plans, as well as certain irregularities relating to non-compliance with established procedures. Annex 6 of the full report sets out the results of the sample of files reviewed. Some of these files are included in the questioned expenditures presented in Annexes 4 and 5 of the full report.

Programme expenditures

The audit team reviewed a sample of USD 1,531,464 of programme expenditures incurred by various implementing entities during the audit period. A total of USD 163,631, or 11% of this sample, was questioned and categorised as insufficiently justified, unsupported, irregular, or ineligible expenditures. The detailed results of this review are presented in Annexes 4 and 5, and summarised in section 4, of the full report.

Fixed assets management

The absence of a single, up-to-date fixed assets register did not allow for an accurate, exhaustive overview of equipment, the ability to flag any potential shortages across the country, or to satisfactorily monitor the operationalisation and good working order of these assets. This limited the EPI team's ability to anticipate, budget for and carry out preventive and corrective maintenance, and to replace any obsolete equipment.

Vaccine supply management

In 2020, the EPI Directorate and partners undertook a third "Effective Vaccine Management" assessment, which led to the development of an "Effective Vaccine Management improvement plan". However, the implementation of this plan was not monitored every six months as agreed. Standard Operating Procedures for vaccine and cold chain management, tailored to Madagascar's context, were still not developed or circulated.

Weaknesses in the management of vaccine stock data persist, although these were mentioned in the last EVM assessment and were identified for specific remedial action, which resulted in inconsistent data and certain unexplained discrepancies. The lack of effective controls at the various levels of data integration undermines the reliability of these data.

Monitoring and evaluation

A data quality improvement plan (DQIP) has been established and an "EPI data improvement team" was set-up at the central level to monitor the plan's implementation. Nevertheless, the follow-up of the plan remains insufficient due to a lack of regularity and rigour. It has thus not been possible to address shortcomings in the data management and archiving process, and the quality of the programme data itself. Data continues to be unreliable due to inconsistent and weak controls surrounding their production.

1.4. Financial impact of the audit findings

Table 1 – Summary of expenditures questioned by the audit per Gavi cash grant, in USD:

Grant	Year	Amounts reported as expenditures	Expenditures tested	Total questioned expenditures	Proportion of expenditures tested questioned
HSS	2019	446,962	253,582	21,445	8%
	2020	698,328	283,584	6,959	2%
	2021	650,257	464,271	41,207	9%
Measles campaign	2020	51,320	37,404	2,019	5%
	2021	207,185	49,240	16,305	33%
COVID-19 delivery support	2021	425,225	443,384	76,697	17%
Total	USD	2,479,277	1,531,465	163,631	11%