

Memorandum on Gavi's programme audit in the Republic of Niger

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

The audit was conducted by Gavi's programme audit team between July and October 2019. It reviewed the period from 1 January 2015 to 31 December 2018. The audit scope covered the MoPH's management of Gavi grants, the Expanded Programme on Immunisation, and vaccine supply management processes. The final audit report was issued to the MoPH on 13 March 2020.

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

1. There is an overall rating of Partially Satisfactory (page 3), which means that "internal controls and risk management practices were generally established and functioning but needed improvement. One or more high-risk areas were identified that may impact on the achievement of the entity's objectives."
2. Twenty-one weaknesses were identified relating to weaknesses in governance, oversight and operations, and non-compliance with Partnership Framework Agreement requirements.
3. Key findings were that (Executive Summary, pages 4-5):
 - a. The delayed finalisation of annual work plans which impacted on the timely execution of the activities;
 - b. There were weaknesses in oversight mechanisms, due to the understaffing of the national internal audit unit, and Gavi 2017's Grant Management Requirements, which aimed at strengthening the Public Health Services' Inspectorate General, not being implemented;
 - c. Incomplete or inaccurate fixed assets registers, and the lack of maintenance scheduling plans, across all levels of the vaccine supply chain;
 - d. There were weaknesses in the justification and oversight of programme advances, infrequent bank and cash reconciliations, and the excessive use of petty cash;
 - e. Checks of supplier invoices were not formally documented and some invoices were non-compliant with the national tax code;
 - f. There was failure to identify data errors and lapses in the maintenance of vaccine stock records and immunisation data across the supply chain and health system;
 - g. The management of vaccines for several stores, including the national store, was non-compliant with the earliest-expiry-first-out principle;
 - h. The identification of questioned expenditures and procurements totalling US\$ 1,150, which were either inadequately justified or unsupported.

The results of the programme audit findings and the resultant recommendations have been discussed and agreed with the MoPH. In a letter dated 22 May 2020, the MoPH committed to remediate the identified weaknesses. The Gavi Secretariat waived the reimbursement of the questioned expenditures and procurements as not being material.

The Gavi Secretariat continues to work with the MoPH to ensure the above commitments are implemented.

Geneva, 9 November 2020

REPUBLIC OF NIGER

Gavi Secretariat, Geneva, Switzerland

(hereinafter Gavi)

Final audit report – 13 March 2020

1. Executive Summary

1.1. Audit ratings by category and finding

Section*	Finding	Risk*	Page
4.1	Governance and performance management		10
4.1.1	Insufficient coordination between the Pooled Fund's technical and financial partners	■	10
4.1.2	Ineffective preparation and approval of annual work plans	■	12
4.1.3	The internal control framework was insufficient, including incompatible verification roles	■	13
4.1.4	Internal audit framework lapses	■	14
4.1.5	Weaknesses in the operating framework of the office of the Inspector General of (Public Health) Services	■	15
4.2	Accounting and financial management		16
4.2.1	Insufficient guidance relating to unjustified or questionable expenditures	■	16
4.2.2	Insufficient monitoring of programmatic advances	■	17
4.2.3	No prioritisation for how audit recommendations are implemented	■	19
4.2.4	No audit trail of the computation of the grant balance to pay into the dedicated Gavi bank account opened in 2017	■	20
4.2.5	Delays in completing bank and cash reconciliations	■	21
4.2.6	Insufficient guidance and excessive use of petty cash	■	22
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4.2.8	Insufficient data backup procedures for Dosso DRSP	■	24
4.3	Fixed assets management		25
4.3.1	Inadequate fixed asset management	■	25
4.3.2	Insufficient cold chain equipment management framework	■	27

Section*	Finding	Risk*	Page
4.4	Procurement		28
4.4.1	No approval audit trail for supplier invoices	■	28
4.4.2	Supplier invoices non-compliant with the national tax code	■	29
4.4.3	Incoherent referencing between purchases and their respective accounting transactions	■	30
4.5	Vaccine supply management		31
4.5.1	Unreliable vaccine stock records	■	31
4.5.2	Inaccurate immunisation data	■	33
4.5.3	Shortcomings in supervision management and follow up of remedial actions	■	34

1.2. Overall audit opinion

For the period under review, the audit team assessed that the management of Gavi's support by Niger's Ministry of Health was overall **partially satisfactory**, 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 audited entity.

In order to mitigate the risks associated to the above-cited findings, the audit team made **21** recommendations, of which **10 (48%)** were rated as essential, requiring implementation of a remedial action plan (as outlined in annex 9 to this report).

The tests undertaken during the audit resulted in questioning **CFA 672,620 francs (USD 1,150)** of programmatic expenditures as described in section 1.4 and Annex 4 of this report.

Additionally, the external audits for financial years 2017 and 2018 questioned a further **CFA 19,165,355 francs (USD 34,113)** of expenditures of Gavi funding (see Annex 5).

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

1.3. Detailed summary

Findings relating to various financial and vaccine supply management are summarised below:

Governance and performance management

The management of Gavi's grants relies on a collection of frameworks and processes encompassing both the financial and programmatic aspects of the public health system.

The coordination of the technical and financial partners via the Inter-agency Coordination Committee (ICC) is an integral component of governance. Several of the *Grant Management Requirements (GMR)*, stipulated by Gavi in November 2017 aimed at clarifying management responsibilities and strengthening their effectiveness. However, these had not been addressed or were only recently implemented, such that the audit was unable to validate their effectiveness. Among these GMRs were key requirements relating to the ICC's technical coordination role, and its involvement in determining *Annual Work Plans (AWPs)*.

The process by which AWPs were determined is decisive in the effective implementation and achievement of programmatic objectives. However, inefficiencies in elaborating and finalising AWPs, detracted from the subsequent timely execution of the activities.

The framework and management of grant funds was based upon the widely available *Administrative, financial and accounting procedures manual (Procedures manual)*, as established by the Pooled Fund Support Unit with respect to the implementation of the Pooled Fund Health Development Plan (Pooled Fund-HDP). The manual set out a clear basis for a robust control environment.

Nevertheless, several weaknesses identified by Gavi's audit team need to be addressed to avoid undermining the environment's effectiveness. The internal control framework needs to be strengthened by clarifying roles and responsibilities and ensure that verification checks are properly segregated.

The internal audit unit needs to be adequately staffed to ensure it can execute all of assigned missions. Moreover, as anticipated in the GMRs, to complement oversight arrangements, the Inspector General of (Public Health) Services must be bolstered so as to ensure it follows through implementing its workplan.

Since the Department of Immunisation (DI) was recently reviewed by phase one of an organisational and functional audit, financed by Gavi, the Gavi programme audit team ensured that there was no overlap with the latter's conclusions and findings. As a result, the team primarily focused on reviewing the DIs administrative and vaccine management practices (see section *Vaccine Management*).

Accounting and financial management

The findings from the programme audit broadly corroborated with the annual external audits, indicating that most of the Gavi grant expenditures were properly justified and in line with the planned activities.

While the overall effectiveness of the detective controls were not at fault, some expenditures were questioned upon completing these audits. Additionally, the *"Procedures Manual"* did not provide guidance for how to manage and address any questioned expenditures.

Furthermore, Gavi's audit identified oversight weaknesses in the justification of programme advance. As a result, over the last two years, the outstanding advance balance had significantly increased from USD 706,000 on 31 December 2018, to USD 5.9 million as of 30 June 2019, based on all of the Pooled Fund HDP donor monies.

These weaknesses, which were also the subject of prior recommendations, were not adequately prioritised and illustrated the lack of importance placed by Management in addressing audit recommendations.

The audit team noted that the treasury management processes functioned, including tracking fund flows via various bank accounts and the corresponding disbursements to implement programmes. Nevertheless, the calculation of the bank balances earmarked as Gavi's funds and the corresponding journals were not documented or on file. Bank and cash reconciliations should also have been done more regularly.

Moreover, measures need to be taken to limit the use of petty cash, which remained the defacto payment process, despite the GMRs highlighting its excessive use. Finally, controls governing participants' workshop attendance and their associated perdiems should be strengthened.

Fixed asset management

A review of fixed asset management highlighted several lapses in the accuracy and detail provided on equipment items, with respect to their existence, status, and maintenance records.

The Pooled Fund-HDP does not have consolidated fixed asset register, including cold chain equipment assigned to the DI. Moreover, the DI was not able to provide a reliable register of such assets across the country. The audit team's review identified inconsistencies between asset listings and the equipment physically identified on site. Furthermore, except for the delivery trucks allocated to the national vaccine store, there were no records of maintenance retained for any of the remaining cold chain equipment and vehicles.

The management of fixed assets purchased with Gavi funds did not comply with the MoPH's contractual agreements and commitment. The lack of proper records also hampered oversight over scheduling repairs and replacements, both by the DI as well as the Technical and Financial Partners of the Pooled Fund.

Procurement

Procurement procedures were documented and were largely complied with, in accordance with the Procedures Manual and GMRs.

However, some improvements were identified. Checks of supplier invoices were not formally documented and some invoices were non-compliant with the national tax code. Furthermore, cross-referencing between purchases and their respective accounting transactions needs to be strengthened, to improve the audit trail.

Vaccine supply management

The DI is responsible for vaccine supply management and vaccination programmes. At each level of the supply chain, Gavi's audit team evaluated three interdependent elements:

- the reliability of vaccine stock records and immunisation data;
- the effectiveness of supervision and monitoring; and
- the implementation status for the Effective Vaccine Management (EVM) recommendations. (The EVM evaluation was undertaken in June-July 2014 and a subsequent self-assessment was done in February 2019, as well as relevant GMRs).

Over the audit period, the completeness of vaccine stock records and immunisation data improved. However, the accuracy and reliability of the data provided by various health structures remains a concern and was inconsistent. Failing to identify such data errors and lapses, prevents suitable mitigation measures from being undertaken, both with regards to the data captured as well as the reporting processes.

Several errors highlighted concerns with the capability of some of the vaccine stores' staff, including the national store, given their inability to manage stocks according to the earliest-expiry-first-out principle. Other stock record entries suggested the loss or wastage of vaccine doses, which were not investigated or explained.

The poor quality of immunisation data remains an issue, in connection with the lack of supervision as well as inadequate controls over the recording of data from various sub-national sites.

The overall management of supervision visits needs to be strengthened both in terms of the number of visits made, as well as establishing a robust analysis of the data generated from the various subnational structures.

To further strengthen effective vaccine management, the DI needs to monitor and follow up remedial actions arising from the various reviews, evaluations, and supervisions.

Since the audit team completed its work, the DI corrected various erroneous data entries and inconsistencies from the national vaccine store, including sharing with Gavi the amended vaccine stock records for 2016, 2017 and 2018, but not yet 2015.

1.4. Financial impact of the audit findings

Table 1 – Summary of questioned expenditures, by grant in USD:

Grant	Implementing partner	Expenditures tested (FCFA)	Expenditures questioned (FCFA)	Expenditures questioned (USD)	Proportion of expenditures questioned
Men A	MoPH	58,249,264	672,620	1,150	1.15%
HSS 2	MoPH	2,498,713,031	0	0	0.00%
Switch	MoPH	42,397,943	0	0	0.00%
TOTAL		2,599,360,238	672,620	1,150	0.03%

The above table includes the results from reviewing Gavi-funded procurements.

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

Category of audit finding	Expenditures questioned (FCFA)	Expenditures questioned (USD)	Detailed findings (report section)
Inadequately justified expenditures	637,477	1,090	Annexe'4
Unsupported expenditures	35,143	60	Annexe'4
Irregular expenditures	0	0	
Ineligible expenditures	0	0	
TOTAL	672,620	1,150	

Table 3 – Summary of funds disbursed to MoPH entities and remaining balances by grant as at 31 Dec 2018:

Grant	Implementing partner	Gavi grants (FCFA)	Gavi grants (USD)	Fund balance (FCFA)	Fund balance (USD)
ISS	MoPH	212,242,483	357,907	101,482,126	181,874
Rota	MoPH	379,413,411	639,809	29,537,123	52,936
HSS 1	MoPH	1,573,294,984	2,653,067	-	-
HPV	MoPH	117,190,035	197,619	75,059	135
Pneumo	MoPH	381,491,490	643,314	10,473,745	18,771
IPV	MoPH	457,167,446	770,927	257,011,698	460,611
HSS 2	MoPH	13,341,091,429	22,594,492	735,531,667	1,318,207
Men A	MoPH	411,882,890	704,567	88,308,481	158,265
Switch	MoPH	126,263,680	226,287	10,359,976	18,567
TOTAL		17,000,037,848	28,787,989	1,232,779,875	2,209,366