

Memorandum on Islamic Republic of Mauritania Programme

Audit report

The attached Gavi Audit and Investigations report sets out the conclusions of the programme audit of Gavi's support to the Government of the Islamic Republic of Mauritania's immunisation programmes. The audit was conducted between April and October 2018. The audit covered the Islamic Republic of Mauritania Expanded Programme on Immunisation and its Health Strengthening System from January 1st, 2014 to December 31st, 2017. During this period, Gavi financially supported the immunisation services, the new vaccine introduction grant, two campaigns (Measles, MenA) and the HSS.

The report Executive Summary (pages 3-4) sets out the key conclusions (the details of which are set out in the body of the report):

1. There is an overall rating of Unsatisfactory (page 3) which means that "Internal controls, financial and risk management processes were either not established or not functioning properly. The majority of issues identified were high risk. Hence, the overall entity's objectives are not likely to be achieved".
2. Twenty-one issues were identified in the following areas: (i) Governance and organisation; (ii) Financial and Accounting management; (iii) Budgetary management; (iv) Asset management (v) Procurement; (vi) Expenditures and disbursements; (vii) Vaccine supply management.
3. Key findings were that:
 - a. Programmatic expenditures totalling US\$ 812,481 were categorised by the audit team as unsupported, inadequately justified, irregular or ineligible (table 2, page 5).
 - b. The EPI which received 87% of the Gavi funds during the covered period audited, did not receive support from the Administration and Finance Division in order to manage the financial and accounting aspects of the grants. In addition, the EPI has not been given enough human resources to manage the flow of funds.
 - c. The audit team noted a lack of formalized internal control framework, which resulted in the breach of several clauses of the Partnership Framework Agreement, as illustrated by the following examples: insufficient oversight from both internal and external audits, absence of accounting records for the EPI unit, inefficient budgetary management and follow-up of advances.
 - d. Vaccine and cold chain management at decentralized levels required improvements. Also, one instance of vaccine overstock was identified.

The findings of the programme audit were discussed and agreed with the Minister of Health, with a commitment to remediate the identified issues to proceed to the reimbursement of the questioned expenditures. In a letter dated 08 October 2020, the Minister committed to reimburse the amount of US\$ 812,481 by annual instalments starting in 2021 until 2026.

Geneva, May 2021

THE ISLAMIC REPUBLIC OF MAURITANIA

Gavi Secretariat, Geneva, Switzerland
(hereinafter Gavi)

Final audit report – April 2020



1. Executive Summary

1.1. Audit ratings per category and finding

Section*	Finding	Risk*	Page
4.1	Governance, oversight and management arrangements		9
4.1.1	Weaknesses in the Division of Administration and Financial's Gavi fund management	■	9
4.1.2	Absence of a formal internal control framework during execution – DAF-EPI	■	10
4.1.3	Lapses in annual external audits	■	11
4.1.4	Insufficient oversight and internal audit monitoring	■	12
4.1.5	Human resources needs not adapted to the grant's financial and administrative requirements – EPI	■	13
4.2	Accounting and financial management		14
4.2.1	General accounting system requiring adjustments and amendments – DAF	■	14
4.2.2	Lack of proper books and records	■	15
4.2.3	Absence of a ring-fenced Gavi bank account dedicated to Gavi's funds	■	16
4.2.4	Lapses in advance monitoring and cash follow-up - EPI	■	17
4.2.5	Insufficient filing and archiving of the programmatic supporting documentation	■	18
4.2.6	Incomplete guidance and procedures manual	■	19
4.3	Budgetary management		20
4.3.1	Lack of credible, formal budgetary management reviews	■	20
4.3.2	Final programme budgets not on file or finalised	■	21
4.3.3	Budget overruns not pre-authorised	■	22
4.4	Asset management		23
4.4.1	Poor follow-up of Gavi-funded assets	■	23

Section*	Finding	Risk*	Page
4.5	Procurement		24
4.5.1	Defective contracting and procurement process of equipment	■	24
4.5.2	Split-contract award questioned including alike expenditures	■	25
4.6	Expenditures and disbursements		26
4.6.1	Questioned expenditures	■	26
4.7	Vaccine supply management		28
4.7.1	Surplus pentavalent doses at risk of wastage	■	28
4.7.2	Incoherent immunisation administrative coverage	■	29
4.7.3	Poor vaccine supply management across subnational levels	■	30

1.2. Overall audit opinion

For the period under review, the audit team assessed that the management of Gavi's support by the Ministry of Health for the Islamic Republic of Mauritania was overall **unsatisfactory**, which means that internal controls and risk management practices were either not established or were not functioning properly. The majority of issues identified were high risk. Hence, the overall Programme's objectives are not likely to be achieved.

So as to address the risks associated with the findings, the audit team made 21 recommendations, of which 7 (33%) were rated as essential, requiring implementation of a remedial action plan (as outlined in annex 11 to this report).

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

1.3. Detailed summary

Gavi's programme audit reviewed the management of programme resources received by the Islamic Republic of Mauritania between 1 January 2014 and 31 December 2017. The adoption of Gavi's Grant Management Requirements in 2017 initiated the implementation of significant efforts to strengthen capacity. While recognising efforts and progress achieved to date as at the time of the audit, most of the observations identified by the audit team relate to the prior period and could already be subject to ongoing remedial actions. Key findings concerning the programme funds and vaccines received and their management are summarised below.

Governance, oversight and management arrangements

The audit team deemed that the various divisions and services involved in managing Gavi's grants did not adequately discharge their roles. The EPI, which received 87% of Gavi's funds during the period under review, was not supported by the Division of Administration and Finance (DAF) in managing the financial and accounting aspects of its grant funding, nor was the EPI endowed with the necessary human resources in that regard. The absence of a formal internal control framework, which was to have been established and implemented by the DAF via a tailored procedural manual, resulted in the grant not being managed in accordance with Aide-Memoire terms and conditions. Primary roles and responsibilities were not established for decision making – from the national level down to subnational levels of the health system, and budget control and expenditure management were not subject to clear, rigorous rules to ensure the proper use of programme funds. In addition, despite terms and conditions established between Gavi and the MOH, no credible external audits were executed during the period and the internal audit did not duly undertake any oversight as promised.

Accounting records

The audit team noted that the EPI did not maintain proper records in line with generally recognised accounting standards, consistent with the agreed Partnership Framework Agreement between Gavi and the MOH. No proper accounting system was in place (general ledger, cashbook, bank reconciliations, etc.) during the execution of the Gavi-funded programmes. In order to undertake the Gavi audit, books and records needed to be reconstituted, notwithstanding the incomplete records and documents. And as a consequence a significant proportion of the expenditures reviewed were questioned, summarised in table 1 below. In addition, the audit team identified that the EPI did not have a petty cash register in place and therefore cash expenditures could not be

adequately traced.

Financial and budgetary management

Final budgets were not available, budget management reviews were not conducted during the implementation of the programmes and the audit team identified a number of budget overruns. Unused grant funds totalling MRO 11,487,374 (USD 31,539) were identified, available for reimbursement or reprogramming, to be agreed with Gavi's country support team. No system was established to track the EPI's programme advances, in order to monitor activities were duly implemented and ensure that unspent funds were paid back.

Asset management

Individual fixed assets were not consistently and properly recorded in a timely manner in order to monitor and track their deployment. Also assets were not subject to a thorough, regular physical inventory.

Procurement

The DAF's procurement unit executed one contract during the audit period. The execution of this procurement did not comply with the contractual clauses established. Separately, one incident of a split-award was identified from the 2018 measles-rubella campaign, in breach of the national procurement regulations.

Expenditures and disbursements

A sample of the MOH's expenditures from the various programmes implemented were examined. Overall expenditures totalling MRO 432,769,186 (USD 1,322,899) were reviewed by the audit team, of which MRO 268,953,152 (USD 812,481) were questioned and categorised as inadequately justified, irregular, ineligible or unjustified. A break-down of these questioned expenditures is summarised below in table 2.

Vaccine supply management

Delivery of several vaccine orders were belatedly fulfilled, including large amounts of pentavalent doses which resulted in overstocking, and as a consequence significant amounts of near-expired doses were at risk of being wasted.

The audit team's visits to various vaccine stores identified discrepancies in vaccine records due to poor administrative and vaccine management across the various levels of the health system and in particular: incomplete or compromised stock registers; infrequent physical inventories often poorly documented; and a lack of supervision and monitoring.

1.4. Financial impact of the audit findings

Table 1 – Summary of questioned expenditures by grant in MRO and USD¹:

Grant	Implemented by	Tested amount	% of tested amount	Questioned amount	% share of expenditures questioned
HSS1	DAF	84,890,345 <i>274,460</i>	46%	29,952,453 <i>96,839</i>	35%
HSS1	PEV	34,537,500 <i>96,492</i>	76%	6,424,000 <i>17,948</i>	19%
MenA campaign	PEV	87,382,541 <i>292,210</i>	32%	42,029,799 <i>140,549</i>	48%
Rota VIG	PEV	31,345,800 <i>103,756</i>	84%	28,595,000 <i>94,651</i>	91%
RR VIG	PEV	24,436,000 <i>69,038</i>	69%	17,265,000 <i>48,778</i>	71%
Vaccines 2015	PEV	16,506,000 <i>52,878</i>	41%	13,288,000 <i>42,569</i>	81%
Vaccines 2016	PEV	8,000,000 <i>22,507</i>	31%	7,460,000 <i>20,988</i>	93%
MR campaign	PEV	145,671,000 <i>411,558</i>	47%	123,938,900 <i>350,159</i>	85%
TOTAL		432,769,186 <i>1,322,899</i>	44%	268,953,152 <i>812,481</i>	62%

Table 2 – Summary of questioned expenditures, by audit finding:

Categories of audit finding	Questioned amounts (MRO)	% of total spent	Detailed findings (section)
Unjustified expenditures	6,295,895	2%	4.6.1
Irregular expenditures	1,778,100	0%	
Ineligible expenditures	4,192	0%	
Inadequately justified expenditures	260,874,965	60%	
Total of questioned expenditures	268,953,152	62%	

¹ Applicable exchange rates are defined in Section 2.4 of this report.

² Applying the 5 February 2019 Exchange rate: USD 1 = MRO 364.23

Table 3 – Residual unutilised funds by grant and by MoH entity, at the time of the audit:

Grant	Implemented by	Unspent (MRO)	Unspent (USD) ²
HSS1	DAF	5,834,502	<i>16,019</i>
HSS1	PEV	2,364,389	<i>6,492</i>
MenA Campaign	PEV	1,415,329	<i>3,886</i>
Rota VIG	PEV	27,417	<i>75</i>
VPI VIG (via OMS)	PEV	910,000	<i>2,498</i>
RR VIG	PEV	164,215	<i>451</i>
Vaccines 2015	PEV	-	-
Vaccines 2016	PEV	1,193,139	<i>3,276</i>
RR Campaign	PEV	5,412,885	<i>14,861</i>
Total		17,321,876	<i>43,672</i>