

# Memorandum on Uganda Programme Audit report

The attached Gavi Audit report sets out the conclusions on the programme audit of Gavi's support to Uganda's National Expanded Programme of Immunisation (UNEPI). The audit covered the Uganda Ministry of Health's (MoH) management of Immunisation Services Support, Health Systems Strengthening and three Vaccine Introduction Grants (for PCV, HPV and IPV vaccines) during the period from 1 January 2013 to 30 June 2016.

The report Executive Summary (pages 3 to 5) sets out the key conclusions (the details of which are set out in the body of the report):

1. There is an overall rating of Unsatisfactory (page 3) which means that "internal controls 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."
2. Altogether, 18 issues were identified relating to: oversight; vaccine supply management; budgeting and financial management; disbursements and expenditure; and fixed assets management. These issues were largely due to non-compliance with the Government of Uganda's own guidelines as well as Gavi's Partnership Framework Agreement.
3. The key findings were:
  - a) Weaknesses in oversight mechanisms: at least four oversight functions were in place to oversee the implementation of Gavi funded activities. Each of these functioned as separate units without proper coordination, complementarity or collaboration between them.
  - b) Vaccine Supply Management: There was non-compliance with the UNEPI "Immunisation in Practice" operational manual's processes and procedures on vaccine stock management. As a consequence, vaccine management records were incomplete, temperature was not systematically recorded and physical stock counts were not conducted.
  - c) Financial controls were ineffective, resulting in advances being justified late or being overlooked, budgetary analysis was not conducted, the districts did not submit proper or complete financial reporting to the MoH, and ultimately the level of fund absorption was insufficient.
  - d) Fixed assets management: vehicle/motorbike activity log books were not maintained at both the national level and across all 13 districts visited during the audit. It was therefore not possible to establish whether: i) Gavi-funded vehicles were primarily used for immunisation activities; or ii) whether value for money was obtained on fuel expenditures.
  - e) The audit questioned expenditure of US\$ 173,705 relating to unaccounted for advances for FY 2013 and FY 2014, ineligible expenditure and inadequately supported expenditure. In addition, the MoH was requested to;
    - Provide evidence for the accounting of fiscal year 2015 advances amounting to US\$ 224,766
    - Refund Value Added Tax payments made using grant funds of US\$ 52,964;

- Carry out an independent review to give assurance on HPV funds of US\$ 1,186,453 which was commingled with Measles campaign funded by other partners.
4. The results of the programme audit were discussed and agreed with the Uganda Minister of Health. There was regular interaction between the MOH and Gavi over the period June 2017 to April 2018, which culminated with the Minister agreeing to remediate the identified issues. MoH also committed to reimburse the following amounts:
    - a) US\$ 173,705 relating to questioned costs;
    - b) US\$ 3,243 of FY2015 unaccounted advances. Accountabilities were provided for US\$ 221,523 out of US\$ 224,766 outstanding advances;
    - c) US\$ 52,964 of Value Added Tax payments;
    - d) US\$ 20,504 following the additional review of the commingled HPV funds.
  5. Gavi is currently following up on the reimbursement which is in progress and is also discussing the results of the additional review on HPV funding which was carried out by MOH.

Geneva, July 2018

# UGANDA

GAVI Secretariat, Geneva, Switzerland

**Final Audit Report – 21 April 2017**

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## 1. Executive summary

In August 2016, Gavi’s Audit and Investigations unit conducted a programme audit of Gavi funding that contributed towards the Government of Uganda’s National Expanded Programme of Immunisation (UNEPI).

The audit covered the Uganda Ministry of Health’s (MoH) management of Immunisation Services Support (ISS), Health Systems Strengthening (HSS) and Vaccine Introduction Grants (VIGs) of which Uganda had three (PCV, HPV, IPV) during the period from 1 January 2013 to 30 June 2016.

During the 3.5 year period reviewed, the overall Gavi-related expenditure reported by the country amounting to USD 13.3 million, including USD 7.9 million national procurement managed by UNICEF. The MoH had not yet prepared financial statements for the period ended 30 June 2016. Therefore the expenditure directly incurred by the MoH totalled USD 5,437,290 based on the status of accountabilities submitted as at 9 August 2016. The Programme Audit reviewed 27% (USD 1,491,068) of the overall MoH expenditure for the period.

The table below shows a summary of total expenditure per grant.

*Table 1: Summary of expenditure during the audit period incurred by the MoH.*

Grant type	USD
Immunisation Services Support (ISS)	956,587
Health Systems Strengthening (HSS)	2,181,204
Pneumococcal (PCV) VIG	1,112,962
Human Papillomavirus Vaccine (HPV) VIG	1,147,534
Inactivated Polio Vaccine (IPV) VIG	39,003
<b>Total</b>	<b>5,437,290</b>

### Audit rating

The Gavi audit team (the audit team) assessed the Uganda Ministry of Health (MoH) management of Gavi funds as **unsatisfactory**, which means “internal controls and risk management practices were either not established or not functioning well. The majority of issues identified were high risk. Hence, the overall entity’s objectives are not likely to be achieved.”

The table below summarises ratings for each of the areas reviewed:

*Table 2: Summary of audit focus areas rated by the audit team.*

Area	Audit rating
Oversight	Unsatisfactory
Vaccine stock management	Partially satisfactory
Budgeting and financial management	Unsatisfactory
Disbursements and expenditure	Unsatisfactory
Procurement	Partially satisfactory
Fixed assets	Unsatisfactory
<b>Overall rating</b>	<b>Unsatisfactory</b>

## Key issues

The audit team visited 13 districts and 25 health facilities and raised 19 issues, which were mainly caused by non-compliance with the Government of Uganda's own guidelines as well as Gavi's Transparency and Accountability Policy (TAP). The risk rating for the various issues is summarised in Annex 4.

To address these issues, the audit team made 18 recommendations, of which 14 (or 74%) were rated as of critical priority. Failure to take action to address the underlying issues could potentially result in major consequences, affecting the programme's overall objectives."

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

Oversight	At least four oversight arrangements were in place to oversee the implementation of Gavi funded activities. However, each of these functioned as separate entities with little or no coordination, complementarity or collaboration between them.
Vaccine stock management	The UNEPI "Immunisation in Practice" operational manual's processes and procedures on vaccine stock management were not complied with. As a consequence, vaccine management records were incomplete, temperature was not systematically recorded and physical stock counts were not conducted. In addition, some stock outs were internally reported, and noted by the audit team at select health facilities.
Budgeting and financial management	Financial controls were not effective, resulting in the untimely accounting of advances, an absence of budgetary analysis, incomplete financial reporting by districts to MoH, and ultimately a low level of fund absorption and exposure to misuse.
Disbursement and expenditure	Non-compliance with both the financial management guidelines and Gavi's MoU requirements on accounting for disbursements and expenditures resulted in accounting delays, ineligible expenditure, inadequately supported costs, inappropriate expenditure on VAT and commingled funding.
Fixed assets management	Vehicle/motorbike activity log books were not maintained at both the national level and across all 13 districts visited. It was therefore not possible to establish whether: (i) Gavi-funded vehicles were primarily used for immunisation activities; and (ii) value for money was obtained on fuel purchases.

The recommendations raised by this audit were prioritised as either critical, essential or desirable, and definitions of the three-levels of prioritizations are summarised in Annex 4.

The table below summarises amounts questioned by the audit team:

*Table 3: Summary of amounts questioned by the audit team*

Category	Total (USD)	Report section
Historic advances unaccounted for Financial Year 2013	46,378	4.4.1
Historic advances unaccounted for Financial Year 2014	20,347	4.4.1
Advances unaccounted for Financial Year 2015	224,766	4.4.1
Ineligible expenditure identified from additional review of 2015 advances	25,078	4.4.1
Inadequately supported expenditure – National level	43,818	4.4.3
Inadequately supported expenditure – District level	15,806	4.4.3
Ineligible expenditure - National level	18,612	4.4.3
Ineligible expenditure – District level	3,666	4.4.3
<b>Total</b>	<b>398,471</b>	

At the time of the audit team’s initial review in August 2016, outstanding advances for the three-year period 2013 to 2015 totalled USD 585,078. Thereafter the MoH followed up on these amounts, and as at February 2017, Gavi’s subsequent review determined that the remaining outstanding advances for the same period totalled USD 291,491.

In addition, the following items need to be addressed:

- i. VAT payments made amounting to USD 52,964 (as indicated in section 4.4.5) were charged to Gavi’s funds. As agreed with the MOH and given that the Government of Uganda makes provision for all such tax obligations, the MoH should refund this amount back to the programme.
- ii. The audit team could not obtain assurance on MOH expenditure totalling USD 1,186,453 relating to Gavi-funded HPV activities. These Gavi funds were commingled with other donors’ monies earmarked for other dependant, but unrelated activities. However the resultant financial reporting was not transparent, as the expenditure relating to the parallel activities was consolidated into a single report without any disaggregation. As a result, the audit team is requesting for an additional financial review of the comingled funds and activities, to demonstrate that each respective donors’ funds were used appropriately.



## 2. Objectives and scope of the Audit

### Objectives

In line with signed grant agreements and Gavi's Transparency and Accountability Policy, the main objective of a programme audit is to review internal controls and risk management practices, so as to obtain assurance that funds were used for intended purposes in accordance with the agreed terms and conditions and to help identify opportunities for enhancement in programme processes.

In addition, the programme audit also assessed: the reliability and integrity of managerial and operational information, the effectiveness of operations, the safeguard of assets, the oversight provided to districts and compliance with relevant national policies and procedures.

### Scope

The scope of review under this programme audit was the period 01 January 2013 to 30 June 2016 (3.5 years), and covered income received, expenditures incurred, procurement activities as well as vaccine supply management at national and district level. The Gavi audit team (the audit team) visited 13 districts and 25 health facilities. See list in Annex 3 a.

Gavi has been supporting Uganda since 2002. Cash grants disbursed to the government over this 14-year period totalled USD 19m, of which USD 9.5m (35%) was disbursed to the government during the past 3 years, as indicated in table 4 below. In addition, USD 8.4m (31%) was disbursed to UNICEF in 2015 for procurement activities. Amounts disbursed to partners were not in scope.

Table 4: Gavi total cash disbursements (non-vaccine support) to Uganda.

Year disbursed:	2001-2012	2013	2014	2015	Total
<b>Grant type:</b>	<b>Amount in USD</b>				
HSS	-	4,372,695	-	-	4,372,695
ISS	6,581,000	2,649,520	-	-	9,230,520
INS	1,207,299				1,207,299
Vaccine Introduction Grants (PCV, HPV, IPV respectively)	1,472,000		1,337,000	1,356,500	4,165,500
<b>Total</b>	<b>9,260,299</b>	<b>7,022,215</b>	<b>1,337,000</b>	<b>1,356,500</b>	<b>18,976,014</b>
<i>Amount in scope (the PCV VIG grant disbursed in 2012, was included as the funds were spent in 2013).</i>	1,372,000	7,022,215	1,337,000	1,356,500	<b>11,087,715</b>
<i>Refund from ISS</i>	818,424				<b>818,424</b>
<b>Total in audit scope (approximately USD 12m)</b>	2,190,424	7,022,215	1,337,000	1,356,500	<b>11,906,139</b>

## Exchange Rates

For the purposes of this report, the audit team used average annual exchange rates in various parts of this report to translate amounts denominated in Ugandan Shillings (UGX) to United States Dollars (USD) and vice versa. The rates were computed using average annual exchange rates as provided by the Bank of Uganda. The table below summarises these average annual rates:

*Table 5: Average Annual Exchange Rates for the period 2012 to June 2016.*

Year	Average Annual Exchange rate (1.00 USD to UGX)
2012	2,499
2013	2,583
2014	2,595
2015	3,234
June 2016	3,378

## 3. Background

### 3.1. Introduction

The Republic of Uganda is divided into 112 administrative districts (with approximately five more districts being created over each of the next 5 years). The provision of health services in Uganda is decentralised, with districts and health sub-districts (HSDs) playing a key role in the delivery and management of health services. Health services are structured into National Referral Hospitals (NRHs) and Regional Referral Hospitals (RRHs), General Hospitals, Health Centre IV (at constituency level), Health Centre III (at sub county level), Health Centre II (primary care facility) and Village Health Teams (VHT).

The immunisation program at the Ministry of Health (MoH) is managed through Uganda National Expanded Program on Immunisation (UNEPI), which is situated in the Department of National Communicable Disease Control within the Directorate of Clinical and Community Services. UNEPI is headed by an Assistant Commissioner of Health Services (the EPI Manager).

In conjunction with this structure, immunisation funds including UNEPI's operational budget and Gavi monies, are managed through a Secretariat (Coordination Unit) which is in charge of coordinating activities, disbursements as well as reporting.

Vaccine stock management is handled by National Medical Stores (NMS), a parastatal agency, which is responsible for receipt, inspection, and storage of vaccines. NMS is also responsible for the distribution of vaccines and immunisation supplies to the district level. Districts are then responsible for forward distribution to the health facilities.

### 3.2. Good practices

The audit team noted a good level of engagement with development partners such as UNICEF, WHO, CHAI, in their willingness to share information to improve health sector service delivery and the coordination of immunisation activities. The Alliance Partners stated their commitment towards ensuring the resilience of public immunisation services.

The Government of Uganda (GoU) has invested in cold storage facilities for the vaccines at all levels to ensure supply and storage of vaccines. In addition, a Health Management Information System (HMIS) system is in place to capture data along the cold chain system including, requisitions and issuance of vaccines, the movement of vaccines and the administration of vaccines. This data-collection infrastructure is a useful tool in providing information on the availability, demand, wastage and administration of vaccines. However, due to human resource constraints, there were challenges in its operation as explained in 3.3 below.

The National Medical Stores (NMS) is primarily in charge for all medical supplies including vaccines. NMS is for receipt, inspection, storage and distribution of vaccines and immunization supplies which it supplied to the districts' on a monthly basis.

The Office of the Auditor General carried out annual audits of Gavi grants and provided a fair level of assurance on both national and a sample of district level expenditure.

From 2013, Gavi put in place Technical Assistance (TA) to monitor the fiduciary use of Gavi's monies. Through this mechanism, an independent audit firm reviewed respective supporting documentation and frequently carried out spot checks, s to identify risks to the implementation of grant activities, and recommend improvements to mitigate risks. The audit team reviewed, validated and placed reliance on the work of the TA as an expert.

### **3.3. Key challenges**

One of the chronic obstacles that has hindered the achievement of the delivery of public health services including immunisation activities was the scarcity of trained personnel. This included for example, shortages in: (i) cold chain technicians and EPI focal persons in Uganda with adequate experience and knowledge of cold chain, and (ii) at the district level, EPI assistants and technicians responsible for managing the DVS and providing cold chain management support to health centres. The acute personnel shortages and high proportion of vacancies had a visible impact on the districts. For example, the audit team noted in several sites that there was only one cold chain technician to provide support to multiple health centres, which led to insufficient support and maintenance of the cold chain equipment.

Infrastructural challenges include the insufficient road network in rural Uganda, affecting the accessibility of some health facilities as well as the shortage of power supply with many rural areas either having no electricity or reporting frequent disruptive blackouts. Therefore, most of the rural health facilities were reliant upon liquid propane gas-powered fridges to maintain vaccines at a safe temperature.

Finally, the audit team identified data entry errors into HMIS, which the MOH attributed to gaps in its personnel's capacity as well as to the heavy workload of the EPI personnel. However, the audit team noted the same type of error at all of the facilities which it visited (see Annex 3b), raising doubts on the accuracy and reliability of the HMIS data. Given the data unreliability, the national immunisation programme team directed its vaccine distribution using other variables such as demographic spread, rather than relying on the HMIS data for its distribution. Notwithstanding this, over the 3.5-year period covered by the programme audit vaccine stock-outs occurred, as indicated in Table 7.

## 4. Detailed findings

### 4.1. Weaknesses in oversight mechanisms

At least four oversight arrangements exist were in place to oversee the implementation of Gavi funded activities. However, each of these functioned as separate entities with little or no coordination, complementarity or collaboration between them.	<table border="1"> <tr> <th data-bbox="1201 389 1453 427">Audit Rating</th> </tr> <tr> <td data-bbox="1201 427 1453 582" style="background-color: red; color: white; text-align: center;"><b>Unsatisfactory</b></td> </tr> </table>	Audit Rating	<b>Unsatisfactory</b>
Audit Rating			
<b>Unsatisfactory</b>			

Several oversight arrangements were in place to oversee the implementation of Gavi funded activities. These include:

Responsible:	Oversight type:	Role:
Gavi Coordination Unit and UNEPI	Financial and operational review	Performs routine oversight visits and supervision to the districts
Technical Assistance (TA) provided by Edes & Associates	Monitoring	Performs quarterly monitoring visits to the districts to monitor the use of Gavi cash grants.  Carries out desk reviews of reported expenditure, mainly accountabilities submitted by the districts
MoH - Regional Performance Monitoring (RPM)	Spot checks/ supervision	Carries out monitoring site visits to the districts.
Technical Coordination Committee	Governance oversight	Provides overall oversight of Gavi grants with its key role as to monitor and report implementation of audit findings
Office of Auditor General/MoH internal audit	Independent audit	Carries out audits on an annual basis (external) on a periodic basis (internal).

#### 4.1.1 Poor coordination of oversight

Since 2013 – a dedicated unit known as “the Coordination Unit” was responsible for the coordination of the Ugandan immunisation programme, including all of Gavi’s funding. This unit was created within the Directorate of Planning and Development to support Technical Coordination Committee (TCC) in coordinating implementation of Gavi program. The unit’s activities were largely

administrative including for example: disbursing funds, receiving accountabilities, collating data and reporting to Gavi thereon.

The Coordination Unit helped organise various aspects of the immunisation programme, including synchronising the preparation of programme budgets and other immunisation administrative activities. However, regarding the oversight arrangements, the audit team noted that these entities still largely functioned independently with little if any coordination or collaboration between them.

As a result, the various oversight roles were not coordinated, were duplicative in part, and their actions were not complementary.

Similarly, reports and formal feedback from the various reviews including internal audit, external audit, and technical assistance were not shared with the districts. As a result, none of the districts was aware of specific audit findings or recommendations for improvement, no change or remediation occurred, and no action plan was prepared.

### **Cause**

Existing oversight functions were not well coordinated between each other, they did not leverage from their respective risk assessment, and their outputs were not designed to complement and enhance on each other's work.

### **Risk/Effect**

Lack of coordination may lead to the dilution of effectiveness, the duplication of efforts and the programme may not achieve its intended objectives. In addition, without widely disseminating key findings and issues, remedial actions and improvements will not be corrected timely.

### **Recommendation 1 (Critical)**

MoH should:

- Design an action plan to track oversight recommendations. This plan to include a summary of the findings, and contain all of the recommendations ranging over the period 2013 up to 2016. As a minimum, it should include: the person responsible for follow up, the action to be taken, and a timeline by when the proposed recommendations will be implemented;
- Use the action plan to follow up on outstanding recommendations arising from: (i) external audits; (ii) internal audits, (iii) TA quarterly and annual reviews; and (iv) UNEPI's oversight visits; and
- Report on progress of the plan to the Technical Coordination Committee, new Inter agency Coordination Committee (to be created) and to Gavi Country Support, at least every three months.

### **Management comments**

*The various oversight structures were put in place to strengthen oversight and governance over Immunisation activities and GAVI grants. This has led to strengthening of Internal Control environment and oversight over operations, project management and financial management.*

*The different oversight mechanisms have varying mandates. MoH is reviewing the terms of reference of each mechanism to ensure that there is complementarity and to avoid duplication.*

*The first step to strengthening coordination will be ensuring that information and reports are shared freely across all mechanisms. This will be implemented immediately.*

*In addition, the MoH will collate recommendations relating to districts from the various mechanisms and share these recommendations beginning with the Quarter ending 30 June 2017.*

*A draft action plan (MoH Action Plan draft - Appendix II) has also been developed to track the oversight recommendations arising from the internal audit, external audit and the Gavi TA. The action plan will be used to follow up outstanding recommendations and a report on progress will be presented to the designated oversight structures and Gavi Country support on a quarterly basis.*

**Timeline:** 30 June 2017

**Responsible Party:** UNEPI Program Manager

#### 4.1.2 Recurring audit issues

The audit team reviewed both the TA's monitoring reports and the Office of the Auditor General's audit reports for 2013 and 2014. Both identified the same principal control weaknesses and areas for improvement, the same as those areas identified by the audit team during the 2016 programme audit. Due to differences in scope, sampling and coverage, although the same key control weaknesses were identified, the amounts questioned by the Gavi audit team varied from other reviews.

It was also of concern that these issues were first identified as far back as 2013 and that they were repeatedly raised on subsequent instances thereafter.

In addition, key recurring issues such as the many reviews' findings and recommendations regarding shortcomings in the districts' accounting for advances were neither prioritised nor consolidated. Although similar findings were revealed by the external auditors, the internal auditors and the TA unit. The findings were not always cross-referenced in enough detail (e.g. by providing information on payment voucher references for questioned amounts) to enable follow up by the Coordination Unit and the districts.

The audit team also observed that there was no system in place to follow up, track and monitor the implementation of recommendations across the various levels of the MOH affected.

Table 6 below summarises the recurring audit issues. The audit report for 2015 was yet to be finalised and the audit for 2016 had not commenced at the time of our review.

*Table 6: Recurring audit findings.*

Year issue was identified:	Monitoring by TA			External Audit		Gavi audit
	2013	2014	2015	2013	2014	2016
Advances to districts remaining unsettled for longer than one year	√	√	√	√	√	√

Year issue was identified:	Monitoring by TA			External Audit		Gavi audit
	2013	2014	2015	2013	2014	2016
A failure by MoH to review submitted accountabilities and follow up outstanding advances	√	√	√	√	√	√
Reported expenditure not fully supported	√	√	√	√	√	√
Ineligible reported expenditure	√	√	√	√	√	√
No monitoring and follow up of prior period audit findings and recommendations		√	√	√	√	√
Low absorption of funds	√	√	√	√	√	√
Non-compliance with the requirements of GAVI/MoH financial management guidelines	√	√	√	√	√	√
Lack of notification of disbursement of funds to the districts	√	√	√			√
Failure to submit financial reports	√	√	√	√	√	√

### Cause

Insufficient prioritisation was placed upon the follow through on audit recommendations and insufficient human and financial resources were allocated to address gaps identified.

Inadequate management ownership and leadership.

### Risk/Effect

Failure to follow up and address weaknesses, including those identified by oversight functions, will result in missed opportunities to improve the operating environment as well as to strengthen controls and processes.

### Recommendation 2 (Critical)

MOH management should put in place suitable mechanisms to ensure that all valid audit issues are followed up and remediated. Management should assign sufficient staff and resources to ensure that the systematic follow up and implementation of all audit and operational issues is addressed timely, so that the overall benefits from improved controls, processes and the overall control environment accrue.

### Management comments

*MoH has put in place a system to follow up, monitor and report on the implementation of recommendations across the various levels of MoH. See management comments on 4.1.1.*



*MoH is considering establishing a subcommittee on audit and finance within the main oversight structure (Gavi TCC or ICCM). MoH is in the process of developing ToRs for this committee, which will include follow up of audit and review recommendations, review of finance reports, and review of budget performance including absorption of funds. This is to be done by 30 June 2017.*

*MoH will prioritise the implementation of audit recommendations and will work with Gavi to make provision for both human and financial resources to make this a success.*

*The final external audit report for the year ended 31 December 2015 was finalised and the audit for the year ended 31 December 2016 is expected to start by 1 April 2017.*

**Timeline:** 30 June 2017

**Responsible Party:** UNEPI Program Manager

#### **4.1.3 No dedicated oversight body over immunisation programmes**

In March 2016, Gavi undertook a “Programme Capacity Assessment to assess the financing modality for receipt of Gavi cash support, and the structures to oversee the use of Gavi support provided in the form of cash, vaccines and related devices.” One aspect of the assessment included the oversight arrangements including the roles of Health Policy Advisory Committee (HPAC) and the Technical Coordination Committee (TCC).

Given this recent assessment, reliance was placed upon their work as experts. As such, the audit team performed no additional work, other than to report the following two issues raised by the assessment, as follows:

- Lack of a dedicated body that provides oversight over immunisation program. The role was assumed to be undertaken by the Health Policy Advisory Committee (HPAC). However, HPAC is the body that provides policy direction for the health sector in Uganda. The review noted that Gavi issues brought to the Committee mainly related to endorsement of grant documents and not necessarily providing ongoing program oversight.
- Although a Technical Coordination Committee (TCC) was formed in 2012, coordination and oversight functions appear to be combined. From the review, the Committee appears to have focused predominantly on financial management matters and placed little emphasis on programmatic aspects of the Gavi program. Consequently, there is lack of effective coordination of various partners in the immunisation sector in Uganda.

In light of the above, the role of various bodies involved in oversight and coordination of Gavi grants (HPAC, ICC/TCC) should be evaluated to identify measures to improve their effectiveness.

#### **Management Comment**

*Currently, oversight over Immunisation activities is provided by the Gavi TCC, National Coordination Committee (NCC), Effective Vaccine Management Committee, National Immunisation Technical Advisory Group (NITAG), EPI Technical Working Group and the Health Policy Advisory Committee. To further strengthen oversight, MoH will evaluate the roles of the various structures involved in oversight and coordination of Gavi grants in order to improve their effectiveness. See our comments on 4.1.1.*

**Timeline:** 30 June 2017

**Responsible Party:** Permanent Secretary, MoH

#### **4.1.4 Memorandum of Understanding (MoU) not available in some districts**

Prior to the implementation of Gavi-financed activities, the Ministry of Health signed individual Memoranda of Understanding with each district. The MoU template outlined the respective contractual obligations of each party concerning the immunisation activities to be executed.

However, six of the thirteen districts visited by the audit team (Hoima, Kasese, Kabale, Kapchorwa, Sironko and Wakiso) did not have a copy of their MoU on file at the time of the programme audit. Equally, there was a lack of knowledge and understating of key provisions of the MOU, and district staff were not aware of their obligations. In addition, the Coordination Unit did not hold the districts accountable to their MOU responsibilities.

#### **Cause**

District Health Officers stated that the absence of their MOUs was due to poor handover procedures and the loss of institutional memory following the transfer of Ministry of Health staff.

#### **Risk/ effect**

Non-compliance with the key requirements of the MoU; for example, key accounting deadlines for the submission of accountabilities after implementation were not respected.

#### **Recommendation 3 (Essential)**

The Ministry of Health should ensure that a copy of each district's Memorandum of Understanding is on file, is assimilated and that key provisions are complied with by each district. Areas of emphasis would be those highlighted in 4.3 and 4.4 regarding advances management expenditure and reporting.

#### **Management comments**

*MoUs were signed with all districts including the six districts mentioned in the audit observation. Copies have been attached.*

*The Ministry notes that these documents could have been misplaced due to transfer and turnover at district level. Going forward (HSS II), the MoU will be updated and a new MoU signed with the Districts. The Ministry will plan an orientation for the districts on the key provisions of the new MoU. The Ministry will also follow up and ensure that the districts are fulfilling their obligations under the new MoU. In addition, the MoH will develop a checklist that will be used by MoH staff during the support supervision visits to check for compliance.*

**Timeline:** July 2017

**Responsible Party:** Grants Coordinator

**Audit Team's Comment**

The copies of the MoUs were received in March 2017, 7 months after the Programme Audit finished its fieldwork in Uganda. The MoH should ensure in future that all districts are aware of and comply with the key provisions of these MoU.

## 4.2. Vaccine Supply Management

	Audit Rating
<p>The UNEPI “Immunisation in Practice” operational manual’s processes and procedures on vaccine stock management were not complied with. As a consequence, vaccine management records were incomplete, temperature was not systematically recorded and physical stock counts were not conducted. In addition, some stock outs were internally reported, and noted by the audit team at select health facilities.</p>	<p><b>Partially satisfactory</b></p>

### Introduction

The National Medical Stores was in charge of vaccine receipt, storage and distribution, and managed its physical stock using a stock management system entitled “MACS”. This system was primarily designed to track and manage pharmaceutical products and drugs. As such, with respect to the immunisation programme, MACS captured most data fields except for details relating to vaccine vial monitor (VVM). Consequently, the VVM status of vaccines was only manually recorded using an issuance note when NMS issued vaccines, with the note subsequently being validated by the receiving district which would check the VVM stage on receipt.

Vaccines were officially received at the District Vaccines Stores (DVS) by the Cold Chain technician who recorded each receipt in the designated district-level manual “control book”. The same “control book” was also used during the subsequent issuance of vaccines to the Health Facilities (HFs).

The Health Facilities (HFs) also used a district-specific “vaccine control book” to record receipts from the District Vaccines Store (DVS), and subsequent issuances thereon to downstream units.

#### 4.2.1 Gaps in recording of data

The UNEPI “Immunisation in Practice” operational manual (the “UNEPI operational manual”) prescribes that the daily movements of vaccines must be promptly recorded in the HMIS tools. Specifically: (i) stock movements are to be recorded in the respective vaccine control books the same day, and (ii) monthly physical counts must be carried out and similarly documented and recorded forthwith.

The audit team reviewed the vaccine management records for the 13 DVS and 26 health facilities visited, and identified the following shortcomings:

- The audit team corroborated that the HMIS records were not updated regularly, as confirmed in 12 out of 13 DVS’ and all the 26 health facilities visited. As a result, there were differences between the vaccine stock reported in the control book, the requisition and issuance forms, and the tally sheets and the physical count as at the audit date. In addition, the audit team noted significant differences between the book balance and physical stock counts it undertook. The differences remained unexplained, as it was not possible to promptly reconcile the physical stock to the book balance.
- Important details such as the VVM status, the wastage and the expiry dates were also missing in most instances, including 12 out of 13 DVS visited and all 26 health facilities visited;
- Several storekeepers stated that they did conduct stock counts, although none of these were documented. In addition, the effectiveness of any such stock counts was questionable since there

was no evidence on file that any discrepancies identified by the stock counts were investigated or resolved. With the sole exception of one DVS, this issue applied to all 38 other sites visited.

- When comparing records on what was issued by the District Vaccine Stores (DVS) with the records of the corresponding health facilities receiving the items, differences were noted in all the 13 DVS and 26 health facilities. This was explained by staff as human error, since those responsible would often record the corresponding issuances and receipts several days after the event. In some cases, the individual who recorded the entry was not always the designated EPI officer who executed the transaction.
- Each fridge was fitted with a thermometer to monitor temperature variations, and provided with a temperature monitoring chart to record the thermometer's reading at least twice daily. The designated chart was to be affixed on the fridge. However for 13 out of the 39 facilities visited (including one DVS), temperature sheets were incomplete or were not used at all.

These issues are summarised under Annex 3 b – Gaps in recording data for vaccine stock management.

The audit team also reviewed a sample of supervision reports by the UNEPI team. Although the supervision team reviewed mentioned the existence of vaccine control books, most of the reports did not mention the completeness or accuracy of the records.

### Cause

Several causes including:

- Cold chain staff and health workers handling vaccines were not aware of requirements on how to record, manage and control vaccines movements.
- Human resource constraints.
- Insufficient supervision and monitoring of vaccine stock recording at sub-national levels.

### Risk/effect

Without putting in place processes to properly track and manage stocks, districts and health facilities will not be able to accurately forecast their needs, which may lead to over-stocking or stock-outs. Deficiencies in temperature monitoring may fail to detect events hampering the potency of vaccines.

### Recommendation 4 (Critical)

Relevant health workers should be adequately trained and should rigorously apply the various required stock management systems and tools to:

- Ensure that those responsible complete daily all of the relevant fields in the vaccines "control book" with respect to both receipts and issuances;
- Ensure that the necessary controls and processes over the cold chain are in place and that incompatible tasks are adequately segregated;
- Perform, document, and review periodic stock counts and ensure that any differences resulting are resolved; and
- Expand the scope of UNEPI supervision visits to ensure that stock management and stock recording are reviewed and reported on.

### Management comments

MoH will strengthen the recording of data through providing training in the use of UNEPI Immunisation in Practice Manual (IIP). MoH with support from development partners has updated the manual and is in the process of printing. MoH with support from health development partners will train Health workers in: updating of relevant fields in the vaccine control book, application of controls and processes over cold chain, and performance of periodic stock counts.

MoH will engage and empower district leadership to provide minimum support supervision for immunisation activities and this will be included in the revised MoU.

MoH will also expand the scope of UNEPI supervision visits to include: review and mentoring of staff on stock management and stock recording as well check compliance with the Immunisation in Practise manual (IIP).

**Timeline:** August 2017

**Responsible Party:** UNEPI Program Manager

#### 4.2.2 Weaknesses in the forecasting and ordering from districts

Section 5.1.2 of the UNEPI operational manual outlines the process for vaccine forecasting and ordering at the district and health facility level. In brief, supply allocations are generally based on patterns of prior vaccine consumption.

NMS was responsible for receiving and processing orders from the districts. To coordinate this process, NMS provided a monthly vaccine order and delivery schedule at the beginning of the year and disseminated it to all of the districts.

From the audit team's review, it was noted that orders from the districts were not consistent where the districts submitted their orders to NMS in a range of formats (faxes, email, verbally or by SMS). Consequently, NMS' own documentation and records was incomplete and sporadic. In addition, district orders were not always forthcoming and NMS claimed to have to expend considerable resources in chasing and following up non-submittals.

In addition, some of the districts said that they were hampered in what quantities they could order, as National Medical Stores (NMS) had established a maximum allocation per district, to inform on the range and level of what would be routinely issued and distributed. However, in deference to NMS there was no evidence that districts were routinely communicating accurate and actionable consumption data to NMS.

For example, the audit team noted the following stock outs for 7 out of 13 districts, as reflected in the select vaccine "control books" reviewed, as follows:

*Table 7: District-level stock outs*

Name of the district	Date of stock outs	Location of stock outs	Type of vaccine
Kampala	20-Jan-15, 23-Mar-15, 18-Apr-15 &10-Sep-15	DVS	PCV
Mubende	27-May-15, 13-Jul-15 and 26-May-15	DVS and Health facilities	PCV
Mityana	4-Aug-2016	DVS	IPV

Name of the district	Date of stock outs	Location of stock outs	Type of vaccine
Kabale	June 2016	DVS and Health facilities	IPV
Kapchorwa	6-Aug-14, 15-Sep-14, 26-Mar-15, 11-May-15 & 24-Nov-15	DVS and Health facilities	PCV and OPV
Kibaale	28-Jul-15, 13-Nov-15 & 20-Oct-15	DVS	PCV and OPV
Sironko	10-Nov-14 & 12-Dec-14	DVS and Health facilities	PCV

### Cause

Vaccine forecasting and replenishment was ineffective and haphazard, ordering forecasting tools were not consistently used, and vaccine orders overly relied on the judgement of cold chain personnel. Weaknesses in districts' and health-centre forecasting and recording compromised the credibility of their orders.

### Risk/Effect

Inaccurate forecasting may lead to stock-outs and missed opportunities for children to be immunised.

### Recommendation 5 (Critical)

UNEPI and National Medical Stores (NMS) should enforce the "Immunisation in Practice" operational manual on vaccine management and ensure that order forms are received consistently from districts and that these orders are processed by NMS based on accurate and completed data.

### Management comments

*The MoH will work with NMS to continue training of district and health facility staff on forecasting and ordering of vaccines in order to avoid stock outs.*

*UNEPI is in the process of reviewing and improving the vaccine ordering tool used by districts in order to improve accuracy of forecasts and orders. The districts will be oriented in the use of the new tool.*

**Timeline:** August 2017

**Responsible Party:** UNEPI Program Manager

### 4.2.3 Cold chain maintenance/ replacement issues not addressed

Section 4 of the "UNEPI operational manual" specifies that quarterly preventive and emergency cold chain maintenance activities is a priority area to sustain the immunisation system. The manual prescribes a management schedule for cold chain equipment and lists routine maintenance requirements on a daily, weekly and monthly basis. (Pg. 8).

The maintenance of the fridges was done by the cold chain technicians and the assistants. However, the work was done on a sporadic basis and there was no maintenance schedule developed or in place.

In addition, repair logs tracking the maintenance history of such items were not maintained across the sites and levels visited by the audit team. Further, the EPI focal person(s) did not report the results of any maintenance done to his line-management for decision-making and issues on how to address irreparable equipment items which required replacement. These same shortcomings were noted in 4 out of 13 districts (Hoima, Kasese, Kabale and Sironko) visited.

Some fridges were not operational due to insufficient gas supplies. For example, at Karambi health facility in Kasese district, the fridge was not operational for a month due to the unavailability of gas. However given that neither the health facilities nor the DVS kept track of gas consumption, it was not possible to know where the problem was in the supply chain. Other districts with non-operational fridges (including solar and electric) included Hoima, Mubende, Arua, Kabale, Yumbe and Sironko.

Some District Vaccine Stores had fridges that were not operational. This was seen in 4 out of 13 districts (Kasese, Arua, Kabale and Kapchorwa) districts. Finally, in the district of Kampala City Council Authority (KCCA), a fridge which was damaged during the delivery was not replaced.

In August 2016, UNEPI management commented that it is in the process of updating its “Cold Chain Equipment Management” tool to improve its tracking and management of cold chain assets at all levels.

### **Cause**

Shortages in qualified cold chain technicians. In addition, cold chain equipment maintenance was not systematically conducted.

### **Risk/effect**

Breaks in cold chain systems may lead to: (i) the deterioration of vaccine potency; (ii) increase delivery/alternative storage costs; (iii) result in lost opportunities of immunisation for beneficiaries.

### **Recommendation 6 (Desirable)**

The Ministry of Health should:

- Enforce the “Immunisation in Practice” operational manual to ensure that maintenance is done on a quarterly basis and that it is documented.
- Complete the update of the Cold Chain Equipment Management Tool and reallocate its stock of cold chain assets across the DVS and health facilities, as required.

### **Management comments**

*MoH will work with the National Medical Stores to strengthen the system of maintenance and monitoring of performance of cold chain assets in line with the Immunisation in Practice Manual. This will involve training of existing maintenance staff. Some old and obsolete equipment that were replaced with Gavi procured equipment under HSS1 will be withdrawn from the districts and facilities.*

*Provision was made in the HSS2 grant for strengthening the regional equipment maintenance workshops so as to take services nearer to the districts. In addition, MoH has plans to establish a cold chain maintenance mentoring unit within the Health Infrastructure Department (HID) to train and mentor district cold chain staff.*



*MoH completed the process of updating the Cold Chain equipment management tool by district and health facilities. MoH will soon complete updating the Standard Operating Procedures (SOPs) to include the new innovations. For example, temperature monitoring devices.*

***Timeline:*** August 2017

***Responsible Party:*** UNEPI Program Manager

### 4.3. Budgeting and Financial Management

	Audit Rating
Financial management controls were not adequate resulting in: untimely accounting of advances, an absence of budgetary analysis, incomplete financial reporting by districts to MoH, and ultimately a low level of fund absorption.	<b>Unsatisfactory</b>

During the period reviewed, the utilisation of Gavi’s funds was governed by the “MoH Gavi Financial Management” guidelines referred to as “financial management guidelines”, the Public Finance and Accountability Regulations (2003) and the Partnership Agreement Framework, signed between the Ministry of Health, Ministry of Finance and Gavi in June 2012.

The audit team’s review of budgetary and financial management processes at the Coordination Unit and select districts identified the following weaknesses:

#### 4.3.1 A lack of systematic budget monitoring and reporting

Section 5 of the “MoH GAVI financial management” guidelines requires that respective districts report to the MoH, with the MOH ultimately reporting to Gavi on the total utilisation of funds. The guidelines also state that the utilisation should be in line with the GAVI supported activities as per the approved work plan.

Similarly, Section 39 (e) of the Partnership Framework Agreement on financial management arrangements directs the MoH Accounting to prepare a statement of expenditure for both the quarter and cumulative period, by source of all public funds, comparing actual expenditure against budget, and annotating significant variances with suitable explanations.

The MOH disburses funds to the districts based on the approved budget allocation. A memo specifying the activities is attached to the disbursement. After the implementation of activities, the districts prepare and submit a financial report to the MoH for consolidation and submission to Gavi.

There was no evidence on file that budget monitoring was performed by either the MoH Accounting Department or the “Coordination Unit” to confirm that the expenditure reported by the districts was spent per the approved work plans. There was also no evidence that budget versus actual expenditure analysis was performed by the districts. It was not possible to determine if funds were spent as per the approved budget both at the level of the Coordination Unit and as well as by the districts.

In addition, the Coordination Unit (or the various EPI business units) ability to report against their budget was impeded by the IFMIS’ restrictive chart of accounts prescriptions as discussed in the following observation.

**Cause**

Noncompliance with the "MoH GAVI financial management” guidelines.

**Risk/ effect**

Activities may not be implemented per the approved work-plans and the unspent funds at the districts may be used for non-Gavi funded activities if they are not refunded to the MoH on a timely basis.

### **Recommendation 7 (Critical)**

In accordance with the signed PFA, MoH should prepare a statement of expenditure, by source of funds, comparing the actual expenditure against budget, with explanations for significant variances for both the quarter and cumulative period.

### **Management comments**

*Funds are disbursed to districts in accordance with the approved budgets and work plans, and MoH provides guidelines to districts on how to use each disbursement. MoH reviews accountabilities from districts and compares them with the approved budget and then requests districts that have used funds outside the budget to refund them.*

*MoH now prepares a statement of expenditure, by source of funds comparing the actual expenditure against budget for both the quarter and cumulative period. This statement will be improved by including explanations for significant variances.*

**Timeline:** 30 June 2017

**Responsible Party:** UNEPI Program Manager supported by the Project Accountant

### **4.3.2 Weaknesses in the Integrated Financial Management System**

In 2003, the GoU introduced its Integrated Financial Management System (IFMIS) for public funds. The system was implemented to improve the comprehensiveness and the transparency of financial information across government institutions. The use of such a system is consistent with Section 13 of the "financial management guidelines" which requires the recipient district to use a computerised accounting system to record and report the use of Gavi funded activities.

The IFMIS system was designed to capture government expenditure according to cash basis accounting. As at August 2016, the system was implemented across the various Ministries but was not yet fully in place at the level of the districts, in particular newly created districts. In addition, a project management module was expected which would address the existing challenges on financial reporting for donor-funded programmes.

Feedback to the audit team indicated that district level staff were not fully cognisant with nor trained on using the IFMIS system, and struggled generating donor-specific reports. In the districts visited by the audit team which had implemented IFMIS, none of the district-level accountants could generate a Gavi specific report from the IFMIS system, even though this functionality was enabled.

Furthermore, the audit team noted that the IFMIS system budget categories were generic in design so as to capture Government-wide public spending. However, these same categories did not map onto the Gavi programme budget categories. As a consequence, the MoH staff implementing the Gavi programme were required to maintain and report using parallel manual accounting systems, e.g. using Excel or manual cashbooks.

Use of manual systems means there is no audit trail and information is not password protected. In addition, as the files are not shared, they are kept in individual computers, which poses a risk of data loss in case of computer damage or loss.

### **Cause**

The project to implement IFMIS was not complete.

### **Risk/ effect**

By relying on manual accounting systems, the accuracy and integrity of the Gavi programme's financial records is undermined.

### **Recommendation 8 (Critical)**

MoH and MoFPED should expedite the implementation of IFMIS to:

- Configure the system's chart of accounts and design appropriate bespoke reports for the management of Gavi grants, in alignment with Gavi financial management requirements;
- Ensure that all advances, including Gavi's monies, are duly recorded and tracked in IFMIS to strengthen and formalise the accounting and monitoring of the outstanding, unjustified balances.

### **Management comments**

*The roll out of IFMIS to all local governments is ongoing. Gavi funds are disbursed to Districts using IFMIS. New districts that are not on IFMIS receive their funds through their respective bank accounts. However, IFMIS has not been configured to generate project specific reports therefore the districts cannot use IFMIS for reporting Gavi transactions. A simple reporting format will be developed to guide recording and reporting of funds disbursed to districts.*

*Under HSS2, MoH will work of MoFPED to explore the possibility of IFMIS to generate tailored reports for Management of Gavi grants at central level and to explore the possibility of managing and tracking of advances using IFMIS.*

**Timeline:** 30 June 2017

**Responsible party:** Project Accountant

### **4.3.3 Low absorption of Gavi funds**

The Ministry of Health disbursed Gavi's funds in tranches to the districts based on the specific immunisation activities to be implemented. This resulted in each district receiving approximately 7 to 10 advances for the 3.5 year period of this audit. In addition, other expenditure was also incurred at national level mainly for operational costs, supervision activities and procurement activities.

Overall during this period, the utilization rate of Gavi funds was very low, being 9 %, 17% and 60% for financial years 2013, 2014 and 2015 respectively.

As at 31 December 2015, the utilisation rate was 64%. This was due to various factors including:

- General delays in commencement of grant activities when the Coordination Unit was still being set up;
- Delays in accounting of advances by the districts. As at 30 June 2016, 65% of the advances disbursed had not yet been accounted for, further reinforcing the low absorption rate and protracted delay in accounting and retiring the districts' advances. Although there had been significant improvements, the delays in accounting for advances as noted in 4.4.1 contributed to the low absorption.

There were also significant delays in the procurement process for construction activities. However, most of the funds for construction were yet to be disbursed awaiting finalisation of the process. This did not have a significant impact on the utilisation rate above (which related to funds available in country) but was noted.

However, excluding procurement expenditure conducted by UNICEF, the overall utilisation rate of funds directly managed by the government for the period was 42% (5,056,381/ 11,934,337)

The total Gavi funding available and expenditure incurred thereon for each financial year is shown below:

*Table 8: Gavi fund utilisation rate*

Total Gavi funds available (including UNICEF procurement)	2013 USD	2013 USD	2013 USD	Total USD
Funds available	9,240,857	8,380,467	17,946,300	20,221,319
Expenditure	860,390	1,414,629	10,704,330	12,979,349
<b>Funds utilisation rate</b>	<b>9%</b>	<b>17%</b>	<b>60%</b>	<b>64%</b>
Total Gavi funds available (excluding UNICEF procurement)	2013 USD	2013 USD	2013 USD	Total USD
Funds available	9,240,857	8,380,467	9,659,318	11,934,337
Expenditure	860,390	1,414,629	2,781,362	5,056,381
<b>Funds utilisation rate</b>	<b>9%</b>	<b>17%</b>	<b>29%</b>	<b>42%</b>

There were no financial statements available for the period ended 30 June 2016. Expenditure figures for 2016 have therefore not been included in the analysis above.

### Cause

Low absorption was mainly due to delays in accounting for advances and delays in construction works.

### Risk/ effect

Low absorption of funds, and a lack of systems to enforce timely advance retirement, could result in the late delivery of project activities, and adversely affecting on the achievement of the programme.

### Recommendation 9 (Critical)

The Ministry of Health should ensure timely accounting of advances as per Recommendation 11. In addition, having recently completed the selection of a civil works contractor by September 2016, the

subsequent construction should be finished on a timely basis, so as to deliver the necessary infrastructure within the timescales envisaged by the HSS grant extension.

### **Management comments**

*MoH notes this observation and all efforts are being made to strengthen absorption of grant funds. Necessary steps have been taken to ensure that payments are fast tracked. MoH is exploring the use of other mechanisms including support supervision by other departments and use of district structures to follow up advances.*

*MoH will strengthen planning and resourcing to ensure that all activities are implemented on time.*

**Timeline:** *Immediately*

**Responsible Party:** *UNEPI Program Manager*

### **4.3.4 Financial reports not prepared**

Section 5 of the “financial management” guidelines requires the recipient districts to submit financial reports to MoH for consolidation. In addition, Section 16 of Annex 2 to the Partnership Framework Agreement sets out the reporting requirements of the Ministry of Health to Gavi.

The districts reported on their utilisation of funds using “accountabilities for advances” (accountabilities). They did this by submitting a summary of accountabilities showing the funds received and expenditure incurred. However, the districts’ accountabilities submissions did not comply with the proper format as per the “MoH GAVI financial management” requirement.

In addition, districts were also required to provide financial reports on a quarterly basis, using the same classifications as in the approved budget, to allow actual expenditure to be compared back to budget. However, none of the 13 districts submitted these reports. As a result, the Ministry of Health did not have accurate information from the districts to prepare reports on the overall consolidated position.

In addition, there was no mechanism in place at the Coordination Unit to review the districts’ accountabilities and related supporting documents received, to ensure that the funds advanced were used as per budget and that the expenditure reported was accurate and adequately supported with the required documentation. Furthermore, the audit team noted that the consolidated financial reports and statements submitted to Gavi by the MoH did not agree with the underlying records maintained by the Coordination Unit.

The “Coordination unit” and the TA both corroborated that it took a lot of effort and time to reconcile the financial statements prepared to the underlying records.

### **Cause**

- Districts’ failure to systematically comply and routinely prepare and submit financial reports to the MoH.
- Weak follow up by the MoH of the districts in conforming to financial reporting requirements.
- Human error, resulting in an inability to collate and prepare accurate donor fund financial reports;

**Risk/ effect**

Unless accurate, financial reports are submitted by the districts and the accountabilities are reviewed by the MOH, the accuracy and reliability of the financial information is compromised. This could lead to sub-optimal decision making by the MoH, the poor traceability of what resources are available, and the inability to report accurately, the level of grant/activity expenditure.

**Recommendation 10 (Critical)**

The MoH should:

- Ensure that the districts submit the financial reports, on a timely basis as per the reporting template.
- Prepare financial reports that reconciles to the underlying accounting records.

**Management comments**

*There are technical and capacity constraints at District level which have constrained generation of Gavi financial reports. This is aggravated by the high turnover of staff due to transfers and attrition at the District level. In preparation for HSS2, MoH will train and orient district staff in financial management and reporting. In addition, MoH will review the financial management guidelines with an aim to streamline the reporting requirements of districts in order to improve compliance.*

**Timeline:** July 2017

**Responsible Party:** Grants Coordinator

### 4.4. Disbursements and Expenditure

Non-compliance with the financial management guidelines and the MoU requirements on accounting for expenditures and disbursement guidelines resulted in accounting delays, ineligible expenditure, inadequately supported costs, inappropriate expenditure on VAT and commingled funding.	<b>Audit Rating</b>  <b>Unsatisfactory</b>
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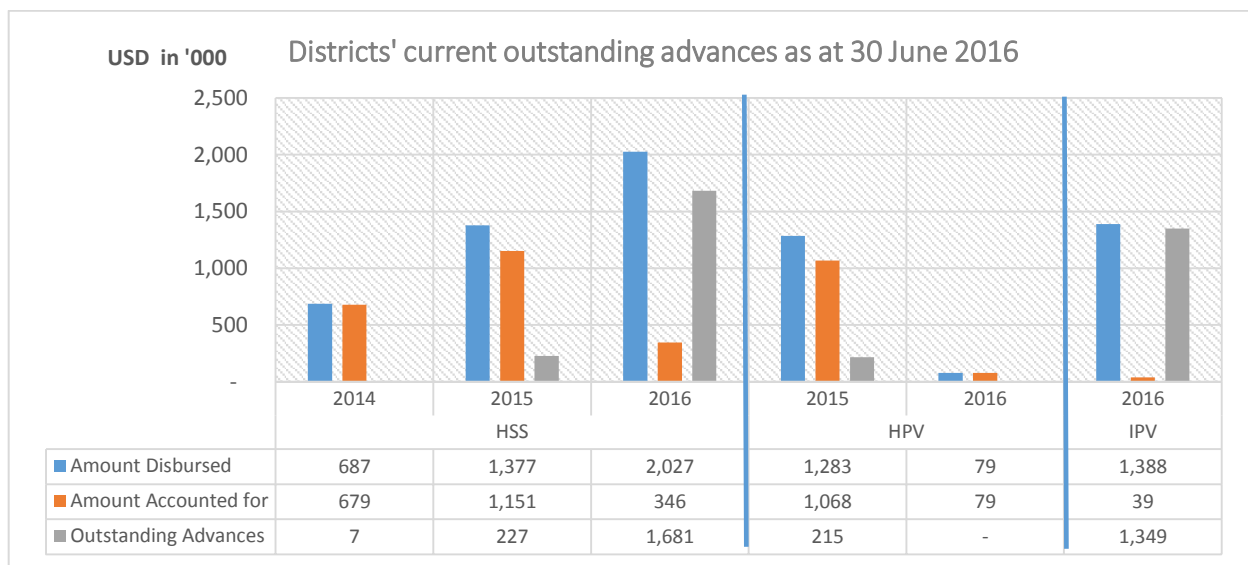
#### 4.4.1 Delays by the districts and MoH personnel in submitting accountabilities

Section 5 of the “financial management guidelines” state that “funds for a quarter will not be released until accountability is received for subsequent quarter funds”.

In addition, Article 5 of the MoU between MoH and each recipient district requires that each district submit one month after implementation of the planned activities, both their accountability of what funds they received and a technical report on the activities conducted. Disbursements to districts were accompanied with a memorandum which highlighted the budget, activities and accountability procedures. These memorandums also stated that the districts should account for the funds received within one month after completion of activities.

Significant delays in accounting for advances by the districts was noted and as at 30 June 2016, the status of the outstanding advances was as shown below:

Graph 1: Districts’ Advances and Balances 2014 to 2016



From 1 May 2013 until 30 June 2016, the total advances to the districts were UGX 18,445,848,237 (USD 5,589,650). However, as at 9 August 2016, current outstanding advances totalled UGX



12,057,738,684 (USD 3,615,361), of which at least 16% (or USD 585,078) were old advances, which being historic amounts were less likely to be adequately justified and cleared.

In addition to district advances, advances were made to MoH personnel for carrying out programme activities. As at 9 August 2016, a total of UGX 2,822,179,152 (USD 846,195) was outstanding of which 30% were advances made between 2013 and 2015.

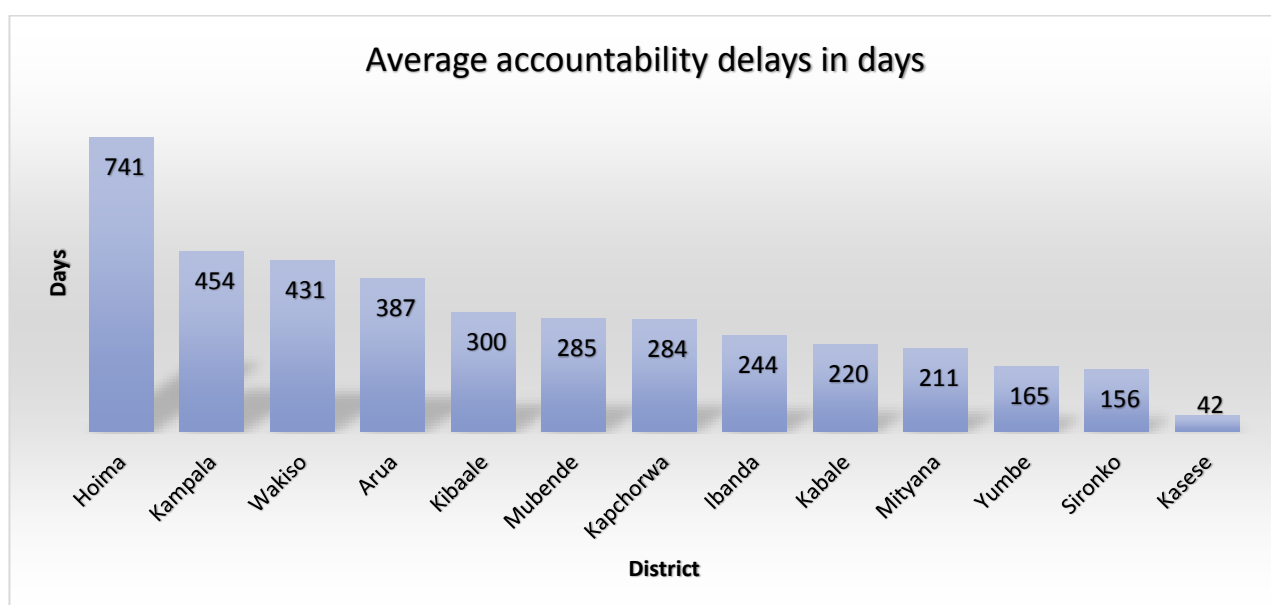
Details of the total outstanding advances at this date are shown in table 9 below.

Table 9: Outstanding advances as at 9 August 2016.

Type of advance	FY 2013	FY 2014	FY 2015	FY 2016	Total
<b>Due from the Districts (UGX)</b>	63,762,450	27,391,015	894,465,666	8,249,940,401	9,235,559,532
<b>MoH personnel (UGX)</b>	118,981,100	72,689,152	644,147,994	1,986,360,906	2,822,179,152
<b>Total (UGX)</b>	<b>182,743,550</b>	<b>100,080,167</b>	<b>1,538,613,660</b>	<b>10,236,301,307</b>	<b>12,057,738,684</b>
<b>Total (USD)</b>	<b>70,749</b>	<b>38,567</b>	<b>475,762</b>	<b>3,030,285</b>	<b>3,615,361</b>
<b>Relative share of total advances</b>	<b>2%</b>	<b>1%</b>	<b>13%</b>	<b>84%</b>	<b>100%</b>

The 13 districts reviewed by the audit team, reflected a range of delays in submitting their advance accountabilities and related supporting documents. The graph below illustrates the overall average number of days that districts took to clear their accountabilities from 1 January 2013 to 30 June 2016. This includes accountabilities, which were still outstanding as at the audit date (mainly for HPV and IPV grants).

Graph 2: Average delay in submitting accountabilities



However, in some cases, the delays were attributed to a failure by the MoH to notify the Districts Health Officers (DHOs) upon disbursement of funds to the districts. Hence, funds were held for a long time in the District General Fund Collection bank account without the knowledge of the DHOs. In addition, some districts were not clear on who was responsible for receiving the accountabilities at the MOH. Consequently, there were instances where the accountabilities records submitted by districts were lost and the affected district had to resubmit the accountabilities.

### Cause

- Poor communication and a lack of follow up by MoH on the outstanding advances and their intended use.
- Non-compliance with the guidelines for timely and effective management of accounting for advances.

### Risk/effect

There is a risk that once approved activities are completed, balances are spent on other activities without approval, leading to the misapplication of funds. Historic advances, which are not retired timely, may have to be reimbursed.

### Recommendation 11 (Critical)

The MoH should:

- Enforce the GoU's regulation on advances, with subsequent advances only being given after the clearance of previous advances;
- Manage advances through the IFMIS system as per Recommendation 8; and
- Assign suitable officials from the Accountability Section the responsibility to monitor and follow up on both: (i) the immunisation programme's advances paid to the districts; and (ii) advances made to MoH personnel for programme activities

### Management comments

*MoH has strengthened the follow up of accountability of advances by staff and Districts. MoH has received accountabilities amounting to UGX 9,061,606,770 which were part of the outstanding advances reflected in the draft audit report. MoH will continue following up outstanding accountabilities to ensure that they are all retired. MoH will strengthen controls and monitoring of advances to districts by ensuring timely notification of disbursements to the districts. In addition, MoH has requested districts that have unutilised funds to refund them. A total of UGX 181,151,616 (USD 51,289) has been refunded as at 31 December 2016.*

*MoH will work with MoFPED to explore the management of advances through the IFMIS system. See comments on recommendation 8.*

*Under HSS2, MoH will work with Gavi to make available additional resources to support review of accountabilities and follow up on outstanding district advances.*

**Timeline:** 30 June 2017

**Responsible party:** UNEPI Program Manager

## Audit Team's Comment

From the review of management comments and review done by the TA on additional documents reflecting the status as at 14 February 2017, the audit team has revised the amounts as below. See details in Annex 1 (j) and Table 9 below.

From the review of the advances, ineligible expenditure of UGX 81,101,000 (USD 25,078) was identified where the amounts related to measles campaign instead of HPV introduction activities. Given that the measles campaign was funded by WHO/UNICEF, there is a risk of duplication and these amounts are therefore questioned.

*Table 9: Updated status of advances as at 14 February 2017*

Year	Outstanding Amount (USD)	Comments
2013	46,378	The remaining amount of USD 46,378 was not supported by additional documents and remains questioned.
2014	20,347	The remaining amount of USD 20,247 was not supported by additional documents and remains questioned.
2015	224,766	The remaining questioned amount of 726,891,643 (USD 224,766) is made up of unsupported expenditure of UGX 654,667,343 (USD 202,433) and inadequately supported expenditure of UGX 72,224,300 (USD 22,333).
<b>Total</b>	<b>291,491</b>	

### 4.4.2 Gaps in recording and review of advances

In order to conduct outreach or supervision activities at the district and national levels, programmatic advances are given to staff to facilitate activities. The staff are expected to account for these advances upon finalisation of activities. After the implementation of activities for which the programmatic advances were given, districts' and MoH personnel were required to submit the accountability for advance and related supporting documents to the Accountability Section of the Ministry of Health for review and updating of the advance register.

The audit team identified the following weaknesses with such advances:

- Advances provided to staff were not entered into the IFMIS system. Our review of this register revealed that although advances from donor funds' were recorded, none of the Gavi-funded advances were included in the MoH advance register. As such, The Coordination Unit maintained a separate manual advance register in Excel.
- There was no MoH personnel in the Accountability Section (section which receives accountabilities from district for the entire Ministry) tasked with the responsibility for monitoring and following up advances paid to the districts and MoH personnel with Gavi funds.

Consequently, there was a gap in review of accountabilities as there was no evidence that the Coordination Unit carried out its own review of the submitted accountabilities for advances and the related supporting documents.

- No review log was maintained to record findings noted and action points to be taken.
- The Government of Uganda's regulations require that outstanding programmatic advances be accounted for prior to the approval of a subsequent advance. However, from the audit team's review, several cases were noted where staff with unaccounted for advances still received further advances not in compliance with the requirement.
- During the review of expenditure at selected districts, the audit team also noted instances where the balance of unspent advances were still held by the districts after implementation of the planned activities. There is no requirement in the "financial management guidelines" or the MoU that requires the recipient district to refund the unspent advances to MoH after implementation funded activities and submission of accountability. For example, we noted Kampala and Kasese had unspent advances amounting to UGX 38,369,664 (Kampala – UGX 38,240,000 and Kasese – UGX 129,664). The Coordination Unit did not record the remaining funds in the advance ledger, and they stated that they did not have any knowledge of the remaining balance of funds.

#### **Cause**

- There was lack of rigour in enforcing existing supervision mechanisms to follow-up outstanding advances.
- There were no MoH personnel responsible for review of submitted accountabilities for eligibility and completeness.

Incomplete financial management guidelines with respect to the treatment of unspent advances.

#### **Risk/ effect**

Ineffective management of advances increases the likelihood of ineligible expenditures not being detected and resolved on a timely basis.

#### **Recommendation 12 (Critical)**

- Provide guidance to the districts on the refund of unused advances after implementation of funded activities. The MoU and/or the financial management guidelines should be updated accordingly to reflect this necessary amendment
- The Ministry of Health should identify responsible staff who will be tasked with the responsibility to review and follow up outstanding district advances. These individuals should maintain a log of the documents they review, and their findings and observations, to enable follow up and resolution of findings noted.
- The districts should ensure timely accounting for advances and submission of the related accountabilities to the MoH in line with the guidelines and MoUs.

#### **Management comments**

*The Financial Management Guidelines will be updated to provide guidance on refund of unutilised advances. MoH has already requested districts to refund unused funds.*

MoH will work with Gavi to mobilise additional resources to support monitoring and accountability of advances under HSS2. See comments under recommendation 8, 9, 10 and 11.

MoH will establish a log indicating documents reviewed, findings, observations and resolution of issues and this will be shared with the relevant implementers including the districts.

**Timeline:** 30 June 2017

**Responsible Party:** UNEPI Program Manager

#### 4.4.3 Funds not used for the purpose intended

Section 20.1 (c) of the June 2012 Partnership Framework Agreement states 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.” Also, section 20.1 (a) of the same agreement 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 of such Programme.”

In addition, Section 10 of the “financial management guidelines” state that ‘without proper documentation, it is impossible to show that the costs claimed from the MoH meet the conditions of the contract’.

A range of transactions executed by the MOH failed to comply with these provisions, as the audit team’s review of select supporting documents identified inadequately supported expenditure. Without the necessary documentation to justify and validate the payments, the audit team is questioning this expenditure.

#### MOH National level activities

Table 10: Summary of National Level questioned expenditure

National Level Activity	Inadequately supported expenditure (USD)	Ineligible expenditure (USD)	Total (USD)
Religious Leaders meeting	-	17,465	17,465
Middle Level Managers (MLM) training	33,412	-	33,412
Stakeholders meeting	10,406	1,147	11,553
<b>Total</b>	<b>43,818</b>	<b>18,612</b>	<b>62,430</b>

#### **a) Religious Leaders meeting – UGX 56,483,284 (USD 17,465)**

The funds allocated amounted to UGX 504,113,000 while the amount advanced amounted to UGX 502,691,486. The audit team reviewed the accountabilities from the religious leaders’ series of meetings held in July 2015, to ascertain whether the expenditures were adequately supported.

We identified the following exceptions:

*Table 11: Ineligible expenditure (religious leaders meeting) – USD 17,465*

Details	Ineligible Amount (UGX)	Report reference
The supporting documentation was not adequate and was unrelated to the expenditure reported.	5,070,000	Annex 1 (a)
A comparison of the budget versus actual expenditure for fuel costs indicated that there was an overpayment of UGX 19,928,284 above the approved budget.	19,928,284	Annex 1 (b)
The review of budget versus expenditure for participant's per diems showed that UGX 30,810,000 spent above the approved budget	30,810,000	Annex 1 (c)
Analysis of amounts paid to drivers for per diem resulted in amounts totalling UGX 675,000 spent above the approved budget.	675,000	Annex 1 (d)
<b>Total</b>	<b>56,483,284</b>	

**b) Middle Level Managers (MLM) training at Health Manpower Development Centre (HMDC) Mbale – UGX 86,704,000 (USD 33,412)**

Funds amounting to UGX 410,525,000 were disbursed to Health Manpower Development Center (HMDC) Mbale on 31 October 2014 (DF096/Oct 14/1141) to implement the activity that was held between 9 December 2014 and 23 January 2015. The amounts related to the payment of per diem allowances to participants, facilitators, and officials from local government and other stakeholders to attend a series of trainings at HMDC in Mbale. The trainings targeted officers at the district level implementing the Gavi activities. Training was carried out in 5 phases at the same institution.

The audit team noted the following exceptions as per the table below. Further details in Annex 1 (e):

*Table 12: Inadequately supported expenditure (MLM training) – UGX 86,704,000 (USD 33,412)*

Details	Inadequately supported amount (UGX)
Funds for preparatory meetings carried out to develop the materials for the training. There was no evidence of minutes of meetings carried out, materials developed and evidence of consumption of fuel such as vehicle activity log books. Further, a receipt for meals referred to 30 people instead of 10 people per day for 3 days.	11,500,000
Fuel consumed during the 5 phases of the trainings. There was no evidence of consumption of the fuel such as vehicle activity log books.	12,045,000
This relates to payment of the meals supplier, Wej Uganda Limited. Although there was a letter from the host HMDC addressed to the supplier,	63,159,000

Details	Inadequately supported amount (UGX)
informing the supplier that he was prequalified, there was no further evidence for how the supplier was selected and no quotations were on file. Further, the audit team noted the high cost of meals such as lunch prices of UGX 25,000 per person. Given the context, it is unlikely that value for money was obtained.	
<b>Total</b>	<b>86,704,000</b>

**c) Stakeholders meeting – UGX 37,362,000 (USD 11,553)**

An amount totalling UGX 257,526,800 was spent on the Stakeholders meetings. The funds were disbursed on 25 November 2015 in equal instalments of UGX 51, 505,360 to five MoH Accountants. Of this total, the audit team identified inadequately supported expenditure totalling UGX 33,652,000 (USD 10,406) for the following reasons:

- Some payment sheets were not dated and did not show activity carried out.
- Attendance registers were also signed once instead of each day for the whole period of 3 days.
- Follow up of stakeholders meeting and vehicle repairs costs were not budgeted and did not show actual work done.
- Fuel costs were not supported by vehicle activity log books.

In addition, the audit team questioned further expenditure totalling UGX 3,710,000 (USD 1,147) consisting of:

- Allowances of UGX 960,000 paid to internal audit staff for field visits to inspect motor vehicles in the districts which were not budgeted for. There was no evidence of acknowledgement of receipt of these funds nor evidence of the work done in form of an activity report.
- A lump sum payment for UGX 2,750,000 whose only supporting document was a list of people without specifying how much each received. There was no evidence of what the payment related to, what activity was carried nor the role or entitlement of the people receiving the funds.

District level

There were various exceptions noted in district-level supporting documents in as indicated in Annex 1 (f) resulting in inadequately supported expenditure amounting to UGX 57,746,400 (USD 18,825) and ineligible expenditure of UGX 10,104,500 (USD 3,666) in Annex 1 (g) as summarised below:

*Table 13: Summary of District Level questioned expenditure*

Implementing unit	Inadequately supported expenditure (UGX)	Inadequately supported expenditure (USD)	Ineligible expenditure (UGX)	Ineligible expenditure (USD)

Kampala	3,610,000	1,321	1,035,500	367
Hoima	9,262,400	3,569	-	-
Mubende	165,000	64	-	-
Arua	9,513,000	3,014	6,894,000	2,663
Kabale	62,000	19	-	-
Kapchorwa	22,724,000	6,808	-	-
Sironko	12,026,000	3,882	-	-
Yumbe	384,000	148	2,175,000	636
<b>Total</b>	<b>57,746,400</b>	<b>18,825</b>	<b>10,104,500</b>	<b>3,666</b>

### Cause

Inadequate review to ensure that expenditures are properly supported with the required supporting documents.

### Risk/ effect

There is a risk that Gavi grants were used to pay for activities other than those intended in the approved work plans.

### Recommendation 13 (Critical)

The Ministry of Health should:

- In future, ensure that all necessary supporting documents attached to the payment voucher are reviewed for completeness and accuracy before payments are made;
- Provide additional supporting documents which were identified as missing by the audit team or refund the same amount to Gavi; and
- Refund any ineligible amount to Gavi.

### Management comments

*The detailed management comments are included in Annex 1 (i).*

*Going forward, MoH will ensure that:*

- *Payment sheets and attendance registers are dated and signed on each day of the meeting.*
- *Activities are implemented within the approved budget*
- *Vehicle log books are updated with details of vehicle journeys*
- *All necessary supporting documents attached to the payment voucher are reviewed for completeness and accuracy before approval of the retirement.*

**Responsible Party:** UNEPI Program Manager

### Audit Team's comments



From the review of management comments and validation done by the TA on additional documents, the audit team has revised the findings and amounts as below. Details included in Annex 1 (i) and summarised in Table 14 below.

*Table 14: Updated questioned costs*

Category	Initial amount (USD)	Revised amount (USD)	Comments
Inadequately supported expenditure – National level	223,635	43,818	We have updated to reflect the documentation provided for USD 179,817 from FPHP. MoH did not provided additional documentation for the remaining amount of USD 43,818, which remains questioned.
Inadequately supported expenditure – District level	18,825	15,806	We have reviewed the evidence for refund for Hoima district of USD 3,019. The total inadequately supported has therefore been revised to UGX 48,484,000 (USD 15,806).
Ineligible expenditure - National level	18,612	18,612	Although MoH has provided some explanations, no additional documents have been provided and the amounts remain questioned.
Ineligible expenditure – District level	3,666	3,666	The ineligible expenditure of UGX 10,104,500 (USD 3,666) remains questioned as no additional evidence has been provided.
<b>Total</b>	<b>264,738</b>	<b>81,902</b>	

#### 4.4.4 Gavi funds commingled with other funds for measles campaigns

One of the activities funded during the period under review was the introduction of HPV, with a total budget of USD 1.3m, for which principal activities carried out in October/November 2015. A Measles campaign funded by UNICEF/WHO was also carried out at the same time with a total budget of USD 2,027,130 for district level activities.

From the review of the memos accompanying the disbursements, activities were to be funded as below:

*Table 15: Details of funded activities at sub national level for HPV and measles*

Who?	Amount (UGX)	Amount (USD)	Activities funded
GAVI	4,019,793,887	1,242,979	<ul style="list-style-type: none"> <li>• Coordination meetings at district level.</li> <li>• Training at district and sub county level.</li> <li>• Sub county level mapping of outreaches (one day meeting).</li> <li>• Vaccine logistics: ice pack handling, fuel for standby generator, allowances and</li> </ul>

Who?	Amount (UGX)	Amount (USD)	Activities funded
			fuel for technicians for delivery of vaccines and cold chain maintenance.
WHO	4,674,636,351	1,445,466	For supervision activities including: <ul style="list-style-type: none"> <li>• Allowances for supervisors at district, sub county and post level;</li> <li>• Driver's allowances at district level;</li> <li>• Fuel at district and sub country level; and</li> <li>• Transport refund for health workers at post level.</li> </ul>
UNICEF - 1st disbursement	1,120,680,000	337,148	Social mobilisation activities including: <ul style="list-style-type: none"> <li>• Briefing and advocacy meetings with DHOs and stakeholders;</li> <li>• Support to districts for preparing, disseminating and distributing messages and specific radio activities; and</li> <li>• Community mobilisations by LC1 and VHTs</li> </ul>
UNICEF - 2nd disbursement	792,964,430	244,516	Support to central teams to travel to the districts and Perdiem for 20 days for 3 main functions: <ul style="list-style-type: none"> <li>• Training at districts level (4 days);</li> <li>• Supervise/monitor training at sub county levels (8 days); and</li> <li>• Support/supervise/monitor the implementation and data compilation (6 days).</li> </ul>
<b>Total</b>	<b>10,608,074,668</b>	<b>3,270,109</b>	

The funds from Gavi, WHO and UNICEF were disbursed to the districts at the same time but without providing any guidelines that the accounting and reporting requirements for the use of these funds needed to be done according to the three separate funding sources.

From discussions with the Ministry of Health officials, the accountabilities submitted by the districts for both the HPV and measles activities were comingled into a single set of financial results. The districts only came to know retroactively, i.e. after they had implemented their activities and incurred the expenditures, that they were required to account for each funding source separately.

It was therefore not possible to determine how the overall disbursement of Gavi funds totalling UGX 4,019,793,887 (USD 1,186,453) earmarked for HPV activities was spent by the districts, as they could not provide separate accounting and reporting on each respective source of funding.

See Annex 2 for detailed breakdown of disbursements by district.

**Cause**

- Failing to anticipate and communicate reporting requirements.
- Insufficient UNEPI personnel.
- Absence of guidelines on how to account for combined sources of funds.

**Risk/ effect**

The accounting and the reporting provided by the Ministry of Health on this combined set of activities to the three funding sources, including Gavi, was not transparent. There was therefore the risk of duplication.

**Recommendation 14 (Critical)**

The Ministry of Health should carry out an independent financial review to confirm that:

- All activities were completed;
- Funds were used as intended and as stated in the various budgets;
- Any balances are attributed to the right donor.

The results of this review should be shared with Gavi by July 2017, otherwise some or all of the funding may have to be reimbursed.

**Management comments**

*The Ministry of Health will carry out an independent financial review to confirm that:*

- All activities were completed;
- Funds were used as intended and as stated in the various budgets;
- Any balances are attributed to the right donor.

*The results of this review will be shared with Gavi by July 2017.*

**Responsible party:** UNEPI Program Manager

**4.4.5 Payment of Value Added Tax (VAT) using Gavi funds**

According to Article 15 of the Partnership Framework Agreement, “Gavi funds should not be used to pay any taxes, customs, duties, toll or other charges imposed on the importation<sup>1</sup> of vaccines and related supplies.”

From the audit team’s sample review, the following amounts of Value Added Tax (VAT) were incurred on supply of goods and services, as below:

*Table 16: VAT amount paid using Gavi funds.*

Implementing unit	Amount (UGX)	Amount (USD)
<b>Kampala City Council Authority – See details in Annex 1 (h)</b>	1,031,796	398

<b>Coordination Unit</b>	159,342,966	52,566
<b>Total</b>	<b>160,374,762</b>	<b>52,964</b>

However, from discussions with the Coordination Unit, the Ministry of Finance has made an allocation to each Ministry to cover taxes for tax exempt programmes. This was therefore an oversight.

### **Cause**

Non-compliance with the Partnership Framework Agreement requirements on allowable uses of Gavi funds.

### **Risk/ effect**

Avoidable taxes were paid on services and products. As a consequence, savings were foregone and less programme resources were available to fund immunisation activities.

### **Recommendation 15 (Critical)**

The Ministry of Health should:

- Identify all the taxes paid made during the implementation of Gavi funded activities and refund the same to Gavi.
- Comply with the requirements of the Partnership Framework Agreement relating to ineligible charges, by ensuring that in future, all taxes associated with the implementation of Gavi-funded activities are paid for by the Government of Uganda provision of funds.

### **Management comments**

*MoH will identify all taxes paid and take the required action.*

*Going forward, MoH will ensure that all taxes associated with the implementation of Gavi funded activities are provided for by Government of Uganda. In the financial year 2017/18, UNEPI has presented the tax obligations that are supposed to be refunded by GoU.*

**Timeline:** Financial year 2017/2018 (30 June 2017)

**Responsible Party:** UNEPI Program Manager

## 4.5. Procurement

	Audit Rating
There was no evidence on file that district-level procurements observed due process and ensured competition, as required.	Partially satisfactory

During the period under review, UNICEF carried out Gavi-funded procurement totalling USD 8.6 million. Motor vehicles, motor cycles and cold chain equipment were purchased and the goods delivered to the MOH.

In addition, other district-level procurements occurred, with the process being managed by the districts' themselves.

A further procurement totalling USD 5.4m, to select a civil works contractor and build staff houses and district vaccine stores was scheduled to be completed by 2015. However, this procurement has been significantly delayed, as the contractor had not yet been selected at the time of our review in July 2016. The procurement process was finalised in September 2016 and the works are expected to be completed in July 2017. This delayed procurement was a significant factor contributing to the low utilisation of Gavi funds, as discussed in section 4.3.1.

### 4.5.1 No evidence of competition in procurement of goods and services at districts

Section 86 of the "Public Procurement and Disposal of Public Assets Act (2003)" states that "micro procurement is a procurement method which shall be used for low value procurement requirements". Section 7 (1) of the Fourth Schedule of the PPDA Act, 2003 provides for the conditions under which the micro-procurement can be used, as follows:

- (1) A procuring and disposing entity shall use the micro procurement method for unforeseen requirements whose estimated value is below the prescribed threshold.
- (2) Where a procuring and disposing entity engages in micro procurement—
  - a. the original invoice or receipt evidencing the supplies procured and the price paid shall be obtained and signed by the official procuring the supplies;
  - b. it shall be responsible for ensuring that value for money is obtained to the extent practical under the procurement procedure; and
  - c. a comparison of at least three quotations shall be made.

Section 2 (2.4) of the Public Procurement and Disposal of Public Assets Guidelines, 2014 provides that micro procurement shall be used if the estimated value of the supplies or non-consultancy services does not exceed UGX 5 million.

However, the audit team noted that districts used the "micro procurement" method but did not obtain at least three quotations before supplier selection as required by the Act. A sample of district-level procurements done through single-sourcing amounting to UGX 38,949,800 (approximately USD 3,200) were reviewed as indicated below:

Table 17: Sample procurements where single sourcing was used.

Implementing unit	Amount in UGX
Kampala	20,459,400
Mubende	2,558,500
Ibanda	1,826,700
Kapchorwa	3,628,000
Kibaale	985,100
Sironko	4,222,000
Wakiso	5,270,100
<b>Total</b>	<b>38,949,800</b>

### Cause

- Non-compliance with the “Public Procurement and Disposal of Public Assets” guidelines
- Human error, resulting in failure to understanding the difference between requirements for the "micro procurement "and "request for quotation" methods.

### Risk/ effect

In absence of competition, there is no assurance that the prices paid were competitive or that best value for money was achieved.

### Recommendation 16 (Essential)

In future the Ministry of Health should ensure that:

- the national principles of competition and due process are applied in purchase of goods and services.
- districts are reoriented on the requirements of the Public Procurement and Disposal of Public Assets Guidelines to ensure compliance during implementation of Gavi funded activities.

### Management comments

*This recommendation is noted. Going forward, MoH will ensure that the districts comply with the PPDA Act and regulations in the purchase of goods and services. This requirement will be included in the revised MoU and revised Gavi Financial Management Guidelines.*

**Timeline:** Ongoing

**Responsible Party:** Procurement Specialists

## 4.6. Fixed assets management

	Audit Rating
<p>The Coordination Unit and all the 13 districts visited by the audit team did not maintain vehicle activity log books for their vehicles and motorcycles. It was therefore not possible to establish whether:</p> <p>(i) Gavi-funded vehicles were primarily used for immunisation activities; and that (ii) value for money was obtained on fuel purchases.</p>	<b>Unsatisfactory</b>

In 2015, acting on Gavi's behalf, the UNICEF Supply Division procured a large order of motor vehicles, motor cycles and cold chain equipment worth approximately USD 8 million for the MOH's immunisation programme. The items were delivered to National Medical Stores, and then forwarded onto the districts, per the MOH's instructions. On a sample basis, the audit team reviewed the delivery and existence of these district-level assets.

### 4.6.1 Poor management of motor vehicles and fuel

Section 20.1 of the June 2012 Partnership Framework Agreement states 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." Further, "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 of such Programme."

In 2015, 66 vehicles, 600 motorcycles and 10 boats were delivered to various districts and 5 vehicles to national level to support immunisation activities. However, the audit team could not confirm the existence of any vehicle management policy as this was not provided. Therefore, there were no policies and procedures in place on how to track and manage the use of these items.

Due to this, the audit team noted that at both the national level (i.e. the Coordination Unit) and the 13 districts visited, none of these sites used vehicle activity logbooks to record the movement of their vehicles.

Further, the non-existence of such vehicle activity log books undermined the audit team's effort of determining whether the vehicles were primarily used for immunisation activities.

For example, the audit team noted in Kabale district that the motor vehicle which was used exclusively by the District Commissioner, who was the former DHO, was not available for inspection. The district management team clarified the situation and stated that the former DHO did not return the motor vehicle after he was promoted, implying that the vehicle was no longer available for immunisation activities. Other examples where assets were not being used for immunisation purposes as verbally reported to the audit team, included one boat and a 4 wheel vehicle.

Similarly, the fuel expenditure incurred on Gavi funded activities was only supported by receipts, without any records or details of the purpose of the journey. In the absence of the necessary

vehicle activity log books, the audit team could not obtain assurance that Gavi funding for fuel was primarily used for immunisation programme activities. For example, there were cases where irregularities were noted in fuel purchases where some of the receipts presented did not appear genuine as indicated in Section 4.4.3.

Sampled fuel expenditure totalling UGX 128,941,363 (approx. USD 46,000) was tested by the audit team as shown below in Table 14. In the absence of vehicle activity log books and as a result of inconsistencies in the fuel receipts reviewed, the audit team could not establish if value for money was obtained on the fuel expenditure.

*Table 18: Sample fuel expenditure reviewed*

Implementing unit	Amount in UGX
<b>Coordination Unit</b>	52,850,700
<b>Kampala</b>	2,205,000
<b>Hoima</b>	90,000
<b>Mubende</b>	10,925,880
<b>Ibanda</b>	7,749,000
<b>Kabale</b>	4,623,533
<b>Kapchorwa</b>	8,683,500
<b>Kibaale</b>	11,476,500
<b>Sironko</b>	9,240,000
<b>Wakiso</b>	21,097,250
<b>Total</b>	<b>128,941,363</b>

### Cause

Lack of clear policies and procedures on management and monitoring of vehicles.

### Risk/ effect

Unless adequate processes and systems are in place, comprising suitable records as well as maintaining vehicle activity log books, it will not be possible to track and ensure that vehicles are used for the programmatic activities and purposes planned. In addition, it is also not possible to confirm whether fuel procured by grant funds was actually used for program activities.

### Recommendation 17 (Critical)

The Ministry of Health should:

- Ensure the vehicle for Kabale district is returned to the DHO and used primarily to support immunisation activities;
- Formulate clear policies and processes for recording and monitoring motor vehicle usage;
- Put in place activity log books for each vehicle, and for each journey record details of the distance covered, activity undertaken and any fuel consumed.



- Charge the actual fuel expenditure incurred to implement Gavi funded activities subject to the budget limit for each activity; and
- Where feasibly possible, strengthen controls over fuel purchases by using fuel cards.

### Management comments

*MoH will work with the district leadership to ensure that all vehicle journeys and transactions are documented in vehicle log books.*

*MoH will ensure that vehicle activity log books are maintained to enable recording of vehicle journeys. MoH uses fuel cards but will further strengthen controls over fuel expenditure by ensuring adherence to budget limits and use of vehicles for Gavi activities.*

*The vehicle for Kabale was returned to the DHO.*

**Timeline:** 30 June 2017

**Responsible Party:** UNEPI Program Manager

### Audit Team's Response

MoH has submitted a hand over report dated 31 October 2016 for the former DHO for Kabale indicating that all assets, including vehicles, were handed over to the Chief Administrative Officer of Kabale district. In future, all assets s

We acknowledge management's response on the controls over motor vehicle usage and fuel expenditure. Implementation of the recommendation will be reviewed after 30 June 2017.

#### 4.6.2 Fixed asset registers not updated

Section (34) of the Public Finance Management 2015 Act (3) states that 'An Accounting Officer shall be responsible for the management of the assets, and, using the format prescribed by the Accountant-General, keep a register of the assets and the inventories'.

All districts maintained a consolidated fixed asset register for all of their assets, including items funded by the Government of Uganda and development partners. However, most districts visited did not include their Gavi-financed assets in their register as shown in the table below:

*Table 19: Exceptions noted in review of fixed assets.*

#	Implementing unit	Gavi-funded assets not included in register	No asset register exists or not provided	Incomplete asset register
1	Hoima	√		
2	Mubende	√		
3	Arua	√		
4	Mityana	√		√

#	Implementing unit	Gavi-funded assets not included in register	No asset register exists or not provided	Incomplete asset register
5	Kibaale	√		
6	Yumbe	√		
7	Kampala		√	
8	Kasese		√	
9	Ibanda			√
10	Kabale			√
11	Kapchorwa			√
12	Sironko			√

In addition, the audit team, following findings were noted:

- The registration of Gavi-funded motorcycles delivered to the MOH in 2015 was still pending for Kampala Capital City Authority (KCCA) and as such, these motorcycles were not in use. It was understood that once the vehicle registration documents were transferred to KCCA, the vehicles would then be insured and forwarded to the designated health facilities for use.
- Similarly, from discussions with the KCCA team, the audit team was informed that about 90 Gavi-funded fridges had been distributed to various private health facilities. However, none of these assets were considered as KCCA assets since the KCCA was not included in the Memorandum of Understanding (MoU) between the MoH and the private health facilities. The audit team was therefore unable to conclude on the existence and/or title of the assets concerned as no asset register was made available, nor was there any clarity on the status and nature of legal ownership and rights to the assets which had been transferred to a third party.

### Cause

A failure to enforce controls over use and maintenance of fixed assets.

### Risk/ effect

Weak or insufficient controls over the use of assets and maintenance of the fixed asset register may lead to the misuse of assets.

### Recommendation 18 (Essential)

The Ministry of Health should:

- Ensure that districts regularly maintain and update their fixed asset registers to ensure that programme assets are tracked, managed and used for their designated purpose. A fixed asset register template could be provided to standardise and ensure that such records are complete.

- Require the districts to submit their fixed asset registers to MoH on a semi-annual basis for validation
- Follow up with KCCA to ensure that, the process of transfer of Gavi financed motorcycles is prioritised so that the motorcycles can be insured and transferred to the health facilities.
- For any Gavi-funded assets that have been distributed to non-governmental facilities, the government should provide a distribution list showing how the Gavi financed assets were allocated.

**Management comments**

*MoH will work with the districts to ensure that Gavi funded assets are included in the register. MoH has engaged the KCCA focal persons on Gavi funded Motorcycles. KCCA is required to insure all Motorcycles before there transfer to intended beneficiaries. MoH will work with KCCA to ensure that the transfer of Gavi funded motorcycles is completed immediately.*

*MoH will request KCCA to provide the distribution list for the 90 fridges distributed to private health facilities.*

**Timeline:** 30 June 2017

**Responsible Party:** UNEPI Program Manager

## Annex 1 – Funds not used for intended purpose

### Annex 1 (a) -Ineligible expenditure amounting to UGX 5,070,000

There was a disconnect between advance amount and the supporting documents. It was unclear how a payment of UGX 5,070,000 is supported by documentation amounting to UGX 13,620,000. There were also other inconsistencies noted in the supporting documents as below:

Activity	Unit	Cost (UGX)	Budget (UGX)	Actual (UGX)	(Over)/under Budget (UGX)	Comments
		UGX	UGX	UGX	UGX	
Stationery with pen	15	5,000	75,000	400,000	(325,000)	The receipt attached does not indicate the price per unit nor is a delivery order attached.
Teas with snacks	15	5,000	75,000	900,000	(825,000)	Amounts were above budget.
Sitting allowance for secretary generals	7	180,000	1,260,000	11,570,000	(10,310,000)	9 people were to attend the meeting but instead 8 others attended. They were paid but did not sign the participants register. In addition, the amount paid to the 8 participants was not the budgeted rate of UGX 180,000 since some were paid UGX 100,000, others UGX 240,000 and others UGX 75,000. There was no documented criteria on file.
Airtime for resource mobilisation	6	400,000	2,400,000	-	2,400,000	From the attached supporting documentation, there was no amount that related to airtime expenditure
Airtime to follow-up participants / districts	1	500,000	500,000	650,000	(150,000)	Amounts were above budget.

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<b>Fuel for coordination</b>	200	3,800	760,000	100,000	660,000	Questioned since there are no motor vehicle logs sheets to confirm consumption of fuel.
<b>Total</b>			<b>5,070,000</b>	<b>13,620,000</b>	<b>(8,550,000)</b>	

**Annex 1 (b) Fuel overpayments totalling UGX 19,928,284**

District	Total fuel refunds (UGX)	Budget (UGX)	Variance / Questioned (UGX)	Utilisation
Hoima	2,260,000	1,354,286	905,714	167%
Ibanda	2,050,000	1,954,286	95,714	105%
Jinja	1,350,000	651,429	698,571	207%
Kasese	6,480,000	2,702,857	3,777,143	240%
Katakwi	2,700,000	2,537,143	162,857	106%
Kibaale	2,940,000	1,474,286	1,465,714	199%
Kiboga	1,044,000	874,286	169,714	119%
Kisoro	4,340,000	3,108,571	1,231,429	140%
Kitgum	2,830,000	2,782,857	47,143	102%
Kotido	5,400,000	4,257,143	1,142,857	127%
Kween	3,750,000	2,012,857	1,737,143	186%
Kyankwanzi	3,000,000	1,160,000	1,840,000	259%
Kyenjojo	2,350,000	1,748,571	601,429	134%
Luwero	1,210,000	594,286	615,714	204%
Masaka	1,520,000	977,143	542,857	156%
Mbale	2,880,000	1,622,857	1,257,143	177%
Mbarara	2,980,000	1,811,429	1,168,571	165%
Mityana	1,050,000	594,286	455,714	177%
Wakiso	900,000	274,286	625,714	328%
Yumbe	4,970,000	3,582,857	1,387,143	139%
<b>Total</b>			<b>19,928,284</b>	

**Annex 1 (c) Overpaid participant's payments amounting to UGX 30,810,000**

District	Participant target	Participants	Variance	Budget in UGX	Amount paid in UGX	Variance in UGX
Hoima	5	9	4	1,400,000	2,520,000	1,120,000
Ibanda	5	6	1	1,400,000	1,680,000	280,000
Jinja	5	12	7	1,400,000	3,360,000	1,960,000
Kabarole	5	8	3	1,400,000	2,240,000	840,000
Kampala	20	78	58	2,800,000	8,270,000	5,470,000
Kasese	5	12	7	1,400,000	3,360,000	1,960,000
Kibaale	5	10	5	1,400,000	2,800,000	1,400,000
Kiboga	5	6	1	1,400,000	1,680,000	280,000
Kisoro	5	7	2	1,400,000	1,960,000	560,000
Kotido	5	7	2	1,400,000	1,960,000	560,000
Kumi	5	7	2	1,400,000	1,960,000	560,000
Lira	5	10	5	1,400,000	2,800,000	1,400,000
Luwero	5	13	8	1,400,000	3,640,000	2,240,000
Masaka	5	9	4	1,400,000	2,520,000	1,120,000
Mbale	5	9	4	1,400,000	2,520,000	1,120,000
Mbarara	5	11	6	1,400,000	3,080,000	1,680,000
Mityana	5	7	2	1,400,000	1,960,000	560,000
Mubende	5	6	1	1,400,000	1,680,000	280,000
Mukono	5	14	9	1,400,000	3,920,000	2,520,000
Wakiso	5	18	13	700,000	5,040,000	4,340,000
Yumbe	5	7	2	1,400,000	1,960,000	560,000
<b>Total</b>						<b>30,810,000</b>

**Annex 1 (d) Driver allowance overpayments totalling UGX 675,000**

District	Driver target	Drivers	Budget in UGX	Amount paid in UGX	Variance/questioned in UGX
Kasese	5	7	750,000	1,050,000	300,000
Kisoro	5	6	750,000	900,000	150,000
Yumbe	5	4	375,000	600,000	225,000
<b>Total</b>					<b>675,000</b>

**Annex 1 (e) MLM training at HMDC Mbale (UGX 31,375,000 and UGX 63,159,000)**

Funds amounting to UGX 410,525,000 was disbursed to Health Manpower Development Center (HMDC) Mbale on 31 October 2014 (DF096/Oct 14/1141) to implement the activity that was held between 9 December 2014 and 23 January 2015.

Item	Amount disbursed in UGX	Inadequately supported in UGX	Procurement weaknesses in UGX	Comments
Material development and coordination	11,500,000	11,500,000	-	Inadequately supported. No evidence of minutes of meetings carried out and materials developed. No evidence of how fuel was consumed.
5th Phase	49,149,000	750,000	14,079,000	No evidence of how fuel was consumed. No evidence of how supplier for catering was selected.
4th phase	74,735,000	-	10,720,000	No evidence of how supplier for catering was selected.
3rd phase	87,755,000	-	14,000,000	No evidence of how supplier for catering was selected.
2nd phase	125,420,000	17,375,000	15,960,000	No evidence of how fuel was consumed. No evidence of how supplier for catering was selected. Not budgeted
1st phase	71,470,000	1,750,000	8,400,000	No evidence of how fuel was consumed.



Item	Amount disbursed in UGX	Inadequately supported in UGX	Procurement weaknesses in UGX	Comments
				No evidence of how supplier for catering was selected.
<b>Total</b>		<b>31,375,000</b>	<b>63,159,000</b>	

**Annex 1 (f) – Inadequately supported expenditure - UGX 57,746,400**

Implementing Unit	Comments on supporting documents:					Amount (UGX)
<b>Kampala</b>	<b>PV EFT No</b>	<b>Year</b>	<b>Comments</b>	<b>Amount in UGX</b>	<b>Amount in USD</b>	3,610,000
	950768	2014	Supporting documents attached to the payment voucher do not tie with amount paid	1,693,000	652	
	850581	2014	There was no third party invoice attached to the payment voucher	800,000	308	
	950765	2014	No receipt for fuel	200,000	77	
	6035122	2015	There were discrepancies between the number of days the participants were paid for and the number of days they attended.	917,000	284	
	<b>Total</b>			<b>3,610,000</b>	<b>1,321</b>	
<b>Hoima</b>	On 20 June 2014, the MoH sent UGX 47,474,000 to Hoima district but gave guidelines to spend only UGX 38,211,600. The district refunded to MoH the unauthorised balance of UGX 9,262,400 (USD 3,569). However, of the refunded amount, the MoH recognised expenditure of UGX 615,000, which had not been spent by Hoima district. In addition, the refunded amount had not be entered in the MoH books hence a net amount of UGX 8,647,400 was presented by the MoH as an utilised balance.					9,262,400
<b>Mubende</b>	There were more participants than budgeted and no approval was sought to exceed the budget as shown below:					165,000
	<b>Dates of the training</b>	<b>Excess no of participants</b>	<b>Ineligible amount in UGX</b>	<b>Ineligible amount in USD</b>		
	4 Sept 2013	2	30,000	12		
	18 Sept 2013	1	15,000	6		

Implementing Unit					Comments on supporting documents:		Amount (UGX)
	<b>30 Sept 2013</b>		6	90,000		35	
	<b>10 Oct 2013</b>		1	15,000		6	
	<b>19 Oct 2013</b>		1	15,000		6	
	<b>Total</b>		<b>11</b>	<b>165,000</b>		<b>64</b>	
<b>Arua</b>	We identified the following exceptions in the support of expenditure for Arua:						9,513,000
	<b>Date</b>	<b>Payment reference</b>	<b>Comments</b>		<b>Amount in UGX</b>	<b>Amount in USD</b>	
	<b>3-Mar-14</b>	3/3/13/14	A variance in the supporting documentation for activities relating to facilitation of parish and facility mobilisation during pneumococcal vaccine introduction activities. The supporting documentation casted during the audit amounted to UGX 4,000,000 while the reported expenditure was UGX 4,220,000. The variance of UGX 220,000 was unsupported.		220,000	109	
	<b>28-Jun-13</b>	4/6/12/13	The audit team noted SDA payment schedules amounting to UGX 413,000 that did not have an activity date indicated on them during pneumococcal vaccine introduction activities. Additionally, no activity report was attached to the support documents.		413,000	159	
	<b>10-Jun-15</b>	3/6/14/15	The audit team noted the payments for SDA of UGX 4,080,000 were lump sum payments for activities in the months of April, May and June. There was no		8,880,000	2,746	

Implementing Unit		Comments on supporting documents:			Amount (UGX)																				
			breakdown to show the rate and number of days paid. No activity report was attached to show when the logistics distribution and cold chain maintenance activities were done. In addition, the audit team could not tie the fuel bought of UGX 4,800,000 to the activities reported in the payment voucher.																						
	<b>Total</b>			<b>9,513,000</b>	<b>3,014</b>																				
<b>Kabale</b>	Purchase of stationery amounting to UGX 62,000 (USD 19) was supported by receipts from the suppliers that did not show the breakdown of items supplied and quantities. This was in relation to disbursement of UGX 68,851,533 dated 30 November 2015.				62,000																				
<b>Kapchorwa</b>	<table border="1"> <thead> <tr> <th>Date</th> <th>Payment ref</th> <th>Comments</th> <th>Amount in UGX</th> <th>Amount in USD</th> </tr> </thead> <tbody> <tr> <td>S04895</td> <td>10-May-16</td> <td>Payment was not supported by attendance registers and payment forms.</td> <td>1,516,000</td> <td>449</td> </tr> <tr> <td>S04895</td> <td>10-May-16</td> <td>Payment was not supported by attendance registers and activity report did not include specific activities carried out in specific locations and number of people targeted and covered.</td> <td>9,464,000</td> <td>2,802</td> </tr> <tr> <td>S04902</td> <td>10-May-16</td> <td> <ul style="list-style-type: none"> <li>Payment to facilitators of UGX 510,000 was not supported by attendance registers.</li> </ul> </td> <td>5,610,000</td> <td>1,661</td> </tr> </tbody> </table>				Date	Payment ref	Comments	Amount in UGX	Amount in USD	S04895	10-May-16	Payment was not supported by attendance registers and payment forms.	1,516,000	449	S04895	10-May-16	Payment was not supported by attendance registers and activity report did not include specific activities carried out in specific locations and number of people targeted and covered.	9,464,000	2,802	S04902	10-May-16	<ul style="list-style-type: none"> <li>Payment to facilitators of UGX 510,000 was not supported by attendance registers.</li> </ul>	5,610,000	1,661	22,724,000
Date	Payment ref	Comments	Amount in UGX	Amount in USD																					
S04895	10-May-16	Payment was not supported by attendance registers and payment forms.	1,516,000	449																					
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S04902	10-May-16	<ul style="list-style-type: none"> <li>Payment to facilitators of UGX 510,000 was not supported by attendance registers.</li> </ul>	5,610,000	1,661																					

Implementing Unit					Comments on supporting documents:		Amount (UGX)
			<ul style="list-style-type: none"> <li>• Payment to drivers of UGX 255,000 was not supported by attendance registers or vehicle movement sheets.</li> <li>• Payment of allowances and transport to Village Health Teams (VHT) of UGX 4,845,000 was not supported by attendance registers.</li> <li>• No evidence of approval of payment voucher by CAO</li> </ul>				
	<b>S04096</b>	30-Sep-15	<ul style="list-style-type: none"> <li>• Payment to district, sub county supervisors and drivers of UGX 2,652,000 was not supported by attendance registers.</li> <li>• Payment to vaccinators of UGX 3,482,000 was not supported by attendance registers.</li> <li>• Some attendance registers and acknowledgment forms did not have sufficient details including dates, location of activity and activity carried out.</li> </ul>	6,134,000	1,897		
		<b>Total</b>		<b>22,724,000</b>	<b>6,808</b>		

Implementing Unit	Comments on supporting documents:				Amount (UGX)	
Sironko						12,026,000
	Date	Payment reference	Comments	Amount in UGX	Amount in USD	
	2573	28-Sep-15	UGX 867,000 inadequately supported as follows: Extra day payment for Busulani s/c (UGX 17,000), attendance list for 30/9/15 for Zesui s/c was missing (UGX 238,000) and attendance list for 3 days for Blekyi s/c was missing (UGX 612,000).	867,000	268	
2576	25-Sep-15	<ul style="list-style-type: none"> <li>• UGX 306,000 inadequately supported as there was no attendance list for payment form dated 6/10/15.</li> <li>• Attendance list dated 30/9/2015 was summary (UGX 102,000).</li> <li>• List of attendance for payment form dated 7/10/15 for Bumulimba S/c was missing (UGX 102,000).</li> <li>• Attendance list for payment forms dated 6/10/2015 for Bukyabo s/c (UGX 204,000).</li> <li>• No attendance list for drivers relating to payment form for 21 drivers for 3 days at 17,000 per day (UGX 1,071,000).</li> </ul>	2,053,000	635		

Implementing Unit	Comments on supporting documents:				Amount (UGX)
			<ul style="list-style-type: none"> <li>No attendance list for 3 days for vaccinators for payment form dated 6/10/2015 (UGX 68,000).</li> <li>No attendance list for payment form dated 21/1/2015 (UGX 200,000).</li> </ul>		
<b>S00199</b>		26-Apr-16	<ul style="list-style-type: none"> <li>Attendance list and payment form for UGX 680,000 for drivers and facilitators did not have details of what was being paid for, location and date.</li> <li>Attendance list had 33 participants while payment form had 40 (variance of 7 being UGX 119,000).</li> </ul>	799,000	237
<b>20435</b>		30-Sep-13	<ul style="list-style-type: none"> <li>The attendance register and payment forms were signed only once instead of the number of times outreaches were conducted (UGX 2,745,000).</li> <li>Missing attendance registers for vaccinators and mobilisers (UGX 370,000).</li> </ul>	3,115,000	1,206
<b>S00570</b>		6-Jul-16	<ul style="list-style-type: none"> <li>Attendance registers for Simupondo s/c and Bendege s/c were signed once per month instead of every time an outreach was conducted.</li> </ul>	5,192,000	1,537

Implementing Unit	Comments on supporting documents:					Amount (UGX)
			(UGX 352,000 per s/c thus UGX 704,000). <ul style="list-style-type: none"> <li>No attendance register for payment to drivers for 132 visits in 4 months for 2 drivers at UGX 2,244,000 per driver (UGX 4,488,000).</li> </ul>			
	<b>Total</b>			<b>12,026,000</b>	<b>3,882</b>	
<b>Yumbe</b>	A payment amounting to UGX 1,701,000 made on 2 July 2014 had supporting documents that amounted to UGX 1,317,000, the balance of UGX 384,000 (USD 148) was unsupported.					384,000
<b>Total in UGX</b>						<b>57,746,400</b>

### Annex 1 (g) – Ineligible expenditure UGX 10,104,500

Implementing unit	Comments	Amount in UGX																																				
<b>Kampala</b>	<p>We noted that the serial numbers of the receipts for fuel from the same fuel station and the dates were inconsistent as shown in the table below. This indicates that blank fuel receipts may have been obtained from the fuel stations and filled to match the amount allocated for fuel. Examples of such receipts are shown in the table below:</p> <table border="1"> <thead> <tr> <th>PV EFT No</th> <th>Date</th> <th>Serial no.</th> <th>Supplier</th> <th>Amount in UGX</th> <th>Amount in USD</th> </tr> </thead> <tbody> <tr> <td>672345</td> <td>7 /7/2014</td> <td>841</td> <td>Bucha Agencies</td> <td>442,000</td> <td>170</td> </tr> <tr> <td>672325</td> <td>13/5/2014</td> <td>842</td> <td>Bucha Agencies</td> <td>173,500</td> <td>67</td> </tr> <tr> <td>6035122</td> <td>30/4/15</td> <td>14251</td> <td>Shell Makindye</td> <td>52,500</td> <td>16</td> </tr> <tr> <td>6035122</td> <td>2/4/15</td> <td>14245</td> <td>Shell Makindye</td> <td>52,500</td> <td>16</td> </tr> <tr> <td>6017426</td> <td>25/4/15</td> <td>13531</td> <td>Shell Nakawa</td> <td>52,500</td> <td>16</td> </tr> </tbody> </table>	PV EFT No	Date	Serial no.	Supplier	Amount in UGX	Amount in USD	672345	7 /7/2014	841	Bucha Agencies	442,000	170	672325	13/5/2014	842	Bucha Agencies	173,500	67	6035122	30/4/15	14251	Shell Makindye	52,500	16	6035122	2/4/15	14245	Shell Makindye	52,500	16	6017426	25/4/15	13531	Shell Nakawa	52,500	16	1,035,500
PV EFT No	Date	Serial no.	Supplier	Amount in UGX	Amount in USD																																	
672345	7 /7/2014	841	Bucha Agencies	442,000	170																																	
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	<b>6017426</b>	12/5/15	13515	Shell Nakawa	52,500	16	
	<b>6017426</b>	27/04/15	004	Shell Kyambogo	52,500	16	
	<b>6017426</b>	16/04/15	007	Shell Kyambogo	52,500	16	
	<b>6017426</b>	6/05/15	900	Shell Kyambogo	52,500	16	
	<b>6017426</b>	23/06/15	898	Shell Kyambogo	52,500	16	
	<b>Total</b>				<b>1,035,500</b>	<b>367</b>	
<b>Arua</b>							6,894,000
	<b>Date</b>	<b>Payment reference</b>	<b>Comments</b>		<b>Amount (UGX)</b>	<b>Amount (USD)</b>	
	<b>28-Jun-13</b>	1/6/12/13	The audit noted subsistence daily allowances were paid to participants concurrently with meals provided during the training. Receipt was morning tea and lunch amounting to UGX 915,000 which was not budgeted for. Transport refund provided were for 4 days while the training was for 3 days. The excess transport refund amounted to UGX 420,000.		1,335,000	517	
	<b>28-Jun-13</b>	2/6/12/13	<ul style="list-style-type: none"> <li>The audit noted SDA was paid to participants after the training, while meals were provided during the training. We saw a receipt for morning tea and lunch amounting to UGX 1,342,000 which was not budgeted for. No evidence of procurement for the caterer was attached.</li> <li>In addition, we noted airtime bought of UGX 20,000 which was not budgeted for.</li> </ul>		1,362,000	527	
	<b>28-Jun-13</b>	5/6/12/13	UGX 1,000,000 incurred for payment of fuel used during the cold chain maintenance activities. According to the fuel utilisation statement, the		1,000,000	387	

			fuel was consumed between 6–19 June 2013. However, the activity report showed the maintenance visits were done between 9 August to 20 September 2013. Hence the fuel could not have been utilised for that activity.			
	3-Mar-14	4/3/13/14	UGX 120,000 paid twice to the EPI focal specialist for support provided to HSD micro plans on 18 May 2015. There were two signed payment vouchers which had the same date and name.	120,000	46	
	3-Mar-14	5/3/13/14	UGX 2,450,000 paid for fuel, the activity report attached related to activities undertaken in June 2015, however, the fuel consumption log showed the fuel was used in April 2014. The audit also observed a payment of fuel for supervision in May and June 2014, vide voucher number 7/3/13/14.	2,450,000	944	
	3-Mar-14	1/3/13/14	<ul style="list-style-type: none"> <li>The audit noted SDA was paid to participants after the PCV launch workshop, while meals were provided during the workshop. We saw a receipt for snacks and refreshments at a cost of UGX 810,000. The budget for the activity provided for refreshments of UGX 200,000. No evidence of procurement for the caterer was attached.</li> <li>The audit also noted that SDA was paid to Obiza David who was not in the list of participants and did not sign for his allowance.</li> </ul>	627,000	242	
	<b>Total</b>				<b>2,663</b>	
<b>Yumbe</b>						<b>2,150,000</b>
	<b>Date</b>	<b>Payment ref</b>	<b>Comments</b>	<b>Amount in UGX</b>	<b>Amount in USD</b>	

	<b>8-Apr-16</b>	10-Oct-16	Central supervisor MoH, was paid a per diem of UGX 1,400,000 while supervising the Central training for IPV introduction. In addition, the MoH driver was paid per diem of UGX 750,000. The night out allowances were not budgeted for in the activity.	2,150,000	636	
<b>Total in UGX</b>						<b>10,104,500</b>

**Annex 1 (h) – Payment of VAT using grant funds Coordination Unit**

Document no.	Year	Description	VAT amount paid (UGX)	VAT amount paid in USD
DF036/FEB14/1141	2014	Airtel Uganda Ltd	301,192	116
DF031/FEB14/1141	2014	Airtel Uganda Ltd	225,894	87
DF006/JUN14/1141	2014	Airtel Uganda Ltd	196,578	76
DF001/JUN14/1141	2014	Airtel Uganda Ltd	294,866	114
DF071/SEPT14/1141	2014	Airtel Uganda Ltd	318,950	123
DF020/DEC14/1141	2014	Airtel Uganda Ltd	417,814	161
DF014/JUN15/1141	2015	Airtel Uganda Ltd	519,936	161
DF049B/SEPT15/1141	2015	Airtel Uganda Ltd	436,711	135
DF03/JAN16/1141	2016	Airtel Uganda Ltd	363,246	108
DF50/MAR16/1141	2016	Airtel Uganda Ltd	335,114	99
DF63/JUN16/1141	2016	Akello Hotel Ltd	1,806,196	535
DF030B/FEB14/1141	2014	Allan Resort Co Ltd	938,013	361
DF288B/JAN14/1141	2014	Arch Apartments Ltd.	1,731,803	667
DF001/FEB14/1141	2014	Central Inn Ltd	2,799,421	1,079
DF018/MAR15/1141	2015	CLS Limited	4,747,801	1,468
DF017/MAR15/1141	2015	CLS Limited	510,862	158
DF043/FEB14/1141	2014	Debuni Company Limited	482,137	186
DF041/FEB14/1141	2014	Elyon Procurement Services Ltd	2,855,180	1,100
DF373/JAN14/1141	2014	Eureka Place Hotel And Suites Limited	1,366,438	527
DF32/MAR16/1141	2016	Graphics Systems (U) Ltd	19,523,583	5,780
DF011A/JUN14/1141	2014	Gulf Africa Limited	299,299.46	115
DF012/JUN14/1141	2014	Hoima Resort Hotel Ltd	813,240	313
DF028/FEB14/1141	2014	Hoodrama (U) Limited	162,305	63
DF034/FEB15/1141	2015	Hotel Africana Ltd	5,875,786	1,817
DF026/FEB14/1141	2014	Hotel Brovad Ltd	813,661	314
DF376/JAN14/1141	2014	Hotel Leslona Ltd	754,804	291
D01/OCT15/1141	2015	I.T Pro Uganda Limited	267,205	83
DF047/JAN15/1141	2015	JN 2010 Ltd	756,000	234
DF13-14/JAN16/1141	2016	Knowledge Edge Investments Ltd	8,491,571	2,514
DF375/JAN14/1141	2014	Kumi Hotel Ltd	460,150	177
DF15/JAN16/1141	2016	Kyopa General Merchandise Ltd	406,269	120
DF069/MAY14/1141	2014	Margaritha Palace Hotel Limited	1,058,130	408

Document no.	Year	Description	VAT amount paid (UGX)	VAT amount paid in USD
DF070/MAY14/1141	2014	Margaritha Palace Hotel Limited	910,786	351
DF030A/MAY13/1141	2013	Mbale Resort Hotel Limited	1,020,509	395
DF68/JUN16/1141	2016	Monitor Publications Ltd	832,881	247
DF004/MAR14/1141	2014	MTN Uganda Limited	828,278	319
DF003/MAR14/1141	2014	MTN Uganda Limited	752,980	290
DF008/JUN14/1141	2014	MTN Uganda Limited	904,257	348
DF003/JUN14/1141	2014	MTN Uganda Limited	805,968	311
DF070/SEPT14/1141	2014	MTN Uganda Limited	2,252,586	868
DF018/DEC14/1141	2014	MTN Uganda Limited	1,859,270	716
DF013/JUN15/1141	2015	MTN Uganda Limited	1,604,240	496
DF047/SEPT15/1141	2015	MTN Uganda Limited	2,068,217	640
DF02/JAN16/1141	2016	MTN Uganda Limited	2,114,093	626
DF49/MAR16/1141	2016	MTN Uganda Limited	2,180,817	646
DF025/FEB14/1141	2014	New Vision Publishing	329,720	127
DF024/FEB14/1141	2014	New Vision Publishing	1,198,983	462
DF016/DEC14/1141	2014	New Vision Publishing	655,932	253
DF033/FEB15/1141	2015	New Vision Publishing	2,593,220	802
DF159/APR16/1141	2016	New Vision Publishing	655,932	194
DF69/JUN16/1141	2016	New Vision Publishing	655,932	194
DF67/JUN16/1141	2016	New Vision Publishing	1,517,797	449
DF65/JUN16/1141	2016	New Vision Publishing	1,296,610	384
DF62/JUN16/1141	2016	New Vision Publishing	655,932	194
DF64/JUN16/1141	2016	New Vision Publishing	655,932	194
DF065A/MAY14/1141	2014	Nissi Technologies Ltd	4,838,644	1,864
DF066B/MAY14/1141	2014	Philm Enterprises Ltd	1,494,000	576
DF26/MAR16/1141	2016	PRIZED HOLDINGS LIMITED-8716836 GAVI 18042016	21,369,431	6,326
DF367/JAN14/1141	2014	Rwizi Arch Hotel Ltd	688,344	265
DF366/JAN14/1141	2014	Silver Springs Ltd	6,321,356	2,436
DF003A/JAN15/1141	2015	Silver Springs Ltd	11,869,749	3,670
DF93/MAR16/1141	2016	Silver Springs Ltd	8,084,994	2,393
DF266E/JAN14/1141	2014	St Christian Graphics Limited	10,665,000	4,110
DF031/MAY14/1141	2014	Summer Auto Services Limited	779,790	300
DF80/MAY16/1141	2016	Summer Auto Services Limited	392,593	116

Document no.	Year	Description	VAT amount paid (UGX)	VAT amount paid in USD
DF058/MAR14/1141	2014	The Observer Media Limited	823,729	317
DF31/FEB16/1141	2016	Toyota uganda ltd	128,883	38
DF032/FEB14/1141	2014	Uganda Telecom	75,298	29
DF037/FEB14/1141	2014	Uganda Telecom	75,298	29
DF002/JUN14/1141	2014	Uganda Telecom	78,631	30
DF007/JUN14/1141	2014	Uganda Telecom	78,631	30
DF019/DEC14/1141	2014	Uganda Telecom	417,814	161
DF015/JUN15/1141	2015	Uganda Telecom	85,081	26
DF04/JAN16/1141	2016	Uganda Telecom	103,785	31
DF51/MAR16/1141	2016	Uganda Telecom	215,089	64
DF368/JAN14/1141	2014	White Horse Inn Kabale Ltd	916,169	353
DF374/JAN14/1141	2014	Western Meridian Hotel Limited	697,680	269
DF38/JAN16/1141	2016	TPS Uganda Ltd	461,951	137
<b>TOTAL</b>			<b>159,344,832</b>	<b>52,566</b>

#### **Annex 1 (h) – Payment of VAT using grant funds Kampala**

PV EFT No	Year	Name of supplier	Amount in UGX	Amount in USD
<b>878336</b>	2014	Wally Ltd	756,000	291
<b>878315</b>	2014	Wedding Ltd	108,000	42
<b>894541</b>	2014	Photolinks	91,525	35
<b>819469</b>	2014	Lithocraft Ltd	76,271	29
<b>Total</b>			<b>1,031,796</b>	<b>398</b>

**Annex 1 (i) Management comments – Funds used for intended purpose***a) Federation of Private Health Professionals – USD 179, 817*

Management Comments	Audit Team's Comments
<ul style="list-style-type: none"> <li>The FPHP did not have any other co-funders for Gavi funded activities.</li> <li>MoH has reviewed the accountabilities from FPHP and has confirmed that a summary schedule is available which is reconciled back to the amount disbursed. The documents have now been arranged sequentially as per the activities.</li> <li>The MoU with FPHP requires submission of photocopied documents. However, MoH has requested FPHP to submit the original documents.</li> </ul>	<p>The Audit Team (through the TA) reviewed FPHP documents supporting the amount USD 179,817, the amounts are reconciled, and original supporting documents made available.</p> <p>This amount has therefore been removed from the inadequately supported expenditure.</p>

*b) Religious Leaders Meeting – UGX 56,483,284 (USD 17,465)*

Ineligible Amount (UGX)	Report reference	MoH comments	Audit Team's Comments
5,070,000	Annex 1 (a)	This point is noted. MoH will contact the official responsible to provide the missing information.	The amount remains questioned.
19,928,284	Annex 1 (b)	The original budget was based on expected attendance of 5 religious leaders for each district. However, during the planning for the event, it was noted that there were more sects that needed to be invited for the meeting. This resulted in more numbers attending compared to what was planned. As a result, the refund for fuel and per-diem payment went over budget.	Given the weaknesses noted in payment of fuel (not supported by vehicle movements) and lack of evidence of selection of individuals or confirmation that the right individuals attended the training, there is no clear justification for the over expenditure and the amounts remain questioned.
30,810,000	Annex 1 (c)		
675,000	Annex 1 (d)		
<b>56,483,284</b>			

*c) Middle Level Managers – UGX 86,704,000 (USD 33,412)*

MoH is following the audit observations.

Details	Inadequately supported amount (UGX)	MoH comments	Audit Team's Comments
Funds for preparatory meetings carried out to develop the materials for the training. There was no evidence of minutes of meetings carried out, materials developed and evidence of consumption of fuel such as vehicle activity log books. Further, a receipt for meals referred to 30 people instead of 10 people per day for 3 days.	11,500,000	The minutes of the meeting carried out and training materials are available. MoH has engaged the officer responsible to explain the other issues raised by the audit team.	Given no further supporting documents have been provided, the amounts remain questioned.
Fuel consumed during the 5 phases of the trainings. There was no evidence of consumption of the fuel such as vehicle activity log books.	12,045,000.	MoH has requested the officer concerned to provide supporting documents for the fuel consumed. Also, going forward MoH will ensure that vehicle logs are used and updated regularly.	
This relates to payment of the meals supplier, Wej Uganda Limited. Although there was a letter from the host HMDC addressed to the supplier, informing the supplier that he was prequalified, there was no further evidence for how the supplier was selected and no quotations were on file. Further, the audit team noted the high cost of meals such as lunch prices of UGX 25,000 per person. Given the context, it is unlikely that value for money was obtained.	63,159,000	In future, MoH will ensure that procurement of supplies is competitive and compliant with the PPDA Act.	
Total	94,534,000		



## d) Stakeholders Meeting – USD 11,553

Management Comments	Audit Team's Comments
<p>Going forward, MoH will ensure that:</p> <ul style="list-style-type: none"> <li>• Payment sheets and attendance registers are dated and signed on each day of the meeting.</li> <li>• Activities are implemented within the approved budget</li> <li>• Vehicle log books are updated with details of vehicle journeys</li> </ul>	<p>Given no further supporting documents have been provided, the amounts remain questioned.</p>

## e) District Level - Inadequately supported expenditure amounting to UGX 57,746,400 (USD 18,825) and ineligible expenditure of UGX 10,104,500 (USD 3,666)

Management Comments	Audit Team's Comments
<p>(i) MoH will strengthen controls to ensure that effective accountability of funds remitted to districts.</p> <p>(ii) We have provided a detailed comment for each district below;</p> <p>(iii) Going forward, MoH will ensure that all necessary supporting documents attached to the payment voucher are reviewed for completeness and accuracy before approval of the retirement.</p>	<p>We have reviewed the evidence for refund for Hoima district.</p> <p>The total inadequately supported has therefore been revised to UGX 48,484,000 (USD 15,806). The ineligible expenditure of UGX 10,104,500 (USD 3,666) remains questioned as no additional evidence has been provided.</p> <p>Total questioned costs for districts is therefore USD 19,472.</p>

## Details for each district:

Implementing unit	Inadequately supported expenditure (UGX)	Ineligible expenditure (UGX)	Comments
Kampala	3,610,000	1,035,500	MoH will contact the district to provide the missing information or refund the Questioned amount.
Hoima	9,262,400	-	This amount has been refunded by the district
Mubende	165,000	-	MoH will contact the district to provide the missing information or refund the Questioned amount.
Arua	9,513,000	6,894,000	
Kabale	62,000	-	
Kapchorwa	22,724,000	-	
Sironko	12,026,000	-	
Yumbe	384,000	2,175,000	
<b>Total</b>	<b>57,746,400</b>	<b>10,104,500</b>	

**Annex 1 (j) – Updated review of advances**

Year	Due as at 30 August 2016 (UGX) A	Reviewed and validated by TA as at 14 February 2017 (UGX) B	Ineligible expenditure (UGX) C	Outstanding advances (UGX) D = A- (B+C)	Outstanding advances (USD) E=D/ex. rate	Comments
<b>2013</b>	182,743,550	62,949,050	-	119,794,500	46,378	The remaining amount of USD 46,378 was not supported by additional documents and remains questioned.
<b>2014</b>	100,080,167	47,281,832	-	52,798,335	20,347	The remaining amount of USD 20,247 was not supported by additional documents and remains questioned.
<b>2015</b>	1,538,613,660	730,621,017	81,101,000*	726,891,643	224,766	The remaining amount of 726,891,643 (USD 224,766) is made up of unsupported expenditure of UGX 654,667,343 and inadequately supported expenditure of UGX 72,224,300.
<b>Total</b>	<b>1,821,437,377</b>	<b>840,851,899</b>	<b>980,585,478</b>		<b>291,491</b>	

The ineligible expenditure of UGX 81,101,000 relates to HPV roll out activities for Kamuli district for UGX 46,788,000 (voucher number DF085/SEPT15/1141 and Hoima District for UGX 34,313,000 (voucher number DF076/SEPT15/1141). Supporting documents related to the measles campaign, which was funded by WHO/UNICEF. There is therefore a risk of duplication.

## Annex 2 – Gavi funds commingled with other funds for measles campaigns

	District	Total (UGX)
1	Abim	23,090,800
2	Adjumani	26,275,800
3	Alebtong	28,192,817
4	Amolator	22,361,600
5	Amudat	12,960,381
6	Amuru	20,454,600
7	Apac	63,236,000
8	Budaka	26,320,200
9	Bududa	34,825,000
10	Bugiri	46,010,000
11	Buhweju	17,485,200
12	Buikwe	43,456,400
13	Bukomansimbi	17,107,984
14	Buliisa	12,086,800
15	Bundibugyo	36,002,800
16	Butambala	15,448,800
17	Buyende	27,576,092
18	Dokollo	24,249,600
19	Gulu	49,293,200
20	Hoima	41,348,600
21	Iganga	56,392,200
22	Isingiro	46,195,200
23	Jinja	49,380,600
24	Kaabong	32,422,600
25	Kabale	74,842,000
26	Kaberamaido	30,352,200
27	Kalangala	20,791,000
28	Kaliro	23,267,800
29	Kamuli	55,179,400
30	Kanungu	38,075,400
31	Kasese	68,111,800
32	Kayunga	31,191,800
33	Kibaale	78,962,600
34	Kiboga	29,316,400
35	Kiryandongo	22,617,000
36	Kitgum	31,843,600
37	Koboko	20,523,000
38	Kotido	19,693,200
39	Kyankwanzi	23,618,400
40	Kyegegwa	25,269,200
41	Kyenjojo	42,061,000

	District	Total (UGX)
42	Lira	44,764,600
43	Luuka	27,998,510
44	Luwero	55,334,600
45	Maracha	21,767,000
46	Masindi	37,390,800
47	Mayuge	37,466,600
48	Mbale	51,866,400
49	Mitooma	28,585,967
50	Mityana	50,025,400
51	Moyo	24,239,600
52	Mpigi	28,910,200
53	Mukono	53,494,000
54	Nakasekeke	29,602,600
55	Nakasongola	26,413,800
56	Namayingo	30,785,000
57	Nebbi	40,356,800
58	Ngora	16,662,759
59	Ntoroko	13,839,200
60	Ntungamo	49,445,600
61	Otuke	15,276,309
62	Pader	38,502,000
63	Pallisa	46,063,600
64	Rukungiri	47,272,200
65	Sembabule	32,078,200
66	Sheema	31,326,000
67	Tororo	62,058,400
68	Wakiso	105,098,400
69	Yumbe	35,170,400
70	Zombo	32,447,600
	<b>Total</b>	<b>4,019,793,887</b>

**Annex 3a – List of districts and health facilities visited**

No.	Name of the district	No.	Name of the health facility
1	Kampala	1	Kiswa health centre
		2	Kibuli Muslim Hospital
		3	St Francis Nsambya Hospital
2	Hoima	4	Kikumbe health centre
		5	Kigorogya health centre
3	Kasese	6	Bweere hospital
		7	Karambi health centre
4	Mubende	8	Kalunga health centre
		9	Kiganda health centre
5	Arua	10	Adumi health centre
		11	Opia health centre
6	Mityana	12	Syekenyonyi health centre
7	Ibanda	13	Kikyenkye Health Centre
			Ishongororo Health Centre
8	Kabale	14	Mparo health centre
		15	Muuko health centre
9	Kapchorwa	16	Cheptuya health centre
		17	Kabeywa health centre
10	Kibaale	18	Kakindu health centre
		19	Mugarama health centre
11	Sironko	20	Bumulisa health centre
		21	Buwalasi health centre
12	Wakiso	22	Bulondo health centre
		23	Kakiri health centre
13	Yumbe	24	Yoyo health centre
		25	Tuliki health centre

**Annex 3b – Gaps in recording vaccine stock management data**

Name of the district	Name of the health facility	HMIS records were not updated	Stock counts not done or documented	Differences between the book and physical stock balances	Difference between DVS stock issuances and HF receipts	Incorrect monitoring or recording of temperature in the vaccines fridges	Failure to update the VVM status and the wastage incurred in HMIS records
Kampala	DVS				√		
	Kiswa health centre	√	√	√	√		√
	Kibuli Muslim Hospital	√	√	√			√
	St Francis Nsambya Hospital	√	√	√			√
Hoima	DVS	√	√	√	√		√
	Kikumbe health centre	√	√	√	√	√	
	Kigorogya health centre	√	√	√	√	√	
Kasese	DVS	√	√	√	√		
	Bweere hospital	√	√	√	√		
	Karambi health centre					√	
Mubende	DVS	√	√	√	√	√	√
	Kalunga health centre	√	√	√	√	√	√
	Kiganda health centre	√	√	√	√	√	√
Arua	DVS	√	√	√	√		√
	Adumi health centre	√	√	√	√	√	√
	Opia health centre	√	√	√	√		√
Mityana	DVS	√	√	√	√	√	

Name of the district	Name of the health facility	HMIS records were not updated	Stock counts not done or documented	Differences between the book and physical stock balances	Difference between DVS stock issuances and HF receipts	Incorrect monitoring or recording of temperature in the vaccines fridges	Failure to update the VVM status and the wastage incurred in HMIS records
	Syekenyonyi health centre	√	√	√	√	√	
Ibanda	DVS	√	√	√	√		
	Kikyenkye Health Centre	√	√	√	√	√	
	Ishongororo Health Centre	√	√	√	√	√	
Kabale	DVS	√	√	√	√		
	Mparo health centre	√	√	√	√		
	Muuko health centre	√	√	√	√	√	
Kapchorwa	DVS	√	√	√	√		
	Cheptuya health centre	√	√	√	√		√
	Kabeywa health centre	√	√	√	√		√
Kibaale	DVS	√	√	√	√		√
	Kakindu health centre	√	√	√	√		√
	Mugarama health centre	√	√	√	√		√
Sironko	DVS	√	√	√	√		
	Bumulisa health centre	√	√	√	√		√
	Buwalasi health centre	√	√	√	√		
Wakiso	DVS	√	√	√	√		
	Bulondo health centre	√	√	√	√		
	Kakiri health centre	√	√	√	√		

Name of the district	Name of the health facility	HMIS records were not updated	Stock counts not done or documented	Differences between the book and physical stock balances	Difference between DVS stock issuances and HF receipts	Incorrect monitoring or recording of temperature in the vaccines fridges	Failure to update the VVM status and the wastage incurred in HMIS records
Yumbe	DVS	√	√	√	√		
	Yoyo health centre	√	√	√	√	√	
	Tuliki health centre	√	√	√	√		



### Annex 3c – Delays in accounting for advances

Name of the district	Date of receipt of funds	Date of submission of accountability	Delays in days
Kampala	18-Feb-14	11-Jun-15	478
Kampala	19-Feb-14	11-Jun-15	477
Kampala	4-Apr-14	11-Jun-15	433
Kampala	27-Mar-15	26-July-16	487
Kampala	25-Jun-15	26-July-16	397
Hoima	Various	Not submitted	N/A
Kasese	03 -Dec-2013	05 -Feb-2014	64
Kasese	17 –Sept- 2014	10- Dec-2014	84
Mubende	9-May-13	24-April-13	350
Mubende	14-May-13	24-April-13	345
Mubende	17-June-13	24-April-13	311
Mubende	8-Jan-14	24-April-13	141
Mubende	18-Sep-14	12-Oct-15	389
Mubende	8-Oct-15	24-Mar-16	175
Mityana	9 May 2013	20 -Jan- 2014	242
Mityana	24 May 2013	20- Jan- 2014	237
Mityana	18 Sept 2014	27- Feb- 2015	156
Mityana	5 May 2015	8 Dec 2015	210
Ibanda	9 May 2013	15 April 2014	11
Ibanda	14 May 2013	15 April 2014	336
Ibanda	23 May 2013	15 April 2014	327
Ibanda	17 Jun 2013	15 April 2014	302
Kabale	22-Apr-16	27-Jul-16	96
Kabale	14-May-13	19-Aug-14	462
Kabale	17-Jun-13	19-Aug-14	428
Kabale	03-Dec-13	11-Mar-14	98
Kabale	25-Jun-15	09-Dec-15	167
Kabale	29-Sep-15	09-Dec-15	71
Kapchorwa	14-May-13	8-Dec-15	938
Kapchorwa	17-Jun-13	7-Mar-14	263
Kapchorwa	3-Dec-13	8-Oct-14	260
Kapchorwa	1-Oct-15	13-Jan-16	86
Kapchorwa	18-Jan-16	28-Jul-16	192
Kapchorwa	3-Feb-16	28-Jul-16	176

Name of the district	Date of receipt of funds	Date of submission of accountability	Delays in days
<b>Kapchorwa</b>	22-Apr-16	5-Jul-16	71
<b>Kibaale</b>	6-June-13	28-April-13	354
<b>Kibaale</b>	6-June-13	28-April-13	349
<b>Kibaale</b>	28-Jun-13	15-Jan-16	942
<b>Kibaale</b>	7-Apr-14	20-June-14	199
<b>Kibaale</b>	26-Sep-14	24-Apr-15	219
<b>Kibaale</b>	16-May-14	4-Sep-15	122
<b>Kibaale</b>	7-Apr-14	20-June-14	199
<b>Kibaale</b>	2-Oct-15	7-Mar-16	159
<b>Kibaale</b>	10-Feb-16	11-Jul-16	159
<b>Sironko</b>	9-May-13	31-Jul-13	70
<b>Sironko</b>	14-May-13	31-Jul-13	70
<b>Sironko</b>	24-May-13	31-Jul-13	48
<b>Sironko</b>	17-Jun-13	31-Jul-13	36
<b>Sironko</b>	3-Dec-13	Not submitted	N/A
<b>Sironko</b>	18-Sep-14	20-Apr-15	18
<b>Sironko</b>	1-Oct-15	20-Jan-16	107
<b>Sironko</b>	3-Feb-16	5-Jul-16	56
<b>Sironko</b>	25-Apr-16	5-Jul-16	61
<b>Wakiso</b>	9-May-13	4-Dec-14	451
<b>Wakiso</b>	14-May-13	4-Dec-14	569
<b>Wakiso</b>	24-May-13	10-Oct-15	808
<b>Wakiso</b>	17-Jun-13	4-Dec-14	545
<b>Wakiso</b>	3-Dec-13	1-Jun-15	545
<b>Wakiso</b>	27-Mar-15	21-Jul-16	116
<b>Wakiso</b>	25-Jun-15	10-Feb-16	253
<b>Wakiso</b>	29-Sep-15	7-Mar-16	160

## Annex 4 – 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 Ministry of Health, 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 5 – 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 6 – Audit procedures and reporting**

### ***Audit procedures***

Using risk-based audit procedures, the audit included an analysis of reported expenditure (in the Annual Progress Reports or any other periodical financial reports), inquiry/ discussions, computation, accuracy checks, reconciliation and inspection of records/ accounting documents and the physical inspection of assets purchased and works performed using grant funds.

The procedures included:

- Review of stock management systems, procedures and practices at national, district and health facility level.
- Review the processes of disbursement, accounting and reporting on advances at district and national level.
- Review of sampled expenditure at national and district level to ensure that funds were spent in line with the intended purpose.
- Review budget management processes and how budget monitoring is carried out and the effectiveness of coordination/communication between GAVI PMU and UNEPI and other implementers.
- Review of asset management procedures, distribution of assets and on a sample basis, tracing of assets (pick up, motorcycles, fridges, etc.) to the field sites visited
- Review of the status of implementation of recommendations from audits and other monitoring reviews.

### ***Reporting***

At the end of the audit, key findings were discussed with the senior management team at the Uganda Ministry of Health on 24 August 2016 and a presentation, which contained a summary of these findings, was shared.

Management comments were received on 17 March 2017 and have been included in the report.