

Memorandum on Union of the Republic of Myanmar

Programme Audit report

The attached Gavi Audit report sets out the conclusions on the programme audit of Gavi's support to the Union of the Republic of Myanmar. The audit reviewed various Gavi-supported programmes and activities implemented during 1 January 2014 to 31 December 2016 under the Expanded Programme of Immunisation (EPI), the Health System Strengthening (HSS) programme and the construction of Health Centres by the Myanmar Red Cross Society (MRCS). Funding to Myanmar Ministry of Health and Sports (MoHS) was channelled through the Alliance Partners, WHO and UNICEF.

The final audit report was issued to the Myanmar Ministry of Health and Sports (MOHS) on 3 April 2018. The report was also shared with the Alliance Partners on 6 April 2018.

The report Executive Summary (pages 5 to 8) sets out the key conclusions, the details of which are set out in the body of the report:

1. There was an overall rating of partially satisfactory (page 5) which means that "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".
2. Sixteen issues were identified relating to: (a) Budgeting and Financial Management; (b) Disbursements and Expenditure; (c) Procurement and Asset Management; (d) Vaccine supply management; and (e) Civil works procurement and contract management.
3. The key findings were:
 - a) There was a lack of budget monitoring at the central level which contributed to ineffective budget control of the programmes. Significant sub-national expenditures were incurred in cash at the State/ Regional and Township levels, with insufficient segregation of duties for those individuals handling monies, thus exposing the programme to the risk of misappropriation or loss of funds.
 - b) Delays in the disbursement of immunisation funds due to the administration's prolonged approval process and the requirement for the review of multiple proposals. As a consequence, most sub-national activities were conducted prior to the receipt of funds, and there was no evidence on file documenting that township-level beneficiaries actually received their entitlements, once the funds were retroactively disbursed.
 - c) Twenty Gavi-funded vehicles were allocated to various directors of the Department of Public Health without any direct connection to the Gavi-funded programmes.
 - d) The construction of 30 health centres was managed by MRCS, but the MoHS did not arrange adequate oversight over the execution, nor did not it undertake a technical audit of the civil works after completion, even though this had been agreed.
4. The results of the programme audit were discussed and the recommendations were agreed with the Ministry of Health and Sports. However, there is a pending issue with respect to the reallocation of Gavi-funded vehicles by the MOHS. The MOHS indicated that it would

communicate an update on this exercise to the WHO by mid-2018, and thereafter transmit its resolution of the issue to Gavi.

5. Gavi remains in close discussion with its Alliance Partners to ensure that their assurance mechanisms are sufficiently robust when funds are channelled through them.

Geneva, July 2018

THE REPUBLIC OF THE UNION OF MYANMAR

Gavi Secretariat, Geneva, Switzerland

Final Audit Report – 03 April 2018



Contents

Abbreviations.....	4
1. Executive Summary	5
2. Objective, Scope and Background	9
2.1. Objectives of the Audit	9
2.2. Scope of the Audit	9
2.3. Scope Limitations.....	10
2.4. Background	10
2.5. Good Practices	10
2.6. Key challenges.....	11
3. Detailed Findings	12
3.1. Budgeting and Financial Management	12
3.1.1. Weak budget and financial monitoring	13
3.1.2. Inadequate bank and cash management	14
3.1.3. Incomplete manual books of accounts.....	16
3.1.4. Effectiveness of external and internal audit.....	18
3.1.5. Lack of segregation of duties for programme and financial management	19
3.2. Expenditure and disbursements	21
3.2.1. Delays in disbursement of funds	21
3.2.2. Inadequately supporting documentation relating to deferred reimbursements.....	24
3.2.3. Gaps in liquidations and supporting documents	25
3.3. Procurement and Asset Management.....	29
3.3.1. No competitive procedure followed for selection of supplier	29
3.3.2. Delay in procurement of assets	30
3.3.3. Vehicle asset allocation	31
3.3.4. Inadequate management of programme assets	32
3.4. Vaccine Supply Management	35
3.4.1. Gaps in vaccine stock management	35
3.5. Civil works procurement and contract management	37
3.5.1. Incorrect reporting of exchange gain on conversion.....	37
3.5.2. Weaknesses in MRCS' procurement process and MoHS' contract management.....	38
3.5.3. Non-submission of financial and audit reports	42
Annex 1 – 100% budget utilisation.....	44
Annex 2 – Delay in disbursement of funds.....	47
Annex 3 – Amount paid on reimbursement basis	50

Annex 4 – Discrepancies in liquidations	55
Annex 5 – Delays in submission of liquidations from Township Offices to Central	60
Annex 6 – Financial reports submitted before receipt of liquidations.....	62
Annex 7: Weaknesses noted in procurement at MoHS.....	63
Annex 8 – Cars distributed to the directorates of DoPH	65
Annex 9 – Definitions of ratings and recommendation priorities	66
Annex 10 – Classification of expenditure	67
Annex 11 – Audit Procedures and Reporting	68
Annex 12 - Management Responses and Action Plan	69
1. Budgeting and Financial Management.....	69
Recommendation 1 (Critical): <i>Weak budget and financial monitoring</i>	69
Recommendation 3 (Critical): <i>Incomplete manual books of accounts</i>	71
Recommendation 4 (Essential): Effectiveness of external and internal audit.....	73
Recommendation 5 (Essential): Lack of segregation of duties for programme and financial management	74
Recommendation 7 (Critical): Inadequately supporting documentation relating to deferred reimbursements	
77	
Recommendation 8 (Critical): Gaps in liquidations and supporting documents.....	78
Recommendation 9 (Critical): No competitive procedure followed for selection of supplier	79
Recommendation 10 (Essential): Delay in procurement of assets.....	79
Recommendation 11 (Essential): Vehicle asset allocation	80
Recommendation 12 (Essential): Inadequate management of programme assets	82
Recommendation 13 (Essential): Gaps in vaccine stock management	83
Recommendation 14 (Critical): Incorrect reporting of exchange gain on conversion.....	84
Recommendation 16 (Critical): Non-submission of financial and audit reports	85

Abbreviations

CCR	Central Cold Room
cEPI	Central Expanded Programme of Immunisation Unit
DFC	Direct Financial Cooperation
DoPH	Department of Public Health
EC	Executive Committee
EPI	Expanded Programme of Immunisation
EPI TWG	Expanded Programme of Immunisation Technical Working Group
EVM	Effective Vaccines Management
FACE	Funding Authorisation and Certificate of Expenditure
HEF	Hospital Equity Fund
HRH	Human Resources for Health
HSS	Health Systems Strengthening
IEC	Information, Education and Communication
IRD	International Relation Division
MMK	Myanmar Kyats
MOHS	Ministry of Health and Sports
MR	Measles Rubella
MRCS	Myanmar Red Cross Society
NHSC	National Health Strengthening Committee
OA	Other Account
OAG	Office of the Auditor General
PFA	Partnership Framework Agreement
PCV	Pneumococcal Conjugate Vaccine
RHC	Rural Health Centre
TMO	Township Medical Officer
THD	Township Health Department
UNICEF	United Nations International Children's Emergency Fund
USD	United State Dollars
VSM	Vaccine Supply Management
VVM	Vaccine Vial Monitor
WHO	World Health Organisation

1. Executive Summary

In September 2017, Gavi's Programme Audit unit conducted an audit of Gavi-provided funding to the Union of the Republic of Myanmar following a planning mission in July 2017. The audit covered activities implemented by the Ministry of Health and Sports with the funding all being channelled through World Health Organisation (WHO) and United Nations Children's Fund (UNICEF). The audit reviewed various Gavi-supported programmes and activities implemented during 1 January 2014 to 31 December 2016 under the Expanded Programme of Immunisation (EPI), the Health System Strengthening (HSS) programme and the construction of Health Centres by the Myanmar Red Cross Society.

Audit rating

The audit assessed the Ministry of Health and Sport's management of Gavi-provided funds for above-mentioned programmes as partially satisfactory, which means "internal controls, financial and budgetary management processes were generally established and functioning, and needed improvement. Several issues were identified that may negatively affect the achievement of the objectives of the audited entity". This rating was mainly due to the deficiencies noted in the internal control system as well as weaknesses in management of advances to State / Regional as well as Township offices.

Table 1: Summary of the overall audit rating by programme audit classification

Category	Audit Rating
Budgeting and Financial Management	Unsatisfactory
Expenditure and Disbursements	Partially Satisfactory
Procurement and Asset Management	Partially satisfactory
Vaccine Supply Management	Satisfactory
Civil works procurement and contract management	Unsatisfactory
Overall rating	Partially satisfactory

Key issues

The programme audit raised 16 issues, which were mainly caused by non-compliance with Gavi's Policy on Transparency and Accountability and the absence of adequate policies and procedures on how to manage and implement Gavi-supported activities.

To address these issues, the audit team made 16 recommendations, of which 70% were ranked critical priority, which means that "action is required to ensure that the programme is not exposed to significant or material incidents. Failure to take action could potentially result in major consequences, affecting the programme's overall activities and output."

As determined by the audit team, Gavi-provided funds were managed in an environment lacking the proper articulation of a suitable internal control framework and budgetary financial management procedures.

Among the high priority issues noted in this report, the most significant ones are presented below:

Budgeting and Financial Management	The lack of budget monitoring at the central level contributed to ineffective budget control of the programmes. The resultant financial reports reported a perfect match between the budgeted funds and the expenditures incurred for various activities. Extensive field-based expenditures at the Central, State/Regional and Township levels were incurred in cash, with insufficient segregation of duties for individuals handling the funds thus exposing the programme to significant risk of misappropriation or loss. Finally, incomplete manual books of account were maintained at all levels undermining the MoHS' ability to prepare accurate consolidated financial reports.
Expenditure and Disbursements	There were delays in the disbursement of immunisation funds due to the administration's prolonged approval process and the requirement for the review of multiple proposals. As a consequence, most sub-national activities were conducted prior to the receipt of funds, and there was no evidence on file demonstrating that township-level beneficiaries received their entitlements at a later date, once the funds were retroactively disbursed. For WHO, immunisation funding was routinely disbursed in two streams with a standard 20% retention of the funds until the first tranche of funds was justified. In response, counterparts would pre-finance the difference so as to complete the execution of the entire activity in accordance to 100% of the budget. But there was no clarity as to what funding sources were accessed and whether these were sufficient for the pre-financing. There were also significant delays before liquidations were submitted, and these were not reviewed at central level.
Procurement and Asset Management	In 2015, the EPI team procured goods and services without ensuring competition in the due process. It was only in 2016 that the country first established suitable procurement guidelines. WHO was responsible for the procurements of larger items including vehicles and motorcycles, but these purchases were often delayed. For example, 20 vehicles earmarked for state and regional level immunisation activities were only delivered 15 months after the start of the process. These vehicles were also allocated to various directors of Department of Public Health without any direct linkage to the Gavi-funded programmes.
Vaccine Supply Management	Records were appropriately maintained, although there were some minor differences between the vaccine registers, actual stock and vaccine request and release forms. However, each respective vaccine's VVM status was not consistently captured in the registers at all levels and there was no evidence that vaccine stock count exercises were performed.

Civil works procurement and contract management

In February 2014, the Myanmar Red Cross Society (MRCS) was contracted to construct 30 Health Centres across 12 Townships, in accordance with a tripartite agreement signed by Gavi, MRCS and MoHS totalling USD 1,137,570. The audit team determined that for ten of the Health Centres, the contracts were awarded to a bidder other than the lowest, with no basis or justification on file. The MoHS did not ensure that there was adequate oversight over the civil works, and it failed to provide an engineer from the Department of Public Health's Construction Unit to conduct oversight, as required. The audit team visited three Health Centres and found that the quality of construction was poor. Finally, MRCS understated its exchange gains on converting USD funds into MMK by USD 63,973 equivalent.

The table below summarises amounts questioned by the Gavi audit team:

Table 2: Summary of questioned amounts

Category	Amount (USD)	Reference
Expenditures on vehicles (20 vehicles at USD 22,500 per unit) allocated to business units not directly supporting immunisation activities.	450,000	3.3.2
Total	450,000	

Other inadequately supported deferred reimbursements – USD 196,040

The audit team identified additional inadequately supported reimbursements relating to Gavi-provided funds being received by basic health staff retroactively at the township level. Programme advances were not disbursed on time, resulting in activities having to be undertaken by basic health staff, prior to their receiving the earmarked operational funds. In addition, there was no evidence on file indicating that the designated staff who had already implemented the activities, later received what was effectively a deferred reimbursement, to compensate them for their overdue programme advances. From its sample, the audit team identified such reimbursement amounts totalling USD 196,040, as detailed in section 3.2.2. The audit team had no reason to doubt that the programmatic activities took place, and it assumed all such funds were applied correctly.

Other inadequately supported liquidation expenditures – USD 144,210

The audit team identified inadequately supported expenditure totalling USD 144,210 from its sample testing. USD 111,848 of this expenditure related to various single source procurements paid in cash by the EPI central unit largely for hire of vehicles for transportation of immunisation supplies during the 2015 MR operational campaign. At this time, there was no national procurement guidelines in place, to address issues of lack of competition and transparency as detailed in section 3.3.1. This has since been addressed as MoHS published procurement guidelines in August 2016. The remaining

amount of USD 32,362 related to gaps in various other supporting documents such as use of cash memos instead of invoices, photocopies of supporting documents instead of originals and lack of detailed worksheets for overtime payments. See details in section 3.2.3.

Incorrect exchange gain on conversion reported by MRCS – USD 63,973

The audit team recalculated exchange gains realised by MRCS by converting Gavi-provided funds from USD into MMK. The team determined that the actual exchange gain on conversion was MMK 88,197,240, equivalent to USD 74,466 at the corresponding exchange rates during the period 2014-2016. However, when summarising how it used the Gavi-provided funds, MRCS only reported an exchange gain of USD 10,493 equivalent. The exchange gains on conversion were therefore under reported by USD 63,973.

Construction of 30 Health Centres – USD 953,058

There were various weaknesses in the procurement process. MoHS did not carry out independent oversight nor undertake a technical audit after completion of the construction project, as required. The audit team visited 3 health centres and noted various defects at all three sites including water leakages, and poorly done lighting and electrical wiring. The total expenditure for constructing the 30 health centres was MMK 1,065,518,655 (USD 953,058).

2. Objective, Scope and Background

2.1. Objectives of the Audit

In line with Gavi's Transparency and Accountability Policy and other contractual agreements, the main objective of a Programme Audit is to ensure that the funds are spent in accordance with the agreed terms and conditions and that Gavi's resources are used for intended purposes.

In addition, the Programme Audit also assessed the adequacy of the control processes regarding the reliability and integrity of financial, managerial and operational information, the effectiveness of operations, the safeguard of assets, and compliance with respective national policies and procedures.

2.2. Scope of the Audit

The scope of review under this Programme Audit was the period 1 January 2014 until 31 December 2016, and covered income received, expenditures incurred, procurement activities as well as vaccine supply management conducted at National, State/ Regional and Township level. The review was performed at Central level and included visits to the Mandalay Regional Office and ten Township Offices in Yangon, Mandalay, and Mon States.

Funds were disbursed directly by Gavi to World Health Organisation (WHO), United Nations Children's Fund (UNICEF) and Myanmar Red Cross Society (MRCS) (see Table 3). WHO and UNICEF then disbursed the funds to MoHS for specific activities (See table 4).

Table 3: Gavi total cash grants disbursed to Partners in USD (this excludes vaccine support).

Grant Type	2014	2015	2016	Total
Health System Strengthening (HSS)	18,768,182	0	341,271	19,109,453
MR Operational Cost	11,357,500	0	0	11,357,500
Vaccine Introduction Grant	1,222,000	723,500	1,211,000	3,156,500
Total	31,349,696	723,500	1,554,287	33,623,453

Table 4: WHO and UNICEF disbursements to the MoHS in USD

Grant Type	2014	2015	2016	Total
WHO disbursement to MoHS	13,854,311	346,983	414,828	14,616,122
UNICEF disbursement to MoHS	2,521,612	188,080	196,224	2,905,916
Total	16,375,923	535,063	611,052	17,522,038

The USD 16.1m difference between the USD 33.6m of cash grants that Gavi provided to the country, and the USD 17.5m which was disbursed to the MoHS, consists of funds directly executed by the Partners (including MRCS), their agreed programme support charges, and remaining balances of unspent or committed funds. In accordance with Gavi's agreements with UNICEF and WHO, those funds directly executed by the UN partners are outside of Programme Audit's scope.

For the Gavi-supported HSS programme, WHO transferred a total of USD 9,340,334 to MoHS of which USD 8,473,611 was subsequently disbursed to the townships, implying that a majority of the funds were consumed at township level. The Audit team was not able to obtain sufficient information on the proportion of funds which the EPI unit disbursed to the townships due to its unsatisfactory accounting records and weaknesses in its overall financial reporting. However, it is known that a similar ratio of Gavi's EPI funding was forwarded to the townships for major activities, including operational costs for the MR campaign.

2.3. Scope Limitations

For all of the expenditures incurred by basic health staff at the Township level, where the Gavi-provided funds were received by staff retroactively (i.e. a deferred disbursement rather than a programme advance), the audit team assumed that all such funds were applied correctly.

2.4. Background

The Government of Myanmar through the Partners/Ministry of Health and Sports (MoHS) has received cash-based support from Gavi since 2002.

The MoH has recently reorganised and now has six departments: Department of Traditional Medicine (DTM), Department of Medical Research (DMR), Department of Health Professional Resource Development and Management (DHPRDM), Department of Medical Care (DMC), Department of Public Health (DoPH), and Department of FDA (FDA). The Central Expanded Programme of Immunisation (CEPI) falls under the DoPH.

Gavi disbursed its funding across several grants: (i) Health System Strengthening (HSS) aimed at supporting countries to deliver effective, efficient and sustainable health services; (ii) Immunisation Services Support (ISS) provided to catalyse and improve immunisation coverage in Myanmar; and (iii) operational costs including Vaccine Introduction Grants (VIG) to support the introduction of new vaccines.

During the reviewed period from 1 January 2014 to 31 December 2016, Gavi disbursed cash grants totaling USD 33,623,453, supplemented by additional grant support in the form of vaccines and immunisation supplies.

2.5. Good Practices

There is a strong approval process for proposals and fund disbursement by two Executive Committees (ECs) in the Department of Public Health (DoPH) and Ministry of Health and Sports

(MoHS). Staff at the EPI and HSS Central Units are dedicated and hardworking. For example, they handled a large number of proposals at sub activity and activity level for various approvals and similarly managed the liquidations from all townships.

For vaccine supply chain management and distribution system, the current system was managed very well with orders flowing from national level to the regions and to the townships. The midwives collect vaccines from the townships and the system was generally functioning well.

2.6. Key challenges

From discussions with MOHS management and in country partners, one of the key challenges highlighted for the health sector is a shortage of skilled finance personnel, impacting on the various programmes' financial management, both at a central as well as at a township level. In addition, Myanmar's banking sector is still in a nascent phase and consequentially during the period under review, the vast majority of payments using Gavi-provided funds were in cash.

3. Detailed Findings

3.1. Budgeting and Financial Management

	Audit Rating
<p>The lack of budget monitoring at the central level contributed to ineffective budget control of the programmes. The resultant financial reports showed a perfect match between the budgeted funds and the expenditures incurred for various activities. The majority of expenditures at the State/ Regional and Township levels were incurred in cash, with insufficient segregation of duties for individuals handling the funds thus exposing the programme to significant risk of misappropriation or loss. Finally, incomplete manual books of account were maintained at all levels undermining the MoHS’ ability to prepare accurate consolidated financial reports.</p>	<p>Unsatisfactory</p>

MoHS has the following manuals and guidelines for the implementation of the programme activities funded by the national budget: Financial Rules and Regulations, 1986 and Procurement Guidelines, 2016.

However these policies were only applied by the national counterparts when implementing and executing activities using Myanmar’s public funds. Namely there was a clear departure, in the approach and procedures followed when managing Gavi-provided funds, since at all levels, none of the programme teams applied the established national policies and procedures.

Instead Gavi’s support channeled through UNICEF were managed by the MoHS in accordance with “additional guidelines and conditions provided by UNICEF in 2015” on the occasion of the Measles Rubella (MR) campaign. For WHO, funds were managed in line with the general conditions attached to the Direct Financial Cooperation Agreement which is signed for each disbursement. As explained by the MoHS’ management, the programme applied the UN financial regulations and rules with respect to daily allowances and travel allowances.

The audit team considered that these guidelines were not sufficiently detailed, as they did not provide an adequate framework for managing Gavi-provided funds. For example, these general conditions and guidelines were incomplete on multiple processes and procedures, including disbursements and cash management, the maintenance of books of account, review and approval of liquidations, budget monitoring and the management of assets.

Moreover, neither of these guidelines articulated an appropriate internal control mechanism, nor did they define what the applicable procedures were for the implementation of Gavi-funded activities as discussed further below.

3.1.1. Weak budget and financial monitoring

Clause 16 on page 18 of the Partnership Framework Agreement (PFA) signed on 4 April 2014 between the Union of the Republic of Myanmar and Gavi states “The Government’s use of Gavi’s vaccine and cash support is subject to strict performance monitoring. The Government shall monitor and report on the use of vaccines and related supplies and the funds provided by Gavi stating the progress made towards achieving the objectives of the Programme(s).”

The Central Unit prepares and submits financial reports to WHO and UNICEF for the expenditure incurred at Central, State/ Regional and Township Offices. The resultant financial reports reported a perfect match between the funds budgeted and the expenditures incurred for various activities, undermining the credibility of these reports, particularly when the reports preceded the actual distribution of the funds.

From the audit team’s sample review of various reports for the central EPI unit, the team noted that expenditures for 18 activities totalling MMK 520,324,200 (USD 465,128) was exactly in line with the approved budget. Similarly, for the HSS programme unit, expenditure for 19 activities amounting to MMK 2,438,179,000 (USD 2,179,534) was equally in line with the approved budget. Further details are provided in Annex 1.

For the past four years, neither the EPI nor HSS programmes had the necessary budget control processes in place. There was no reconciliation and consolidation of the funds the programme teams managed, so as to identify what (i) funds were received from WHO and UNICEF, (ii) expenditure was incurred at national and township level, (iii) was the unspent fund balances to be refunded to WHO/UNICEF; and (iv) outstanding balance were held by WHO and UNICEF.

In addition, the EPI and HSS programme central units did not carry out any monitoring of their budget affecting their ability to follow up on planned activities.

As a result, the MoHS was dependent on both UNICEF and WHO for the overall financial management and tracking of programme fund balances, and as a result of limited communication, the MoHS was effectively disempowered from management of its budget, and there was no regular update on what the undisbursed remaining fund balance still held by the partners’ was.

Moreover, it is known that over the past 3 years, there were foreign exchange gains resulting from UNICEF and WHO transferring funds to the MoHS for budgeted activities in the local currency, as the currency depreciated. However, the MoHS did not have any information regarding the savings from these transaction gains. Finally, the MoHS did not have any knowledge of what expenditures were incurred by WHO/UNICEF on its behalf, including several significant procurements.

Cause

Inadequacies in policies, procedures and guidelines on budget monitoring at central level resulted in there being no control of the overall programme budgets and lack of budget control processes. In addition, there was inadequate supervision of Gavi-provided funds for both the EPI and HSS programmes and limited communication between MoHS and the partners on fund balances. This was exacerbated by there being no financial expert at the central EPI unit programme.

Risk/ Effect

Without adequate budget monitoring, MoHS and the townships cannot effectively track activities and ensure that Gavi support goes toward the intended programme activities. MoHS may also not be able to timely identify and address any under-performance, gaps in implementation or cost overruns.

Recommendation 1 (Critical)

MoHS should:

- Report the actual expenditure incurred on the activities, whether it is over or under the approved budget.
- Ensure that reporting is done in accordance to the Gavi defined budget categories so as to facilitate the partners' corresponding reporting to Gavi using the same format.
- Ensure that regular reconciliations with WHO/ UNICEF are performed to validate the balance of Gavi funds received, disbursed, spent and any outstanding commitments;
- Develop policies and procedures for budget monitoring of all funds it manages, including the regular review by a senior member of the respective programme team.

Management Comments

Management agrees with the recommendations. See Annex 12 for management response and action plan as at 15 January 2018.

3.1.2. Inadequate bank and cash management

a) High levels of cash payments

Section 135 of the 1986 Financial Rules and Regulations of the Republic of the Union of Myanmar directs that payments be done by cheque. Further, the policy states that only petty transactions should be incurred in cash.

For Gavi's cash grants executed by the MoHS, the activities implemented and the expenditure associated was all fully executed in cash. No bank account has been opened at central level for the two programmes (HSS and EPI) and Township Offices for Gavi, except for the Health Equity Fund (HEF) activity under HSS programme which uses the Other Account (OA) at township level.

WHO/UNICEF transfer funds to the Department of Public Health (DoPH) on behalf of the MoHS. Thereafter, the DoPH would issue a cheque against the EPI and HSS Programme Manager respective funding request for planned activities. At the Central level after approval from the Executive Committee, the EPI and HSS Programme Managers would subsequently withdraw the necessary funds for each activity via a personal cheque. For central level activities, payments are made in cash and amounts meant for townships are disbursed by fax transfer.

At the township level, all the funds are transferred to the Township Medical Officer (TMO) through fax transfer. The TMO then withdraws the funds and incurs the expenditure in cash.

b) Approval of township monitoring committee for cash withdrawal

Clause (n) of financial management arrangements on page 45 of the PFA states that “at least two people from the monitoring committee will be required to approve the withdrawal by TMO of cash from the Other Account (OA) for Health Equity Fund (HEF) activity under HSS programme”.

Over the period 2014 to 2016, Gavi funds totalling approximately USD 2,624,302 for the HEF account were transferred directly to 120 township OA accounts. According to policy, each respective TMO was then supposed to seek approval from his township monitoring committee before withdrawal of cash from OA account. However, in none of the ten townships visited by the audit team did the TMOs obtain the necessary prior approval for the withdrawal of cash from the OA bank account for HEF activity. For these same townships, the TMO was the only signatory to the OA account which did not comply with the PFA.

c) Periodic and surprise cash counts

As all Gavi-funded expenditure was incurred in cash, additional safeguards such as periodical and surprise cash counts could help to strengthen cash management. However, the practice of undertaking cash counts was not in place at either the Central or the Township Office level. The central EPI unit commented that such controls were probably not in place given the short time period between the cash being disbursed and the time that all of the funds were withdrawn by the Programme Managers at national level. As explained to the Audit Team, the TMO, at township level, would also withdraw all of the funds and spend them within the same day.

Cause

Existing national guidelines regarding the maximum limit of cash expenditures allowed were not complied with. Also there were no suitable policies in place governing the transfer of funds via the central level to the townships. In addition, there were no guidelines on file documenting how the OA accounts at township level should be maintained. The requirements of the PFA regarding the formal approval and the need for two signatures before withdrawal of cash for the HEF activity, were not complied with.

Risk/ Effect

High levels of cash payments with insufficient accountability by those handling the monies exposes programme funds to the risk of misappropriation or loss. In accordance with best practice, all cheque payments using public funds requires two signatures, as a single signature undermines controls over the funds.

Recommendation 2 (Critical)

The MoHS should:

- Comply with internal policies and procedures at all levels and ensure that only petty transactions are paid in cash. All disbursements and payments of significant value should be disbursed via electronic transfer or cheque.
- Include in its existing policies limits for the maximum allowable level of cash disbursements to Townships as well as the maximum allowable amounts for cash withdrawals at the central and township levels depending on the workplan and nature of activities.
- Explore using the available banking options. In case of HEF activity of HSS programme, an OA account is maintained for receiving funds from Central Unit. This could be used for all the funds disbursed at township level. A separate dedicated bank account could also be maintained at Central level for the Gavi funded activities to limit the cash withdrawals.

Management Comments

Management agrees with the recommendations. See Annex 12 for management response and action plan as at 15 January 2018.

3.1.3. Incomplete manual books of accounts

Clause 23 on page 21 of the PFA states that “The Government shall maintain accurate and separate accounts and records of each of the programmes prepared in accordance with internationally recognised standards that are sufficient to establish and verify accurately the costs and expenditures and where Gavi provided funds are pooled with other source of funding, accounts and records will equally be maintained for the pooled funds.

In accordance with the PFA, the MoHS maintained manual books of accounts, including a cash book, to record what Gavi-provided funds it received, and what it subsequently disbursed to the States/Regional and Township Offices. However, expenditures incurred at both the central EPI unit and at the HSS programme unit were not recorded in their respective cashbooks.

In addition, the central EPI and HSS programme units periodically submitted financial reports to WHO and UNICEF to justify the Gavi-provided funds they received and managed. These reports were manually prepared using Microsoft Excel, for each activity separately. The usual period for programme activities ranged from one to nine months, but without any reporting period being defined. Equally, both national programmes managing Gavi’s funds did not prepare a consolidated

financial report for the year, summarising the overall budget, disbursement and actual expenditure incurred with the funds they managed.

Similarly, manual cash books were maintained at State/ Regional and Township Offices. The audit team noted that for nine out of ten townships it visited, the primary accounting records were incomplete. Specifically, in one township no cash book was maintained at all, and in the other eight townships, either the EPI or HSS cashbooks were missing.

Cause

There were inadequate guidelines in place, establishing how the primary accounts, records and other supporting documents were to be maintained. Up to now, there has also been no financial management role established at the Township level, resulting in the TMO directly managing the funds. In addition, there was no adequate financial oversight by the Central or the State/ Regional level.

The EPI and HSS programme units' existing financial systems were inadequate as they were unable to effectively consolidate and report aggregate-level expenditures or generate any grant-specific reporting, and were primarily limited in their capacity to only providing information on disbursements by the Central Unit.

Risk/ Effect

Unless proper, complete accounts and records are maintained, there can be no accurate accountability on how Gavi's funds are used. These primary records are also a prerequisite for the collation and accumulation of year-to-date expenditures, so as to prepare summarised reports on the use of various sources of funds. Equally, without credible financial information, the respective programme and finance units are unable to effectively monitor progress or fulfill their fiduciary and oversight responsibilities on the funds disbursed to the townships.

Recommendation 3 (Critical)

The MoHS should:

- Develop proper guidelines and procedures at the Central and Township level to ensure adequate financial management of Gavi funded activities;
- Ensure that the respective central financial units maintain donor specific ledgers. Equally, the relevant State/ Regional and Township Offices should ensure that proper accounts and records are maintained both at their respective level;
- Consider automating its books of accounts by introducing a suitable accounting system, in order to produce grant-specific reports and increasing the accuracy of its primary records; and
- Provide regular financial training, mentoring and supervision as part of the supervision visits to Township Offices by the Central as well as Regional Offices. These visits should consistently include a fiduciary component, and could be jointly undertaken by a combination of the MOH, UNICEF or WHO.

Management Comments

Management agrees with the recommendations. See Annex 12 for management response and action plan as at 15 January 2018.

3.1.4. Effectiveness of external and internal audit

In accordance with the PFA, the MoHS committed to the following external audit requirements (clause 24, page 21 refers): “the Government shall submit to Gavi audit reports of the accounts holding the Gavi provided funds within one year of the close of each financial year”.

Equally, the MoHS committed to the following internal audit requirements (clauses (i) and (g), pages 44-46 refers) “the existing MoHS internal audit team will undertake random, unannounced reviews of the townships which are part of the HSS and ISS programme”.

As a result, the Office of the Auditor General (OAG) conducted external audits for financial years 2014 and 2015. The resultant audit reports for the HSS and EPI programmes for 2015 were finalised late and were issued on 15 February 2017 and 27 January 2017, respectively.

As of October 2017, neither the HSS nor the EPI external audits for 2016 were finalised. The auditors’ field work for the HSS programme was complete, but field work for the EPI programme audit had not yet begun.

In 2015, the Department of Public Health (DoPH) set up an internal audit department. However, MoHS’ Management explained to Gavi’s audit team that over the past two years – up to October 2017, this internal audit function was not yet operational due to human resource shortages, as no internal audits relating to the immunisation programme were undertaken.

Cause

The programme managers at central level failed to adequately communicate the respective timelines for the EPI and HSS programme annual audits to the OAG. There were also delays in setting up of the internal audit unit, which management explained was due to human resource constraints.

Risk/ Effect

Delays or failure to execute the required external audit and internal audits, undermines the value of suitable, regular independent checks on programmatic and fiduciary risks, and reduces the impact of objective oversight over the use of grant funds.

Recommendation 4 (Essential)

MoHS should:

- Promptly share the necessary annual audit ToRs and timelines with the auditors to ensure that in future, all audits are executed and a resultant report finalised and submitted to Gavi within six months after the end of the financial year; and
- Operationalise, adequately resource and activate its internal audit department, so that the department can promptly plan and initiate suitable audits of its major programmes, including Gavi-provided funds

Management Comments

Management agrees with the recommendations. See Annex 12 for management response and action plan as at 15 January 2018.

3.1.5. Lack of segregation of duties for programme and financial management

The role of both the EPI and HSS Programme Managers at the central level included a broad span of responsibilities encompassing the duties of an: approving officer, disbursing officer and finance officer. Some of these charges were incompatible as they were undertaken by a single individual.

Both these Programme Managers: (i) received programme funds; (ii) disbursed them to the State, Regional and Township Offices; (iii) coordinated the programme activities; (iv) monitored and evaluated key programme activities; and ultimately (v) reported on the implementation of activities to the UN partners.

For the EPI programme, the Programme Manager also carried out all of the financial management function and tasks, as there was no separate financial expert position to carry out the EPI central units' financial management. Similarly, at the township level, each Township Medical Officer (TMO) had to solely undertake all the above tasks – from receipt through to reporting – in relation to the earmarked Gavi-provided funds disbursed by the respective central units.

Cause

The MoHS' Financial Rules and Regulations did not adequately address the issue of segregation of duties. Insufficient human resources, including the lack of an individual with the relevant financial skillset at various levels, resulted in the programme team owning and executing a range of programmatic as well as financial responsibilities for which they may not be necessarily equipped.

Risk/ Effect

Officers should not be delegated incompatible tasks, when this violates the principle of segregation of duties, or, when such duties are not part of an individual's core skillset. Incompatible charges and responsibilities increases the risk of misappropriation of funds and/or errors in record keeping.

Recommendation 5 (Essential)

The MoHS should:

- Review the roles, both of the Programme Manager at Central level as well as the TMOs, to ensure that there is adequate segregation of duties, which ensures that no single individual or team has excessive control or autonomy over primary budgetary, fiduciary or cash transactions. The Financial Rules and Regulations, 1986 should also be updated to address segregation of duties.
- Include an independent approval or review of specific activities by a senior official, in cases where the segregation of duties may be constrained due to limited Human Resources.

Management Comments

Management agrees with the recommendations. See Annex 12 for management response and action plan as at 15 January 2018.

3.2. Expenditure and disbursements

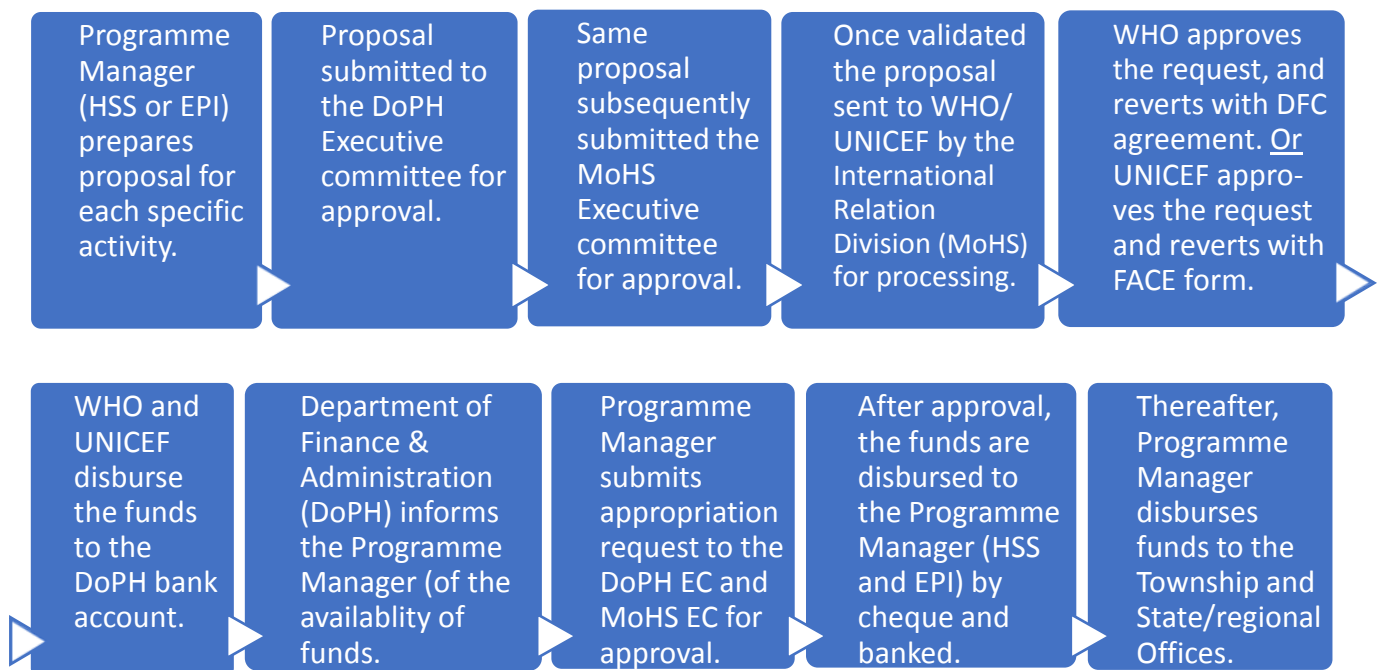
	Audit Rating
<p>There were delays in the disbursement of immunisation funds due to the administration’s prolonged approval process and the requirement for the review of multiple proposals. As a consequence, most sub-national activities were conducted prior to the receipt of funds, and there was no evidence on file demonstrating that township-level beneficiaries received their entitlements, once the funds were retroactively disbursed. Immunisation funding was routinely disbursed in two streams with a standard 20% retention of the funds until the first tranche was justified. As a consequence, counterparts would pre-finance the difference to complete the execution of the entire activity in accordance to 100% of the budget. There was no clarity as to what funding sources were accessed to cover the pre-financing. There were also significant delays before liquidations were submitted, and these were not reviewed at central level.</p>	<p>Partially Satisfactory</p>

The process of disbursement of funds through to reporting thereon is summarised below:



3.2.1. Delays in disbursement of funds

As mandated by the Myanmar national regulations, the process of requisitioning budgeted funds from donors was relatively lengthy, the key steps of which are illustrated below. Thereafter once the funds were disbursed by the UN agency and were placed “on-budget” with the central authority, the Programme units’ subsequent appropriation and draw down of the required funding for their activities was similarly, a drawn out process:



The above process is explained further below:

- 1) To request disbursement of funds from WHO/ UNICEF, the Programme Manager of both EPI and HSS programmes prepared multiple draft proposals for every activity separately as per annual work plan.
- 2) Proposals prepared by EPI and HSS programme are submitted to the Executive Committee (EC) of DoPH for approval. Then, the same proposal is submitted to Executive Committee (EC) of MoHS for approval. Proposals approved by both ECs are submitted to WHO/ UNICEF by the International Relation Division (IRD) of MoHS for processing and funds transfer.
- 3) As part of the validation of funding proposals, WHO would review and approve the MOH budget request, and respond by sending a corresponding Direct Financial Cooperation (DFC) agreement to DoPH, setting out the general conditions for use of Gavi-provided funds by the government. Equally, UNICEF would respond by asking the MOH to prepare and validate the respective "Funding Authorisation and Certificate of Expenditures" form, for UNICEF for approval and corresponding disbursement of funds thereon to the DoPH bank account.
- 4) On receipt, the DoPH's Department of Finance and Administration would then inform the respective Programme Manager of the availability of funds, so that the Manager could submit their respective funding request via the DoPH EC and subsequently to the MoHS EC for approval.
- 5) Ultimately, the funds would be disbursed to the programme units, by a cheque drawn against the DoPH's account. Only at this point, would the programmes subsequently be able to disburse the funds to corresponding Townships and State / Regional Office level to execute their respective activities. The programmes' payment instructions would be transmitted by fax to the respective subnational level's corresponding bank, so that the TMOs could access the monies due, to spend as planned, or to reimburse the basic health staff their entitlements for any pre-financed activities.

In addition to the above process, WHO required the MoHS to sub-divide its funding requests into each corresponding group of activities. There were typically ten such activities per budget. As a result, the national counterparts – including the EPI and HSS programmes – were required to prepare multiple requests for their respective internal ECs, to ensure that the approval of the documentation prepared internally was congruent with the level of detail of the budget allocation which WHO required. Thus the UN partner's specificities effectively increased the corresponding volume of work internally within the MOH, resulting in the entire approval and funds transfer process taking between two to six months until the programmatic funds were disbursed to the units implementing the activities. This time lag resulted in significant delays in the implementation of activities, including some being considerably deferred. The details are provided in Annex 2.

Cause

The process of budget proposal approval and disbursement was a relatively lengthy process requiring extensive documentation to support the: requisition, validation, budget justification, and corresponding multiple EC submissions. Following this, a second reiteration was necessary, for the programme units to be able to requisition the necessary funds and to ultimately begin executing activities. As a result, there was a significant delay until the funds could be disbursed to the basic health staff who actually implemented the activities.

Risk/ Effect

The significant time lag until funds could be released for programmatic activities, resulted in most sub-national activities having to be undertaken and pre-financed by basic health staff prior to the receipt of funding for their personal entitlements. For activities such as Hospital Equity Fund, these were similarly interrupted until subsequent funds were received.

Recommendation 6 (Critical)

The MoHS and DoPH should improve the budget requisition and funding justification process, so as to reduce the time lag associate, and ultimately to ensure that operational funds reach the operational units more efficiently, in time for basic health staff to undertake the respective activities. Where feasible, the MoHS and DoPH should:

- Develop a single proposal template for HSS activities on annual basis. For campaigns and VIGs, including groups of activities with sequential steps, the funds associated should be combined into a single transfer so as to enable a more efficient disbursement process.
- Consider approving both the programme unit's proposal and as well as disbursement requests at the same time, so as to do away with the need for a second approval reiteration.
- Explore options for the Department of Finance and Administration to transfer funds directly to the programme unit, based on a request from the respective Programme Manager, in accordance to a single approval by both the DoPH and MoHS ECs, instead of second round of submissions to both ECs.
- Consider developing proper guidelines to minimise the number of required steps in the approval process, by establishing a matrix of responsibility which defines suitable thresholds, so that the approval of more moderate fund requests could be delegated to a lower level of authority, and alleviate the need to convene the entire EC for each such funding request.

Management Comments

Management agrees with the recommendations. See Annex 12 for management response and action plan as at 15 January 2018.

3.2.2. Inadequately supporting documentation relating to deferred reimbursements

The PFA states (Clause 20.1, page 19) that “the Government shall ensure that all expenses relating to the use or application of funds are properly evidenced with supporting documentation sufficient to permit Gavi to verify such expenses.”

For the HSS grant, WHO transferred a total of USD 9,340,334 to the MoHS, of which USD 8,473,611 (91%) was subsequently disbursed to undertake activities at the township level. Slightly less funds were also disbursed by the EPI programme to the Townships in connection to the 2015 MR campaign.

The audit team observed that in some cases, activities were conducted by the Township Offices and State/ Regional Offices before the receipt of funds from the Central Unit. Similarly, activities were conducted at the Central Unit before the receipt of funds from the DoPH.

As a result the supporting documents associated with these activities including attendance lists, were signed at the time of activity – but prior to any money changing hands, as the recipients did not receive their entitlements at that time. Subsequently when funds were available and were disbursed by the Central Unit, management claimed that the basic health staff would receive their monies retroactively, as paid by the Township Medical Officer (TMO). However, the audit team noted that there was no documentation on file evidencing that the TMO actually settled the recipients’ respective outstanding entitlements.

The audit team reviewed a sample of the townships’ programme expenditures and concluded as follows:

- EPI programme – MMK 34,970,500 (USD 31,261) out of MMK 246,533,180 (USD 220,479) was reimbursed retroactively, and
- HSS programme – MMK 184,332,800 (USD 164,779) out of MMK 283,263,270 (USD 253,328) was reimbursed retroactively. Details are provided in Annex 3.

The audit team noted that the timing anomaly in the disbursement and settlement of the basic health staff advance debts was further exacerbated in the case of WHO splitting its disbursement of Gavi-provided funds into two tranches – 80% up front, and a retention of 20% until after the completion of activity and submission of the preliminary financial report. However all of the central programme units’ actual financial reports submitted to the UN partner, reflected a 100% utilisation of all of the funds on all activities without any activities being delayed until the additional tranche of funds was disbursed. Moreover, both the EPI and the HSS programmes (and the corresponding TMOs visited by the audit team) were unable to clarify or explain what sources of funding were available and accessed to pre-finance the additional 20% tranche of activities.

Cause

There was a delay in the receipt of funds by basic health staff, principally due to the drawn-out budget requisition and disbursement process. In addition, the MoHS did not have any system in

place, to track and follow up on funds disbursed and subsequently liquidated by the corresponding TMOs, to ensure that these advances were liquidated in a timely and accurate manner.

Risk/ Effect

Without proper tracking of the funds disbursed and the townships' corresponding liquidations, there is a risk that the funds may be misused. Similarly, given that funds were received retroactively, the corresponding activities which were pre-financed could have been under-funded, resulting in any additional Gavi-provided funds being subsequently used for activities other than those budgeted for.

Recommendation 7 (Critical)

MoHS should:

- Ensure that funds are transferred on time to the Townships' so that the recipients and basic health staff are paid at the time corresponding activities are implemented; and
- Ensure that all of the basic health staff (including the TMOs) who handle or ultimately receive cash, provide their designation, details (including ID number), the date they were paid and their signature, as a record of receipt of their entitlements. This record should be placed on file and retained as part of the liquidation supporting documentation.

Management Comments

Management agrees with the recommendations. See Annex 12 for management response and action plan as at 15 January 2018.

3.2.3. Gaps in liquidations and supporting documents

The PFA states (Clause 20.1, page 19) that "the Government shall ensure that all expenses relating to the use or application of funds are properly evidenced with supporting documentation sufficient to permit Gavi to verify such expenses."

The liquidations and supporting documents for expenditures incurred at both the Central as well as the Township levels were maintained by each respective programmes' central unit. The audit team reviewed a sample of the corresponding liquidations for the three-year audit period.

However, two years' worth of liquidations' (2014-2015) for the HSS programme were only made available to the Gavi audit team less than three days before the end of the audit – even though the records were requested more than two weeks earlier, demonstrating that the liquidation accounting records were not maintained properly. As a result, the audit team was only able to review a limited sample of these HSS liquidations and supporting documents for the years 2014 and 2015.

a) Expenditure where control lapses were noted

The audit team reviewed a sample of the HSS liquidations and noted that none of the documentation included a suitable reference, such as a voucher or sequence number in order to cross-refer and systematically file the records. Similarly, even though the Disbursing Officer (either the TMO at the Township level or the Programme Officer at the Central level) approved the corresponding liquidation, none of the liquidations indicated the actual date that the Officer of approved the transaction.

Similarly, the audit team reviewed a sample of the EPI liquidations and noted that none of the liquidations indicated a project or budget code against which the expenditure was allocated. Therefore, it was not possible to systematically identify whether the respective expenditures actually related to activities supported by Gavi. Furthermore, some of the supporting documentation was incomplete, as the liquidation was only supported by a receipt voucher or cash memorandum, but without any official invoice. In addition, several liquidations were not supported by original documentation, as only photocopies of the supporting documents were on file.

For the HSS Programme, the audit team questioned expenditures totalling MMK 11,088,000 (USD 9,912). Details are on Annex 4 (Table 15). In particular, one of the activities related to the payment of several individuals who worked overtime providing additional administrative support. Each of their level of effort was approximately eight days per month. However, the team noted that for nine HSS townships visited, there was no additional supporting document on file justifying the overtime payments.

For the EPI programme, the audit team questioned 15% of the expenditures examined, totalling MMK 36,778,960 (USD 32,877) out of MMK 246,533,180 (USD 220,479) reviewed. Details are on Annex 4 (Table 14).

b) Submission, consolidation and review of liquidations at Central Unit

All townships submitted their activity-based liquidations to the respective EPI and HSS central units. These units then consolidated all of the corresponding liquidations, verified their content, and subsequently submitted an overall financial report to the UN partners.

However, both central units did not establish any guidelines for when the Township Offices should duly submit their liquidations on their programmes. As a result, some of the liquidations were submitted three to six months after the Township's completion of the activity. Similarly, for the HSS programme, there was no consistency in when the Townships submitted their liquidations, as the TMOs delay in providing such a submission also ranged between a span of three months to six after the activity. Details are on Annex 5.

In addition, the audit team noted the respective central units failed to exercise any due diligence or financial prudence, as they did not verify or validate the liquidations they received. As a result, none of the liquidations' weaknesses, which the audit team identified in its corresponding sample had been recognised beforehand.

a) Submission of financial reports to WHO/ UNICEF

In certain cases, both the EPI and HSS central units submitted their consolidated financial reports to the UN partners before receiving all the liquidations from the corresponding townships in order to meet reporting deadlines. In addition, the expenditures for various activities reported to the UN partners exactly matched the corresponding amounts budgeted, i.e. the expenditures were based on projected costs, as the actual total amount of expenditures was not known. Moreover, for the HSS programme activity “Incentive to accountant”, the liquidation reports supporting this activities’ expenditures were submitted by the townships even before the Townships had received any corresponding funding. The details are provided in the Annex 6 for both the EPI and HSS programmes.

Cause

Financial records were not properly prepared, maintained and archived. The MoHS’ Financial Rules and Regulations did not include specific timeframe or guidance on the submission, verification of and approval of liquidations by the Townships to the Central level.

Risk/ Effect

Unless adequate and complete supporting documentation is kept on file, it will not be possible to ensure that funds are used for the intended purposes, and in accordance with the agreed terms and conditions.

Recommendation 8 (Critical)

The MoHS should:

- Mandate that all programme expenditure is properly supported with suitable complete and original supporting documentation.
- Ensure that accurate books of account and records are maintained, and that these primary records are cross-referenced to the supporting documentation. Vouchers should also be sequentially numbered to ensure that the documentation is complete.
- Require that the Central level programme units consistently review and substantiate the liquidation documentation submitted by the Townships, and put in place a suitable process to validate and ensure that the financial information including in the reports submitted to the UN partners is supported by credible liquidations, and never based on any expenditure projections.
- Updated and define in its existing guidelines requirements on supporting documents, the specific deadlines for when the Townships should submit their liquidations, and what is the maximum time that the Central units should take to correspondingly review and validate these submissions.

Management Comments

Management agrees with the recommendations. See Annex 12 for management response and action plan as at 15 January 2018.

3.3. Procurement and Asset Management

	Audit Rating
<p>The EPI team procured goods and services without complying with national procurement procedures or ensuring competition in the process. WHO was responsible for the procurements of larger items including vehicles and motorcycles, but these purchases were often delayed. For example, 20 vehicles earmarked for state and regional level immunisation activities were only delivered 15 months after the start of the process. These vehicles were also allocated to various directors of Department of Public Health without any direct linkage to the Gavi-funded programmes.</p>	<p>Partially satisfactory</p>

3.3.1. No competitive procedure followed for selection of supplier

The MoHS' Procurement Guidelines, first established in 2016, define what method should be used to procure goods, works and services (parts 5 and 6, refer). The Guidelines also establish what competitive procedures apply for the procurement of goods and services.

However, the EPI programme did not comply with the Guidelines, as the principle of competition was not followed with respect to the procurement of goods and services totalling at least MMK 125,121,360 (USD 111,848). The audit team identified select procurements including: (i) the transportation of vaccines and immunisation supplies; (ii) the development of IEC materials and other goods. The team also noted that these procurements were carried out in 2015, before the guidelines were published. The EPI programme team commented that no guidelines were in place before 2016 as there was no national procurement unit. See details in Annex 7 (Table 20).

Cause

Staff were not aware of the MoHS' procurement guidelines.

Risk/ Effect

A failure to comply with the appropriate national Procurement Guidelines that seek to ensure competition and transparency, brings into question whether the MoHS obtained value for money in its procurements.

Recommendation 9 (Critical)

In future, the MoHS (and the programmes associated) should comply with the national procurement guidelines so that all goods, works and services are procured in a transparent and competitive manner.

Management Comments

Management agrees with the recommendations. See Annex 12 for management response and action plan as at 15 January 2018.

3.3.2. Delay in procurement of assets

As set down in the PFA, WHO was delegated as procurement agent on behalf of the MoHS for the supply of major assets purchased with Gavi-provided funds. As a consequence, both the HSS and EPI central programmes duly submitted requisitions for the procurement of equipment and supplies via WHO supply services.

The audit team reviewed all of the requisitions submitted to WHO, and observed that the delivery terms stated that the assets should be delivered on an urgent basis. However, from its analysis the audit team, noted considerable delays in the fulfilment of the asset procurements, ranging from a lag of 100 days to 475 days both as a result of the lengthy requisition and approval process and delays in the procurement process at partner level.

For example, the HSS programme unit requested 20 motor vehicles on 16 December 2015. These vehicles were delivered 475 days after the requisition, on 4 April 2017. Details are on Annex 7 (Table 21).

Furthermore, both the EPI and HSS programme units did not have suitable systems in place to track its orders against its procurement plan, and the fulfillment and delivery of these items in time for the activities planned. Both procurement units commented that part of the delay was due to changes in the quantity of items to be procured, impacting the tendering process, but also shared their experience of an opaque procurement process which was led by the partners.

Cause

Delays in procuring equipment were due to the MoHS lengthy approval process of tender documents as well as delays in the partners' execution thereof.

Risk/ Effect

Items procured may no longer be relevant to programmatic activities or may jeopardise the activity's execution, if too much time passes between placing an order, the delay in fulfilling it and ultimately the reception of the items.

Recommendation 10 (Essential)

Both MoHS programme units should:

- Develop suitable systems to regularly monitor their planned procurements. This could include for example, a tracking sheet to actively monitor the planned procurement activity against what has been undertaken and fulfilled; and
- Increase the effectiveness and frequency of communications between the MoHS and WHO, so as to significantly reduce the overall time taken to approve the requisitions of procurements.

Management Comments

Management agrees with the recommendations. See Annex 12 for management response and action plan as at 15 January 2018.

3.3.3. Vehicle asset allocation

The PFA (Clause 20.1 (a), Page 19) states that “the Government shall use the funds and vaccines and related supplies received from Gavi under a programme for the sole purpose of carrying out the programme activities”.

In April 2017, 20 Toyota cars procured by WHO, were delivered to the MoHS at a total cost of USD 450,000, effectively USD 22,500 per car. The vehicles were allocated by the HSS programme unit to various directors of Department of Public Health without any direct linkage to the Gavi-funded programmes.

The audit team was unable to review any of these cars’ log books as these were not made available, therefore there was no evidence available demonstrating that the vehicles were used for activities with direct linkage to the HSS programme objectives.

Details of how the 20 Toyotas were allocated is provided in Annex 8.

Cause

Erroneous assessment or allocation of vehicles based on an imprecise needs assessment.

Risk/ Effect

Gavi-funded assets that are not allocated and used to support approved activities may undermine the execution of activities to the detriment of the programme. An amount of USD 450,000, equivalent to the total procurement expenditure on the 20 vehicles, is questioned by the audit team.

Recommendation 11 (Essential)

- The MoHS should identify the regions and townships where the need for these vehicles to directly support immunisation programme-based activities is greatest, and all 20 of the Toyotas should be re-allocated accordingly.

- All delegated drivers using each vehicle should maintain a log book of the vehicles' movements, and this log book should be regularly reviewed for completeness and accuracy by the administration.

Management Comment

See Annex 12 for management response and action plan as at 15 January 2018.

Additional Audit Team's comments

As indicated by management, this issue has not yet been resolved. MoHS has committed to carry out a review to determine whether the assets are being used to best effect. Subject to this review, Gavi will determine whether to ask for reallocation.

3.3.4. Inadequate management of programme assets

a) *Inadequate asset registers*

The PFA (Clause (h), Page 44) states that "the fixed assets register will be maintained recording items like vehicles, medical equipment, office equipment, IT equipment, and all other equipment purchased using Gavi-provided funds and include details of purchase date, description of equipment, identifying serial number, unique identification number, location of the equipment and details of the assets manager".

The EPI and HSS programme units maintained manual fixed asset registers, respectively. However for the EPI programme Central Unit, there was no fixed asset register for the two year period 2014-2015 on file. As a result, the audit team was not able to verify any of the fixed assets which were purchased during this period.

Furthermore, the EPI programme Central Unit did not keep any records of any of the assets it distributed to the State/ Regional and Township Offices. In addition, details such as: the working condition of the asset; unique identification number (tag number); serial numbers for computer equipment; and vehicle license numbers were not included in the EPI and HSS programme unit asset registers.

The audit team reviewed the fixed asset records at one State and ten Township Offices, and noted that a fixed asset register was not maintained in the Mandalay State Office. Similarly, no assets ID tags were attached to any of the other assets at the State and Township Offices visited, identifying each item. Finally, the asset registers did not include any pertinent details on elements such as: (i) the working condition of the asset; (ii) serial numbers for electronic equipment; (iii) or the vehicle license number for vehicles.

b) *Physical verification of assets*

The HSS programme Central Unit did not perform regular physical asset verifications. In contrast, the EPI programme Central Unit carried out annual physical asset verification exercises in 2014 and 2015. However, EPI did not undertake such an exercise in 2016. At the Township Office level, there was no evidence on file, demonstrating that any physical asset verification exercises were performed.

c) No insurance for fixed assets and vaccines

The PFA (Clause 10, Page 5) states that “the Government shall maintain, where available at a reasonable cost, all risk property insurance on the programme assets (including vaccines and vaccine related supplies) and comprehensive general liability insurance with financially sound and reputable insurance companies”.

The MoHS did not establish any such insurance for its fixed assets, including significant assets such as the programme vehicles funded by Gavi. Similarly, none of the goods and commodities – including significant amounts of vaccines held at the central level stores were insured.

From the audit team’s discussion with the MoHS management, it was noted that in May 2017, the Assistant Director of Expanded Programme on Immunisation wrote an internal letter requesting that suitable insurance be put in place for the Central Cold Room in Yangon and its contents. However, there was documentation on file suggesting that this request was followed up further.

Cause

There were no guidelines in place on how to manage programme assets. In addition, at no time over the entire three-year audit period, did the EPI and HSS programme plan to resource any such insurance cover in their budgets.

Risk/ Effect

Weak or insufficient controls over the use, tracking and recording of assets in a suitable asset register, may lead to items being misuse or misappropriated.

Recommendation 12 (Essential)

MoHS management should:

- Develop procedures for asset management – including areas such as the identification and maintenance of assets, recording, regular physical asset verification exercises;
- Ensure that the townships and regions regularly maintain and update their fixed asset registers to ensure that programme assets are tracked, managed and used for their designated purpose; and

- Follow up on its request to establish suitable insurance of its major assets, both to safeguard them, as well as to comply with the contractual requirements agreed with Gavi.

Management Comments

Management agrees with the recommendations. See Annex 12 for management response and action plan as at 15 January 2018.

3.4. Vaccine Supply Management

	Audit Rating
Records were appropriately maintained, although there were some minor differences between the vaccine registers, actual stock and vaccine request and release forms. However at all levels of the cold chain, the respective vaccine's VVM status was not consistently captured in the registers and there was no evidence on file that vaccine stock count exercises were performed.	Satisfactory

3.4.1. Gaps in vaccine stock management

The Central Cold Room (CCR) in Yangon maintained a manual vaccine stock register in excel, to track receipts of vaccines from UNICEF, and subsequent distributions thereon to the State or Regional offices. Similarly, Townships also maintained manual vaccine stock registers keeping track of their orders, stock balances and associated expiry dates, physical receipts and their forward distribution on to Rural Health Centre (RHCs).

From the review of these registers, the audit team confirmed that in general records were appropriately maintained, although there were some minor differences between the vaccine registers and actual stock. In addition, the team noted that each respective vaccine's VVM status was not consistently captured in the registers at all levels.

Periodically, the Townships prepared a "vaccine request form" based on their respective RHC requests, and forward a consolidated order to the corresponding State/Regional Office. Thereafter, the State/Regional Office would reciprocate with the vaccines ordered, along with a duly filled out "vaccine issue form" to the Township. Similarly, the Township would prepare a "vaccine release form" for vaccine issuances to the RHCs based on their requirements. Minor variances were noted between the registers and the vaccine request and release forms.

The respective management and store managers stated that they undertook vaccine stock counts. However at both the Central and the Township level, there was no such evidence on file demonstrating that these vaccine stock count exercises were actually performed.

Cause

Human error in the case of recording errors. For vaccine stock counts, the staff were not aware of the importance and need to maintain evidence and reports of their stock counts.

Risk/ Effect

Differences in stock records may result in an inaccurate count and mistakes in management of vaccines.

Recommendation 13 (Essential)

The MoHS should:

- Require, at all levels of the cold chain, that the vaccine and stock management guidelines are duly followed, and that accurate and complete vaccine records are maintained;
- Follow up and ensure that vaccine stock count exercises are regularly undertaken at all levels. These counts should be comprehensive, including a verification of records both by vaccine, as well as by batch number. A stock count report should be prepared, approved by an independent officer, and be put on file for record.

Management Comments

Management agrees with the recommendations. See Annex 12 for management response and action plan as at 15 January 2018.

3.5. Civil works procurement and contract management

Audit Rating
Unsatisfactory

In February 2014, the Myanmar Red Cross Society (MRCS) was contracted to construct 30 Health Centres across 12 Townships, in accordance with a tripartite agreement signed by Gavi, MRCS and MoHS totalling USD 1,137,570. The audit team determined that for ten of the Health Centres, the contracts were awarded to a bidder other than the lowest, with no basis or justification on file. The MoHS did not ensure that there was adequate oversight over the civil works, and it failed to provide an engineer from the Department of Public Health's Construction Unit to conduct oversight, as required. The team visited three Health Centres and found that their quality of construction was poor. Finally, MRCS understated its exchange gains on conversion from MMK into USD by USD 63,973, as it reported an MMK gain of USD 10,493 equivalent when in fact that total actual gain was USD 74,466 equivalent.

3.5.1. Incorrect reporting of exchange gain on conversion

Prior to 2014, when MRCS originally presented its forecast to construct 30 Health Centres, it presented a budget in USD currency, totalling MMK 1,092,067,200 based on a budgeted exchange rate of 960 MMK to the USD.

Thereafter when summarising its use of Gavi-provided funding on the civil works activities, MRCS reported an exchange gain on conversion of USD 10,493 equivalent. However, this figure understated the actual gains due to fact that MRCS used an exchange rate similar to the budgeted exchange rate for reporting purposes, rather than the actual exchange rate realised.

The audit team recalculated the total exchange gains on conversion of Gavi-provided funds from USD into MMK, and determined that the actual exchange gain was MMK 88,197,240, equivalent to USD 74,466 at the prevailing rates during the period 2014-2016.

As a result, MRCS under-reported its exchange gains by USD 63,973. Details are as below:

Table 5: Under reporting of exchange gain

#	Amount Received by MRCS in USD	USD equivalent transferred into the MMK Bank Account	Balance on MRCS' USD Bank Account (USD)	Budgeted exchange rate (MMK)	Actual exchange rate realised (MMK)	Difference in exchange rates (MMK)	Actual Conversion Exchange Gain (MMK)	Equivalent Conversion Exchange Gain (USD)
1	682,426	650,000	32,426	960	963	3	2,054,000	2,133
2	-	32,000	426	960	1,200	240	7,690,240	6,407
3	341,271	341,100	597	960	1,190	230	78,453,000	65,927
	1,023,697	1,023,100					88,197,240	74,466
Actual exchange gain on conversion (in USD equivalent)								74,466
Exchange gain reported								10,493
Under-reported exchange gain on conversion (in USD equivalent)								63,973

Cause

The content of MRCS' financial reports and expenditures was represented, using a reporting currency which was not based on a realistic exchange rate, in order to reflect the actual realised gains from converting the USD funding into the local currency.

Risk/ Effect

The under-reporting of exchange differences from transaction gains, indicates that MRCS' financial and reporting system inaccurately recorded and captured financial transactions, impacting on the validity of the organisation's financial reports.

Recommendation 14 (Critical)

All unutilised programme funds, including realised exchange gains on conversion should be refunded to Gavi.

Management Comments

Management agrees with the recommendations. See Annex 12 for management response and action plan as at 15 January 2018.

Additional Audit Team's Comments

MRCS submitted financial reports in February 2018. However, the submitted reports were in local currency (MMK) and as such, the effect of exchange rates could not be determined. We recommend that once the audited financial statements are submitted, MRCS should refund the exchange gains and any other unutilised balances.

3.5.2. Weaknesses in MRCS' procurement process and MoHS' contract management**a) Non- selection of lowest bids for the Health Centre construction**

In July 2014, MRCS sent a request for quotation for the construction of 30 Health Centres across 12 Townships to 94 companies. In response, 85 contractors provided their bids, averaging approximately 5 bids for each Health Centre.

From a review of these tenders, the audit team noted that for the selection process outcome for 10 out of 30 of the Health Centres, the contracts were not awarded to the lowest-price bidder, as instead the awards were made to the second or third lowest-price bidder, details as tabulated below:

Table 6: Incidents where the lowest-price bidder was not selected – (the winning bid is highlighted in grey).

#	Name of Village	Bid 1	Bid 2	Bid 3	Bid 4	Winning bid selected	Reason for non-selection of lowest bidder (minutes of tender evaluation)
1	Ta Kwet Poe	29,103,000	35,367,690	36,992,000	37,700,000	Bid 2	The first bidder cannot get proper quality material as very hard to reach area.
2	Hnin Pale	29,103,000	33,330,000	35,119,456	37,978,125	Bid 3	The first bidder cannot get proper quality material as very hard to reach area.
3	Myaut Tha Htay Kone	29,103,000	33,330,000	35,119,456	37,978,125	Bid 3	No Reason
4	Paing Dawei	29,103,000	35,119,456	39,359,991	39,978,125	Bid 2	No Reason
5	Lae Pyin Ma	31,432,436	31,489,580	4,926,000	-	Bid 2	The first bidder is already selected for six health centres
6	Kyauktalone	31,432,436	31,489,580	33,800,000	48,260,000	Bid 2	No Reason
7	Sipine	31,432,436	31,489,580	48,760,000	-	Bid 2	No Reason
8	Nga Bat Inn	31,432,436	31,489,580	48,760,000	-	Bid 2	No Reason
9	Wa The	30,500,000	33,854,800	35,820,227	-	Bid 2	The first bidder cannot get proper quality material as very hard to reach area
10	Kant Ba Lar	30,382,000	34,800,000	-	-	Bid 2	The first bidder cannot get proper quality material as very hard to reach area

For the above ten contract awards, MRCS did not place on file any documentation justifying the reasons why the second or third lowest priced bidder was selected, instead of the cheapest bidder. Furthermore, the tender evaluation committee cited concerns with the quality of materials in four of the ten cases, but without any additional documentation in support.

b) No competitive procedure followed for the selection of external auditor

The tripartite Grant Agreement signed by MRCS, the MoHS and Gavi (Clause 8.3 (e), Page 5) states that “MRCS shall tender the external audit services and take the approval from Gavi for selection of auditor”.

However, MRCS carried out single sourcing and did not follow any competitive procurement procedure in its selection of an external auditor, as only a single quotation was requested from an auditor. From its review, the Gavi audit team noted that the auditor’s quotation – dated 7 August 2017 – was almost immediately followed by a requisition dated 10 August 2017. The team also observed that the amount of requisition

and quotation matched, suggesting that MRCS' requisition was only drafted after receipt of this quotation, to exactly match the auditor's offer. Furthermore, MRCS did not seek Gavi's approval of the auditor's appointment and the associated terms of reference, as required.

c) *Noncompliance with the penalty clause*

Clause 2 of the "MRCS procurement manual" states that "liquidated damages will be charged at a rate of 0.2 % of contract value per day in case of late delivery up to a maximum of ten per cent of the total contract value. In addition, clause 13 of the "construction agreement" between MRCS and the Contractor states that "0.1 % of the project budget will be charged in case of delay in completion of project."

In three cases the contractors constructing the respective Health Centre, completed their contract after the specified time. However, a late delivery penalty was only imposed on only one of the three contractors. MRCS explained that the other two contractors had requested for a waiver, and that the MRCS executive committee duly approved their requests. However, there was no documentation on file evidencing these two contractors' this communication and the EC's resultant approval. Details of the respective delays to construct and deliver these 3 Health Centres are shown below:

Table 7: Examples of delays in constructing three Health Centres

#	Name of Contractor	Name of Township	Name of Village	Expected date of completion	Actual date of completion	No of days delay
1	Marvel Wealth Construction Company Limited	Ngaputaw	Moe Tain Pyin	28-Mar-17	21-Jun-17	85
2	Myo Nyunt Aung Construction Company Limited	Ye Oo	Ywar Thit	28-Mar-17	12-May-17	45
3	SOL Construction Company Limited	Kawhmu	Yay Phyu Twin	28-Mar-17	27-Jun-17	91

d) *Noncompliance with retention fee requirements*

Clause 3 of the "construction agreement" between MRCS and the Contractor states that "the contractor agrees to deposit 5% of the contract amount with MRCS, and the same will be returned to the contractor after 100% completion of the project."

In the case of the contractor selected to construct two Health Centres in Ayeyarwaddy Townships, no such 5% retention was deducted from the payments to the contractor. MRCS's explained to the audit team, that the contractor had requested and that the MRCS executive committee had accepted to waive the 5% retention.

However, there was no documentation on file evidencing the contractor's communication and the EC's resultant approval.

e) *Actual cost of construction of 30 Health Centres almost equal to budgeted amount*

In addition, MRCS' project engineer prepared an overall budget for the project to construct the 30 Health Centres project, totalling MMK 1,089,240,349. This closely matched the actual total expenditure for the sum of all of the seven contractors, as per their respective proposals (including their support costs) was MMK 1,065,518,655 – a 98% utilisation of the budget agreed with the MoHS, MRCS and Gavi.

f) *No segregation of duties and no MoH oversight*

Gavi's audit team noted that the MRCS project engineer had a wide-span of responsibility and was involved in (i) the preparation of the estimates; (ii) evaluation of the bids, (iii) certifying work done; and (iv) undertook quality checks of the 30 Health Centres constructed by MRCS' assigned contractors.

The Grant Agreement (Clause 3.3 Page 2 refers) required that the Certification Committee of the Construction Unit of MoHS (i) provides additional oversight over MRCSs' tender process in duly evaluating and awarding the contractors' contracts; (ii) undertakes periodic monitoring of the construction of the health centres; and (iii) conducts a technical audit at completion of the construction project. However, the MoHS failed to carry out its responsibilities thereon, as no Certification Committee was identified or appointed.

Furthermore, MRCS did not seek the MoHS' approval from the government's respective construction unit, prior to awarding the contracts to the respective contractors. This approval was a requirement as set down in the tripartite agreement.

The above weaknesses were a contributing factor to several defects and shortcomings in the construction project. This was illustrated by the audit team's findings from its visits to three Health Centres in Mon State (Yathaetaung in Kyaikto Township, Honing Palae and Paing Dawei in Bilin Township, refer). The team noted water leakages in all the three health centres visited and the lighting and electrical wiring were poorly done in Yathaetaung health centre in Kyaikto Township.

Cause

Non-compliance with MRCS' own procurement procedures, weak contract management or lack of enforcement of defects' liability periods/retention clauses so as to ensure that the contractors responsible rectify any defects. There was inadequate segregation of duties in the project engineer's role, without sufficient supervision. The MoHS failed to discharge its oversight role and did not establish suitable checks and balances over MRCS' execution as required.

Risk/ Effect

Insufficient oversight and supervision, could undermine the quality of construction of the Health Centres.

Recommendation 15 (Critical)

- For future grants, the MoHS should fulfill its responsibility by putting in place suitable, technically qualified oversight (e.g. a civil engineer) to ensure that all works completed are of suitable quality and standard.
- As construction is complete, as required, the MoHS should now execute an independent technical audit of the sites, as committed to when it signed the “Grant agreement.” This audit should assess the civil works performed, identify all defects or any respective gaps in the project. Thereafter, the MoHS should discuss with the MRCS on how any such defects can be rectified accordingly.

Management Comments

Management agrees with the recommendations. See Annex 12 for management response and action plan as at 15 January 2018.

Additional Audit Team’s comments

We reiterate the need for MoHS to carry out an independent technical audit as per the grant agreement. MoHS should communicate the timelines of the audit. Based on the results of the audit, MRCS should then rectify the defects accordingly.

3.5.3. Non-submission of financial and audit reports

The Grant Agreement (Clauses 8.1.2 and 8.1) states that “MRCS is required to submit annual financial report along with technical report to Gavi by 31st March of subsequent year in which the funds are expended” and that “MRCS shall provide unaudited quarterly financial report within 45 days to Gavi after the end of the quarter.” The Agreement goes on to state that “MRCS shall provide external / internal audit report to NHSC and Gavi within six months from the end of financial year”.

In contrast, MRCS has not yet submitted any financial report or technical reports to Gavi for any of the past three years including 2014, 2015 and 2016. In the interim, MRCS has submitted a draft financial report for 2016 to the MoHS.

Similarly, no external audits were undertaken for 2014 and 2015 on MRCS’ use of Gavi-provided funds. Instead a consolidated audit was carried out for the entire three year period, for which the field work is complete, but as of the end of October 2017, the audit report has not yet been finalised. Finally, no internal audits were conducted by MRCS on the Gavi-provided funds.

Cause

MRCS' non-compliance of contractual auditing requirements with the MoHS and Gavi.

Risk/ Effect

Delays or failure to execute the required external audit and internal audits, undermines the value of suitable, regular independent checks on programmatic and fiduciary risks, and reduces the impact of objective oversight over the use of grant funds.

Recommendation 16 (Critical)

MRCS should promptly submit its outstanding financial reports and audit reports to MoHS and Gavi as required.

Management Comments

Management agrees with the recommendations. See Annex 12 for management response and action plan as at 15 January 2018.

Annex 1 – 100% budget utilisation

Table 8: EPI Programme 100% budget utilisation

Name of Activity	Period of Activity as per the Proposal submitted to WHO/ UNICEF	Budgeted Amount (MMK)	Actual expenditure (MMK)
Ministerial Meeting on Intensification of Routine EPI	7 Oct to 31 Dec 2015	51,923,000	51,923,000
Operation support for outbreak response immunisation and control activities of other vaccine preventable disease	10 Sep to 31 Dec 2015	27,100,000	27,100,000
Annual Work Plan meeting for EPI and communicable disease Surveillance for year 2016 and MLM training for Trainers for EPI Programme	15 Sep to 30 Nov 2015	16,007,500	16,007,500
Township level workshop for development of EPI microplanning and annual work plan for strengthening routine EPI activities in States and Regions	27 May to 30 Sep 2016	28,487,500	28,487,500
Operation cost for conducting launching at Central, State and Regional Level and Township Level at 82 townships (PCV Introduction)	1 Jun to 30 Sep 2016	56,740,000	56,740,000
Vaccine Transportation cost from Sub-depots to Townships (207)	27 Jul to 31 Dec 2015	26,760,000	26,760,000
Mid-Level Manager for EPI Training to Township Medical Officers in nine states	1 Jun to 30 Aug 2016	47,853,500	47,853,500
Annual EPI Evaluation Workshop (2015) at Central and State and Regional Level	1 March to 30 May 2016	26,671,400	26,671,400
Support for Nation AEEI Committee and National Expert Review Committee	25 Sep to 31 Dec 2015	17,705,000	17,705,000
Operation cost for conducting State and Regional level advocacy meeting, township level advocacy meeting at 123 townships from nine states and training at all states and regions (PCV Introduction)	25 May to 30 Sep 2016	56,302,000	56,302,000
Mid-term EPI Evaluation Workshop (2016) at State and Regional Level	1 Jul to 31 Sep 2016	51,211,000	51,211,000
Planning meeting for strengthening of routine immunisation in peri-urban township in Yangon Region	15 Sep to 30 Oct 2015	4,037,000	4,037,000
Annual EPI Evaluation Workshop (2014) at Central and State and Regional Level	05 Mar to 31 Jul 2015	22,587,400	22,587,400
Emergency cold chain maintenance in central cold store and sub cold stores	10 Sep to 31 Dec 2015	6,720,000	6,720,000

Name of Activity	Period of Activity as per the Proposal submitted to WHO/ UNICEF	Budgeted Amount (MMK)	Actual expenditure (MMK)
Midterm EPI evaluation workshop (2016) at Central Level	01 Jul to 31 Sep 2016	7,598,400	7,598,400
Operation cost for advocacy meeting with MMCWA, advocacy meeting with EPI committees, advocacy meeting with physicians and pediatricians through MMA (PCV Introduction)	25 May to 30 Sep 2016	11,628,000	11,628,000
Operation cost for conducting central level evaluation meeting, support for financial management team at central and state and Regional Level and transportation of guidelines to all townships (PCV introduction)	25 May to 30 Sep 2016	13,139,000	13,139,000
Mid-Level Manager for EPI Training to Township Medical Officers in nine states	01 Jun to 30 Aug 2016	47,853,500	47,853,500
Total of 18 activities		520,324,200	520,324,200

Table 9: HSS Programme 100% budget utilisation

Name of Activity	Period of Activity as per the Proposal submitted to WHO	Budgeted Amount (MMK)	Actual expenditure (MMK)
Supervision and Monitoring Allowance for Central	Mar to Dec 2016	27,240,000	27,240,000
Supervision and Monitoring Allowances for State/Region	Feb to Dec 2016	61,336,000	61,336,000
Recurrent Transport and Per diem cost Group 1	Mar to Dec 2016	242,688,000	242,688,000
Recurrent Transport and Per diem cost Group 2	Mar to Dec 2016	242,688,000	242,688,000
Recurrent Transport and Per diem cost Group 3	Mar to Dec 2016	255,360,000	255,360,000
Recurrent Transport and Per diem cost Group 4	Mar to Dec 2016	222,464,000	222,464,000
Recurrent Transport and Per diem cost Group 5	Mar to Dec 2016	243,504,000	243,504,000
Recurrent Transport and Per diem cost Group 6	Mar to Dec 2016	245,504,000	245,504,000
Recurrent Transport and Per diem cost Group 7	Mar to Dec 2016	245,504,000	245,504,000
Recurrent Transport and Per diem cost Group 8	Mar to Dec 2016	202,240,000	202,240,000
Incentives for Accountant (Group 1)	Feb to Dec 2016	49,280,000	49,280,000

Name of Activity	Period of Activity as per the Proposal submitted to WHO	Budgeted Amount (MMK)	Actual expenditure (MMK)
Incentives for Accountant (Group 2)	Feb to Dec 2016	49,280,000	49,280,000
Incentives for Accountant (Group 3)	Feb to Dec 2016	49,280,000	49,280,000
Admin and Communication Cost for Central Level	Jun to Dec 2016	5,250,000	5,250,000
Development and Establishment of Electronic Database on Human Resource for DoPH	Oct to Dec 2016	44,561,000	44,561,000
Quarterly Review and End Review Meeting -Group 1	Mar to Dec 2016	63,000,000	63,000,000
Quarterly Review and End Review Meeting – Group 2	Mar to Dec 2016	63,000,000	63,000,000
Quarterly Review and End Review Meeting- Group 3	Mar to Dec 2016	63,000,000	63,000,000
Quarterly Review and End Review Meeting – Group 4	Mar to Dec 2016	63,000,000	63,000,000
Total of 19 activities		2,438,179,000	2,438,179,000

Annex 2 – Delay in disbursement of funds

Table 10: EPI Programme – Delay in disbursement of funds

Name of Activity	Received from	Date of Proposal	Date of funds received by DoPH from UNICEF/WHO		Date of Cheque issued to Implementation Unit (Central, State/ Region or Townships)		
					For 1 st Installment		For 2 nd Installment
			1 st	2 nd	1 st	2 nd	1 st
Social Mobilisation expenses for MR campaign 2015	UNICEF	20-Nov-14	31-Dec-14		8-Jan-15		
Operation cost for TMO supervision for MRC 2015	WHO	24-Nov-14	20-Jan-15	6-Jul-15	11-Feb-15		23-Nov-15
Advocacy meeting at Central Level, Township Level Advocacy meetings, Township Level Coordination meeting for strengthening of immunisation activities in Naga Land	WHO	23-Sep-15	15-Oct-15		23-Nov-15		
Support to Launching Ceremony of MR Campaign 2015 at Central and States and Regional level	WHO	28-Oct-14	15-Jan-15	11-Sep-15	26-Jan-15	13-Feb-15	22-Oct-15/ 05-Nov-15
Emergency cold chain maintenance in central cold Store and Sub cold stores	WHO	16-Sep-15	24-Sep-15	7-Jan-16	5-Nov-15		17-Feb-16
Supervision of State and Regional Level EPI focal person, State and Regional Level Cold Chain Key Persons and TMO for strengthening of immunisation activities in Naga Land	WHO	23-Sep-15	15-Oct-15	7-Jan-16	23-Nov-15		4-Mar-16
Planning meeting for strengthening of routine immunisation in peri-urban townships in Yangon Region	WHO	16-Sep-15	24-Sep-15	7-Jan-16	5-Nov-15		28-Oct-16
Vaccine and Injection devices transport cost from Sub-depots to Townships and transport cost within townships for strengthening of immunisation activities in Naga Land	WHO	17-Sep-15	15-Oct-15		23-Nov-15		

Name of Activity	Received from	Date of Proposal	Date of funds received by DoPH from UNICEF/WHO		Date of Cheque issued to Implementation Unit (Central, State/ Region or Townships)		
					For 1 st Installment		For 2 nd Installment
			1 st	2 nd	1 st	2 nd	1 st
Vaccine Transportation cost from Sub-depots to Townships (207) in Yangon, Bago, Sagain, Tanintharyi, Magway, Ayeyarwaddy and Nay Pyi Taw Region	WHO	29-Jun-15	20-Aug-15	7-Jan-16	5-Nov-15		16-Feb-16
TMO supervision for introduction of inactivated Polio Vaccine	WHO	16-Sep-15	8-Oct-15	7-Jan-16	5-Nov-15		16-Feb-16
Training of Basic Health Workers at 123 townships	WHO	15-Dec-14	24-Sep-15		5-Nov-15		
Regional level Mid-Level Manager Training	WHO	5-Jan-15	20-Oct-15	7-Jan-16	23-Nov-15		16-Feb-16
Launching Ceremony of MR Campaign 2015	WHO	24-Nov-14	15-Jan-15		13-Feb-15		
Central Technical working group meeting for MR Campaign	WHO	4-Nov-14	1-Jan-15		22-Jan-15		
Development of IEC for MR Campaign	UNICEF	17-Oct-14	28-Nov-14		1-Jan-15		
Annual EPI Evaluation Workshop (2014) at Central and State and Regional Level	WHO	17-Feb-15	31-Mar-15	17-Nov-15	8-Jun-15		18-Jan-16/ 22-Jan-16
Support MoHS with supply oral polio vaccines and technical support the introduction of IPV	UNICEF	12-Aug-15	8-Sep-15		5-Nov-15		
IEC material transportation cost from SR to township level (MR 2015)	UNICEF	22-Oct-14	6-Jan-15		26-Jan-15		
Township Level advocacy meeting- 25 May to 30 Sep 2016 PCV	WHO	12-May-16	9-Jun-16		29-Aug-16		
Advocacy meeting at Central and State and Regional Level for introduction of inactivated polio vaccine	WHO	16-Sep-15	23-Sep-15	7-Jan-16	16-Feb-16	28-Oct-16	23-Nov-16

Table 11: HSS Programme – Delay in disbursement of funds

S. No.	Activity	Date of Proposal	Date of funds received by DoPH from WHO		Date of Cheque issued to Implementation Unit (Central, State/ Region or Townships)			
			1 st Installment	2 nd Installment	For 1 st Installment			For 2 nd Installment
					1 st	2 nd	3 rd	1 st
1	Recurrent Transport and Per diem cost (Activity split into eight groups)	8-Feb-16	22-Mar -16 25-Mar-16	28-Nov-16	22-Aug-16	21-Oct-16		28-Dec-16
2	Health Equity Fund (Activity split into eight groups)	5-Feb-16	22-Mar-16 25-Mar-16	2-Dec-16	4-Jul-16	26-Sep-16		28-Dec-16
3	Incentives for Accountant (Activity split into 2 groups)	2-Feb-16	18-Feb-16	17-Jan-17	4-Jul-16	22-Aug-16	28-Dec-16	23-Mar-17
4	Quarterly Review and End Review Meeting (Activity split into 4 groups)	2-Feb-16	18-Feb-16	17-Jan-17	4-Jul-16	26-Sep-16		23-Mar-17
5	Supervision and Monitoring Allowance for Central	2-Feb-16	18-Feb-16	17-Jan-17	30-Jun-16	18-Oct-16		22-Mar-17
6	Supervision and Monitoring allowances for State/Region	2-Feb-16	18-Feb-16	28-Nov-16	4-Jul-16			28-Dec-16
7	Development & Establishment of Electronic Database on Human Resource for DoPH	28-Jul-16	19-Oct-16	1-Feb-17	21-Nov-16			22-Mar-17
8	Administration and Communication Cost for Central Level	6-May-16	22-Jul-16	17-Jan-17	1-Sep-16			22-Mar-17

Annex 3 – Amount paid on reimbursement basis

Table 12: EPI activities funded on reimbursement basis

(MMK amount in Millions)

Activity	Central/ State/ Region/ No. of Townships	Period of Activity	Date of funds received by DoPH from UNICEF/WHO				Date of Cheque issued to Implementation Unit (Central Unit, State/ Regional Office or Townships)						Period of Submission of liquidations from Township to Central	Reimburse- ment Amount (MMK)	Reimburse- ment Amount (USD)
			1 st Install ment	Amou nt (MMK)	2 nd Inst allment	Amount (MMK)	1 st	Amount (MMK)	2 nd	Amount (MMK)	3 rd	Amount (MMK)			
Central Technical working group meeting for MR Campaign	Central	Nov-14	1-Jan-15	1.920			22-Jan-15	1.920					NA	1.920	1,716
Operation cost for TMO supervision for MRC 2015 (R-I + R-II)	330	19-Dec-14 to 28-Feb-15	20-Jan-15	53.238	06-Jul-15	12.432	11-Feb-15	53.238	23-Nov-15	12.432			16 Mar to 25 Jun-15	0.970	867
Support to Launching Ceremony of Measles Rubella Campaign 2015 at Central and States and Regional level	Central and State / Region	Jan-15	15-Jan-15	23.780	11-Sep-15	5.945	26-Jan-15	10.180	13-Feb-15	13.600	22-Oct-15 to 05-Nov-15	5.945	16 Mar to 25 Jun-15	5.000	4,469
Annual EPI Evaluation Workshop (2014) at Central and State and Regional Level	Central and State / Region	05 to 13 Mar-15	31-Mar-15	18.069	17-Nov-15	4.517	8-Jun-15	18.069	18-Jan-16	4.517			17-Jun-16	3.604	3,221
Vaccine Transportation cost from Sub-depots to Townships (207) in Yangon, Bago, Sagain, Tanintharyi, Magway, Ayeyarwaddy and Nay Pyi Taw Region	207	Jul to Dec 2015	20-Aug-15	21.408	7-Jan-16	5.352	5-Nov-15	21.408	16-Feb-16	5.352			24-Mar-16	4.600	4,112
Planning meeting for strengthening of routine immunisation in peri-urban townships in Yangon Region	Region	9-Sep-15	24-Sep-15	3.229	7-Jan-16	0.807	5-Nov-15	3.229	28-Oct-16	0.807			23-Sep-15	4.037	3,608
Emergency cold chain maintenance in central cold Store and Sub cold stores	Central	15 Sep to 07 Dec 15	24-Sep-15	5.376	7-Jan-16	1.344	5-Nov-15	5.376	17-Feb-16	1.344			NA	3.760	3,361

Activity	Central/ State/ Region/ No. of Townships	Period of Activity	Date of funds received by DoPH from UNICEF/WHO				Date of Cheque issued to Implementation Unit (Central Unit, State/ Regional Office or Townships)						Period of Submission of liquidations from Township to Central	Reimburse- ment Amount (MMK)	Reimburse- ment Amount (USD)	
			1 st Install ment	Amou nt (MMK)	2 nd Inst allment	Amount (MMK)	1 st	Amount (MMK)	2 nd	Amount (MMK)	3 rd	Amount (MMK)				
Training of Basic Health Workers at 123 townships	123	26 Oct to 2 Nov 15	24-Sep-15	61.294			5-Nov-15	61.294						23-Dec-15 to 25-Feb-16	9.079	8,116
Operation cost for conducting State and Regional Level Advocacy meeting, Township level Advocacy meeting at 123 Townships from 9 States and Training at all States and Regions	123	30 Apr to 04 Jul 16	9-Jun-16	45.041			6-Sep-16	45.041						22 Aug to 28 Sep 16	2.000	1,787
															34.970	31,261

Table 13: HSS activities funded on reimbursement basis

(MMK amount in Millions)

Activity	No. of Township	Period of Activity	Date of funds received by DoPH from WHO				Date of Cheque issued to Implementation Unit (Central Unit, State/ Regional Office or Townships)								Liquidation		Reimburse- ment Amount (MMK)	Reimbu- sement Amount (USD)
			1 st Instal lment	Amount (MMK)	2 nd Install ment	Amount (MMK)	1 st	Amount (MMK)	2 nd	Amount (MMK)	3 rd	Amount (MMK)	4 th	Amount (MMK)	Name of township	Period of Submissio n from Township to Central Office		
Recurrent Transport and Per diem cost	120	Mar to Dec 2016	22-Mar-16 to 25-Mar-16	1,519.961	28-Nov-16	379.990	22-Aug-16	1,113.631	21-Oct-16	406.330	28-Dec-16	379.990			Bilin	29-Aug-16 to 13-Jan-17	11.795	10,544
													Hmawbi	01-Oct-16 to 06-Jan-17	6.790	6,070		
													Kyauktan	06-Feb-17	9.768	8,732		

Activity	No. of Township	Period of Activity	Date of funds received by DoPH from WHO				Date of Cheque issued to Implementation Unit (Central Unit, State/ Regional Office or Townships)								Liquidation		Reimbursement Amount (MMK)	Reimbursement Amount (USD)		
			1 st Instalment	Amount (MMK)	2 nd Installment	Amount (MMK)	1 st	Amount (MMK)	2 nd	Amount (MMK)	3 rd	Amount (MMK)	4 th	Amount (MMK)	Name of township	Period of Submission from Township to Central Office				
																	Taikkyi	09-Jun-16 to 13-Jan-17	20.146	18,009
																	Kyaiktiyo	09-Sep-16 to 13-Feb-17	7.203	6,439
																	Nyaung U	08-Nov-16 to 23-Feb-17	7.460	6,669
																	Pyin Oo Lwin	14-Mar-17	11.439	10,226
																	Thaton	05-Oct-16 to 23-Jan-17	8.064	7,209
																	Twantay	21-Mar-17	18.809	16,814
Quarterly Review and End Review Meeting	120	Mar to Dec 2016	18-Feb-16	201.600	17-Jan-17	50.400	04-Jul-16	118.100	26-Sep-16	83.500	23-Mar-17	50.400					Bilin	29-Jul-16 to 29-Mar-17	1.652	1,477
																	Hmawbi	01-Aug-16 to '01-Dec-16	1.235	1,104
																	Kyauktan	29-Mar-17	1.200	1,073
																	Twantay	09-Nov-16 to 23-Mar-17	1.517	1,357
																	Kyaiktiyo	08-Aug-16 to 22-Mar-17	1.820	1,627
																	Nyaung U	07-Apr-17	2.577	2,304

Activity	No. of Township	Period of Activity	Date of funds received by DoPH from WHO				Date of Cheque issued to Implementation Unit (Central Unit, State/ Regional Office or Townships)								Liquidation		Reimbursement Amount (MMK)	Reimbursement Amount (USD)	
			1 st Installment	Amount (MMK)	2 nd Installment	Amount (MMK)	1 st	Amount (MMK)	2 nd	Amount (MMK)	3 rd	Amount (MMK)	4 th	Amount (MMK)	Name of township	Period of Submission from Township to Central Office			
																Pyin Oo Lwin	10-Feb-17	2.680	2,396
																Thaton	31-Mar-17	1.322	1,182
																Taikkyi	18-Jul-16 to 15-Mar-17	1.569	1,403
Incentive for Accountant	120	Feb to Dec 2016	18-Feb-16 to 04-Mar-16	118.272	17-Jan-17	29.568	04-Jul-16	80.640	22-Aug-16	26.880	28-Dec-16	10.752	23-Mar-17	29.568	Bilin	10-Aug-16 to 29-Mar-17	1.232	1,101	
															Hmawbi	08-May-16 to 27-Dec-16	1.232	1,101	
															Kyauktan	29-Mar-17	1.232	1,101	
															Taikkyi	13-Jul-16 to 13-Feb-17	1.232	1,101	
															Twantay	23-Mar-17	1.232	1,101	
															Kyaiktiyo	28-Jul-16 to 03-Apr-17	1.232	1,101	
															Nyaung U	11-Aug-16 to 7-Apr-17	1.232	1,101	
															Pyin Oo Lwin	02-Aug-16	1.232	1,101	
															Thaton	05-Oct-16 to 25-Jan-17	1.232	1,101	

Activity	No. of Township	Period of Activity	Date of funds received by DoPH from WHO				Date of Cheque issued to Implementation Unit (Central Unit, State/ Regional Office or Townships)								Liquidation		Reimbursement Amount (MMK)	Reimbursement Amount (USD)
			1 st Instalment	Amount (MMK)	2 nd Installment	Amount (MMK)	1 st	Amount (MMK)	2 nd	Amount (MMK)	3 rd	Amount (MMK)	4 th	Amount (MMK)	Name of township	Period of Submission from Township to Central Office		
Supervision and Monitoring allowances for State/Region	17 State/Region	Feb to Dec 2016	18-Feb-16	49,068	28-Nov-16	12,267	04-Jul-16	49,068	28-Dec-16	12,267					Kachin	31-Aug-16 to 11-Jan-17	3,444	3,079
															Kayin	11-Aug-16 to 28-Apr-17	3,444	3,079
															Mandalay	27-Apr-16 to 20-May-17	3,444	3,079
Administration and Communication Cost for Central Level	Central	Jun 2016 to Mar 2017	21-Jul-16	4,200	17-Jan-17	1,050	01-Sep-16	4,200	22-Mar-17	1,050					NA	NA	3,300	2,950
Supervision and Monitoring Allowance for Central	Central	Mar 2016 to Jun 2017	18-Feb-16	21,792	17-Jan-17	5,448	30-Jun-16	10,000	18-Oct-16	11,792	22-Mar-17	5,448,000			NA	NA	25,192	22,520
Recurrent Transport and Per diem cost	59	Oct 2014 to Sep 2015	05-Dec-14	571,356	12-Jan-16	130,709	09-Mar-15	73,462	19-Aug-15	497,894	04-Jul-16	130,709,300			Shadaw	31-Oct-2014 to 30-Sep-2015	11,194	10,007
															Laymyatn ar	31-Dec-15	6,177	5,522
																	184,332	164,779

Annex 4 – Discrepancies in liquidations

Table 14: Discrepancies in liquidations – EPI programme

Activity Description as per FACE	Name or No of States / Townships	Type of Expenditure	Expenditure Amount (MMK)	Inadequate Expenditure (MMK)	No Voucher number	No Project Code	No Approvals at Central Level	No Invoice only receipt voucher/Cash Memos	Photocopy vouchers stamped	Paid Stamp	
Training of Basic Health Workers at 123 townships	Mindat	Training Expenses	50,000	50,000	X	X	X	X			
		Training Expenses	50,000	50,000	X	X	X	X			
		Training Expenses	50,000	50,000	X	X	X	X			
		Training Expenses	50,000	50,000	X	X	X	X			
		Training Expenses	50,000	50,000	X	X	X	X			
		Training Expenses	50,000	50,000	X	X	X	X			
		Training Expenses	50,000	50,000	X	X	X	X			
		Training Expenses	50,000	50,000	X	X	X	X			
			Total		450,000						
Regional level Mid-Level Manager Training	Nay Pyi Taw	Vehicle Hiring Charges	120,000	120,000	X	X	X	X		X	
		Hall hiring charges	200,000	200,000	X	X	X	X		X	
		Labor charges	40,000	40,000	X	X	X	X		X	
		PA system	80,000	80,000	X	X	X	X		X	
		Backdrop	20,000	20,000	X	X	X	X		X	
		Medals and awards	50,000	50,000	X	X	X	X		X	
			Total		510,000						
	Kayin	Hall hiring charges	200,000	200,000	X	X	X	X		X	
		PA system	80,000	80,000	X	X	X	X		X	
		Labor charges	40,000	40,000	X	X	X	X		X	
		Refreshment	486,000	486,000	X	X	X	X		X	
Purchase water and tissue		80,000	80,000	X	X	X	X		X		

Activity Description as per FACE	Name or No of States / Townships	Type of Expenditure	Expenditure Amount (MMK)	Inadequate Expenditure (MMK)	No Voucher number	No Project Code	No Approvals at Central Level	No Invoice only receipt voucher/Cash Memos	Photocopy vouchers stamped	Paid Stamp	
		Stationary	135,000	135,000	X	X	X	X		X	
		Photocopy	40,500	40,500	X	X	X	X		X	
		Medals and awards	50,000	50,000	X	X	X	X		X	
		Vehicle Hiring Charges	120,000	120,000	X	X	X	X		X	
		Total	1,231,500	1,231,500							
	Shan (South)	Hall hiring charges	200,000	200,000	X	X	X	X		X	
		PA system	80,000	80,000	X	X	X	X		X	
		Labor charges	40,000	40,000	X	X	X	X		X	
		Photocopy	79,500	79,500	X	X	X	X		X	
		Vehicle Hiring Charges	120,000	120,000	X	X	X	X		X	
		Total	519,500	519,500							
	Mon	Flower arrangement	80,000	80,000	X	X	X	X		X	
		Chair Table Hiring	80,000	80,000	X	X	X	X		X	
		Plates, bowls, spoon etc. hiring	40,000	40,000	X	X	X	X		X	
		Labor charges	40,000	40,000	X	X	X	X		X	
		Vehicle Hiring Charges	242,500	242,500	X	X	X	X		X	
		Total	482,500	482,500							
	Launching Ceremony of MR Campaign 2015	Central	Mini exhibition	1,000,000	1,000,000	X	X		X	X	X
			Other	11,725,000	11,725,000	X	X			X	X
		Total	12,725,000	12,725,000							
Central Technical working group meeting for MR Campaign	Central	Car rental	400,000	400,000	X	X		X	X	X	
		Other	2,022,500	2,022,500	X	X			X	X	
		Total	2,422,500	2,422,500							

Activity Description as per FACE	Name or No of States / Townships	Type of Expenditure	Expenditure Amount (MMK)	Inadequate Expenditure (MMK)	No Voucher number	No Project Code	No Approvals at Central Level	No Invoice only receipt voucher/Cash Memos	Photocopy vouchers stamped	Paid Stamp
Township Level Planning Meeting at additional 7 townships	7 townships	Meeting expenses	350,000	350,000	X	X		X		X
		Total	350,000	350,000						
Development of IEC for MR Campaign	NA	Songs + MTV	15,000,000	5,600,000	X	X		X		
		Transportation Expenses	500,000	500,000	X	X		X		
		Total	6,100,000	6,100,000						
Annual EPI Evaluation Workshop (2014) at Central and State and Regional Level	Mandalay	Refreshments	222,000	222,000	X	X				
		Other	74,000	74,000						
		Total	296,000	296,000						
	Mon	Refreshments	96,000	96,000	X	X				
		Total	96,000	96,000						
	Yangon	Refreshments	345,000	345,000	X	X		X		
		Venue	20,000	20,000	X	X		X		
		365,000	365,000							
Support MoH with supply oral polio vaccines and technical support the introduction of IPV	NA	Procurement of chalk	2,986,000	2,986,000	X	X		X		
		Procurement of Gentian Violet		1,163,500	X	X		X		
		Total	4,149,500	4,149,500						
IEC material transportation cost	Mawkyub	IEC Transport Cost	168,700	168,700	X	X	X	X		
	Nyaung U	IEC Transport Cost	102,800	102,800	X	X	X	X		

Activity Description as per FACE	Name or No of States / Townships	Type of Expenditure	Expenditure Amount (MMK)	Inadequate Expenditure (MMK)	No Voucher number	No Project Code	No Approvals at Central Level	No Invoice only receipt voucher/Cash Memos	Photocopy vouchers stamped	Paid Stamp
from SR to township level (MR 2015)	Leway	IEC Material Distribution Cost	129,520	129,520	X	X	X	X		
	Taikkyi	IEC Material Distribution Cost	115,440	115,440	X	X	X	X		
		Total	516,460	516,460						
Advocacy meeting at Central and State and Regional Level for introduction of inactivated polio vaccine	Pathein	Venue hiring, Venue Preparation, PA systems, Back Drop, Invitation Cards, Stationery, Refreshment, Photocopy, Miscellaneous	500,000	315,000	X	X		X		X
	Bago		500,000	500,000	X	X		X		X
	Hakha		500,000	500,000	X	X		X		X
	Myitkyina		500,000	80,000	X	X		X		X
	Loikaw		500,000	500,000	X	X		X		X
	Baan		500,000	500,000	X	X		X		X
	Mandalay		500,000	500,000	X	X		X		X
	Mon		500,000	500,000	X	X		X		X
	NayPyiTaw		500,000	150,000	X	X		X		X
	Sittwe		500,000	250,000	X	X		X		X
	Monywa		500,000	500,000	X	X		X		X
	Kyaing Tong		500,000	365,000	X	X		X		X
	Lashio		500,000	500,000	X	X		X		X
	Taunggyi		500,000	225,000	X	X		X		X
	Dawei		500,000	425,000	X	X		X		X
Not mentioned	500,000	255,000	X	X		X		X		
		Total	6,565,000	6,565,000						
		Grand Total (MMK)	36,778,960	36,778,960						
		Grand Total (USD)	32,877	32,877						

Table 15: Discrepancies in liquidations – HSS programme

S. No	Activity Description as per Technical Report	Period	Name of township/ state/region	Expenditure Amount (MMK)	Inadequate Expenditure (MMK)
19	Incentive paid to Accountant	Feb to Dec 16	Bilin	1,232,000	1,232,000
20	Incentive paid to Accountant	Feb to Dec 16	Hmawbe	1,232,000	1,232,000
21	Incentive paid to Accountant	Feb to Dec 16	Kyauktan	1,232,000	1,232,000
22	Incentive paid to Accountant	Feb to Dec 16	Taikkyi	1,232,000	1,232,000
23	Incentive paid to Accountant	Feb to Dec 16	Twantay	1,232,000	1,232,000
24	Incentive paid to Accountant	Feb to Dec 16	Kyaiktiyo	1,232,000	1,232,000
25	Incentive paid to Accountant	Feb to Dec 16	Nyaung U	1,232,000	1,232,000
26	Incentive paid to Accountant	Feb to Dec 16	Pyinoolwin	1,232,000	1,232,000
27	Incentive paid to Accountant	Feb to Dec 16	Thaton	1,232,000	1,232,000
	Total Amount (MMK)			283,263,270	11,088,000
	Total Amount (USD)			253,214	9,912

Annex 5 – Delays in submission of liquidations from Township Offices to Central

Table 16: Delays in submission – EPI programme

Name of Activity	No. of Township	Period of Activity	Period of liquidations submitted by Townships
Operation cost for TMO supervision for MRC 2015 (R-I + R-II)	330	19-Dec-14 to 28-Feb-15	16-Mar-15 to 25-Jun-15
Support to Launching Ceremony of Measles Rubella Campaign 2015 at Central and States and Regional level	State / Region	Jan-15	16-Mar-15 to 25-Jun-15
Annual EPI Evaluation Workshop (2014) at Central and State and Regional Level	State / Region	05-Mar-15 to 13-Mar-15	17-Jun-16
Vaccine Transportation cost from Sub-depots to Townships (207) in Yangon, Bago, Sagain, Tanintharyi, Magway, Ayeyarwaddy and Nay Pyi Taw Region	207	Jul to Dec 2015	24-Mar-16
Training of Basic Health Workers at 123 townships	123	26-Oct-15 to 2-Nov-15	23-Dec-15 to 25-Feb-16
Operation cost for conducting State and Regional Level Advocacy meeting, Township level Advocacy meeting at 123 Townships from nine states and Training at all States and Regions (PCV Introduction)	123	30-Apr-16 to 04-Jul-16	22-Aug-16 to 28-Sep-16

Table 17: Delays in submission – HSS programme

Name of Activity	Township	Period of Activity	Actual date of submission of liquidations by Townships
Recurrent Transport and Per diem cost	Bilin	Mar to Jun 16	29-Aug-16
		Aug-16	27-Oct-16
		Oct-16	13-Jan-17
	Hmawbi	March	1-Oct-16
		Apr to Jun 16	1-Oct-16
		Oct to Nov 16	6-Jan-17
	Kyauktan	Mar to Nov 16	6-Feb-17
	Taikkyi	Mar-16	9-Jun-16
		Apr-16	15-Jul-16
		May-16	21-Jul-16
		Jun-16	15-Sep-16
		Jul-16	26-Sep-16
		Sep-16	16-Nov-16
Nov-16		13-Jan-17	

Name of Activity	Township	Period of Activity	Actual date of submission of liquidations by Townships
Quarterly Review and End Review Meeting	Bilin	Qtr. 1	29-Jul-16
		Qtr. 4	29-Mar-17
	Hmawbi	Qtr. 1	1-Aug-16
		Qtr. 3	1-Dec-16
	Kyauktan	Qtr. 1, 2, 3 and 4	29-Mar-17
	Twantay	Qtr. 1 and 2	9-Nov-16
		Qtr. 3 and 4	23-Mar-17
	Incentive for Accountant	Bilin	Mar to May 16
Aug to Sep 16			21-Nov-16
Oct-16			18-Jan-17
Nov to Dec 16			29-Mar-17
Hmawbei		Apr to May 16	1-Aug-16
		Aug-16	14-Oct-16
		Oct-16	27-Dec-16
Kyauktan		Mar to Dec 16	29-Mar-17
Taikkyi		Mar to Apr 16	13-Jul-17
		Oct to Dec 16	13-Feb-17

Annex 6 – Financial reports submitted before receipt of liquidations

Table 18: EPI Financial reports submitted to WHO/ UNICEF before receipt of liquidations from Townships

S. No.	Activity	Period for Liquidation received from township	Date of submission of financial report
1	Vaccine Transportation cost from Sub-depots to Townships (207) in Yangon, Bago, Sagain, Tanintharyi, Magway, Ayeyarwaddy and Nay Pyi Taw Region-RI	24-Mar-16	15-Dec-15
2	TMO supervision for introduction of inactivated Polio Vaccine	23-Dec-15 to 25-Feb-16	15-Dec-15
3	Reginal level Mid-Level Manager Training	17-Jun-16 to 11-Sep-16	15-Dec-15
4	Central Technical working group meeting for MR Campaign	16-Mar-15 to 25-Jun-15	6-May-15
5	Annual EPI Evaluation Workshop (2014) at Central and State and Regional Level	17-Jun-16	21-Oct-15
6	Advocacy meeting at Central and State and Regional Level for introduction of inactivated polio vaccine	23-Dec-15 to 25-Feb-16	15-Dec-15

Table 19: EPI Financial reports submitted to WHO/ UNICEF before receipt of liquidations from Townships

S. No	Activity	Township	Period for Liquidation received from township	Date of submission of financial report
1	Recurrent Transport and Per diem cost	Bilin	29-Aug-16 to 13-Jan-17	14-Oct-16
		Hmawbi	1-Oct-16 to 06-Jan-17	14-Oct-16
		Kyauktan	6-Feb-17	14-Oct-16
		Taikkyi	9-Jun-16 to 13-Jan-17	14-Oct-16
2	Quarterly Review and End Review Meeting	Bilin	29-Jul-16 to 29-Mar-17	7-Dec-16
		Hmawbe	1-Aug-17 to 01-Dec-17	7-Dec-16
		Kyauktan	29-Mar-17	7-Dec-16
		Twantay	9-Nov-16 to 23-Mar-17	7-Dec-16
3	Incentive for Accountant	Bilin	10-Aug-16 to 29-Mar-17	7-Dec-16
		Hmawbe	8-May-16 to 27-Dec-16	7-Dec-16
		Kyauktan	29-Mar-17	7-Dec-16
		Taikkyi	13-Jul-16 to 13-Feb-17	7-Dec-16
4	Supervision and Monitoring allowances for State/Region	Kachin	31-Aug-16 to 11-Jan-17	11-Oct-16
		Kayin	11-Aug-16 to 28-Apr-17	11-Oct-16

Annex 7: Weaknesses noted in procurement at MoHS

Table 20: Competitive procedures not followed for procurement

Activity Description as per Financial Reports	Nature of Expenditure	Amount (MMK)	Amount (USD)
Development of IEC for MR Campaign	Documentary for MR Campaign	3,000,000	2,682
	TV Drama / Radio Spots	5,000,000	4,470
	TVC	3,500,000	3,129
	Songs + MTV	15,000,000	13,409
	Poster	2,000,000	1,788
IEC Material Transportation Cost from Central to SR	Transportation Cost of IEC Material	57,798,900	51,668
IEC Transportation MRC	IEC Transportation MRC to 18 states from Yangon	5,613,500	5,018
Support MoHS with supply oral polio vaccines and technical support the introduction of IPV	Transport of Micro & Report forms & Guidelines by Road	4,883,860	4,366
	Procurement of chalk	2,986,000	2,669
	Procurement of Gentian Violet	2,113,500	1,889
	Transport of reports, Chalk, Gentian Violet etc. from Sittwe to Tsp by Boat	3,993,600	3,570
	Transport cost of Chalk and Gentian Violet (Central to Sittwe)	5,400,000	4,827
	Transport cost of Chalk and Gentian Violet (Sittwe to Township)	4,200,000	3,754
	Printing cost of Reports	2,400,000	2,145
	Printing cost of Guidelines	3,350,000	2,995
Vaccine and Injection devices transport cost	Transportation Cost for Vaccines	3,882,000	3,470
Total		125,121,360	111,848

Table 21: Delay in procurement of assets

S. No.	Description	Date of Requisition	Date of Delivery	Delay in days
Extended Programme of Immunisation (EPI)				
1	Procurement of office equipment and stationeries for EPI programme at state and regional level	19-Aug-14	1-Dec-14	104
2	Procurement of office equipment and stationeries for EPI programme at state and regional level	6-Aug-15	29-Apr-16	267
3	Procurement of office equipment and stationeries for EPI programme at central level	6-Aug-15	11-Jul-16	340

S. No.	Description	Date of Requisition	Date of Delivery	Delay in days
4	Printing of MLM Modules for EPI Programme	4-Jun-15	10-Oct-15	128
5	Raincoats	17-Aug-15	6-Jan-16	142
Health Systems Strengthening (HSS)				
1	Procurement for Car	16-Dec-15	4-Apr-17	475
2	Procurement for Motor cycles-120	23-May-17	13-Sep-17	113
3	Procurement for Motor cycles-180	16-Dec-15	Not Received	
4	Procurement for Backpacks and Jackets	29-Aug-16	7-Aug-17	343

Annex 8 – Cars distributed to the directorates of DoPH

S No.	Name	Designation	Department	Vehicle No.
1	Dr Than Win	Director General	Public Health	6N/7474
2	Dr Yin Thanda Lwin	Deputy Director General	Public Health	6N/7492
3	Dr Aye Sein	Deputy Director General	Admin & Finance	6N/7473
4	Dr Than Tun Aung	Deputy Director General	Natural Disaster	6N/7476
5	Dr Wai Mar Tun	Director	HSS	6N/7491
6	Dr Kyaw Kan Kaung	Director	Procurement and Supply	6N/7477
7	Dr Hla Myat Thway Emdra	Director	Maternal and Reproductive Health	6N/7469
8	Dr Kyi Lwin Oo	Director	Occupational Health	6N/7480
9	Dr Myint Than	Director	Children Health	6N/7482
10	Dr May Khin Than	Director	Nutrition	6N/7490
11	Dr Myint Shwe	Director	Non- Communicable Disease	6N/7470
12	Dr Thuzar Chit Tin	Director	Basic Health	6N/7483
13	Dr Thet Mu	Director	Audit	6N/7479
14	Dr Khine Kyi	Director	Finance	6N/7493
15	Dr Phyu Aye	Director	Health Learning Promotion Unit	6N/7489
16	Dr San Myint	Director	Administration	6N/7486
17	Dr C Sain Taung	Director	Planning	6N/7484
18	Dr Thanda Lwin	Director	Disease Control	6N/7475
19	Dr Tun Tin	Director	Natural Disaster and Emergency	6N/7487
20	Dr Sandar	Director	School Health	6N/7478

Annex 9 – Definitions of ratings and recommendation priorities

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 MOH, and an indication of how soon the recommendation should be implemented. The urgency and priority for addressing recommendations is rated using the following three-point scale, as follows: Critical – Essential – Desirable.

Annex 10 – Classification of expenditure

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 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 11 – Audit Procedures and Reporting

Using risk-based audit procedures, the audit shall include, an analysis of reported expenditure (in periodic financial reports), inquiry/ discussions, computation, accuracy checks, reconciliation and inspection of records/ accounting documents, interviews of individuals receiving cash disbursements, and the physical inspection of assets purchased and works performed using grant funds.

The following procedures were carried out:

- Review of the Financial Management arrangements for the programmes, focusing on the control procedures e.g. appropriation and approval, segregation of duties, roles and responsibilities, reconciliation, verification of delivery of goods and services, invoice verification, retirement of advances controls and imprest;
- Review of the arrangements for managing the bank accounts, including tracing withdrawals and transfers from the programme and designated accounts to determine that they are for eligible expenditures for the programmes;
- Verification, on a sample basis, of procurement undertaken to ensure that the applicable policies and procedures are strictly adhered to and that transparency and value for money is maintained;
- Review of the mechanism for channeling cash advances from the MoHS to the various budget management centres at the various levels (regional and district) to ensure that there are adequate internal controls in place to timely liquidated such advances;
- Undertaking field visits to regions and districts to review flow of funds and to determine whether principal activities took place according to the work plan/ schedule of cash advances;
- Visit to the central, regional and district stores to ensure that stock management procedures are being well implemented;
- Physical verifications, on a sample basis, to check the actual delivery of goods, works and services purchased as per the source documents;
- Review of expenditure and identifying expenditures which are not eligible for funding from Gavi programme funds.

Reporting

At the end of the audit, key findings were discussed with the senior management team at Ministry of Health and Sports on 22 September 2017 and a presentation which contained a summary of these findings was shared with the Ministry of Health and Sports and other partners.

Annex 12 - Management Responses and Action Plan

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
1. Budgeting and Financial Management			
Recommendation 1 (Critical): <i>Weak budget and financial monitoring</i>			
Report the actual expenditure incurred on the activities, whether it is over or under the approved budget.	Agreed	1 April 2018	cEPI with support from Budget Focal persons in UNICEF and WHO
Ensure that reporting is done in accordance to the Gavi defined budget categories so as to facilitate the partners' corresponding reporting to Gavi using the same format.	Agreed. Gavi to provide detail information for Gavi recommended reporting and provide references.	After adequate guidance from Gavi, it will be applied.	cEPI with support from Budget Focal persons in UNICEF and WHO
Ensure that regular reconciliations with WHO/ UNICEF are performed to validate the balance of Gavi funds received, disbursed, spent and any outstanding commitments;	Agreed	31 December 2018 (The reconciliation exercise for JE Ops and VIG Grant will be performed in January 2018)	Budget Focal persons from UNICEF and WHO in consultation with CEPI Program Manager and Assistant Director Responsible for Financial Management and DoPH Finance Department

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
Develop policies and procedures for budget monitoring of all funds it manages, including the regular review by a senior member of the respective programme team.	Agreed. CEPI already issued simplified financial management guidelines which have been disseminated to State/Region and Townships in preparations for managing large amount of funds for the nationwide Japanese Encephalitis (JE) campaign.	1 June 2018	CEPI Programme will facilitate the finance department to develop policies and procedures for budget monitoring. Establish the monitoring system.
Recommendation 2 (Critical) : <i>Inadequate bank and cash management</i>			
Comply with internal policies and procedures at all levels and ensure that only petty transactions are paid in cash. All disbursements and payments of significant value should be disbursed via electronic transfer or cheque.	Agreed. The systems are emerging and the banking sector is developing and evolving, this will take time as will required corrective action. Description of policy should be in condition but not only in amount of cash. It will be considered by executive committee of Department of Public Health.	At least 18 months (30 June 2019)	CEPI with support from Budget Focal persons in UNICEF and WHO
Include in its existing policies limits for the maximum allowable level of cash disbursements to Townships as well as the maximum allowable	Agreed. This will become part of the new revised guidance policy which will be issued especially in the	31 December 2018	CEPI in coordination with Budget Unit in DOPH and MOHS

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
amounts for cash withdrawals at the central and township levels depending on the workplan and nature of activities.	preparations for implementing HSS2 project. It should be balanced on workplan and condition but not only in amount of cash.		
Explore using the available banking options. In case of HEF activity of HSS programme, an OA account is maintained for receiving funds from Central Unit. This could be used for all the funds disbursed at township level. A separate dedicated bank account could also be maintained at Central level for the Gavi funded activities to limit the cash withdrawals.	Agreed. It is agreed to open a separate dedicated bank account for Gavi supported funds (OA account/ separate budget line in MD) and to create a separate drawing officer at cEPI. Ministry of Planning and Finance suggested that it can be decided within MoHS. It may take time for this to become fully operational.	31 December 2018	CEPI Program in coordination with Finance Section and MoHS and MoPF.
Recommendation 3 (Critical): <i>Incomplete manual books of accounts</i>			
Develop proper guidelines and procedures at the Central and Township level to ensure adequate financial management of Gavi funded activities;	Agreed. This is one of the key priorities and initial attempt have been made to start with the management of funds for nationwide JE campaign, where simplified financial management guideline and revised tools have been developed	30 June 2018	CEPI with support from Budget Focal persons in UNICEF and WHO and in collaboration with Budget/Finance units in DOPH & MOHS.

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
	and disseminated to State/Region and Townships. The lessons learned from this initial attempt will be used for further improvement as the country prepares for implementation of HSS2 project.		
Ensure that the respective central financial units maintain donor specific ledgers. Equally, the relevant State/ Regional and Township Offices should ensure that proper accounts and records are maintained both at their respective level;	Agreed. This is one of the key priorities and an important step to ensure transparency and accountability in managing and monitoring financial resources effectively. An attempt has been made to start with JE campaign funds to ensure proper accounts and records are maintained at all levels.	31 September 2018	CEPI Programme in coordination with Finance/Budget Unit in DOPH and MOHS
Consider automating its books of accounts by introducing a suitable accounting system, in order to produce grant-specific reports and increasing the accuracy of its primary records; and	Agreed. This will make it easier to effectively manage and monitor funding flows and transactions. However, as this will require to align to Government policies and procedures more time will be needed to ensure effective consultations within the Ministry as well as other Government institution	At least 6-9 months 31 September 2018	CEPI Programme in coordination with Finance/Budget Units in DOPH and MOHS and in consultation with the OAG and MoPF.

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
	such as Office of Auditor General (OAG) and Ministry of Planning and Finance (MoPF).		
Provide regular financial training, mentoring and supervision as part of the supervision visits to Township Offices by the Central as well as Regional Offices. These visits should consistently include a fiduciary component, and could be jointly undertaken by a combination of the MOH, UNICEF or WHO.	Agreed. The Government is committed to ensure that there is increased capacity of all staff responsible for financial management at all levels. The Financial management training has been conducted in Central and State/Region for JE Campaign supported activities.	Quarterly starting from Quarter 3 in 2018 (by 30 June 2018).	CEPI Programme and Finance/Budget unit in DOPH/MOHS. UNICEF and WHO Programme and Finance Staff (including those responsible for assurance activities).
Recommendation 4 (Essential): Effectiveness of external and internal audit			
Promptly share the necessary annual audit ToRs and timelines with the auditors to ensure that in future, all audits are executed and a resultant report finalised and submitted to Gavi within six months after the end of the financial year; and	Agreed. cEPI will prepare draft TORs and require Gavi's guidance. The report can be submitted within 1 year after the end of fiscal year. For the year 2016, audit report for HSS program was received on 20 December 2017 and sent translated report to Gavi on 2 January 2018.	Within one year (1 January 2018 to 31 December 2018)	cEPI Programme to get prior concurrence from MoHS and OAG

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
Operationalise, adequately resource and activate its internal audit department, so that the department can promptly plan and initiate suitable audits of its major programmes, including Gavi-provided funds	<p>Agreed. cEPI will inform MoHS for activating its internal audit department as one of the Gavi Grant Management Requirement.</p> <p>TOR of Monitoring and Evaluation of HSS2 will be shared with internal audit and LMC support of Gavi.</p>	<p>Within one year (1 January 2018 to 31 December 2018)</p>	MoHS
Recommendation 5 (Essential): Lack of segregation of duties for programme and financial management			
Review the roles, both of the Programme Manager at Central level as well as the TMOs, to ensure that there is adequate segregation of duties, which ensures that no single individual or team has excessive control or autonomy over primary budgetary, fiduciary or cash transactions. The Financial Rules and Regulations, 1986 should also be updated to address segregation of duties.	Agreed, this will be given due consideration and to be clearly stated in the guidance note as well as during training, orientation and coaching. The financial rules and regulations (1986) was updated and published in 2017.	30 July 2018	cEPI Programme in consultation with Finance/Budget Units in DOPH and MOHS.
Include an independent approval or review of specific activities by a senior official, in cases	Agreed. This will be considered in case no additional human resources		

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
where the segregation of duties may be constrained due to limited Human Resources.	<p>are mobilised within a short period of time.</p> <p>In collaboration with other agencies (UNICEF, WHO), ICC ensures that cEPI developed harmonised work plans in line with National Health Plan. Under the guidance of ICC chairman, the members review the agenda of EPI activities, provide guidance on the areas where the programme needs attention and approve the Gavi supported activities. ICC board ensure that the monitoring and evaluation are taking place in the supported activities.</p>		
2.Expenditure and disbursements			
Recommendation 6 (Critical): Delays in disbursement of funds			
Develop a single proposal template for HSS activities on annual basis. For campaigns and VIGs, including groups of activities with sequential steps, the funds associated should be combined	Agreed. It should also be agreed by UNICEF and WHO for proposal on annual basic with quarterly workplan so that the disbursement could be made according to quarterly work plan.	30 March 2018	cEPI Programme in consultation with Finance/Budget Units in DOPH and MOHS. Also in close coordination with responsible programme and

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
into a single transfer so as to enable a more efficient disbursement process.			budget/finance staff in UNICEF and WHO.
Consider approving both the programme unit's proposal and as well as disbursement requests at the same time, so as to do away with the need for a second approval reiteration.	Agreed, cEPI will make this proposal to MOHS and request for special consideration.	30 March 2018	cEPI will facilitate to get concurrence from MoHS
Explore options for the Department of Finance and Administration to transfer funds directly to the programme unit, based on a request from the respective Programme Manager, in accordance to a single approval by both the DoPH and MoHS ECs, instead of second round of submissions to both ECs	Agreed. This will require internal consultations and agreements with MOHS and DoPH including requesting for a special consideration to shorten some of the internal process. Role of programme management team will be established.	30 March 2018	cEPI will facilitate to get concurrence from MoHS
Consider developing proper guidelines to minimise the number of required steps in the approval process, by establishing a matrix of responsibility which defines suitable thresholds, so that the approval of more moderate fund requests could be delegated to a lower level of authority, and alleviate the need to convene the entire EC for each such funding request.	Agreed. This will be important and more consultative discussions will be held within DOPH and MOHS. Role of programme management team will be established.	30 March 2018	cEPI Unit in consultation with Finance/Budget Units in DOPH and MOHS. Also the decision will be made by Senior MOHS Management (EC)

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
Recommendation 7 (Critical): Inadequately supporting documentation relating to deferred reimbursements			
Ensure that funds are transferred on time to the Townships' so that the recipients and basic health staff are paid at the time corresponding activities are implemented; and	<p>Agreed. Despite the existing challenges, efforts are being made to ensure that transfers are made early in advance.</p> <p>WHO country office is communicated to disburse 100% full funds as the Gavi fund is Voluntary Contribution.</p> <p>Some actions are related to fulfillment in the previous section.</p>	30 June 2018	cEPI Unit in consultation with Finance/Budget Units in DOPH and MOHS. Also in close coordination with responsible programme and budget/finance staff in UNICEF and WHO.
Ensure that all of the basic health staff (including the TMOs) who handle or ultimately receive cash, provide their designation, details (including ID number), the date they were paid and their signature, as a record of receipt of their entitlements. This record should be placed on file and retained as part of the liquidation supporting documentation.	<p>Agreed, the new simplified financial management guidelines disseminated to State/Regions and Townships clearly mentions that key documents required to be attached to all relevant payments made.</p> <p>There can be conditions defined to fulfill the requirement.</p>	30 March 2018	cEPI in consultation with Finance/Budget Units in DOPH and MOHS. Also in close coordination with responsible programme and budget/finance staff in UNICEF and WHO.

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
Recommendation 8 (Critical): Gaps in liquidations and supporting documents			
Mandate that all programme expenditure is properly supported with suitable complete and original supporting documentation.	Agreed, the financial management guidelines will cover this requirement and the training will be conducted.	30 August 2018	cEPI in consultation with Finance/Budget Units in DOPH and MOHS.
Ensure that accurate books of account and records are maintained, and that these primary records are cross-referenced to the supporting documentation. Vouchers should also be sequentially numbered to ensure that the documentation is complete.	Agreed, the financial management guidelines will cover this requirement and the training will be conducted.	30 August 2018	cEPI in consultation with Finance/Budget Units in DOPH and MOHS.
Require that the Central level programme units consistently review and substantiate the liquidation documentation submitted by the Townships, and put in place a suitable process to validate and ensure that the financial information including in the reports submitted to the UN partners is supported by credible liquidations, and never based on any expenditure projections.	Agreed, this will be made possible through hiring additional human resources to support thorough review of all documents. In addition, the existing staff will be properly oriented on the required and expected processes and procedures in the verification of documents submitted by lower levels.	31 December 2018	cEPI Unit in consultation with Finance/Budget Units in DOPH and MOHS. Technical support would be required from responsible staff in UNICEF and WHO.

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
Updated and define in its existing guidelines requirements on supporting documents, the specific deadlines for when the Townships should submit their liquidations, and what is the maximum time that the Central units should take to correspondingly review and validate these submissions.	Agreed, this will be included in the revised guidelines and also for each transfer made the guidance will be issued indicating the specific deadlines.	30 August 2018	EPI Programme in consultation with Finance/Budget Units in DOPH and MOHS. Technical support would be required from responsible staff in UNICEF and WHO.
3.Procurement and Asset Management			
Recommendation 9 (Critical): No competitive procedure followed for selection of supplier			
In future, the MoHS (and the programmes associated) should comply with the national procurement guidelines so that all goods, works and services are procured in a transparent and competitive manner.	Agreed with the recommendation and EPI will comply with the procedures defined in the national procurement guidelines	30 June 2018	CEPI in consultation with Procurement and Supply Unit in DOPH
Recommendation 10 (Essential): Delay in procurement of assets			
Develop suitable systems to regularly monitor their planned procurements. This could include for example, a tracking sheet to actively monitor	Agreed, and for future procurement one UN partner who does most of the procurements has been recommended.	30 June 2018	CEPI in consultation with Procurement and Supply Unit in DOPH.

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
the planned procurement activity against what has been undertaken and fulfilled; and			
Increase the effectiveness and frequency of communications between the MoHS and the UN partners, so as to significantly reduce the overall time taken to approve the requisitions of procurements.	Agreed. For procurement, which are mostly done through UNICEF, usually communication between UNICEF and Government is on regular basis.	30 August 2018	CEPI in consultation with Procurement and Supply Unit in DOPH.
Recommendation 11 (Essential): Vehicle asset allocation			
The MoHS should identify the regions and townships where the need for these vehicles to directly support immunisation programme-based activities is greatest, and all 20 of the Toyotas should be re-allocated accordingly.	Previously proposal (in December 2015) was to support 17 for Regional/State Level and 3 for Central Level, not for Township Level. At the time of receiving funds (in April 2017), according to current situation of vehicle at Regions & States which had been supported by disease control programme (3Disease fund), Executive committee meeting of DoPH decided to support central level public health programmes and this was sent to Minister's office to receive approval. After receiving approval,	Pending	HSS/DoPH will communicate to WHO country office and Gavi with that justification on need of MoHS.

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
	<p>distributions of 20 cars are done accordingly.</p> <p>The vehicles, motorcycle, which are directly related to the immunisation programme based activities at the township level, had been distributed to the Gavi funded townships. Year 3 expanded 60 townships will distribute motorbikes after finishing of asset registration process.</p> <p>We will communicate through MoHS to WHO country office and Gavi on 20 cars distribution with justification. Time line will be on 30 June 2018.</p>		
<p>All delegated drivers using each vehicle should maintain a log book of the vehicles' movements, and this log book should be regularly reviewed for completeness and accuracy by the administration</p>	<p>Agreed. 20 cars had been done vehicle asset registration and so it should be followed according to government rules and regulation of vehicle's utilisation. Having a log book of vehicle's movement is a good practice and should follow and will inform to responsible</p>	<p>30 June 2018</p>	<p>Respective programme and vehicle unit under administrative section</p>

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
	programme and vehicle unit under administration section.		
Recommendation 12 (Essential): Inadequate management of programme assets			
Develop procedures for asset management – including areas such as the identification and maintenance of assets, recording, regular physical asset verification exercises;	Agreed, a system will be developed for asset management under the guidance and consultation with Senior MOHS management.	30 June 2018	cEPI Program in consultation with Procurement and Supply Unit in DOPH.
Ensure that the townships and regions regularly maintain and update their fixed asset registers to ensure that programme assets are tracked, managed and used for their designated purpose; and	Agreed, after developing a system at central level, State/Region and Township will be oriented on how to effectively use the system for management of assets.	30 August 2018	cEPI Program Manager/CEPI in consultation with Procurement and Supply Unit in DOPH.
Follow up on its request to establish suitable insurance of its major assets, both to safeguard them, as well as to comply with the contractual requirements agreed with Gavi.	Agreed. This may take time as the insurance sector in Myanmar is still emerging and therefore, this will require wider consultation beyond MOHS. However, cEPI will continue follow up with the request to MOHS to support establish of insurance for major assets.	Discussion started, updates will be provided	cEPI in consultation with Procurement and Supply, Finance and Admin in DOPH.

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
4.Vaccine Supply Management			
Recommendation 13 (Essential): Gaps in vaccine stock management			
Require , at all levels of the cold chain, that the vaccine and stock management guidelines are duly followed, and that accurate and complete vaccine records are maintained;	Agreed. This is part of the effective vaccine management (EVM) improvement plan. Currently Standard Operating Procedures (SOPs) are being finalised and all these important elements are already adequately addressed.	31 March 2018	cEPI
Follow up and ensure that vaccine stock count exercises are regularly undertaken at all levels. These counts should be comprehensive, including a verification of records both by vaccine, as well as by batch number. A stock count report should be prepared, approved by an independent officer, and be put on file for record.	Agreed. This is part of immunisation supply chain (is) strengthening which includes data generation and use related to stock management.	Ongoing starting from first quarter of 2018.	cEPI
5.Civil works procurement and contract management			

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
Recommendation 14 (Critical): Incorrect reporting of exchange gain on conversion			
All unutilised programme funds, including realised exchange gains on conversion should be refunded to Gavi.	The gain on exchange conversion are kept in the dedicated bank account for Gavi fund and utilised for payment to contractors when Gavi delayed transfer of 2 nd tranche USD 341,271 for one year from August 2015 to July 2016. Third and last tranche USD 113,873 is still not yet transferred by Gavi. Although Gavi delayed fund transfer, MRCS cannot delay payment to contractors and therefore utilised the exchange gains for payment to contractors.		
Recommendation 15 (Critical): Weaknesses in MRCS' procurement process and MoHS' contract management			
For future grants, the MoHS should fulfill its responsibility by putting in place suitable, technically qualified oversight (e.g. a civil engineer) to ensure that all works completed are of suitable quality and standard.	Agreed		

Recommendation	Management Comments (Agreement/Disagreement)	Definitive Date for implementing recommendation	Responsible Person/unit for implementing recommendation
<p>As construction is complete, as required, the MoHS should now execute an independent technical audit of the sites, as committed to when it signed the “Grant agreement.” This audit should assess the civil works performed, identify all defects or any respective gaps in the project. Thereafter, the MoHS should discuss with the MRCS on how any such defects can be rectified accordingly.</p>	<p>MRCS will rectify the defects and shortcomings in the constructions mentioned in the report.</p>	<p>31 March 2018</p>	<p>Admin Department of MRCS</p>
<p>Recommendation 16 (Critical): Non-submission of financial and audit reports</p>			
<p>MRCS should promptly submit its outstanding financial reports and audit reports to MoHS and Gavi as required.</p>	<p>MRCS will submit all outstanding financial reports and audit reports to MoHS and Gavi.</p>	<p>Financial reports (31 January 2018)</p> <p>Audit Reports (as soon as audit report is received from auditors)</p>	<p>Finance Department of MRCS</p>

