

Memorandum on Republic of Zimbabwe

Programme Audit report

The attached Gavi Audit report sets out the conclusions on the programme audit of Gavi's support to the Government of the Republic of Zimbabwe's Expanded Programme of Immunisation. The audit, conducted by Gavi's Programme Audit team in March 2016 with an additional review undertaken by the Ministry of Health and Child Care's (MOHCC) Internal Audit unit between July and November 2017, and covered programme activities during the period 1 January 2013 to 31 December 2015. During this time, Gavi supported New Vaccine Support as well as the measles rubella campaign that took place in the second half of 2015. The final audit report was issued to the Zimbabwe MoHCC on 12 February 2018.

The report Executive Summary (pages 2 to 4) sets out the key conclusions, the details of which are set out in the body of the report:

1. There was an overall rating of unsatisfactory (page 2) 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 14 issues were identified, mainly caused by non-compliance with the Government of Zimbabwe's national Public Finance Management Act and Procurement Regulations, as well as Gavi's Transparency and Accountability Policy.
3. The MOHCC accepted all of the audit recommendations and developed an action plan to address the shortcomings that were identified by the audit.
4. Key issues were identified in the following areas the areas of: (a) Budget and Financial Management; and (b) Programme Expenditures.
5. The key findings were that:
 - a. Communication gaps between the Ministry of Finance and Economic Development and the MoHCC resulted in Gavi funds not being made available for programme implementation. Grant budgets and work plans were not formally tracked by the Finance Department of MoHCC. Further, for the past 3-year period (2013-2015), the MoHCC did not submit any annual financial and audit reports to Gavi, as required;
 - b. More than 50% of measles rubella campaign funds were paid out in cash, and many of the disbursements were made without due process to ensure accountability or appropriate support documentation. Also, the MoHCC's policies on per diems and incentives were not consistently followed leading to multiple ineligible payments at province and district level. Based on the sample review of documentation by both the Audit team and the MoHCC Internal Audit, expenditure totalling USD 1,009,868 was questioned by Programme Audit.
6. In February 2018 Gavi wrote to the MOHCC requesting them to reimburse USD 1,022,169. The Minister of Health responded on 25 June 2018 and agreed to remediate the identified issues as well as committed the Ministry to reimburse the entire misuse requested to Gavi in three equal annual tranches, between 31 March 2019 and 31 March 2021.

Geneva, July 2018

ZIMBABWE

Gavi Secretariat, Geneva, Switzerland

Technical Report – 12 February 2018



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1. Executive summary

Between November 2015 and March 2016, the Audit and Investigations Team (the Audit Team) conducted a programme audit of Gavi funding that contributed towards the Government of Zimbabwe's Expanded Programme of Immunisation (EPI).

The audit covered the Zimbabwe Ministry of Health and Child Care's (MoHCC) management of funds for: Immunisation Services Support (ISS); Health Systems Strengthening (HSS); Measles Rubella Campaign (MR Campaign) as well as vaccine introduction grants for Rotavirus; Inactivated Polio Vaccine (IPV); and Human Papilloma Virus (HPV). During the three year period reviewed, 1 January 2013 to 31 December 2015, the overall Gavi-related expenditure reported by the MoHCC totalled USD 5,971,191. USD 1,696,200 out of this expenditure, related to procurement undertaken by WHO (99% funded from the HSS grant), with the UN agency acting as a procurement agent.

Table 1 below shows a summary of expenditure reported as well as amounts reviewed for the 3-year period covered by the audit, 1 January 2013 to 31 December 2015. The Programme Audit sampled USD 4,274,991, or 72% of the expenditure reported (including the procurement of items by WHO on behalf of the government), as follows:

Table 1: List of grants that Gavi disbursed to MoHCC during the period of audit (2013 to 2015), expenditure and estimated balances.

Grant type	Amounts Disbursed (USD)	Expenditure in the period of audit (USD)	Remaining balance (USD)
Immunisation Services Support (ISS)	301,100	294,345	6,755
Vaccine Introduction Grants (VIGs)	1,511,000	210,772	1,300,228
Health Systems Strengthening (HSS)	1,918,714	1,663,539	255,175
Human Papilloma Virus (HPV) Demo	170,000	183,092	(13,092)
Measles Rubella Campaign	3,422,500	3,619,443	(196,943)
Total	7,323,314	5,971,191	1,352,123

Audit rating

The Audit Team assessed the Zimbabwe Ministry of Health and Child Care's (MoHCC) management of Gavi funds as **Unsatisfactory**, 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". The table 2 below summarises ratings for each of the categories reviewed:

Table 2: Summary of category classifications as rated by programme audit.

Category	Audit Rating
Vaccine Supply Management	Partially satisfactory
Budgeting and Financial Management	Unsatisfactory
Expenditure on Measles Rubella Campaign	Unsatisfactory
Expenditure for HPV Demo grant	Unsatisfactory
Procurement	Partially satisfactory
Overall rating	Unsatisfactory

Key issues

The Audit Team raised 14 issues from the programme audit, most of the issues related to non-compliance with the Government of Zimbabwe's (GoZ) national Public Finance Management Act and Procurement Regulations; as well as Gavi's Transparency and Accountability Policy and the signed Partnership Framework Agreement.

To address these issues, the Audit Team made 19 recommendations, of which 9 (or 47%) were rated as of critical priority, which means that "action is required to ensure that the programme is not exposed to significant or material incidents. Failure to take action could potentially result in major consequences, affecting the programme's overall activities and output."

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

Vaccine Supply Management	At the central stores, vaccines were issued without recording and monitoring the batch numbers. The stock records were not up to date and contained recording errors. Further, no vaccine management procedures or standard operating procedures were in place.
Budgeting and Financial Management	Communication gaps between the Ministry of Finance and Economic Development and the MoHCC resulted in Gavi funds not being made available for programme implementation. Grant budgets and work plans were not formally tracked by the Finance Department of MoHCC. Further, for the past 3-year period (2013-2015), the MoHCC did not submit any annual financial and audit reports to Gavi, as required.
Expenditure on Measles Rubella (MR) Campaign	More than 50% of MR Campaign funds were paid out in cash, and many of the disbursements were done without due process to ensure accountability or appropriate support documentation. Also, the MoHCC's policies on per diems and incentives were not consistently followed leading to multiple ineligible payments at province and district level. Based on the sample review of documentation by both the Audit team and the MoHCC Internal Audit, expenditure totalling USD 1,009,868 was questioned by Programme Audit.
Expenditure for HPV Demonstration	The Human Papillomavirus Vaccine demonstration programme exceeded its budget by USD 13,092, this overspend was neither justified nor approved. Expenditure reviewed by the Audit Team totalling USD 6,400 was inadequately supported, as no documentation was on file to demonstrate how implementers were selected and what services they provided. Similarly other expenditure, totalling USD 5,901, for per diems, fuel and training costs, was not adequately supported.
Procurement	The MoHCC did not comply with the National Procurement Regulations which resulted in contracts being awarded without due competition. Further, the procurements were conducted by EPI and Communication Departments and not by the MoHCC's designated procurement unit. In

addition, goods totalling USD 68,997 destined for use during the MR campaign were procured after the campaign. Also there was an overpayment of USD 5,910 on data collection tools.

Table 3 below summarises amounts questioned by the Audit Team because adequate documentation accounting for how the funds were used was not on file:

Table 3: Summary of amounts questioned by the Audit Team.

Issue	Amount (USD)	Report Reference
Measles Rubella campaign (A)		
Amount questioned by MOHCC Internal Audit, and corroborating with Programme Audit's findings	848,658	4.3.1
Per diems for training paid in excess of policy and need	16,434	4.3.2
Incentives that could not be justified	69,869	4.3.3
Overpayment of supplier during the purchase of data collection tool	5,910	4.5.3 b)
Shirts/t-shirts for MR campaign - Procured after the campaign and the lowest bid was not selected	68,997	4.5.5
Sub-total (A)	1,009,868	
Human Papillomavirus Vaccine (HPV) demonstration (B)		
Payment to civil society organisations not adequately supported	12,301	4.4.1
Sub-total (B)	12,301	
Total (A + B)	1,022,169	

All recommendations were prioritized as either critical, essential or desirable, and definitions of the three-levels of prioritizations are summarised in Annex 3.

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 ensure that the funds are spent in accordance with the agreed terms and conditions and that resources are used for the intended purposes.

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

Scope

The scope of review under this Programme Audit was the period 1 January 2013 until 31 December 2015, and covered income received, expenditures incurred, procurement activities as well as vaccine supply management at national, provincial and district level. The review was performed at central level and included visits to 28 facilities in 9 Provinces.

Table 4 below illustrates Gavi's cash disbursements to the MoHCC over the past 15 years.

Table 4: Gavi total disbursements (non-vaccine support) to the MoHCC

Grant type / Year disbursed	2002-2012 (USD)	2013 (USD)	2014 (USD)	2015 (USD)	Total (USD)
ISS	1,262,906	301,100	-	-	1,564,006
VIG ¹	100,000	323,000	-	1,188,000	1,611,000
HSS	-	959,357	-	959,357	1,918,714
HPV Demonstration	-	170,000	-	-	170,000
MR Campaign op. costs	-	-	-	3,422,500	3,422,500
Total disbursed	1,362,906	1,753,457	-	5,569,857	8,686,220

Reliance placed upon work done by independent consultants

Between November 2015 and February 2016, the Gavi Secretariat contracted a firm of independent consultants to review the use of funds disbursed for the MR campaign i.e. MR VIG, Measles Second Dose (MSD), and MR Operational Cost. The Audit Team validated and drew upon the findings and conclusions of these consultants as documented in sections 4.3.1, 4.3.2, 4.3.3., and 4.3.4 of this report.

Scope extension – additional work undertaken by the MOHCC Internal Audit Department

USD 2,909,613 or 80% of the expenditure of the MR campaign was incurred at provincial and district levels with supporting documents sent to the central level in Harare to account for funds advanced. However the supporting documents were not always complete and many districts did not provide participant enrolment forms, daily attendance registers, third party invoices, and training reports.

¹ In 2013 Gavi disbursed USD 120,000 to WHO for the PCV VIG.

The Audit Team was unable to quantify the appropriateness of expenditure incurred on the basis of documents made available at the central level.

At the request of the Gavi, the MoHCC Internal Audit department conducted further review of expenditures at the districts where activities were implemented. Using terms of reference provided by the Gavi Audit Team, MOHCC Internal Audit reviewed expenditures at 44 Districts in 9 provinces. The outcome of the MOHCC review is included in section 4.3.1 of this report. Despite several requests, MOHCC did not provide the Audit Team with management comments on this outcome of the work undertaken by its Internal Audit Department under instruction of Gavi. Therefore the findings of MOHCC Internal Audit are included in this audit report in their entirety.

3. Background

3.1. Introduction

Prior to the year 2000, Zimbabwe's health system was well funded. However, "Zimbabwe's health service delivery nearly unravelled as a result of the country's economic collapse"². In 2008, numerous health facilities closed, or provided limited services and lacked health commodities for treatment.

Gavi provides significant financial and in-kind support to the immunisation program. As at 31 December 2015, the MoHCC of Zimbabwe had received USD 8,686,220 in Gavi cash grants of which USD 4,243,500 (49%) was earmarked for Measles-Rubella. Gavi's Measles Rubella disbursements were as follows: USD 3,422,500 for campaign operational costs; Vaccine introduction grant of USD 410,500, and Measles second dose introduction of USD 410,500.

3.2. Key challenges

The health system is still recovering from the country's economic difficulties and continues to face serious obstacles:

- Reduced budget allocations to cover services provided to catchment areas;
- Funding constraints for procuring quantities of health commodities; and
- Outward migration of health staff, particularly clinical and senior-level administrators, who leave the public health system for employment opportunities in internationally supported health programs or in other neighbouring countries.

² Zimbabwe's HSS application submitted to Gavi in 2012

4. Detailed findings

4.1. Vaccine supply management

	Audit Rating
Vaccine stores at central and facility level were well organised with consistent temperature monitoring. However, vaccine management procedures or standard operating procedures were not in place at stores visited. At the central stores, vaccines were issued without recording and monitoring the batch numbers. Stock records were not up to date and contained recording errors.	Partially Satisfactory

4.1.1 Weaknesses in stock management practices

At Central Level

At the time of the audit in March 2016, Officers at the Zimbabwe Expanded Programme of Immunisation (EPI) were not able to provide the Audit Team with national vaccine management guidelines. Also, neither guidelines nor Standard Operating Procedures (SOPs) were available in the central vaccine warehouse. The staff who handled vaccines were unable to refer to any such guidance on request.

EPI used an Excel-based Stock Management Tool (SMT) to record stocks at central and provincial levels. Manual records were maintained at district and facility level. However, the SMT included significant errors such as: a negative stock balance for Measles at end of 2015, and not recording the September 2015 receipt of 423,000 doses of pneumococcal vaccine.

Different batches of a vaccine were erroneously issued from central stores under a single batch reference. This compounded errors in SMT which reflected inaccurate quantities by under and over stating various batch balances within the respective vaccine. Also, physical counts were not carried out on a regular basis resulting in stock recording errors not being timely identified or corrected.

The EPI team stated that physical counts were performed, albeit infrequently, however the cumulative errors in stock records was suggestive that the completeness and accuracy of stock counts was not robust. Furthermore, the entire central stock balance of AD 0.5ml syringes held on consignment with the National Pharmaceutical Company of Zimbabwe was not verified by EPI during the past 3 years and the balance on hand was not known.

On 4 March 2016, the Audit Team performed a physical count of the pneumococcal vaccine and identified an unexplained variance of 94,052 doses which were missing. The balance in SMT was 867,752 doses, compared to an actual physical balance of 773,700 doses.

The Partnership Framework Agreement signed with Gavi in March 2013, states that the Government shall where available at a reasonable cost, maintain all-risk property insurance on programme assets including vaccines and vaccine related supplies. However no such insurance was in place, and key assets such as the multi-million central stores of vaccines and immunisation supplies were not insured.

The central vaccine stores were not adequately staffed. The stores were managed by a logistician and a stores officer, who was seconded on a part-time basis. As these officers were not always available

to perform the required tasks, casual workers were frequently given the responsibility for issuing stock and updating the SMT. However, these casual workers were not qualified or trained in handling vaccines, and could have contributed to the inaccurate records. Also, the staff who handled vaccines did not have standard operating procedures or guidelines to follow.

Recognizing that its central vaccine warehouse was understaffed, the MoHCC management stated that it was in the process of recruiting additional staff as follows: a stores officer, stores assistant, security officer and cold chain technician. UNICEF was supporting recruitment for these positions.

Cause

The central vaccine warehouse was not adequately resourced with the right staff and the individuals who handled vaccines did not have standard operating procedures or guidelines to follow.

Risks/ Effects

Annual vaccine requirements are estimated based upon stock on hand as well as stock consumption data. With inaccurate or incomplete stock records, the annual vaccine forecasts risks being based on the wrong information and therefore will be unreliable.

Absence of systems to track batch numbers, diminishes the ability to ensure vaccines comply with the “earliest expired first out” principle, and could result in shelf-expired vaccines.

In the absence of suitable insurance being in place, accidents – such as fire – could result in significant financial loss to immunisation products.

Recommendation 1 (Critical)

The MoHCC should ensure that there is adequate coverage of appropriately qualified staff at the central vaccine warehouse.

Management Comments

The Ministry of Health and Child Care agrees with the recommendation and has, in previous Annual Progress Reports noted the effect of inadequate staff in management of the program especially at the Central Vaccine Stores. The issue was also raised during the audit that it was difficult to manage the Central Vaccine Stores appropriately due to non-availability of key staff.

The government of Zimbabwe is committed to have persons in key positions which are vacant but the current freeze on employment due to the prevailing economic environment has not enabled employment. Therefore it has been difficult to replace and create new posts in the public sector hence the Central Vaccine Stores was not adequately staffed.

Non availability of key personnel was also noted in the 2015 Joint Appraisal Report and GAVI subsequently agreed to fund the posts for three years after which government would take over financing salaries of the incumbents. Members of staff who have been employed and started work in May 2016 are;

- *Stores Officer*
- *Cold Chain Technician*
- *Program Assistant*
- *Stores Assistant*

- *Four Security Guards*

The MoHCC has also committed to sustaining the positions after the lapse of GAVI support and a letter has been sent to GAVI confirming that the Ministry will maintain these posts.

Recommendation 2 (Essential)

The MoHCC should put in place Vaccine Management Guidelines and Standard Operating Procedures, setting out clear roles and responsibilities in the vaccine supply management processes. In addition, the following procedural aspects should be clarified:

- The need for regular physical stock count procedures including independent oversight; follow-up and documentation of any differences in stock, followed by authorisation of any write-offs by senior management
- The recording of vaccine movements supported by stock issuance vouchers cross-referred with signed confirmation of receipt.
- All stock records and supporting documentation to be placed on file in a complete and systematic record of transactions.
- Procedures for documenting vaccines received at central level and distributed to all subnational levels. Minimum and maximum stock levels should be defined in order to minimise the risk of stock-outs.
- Put a system in place to record and track vaccine batch numbers and expiry dates across the supply chain.
- Applying the “Earliest Expiry, First Out” principle, with exceptions only for vaccines with adverse indicators on their Vaccine Vial Monitor.

Management Comments

The Ministry agrees with the recommendation and has been using the EPI Policy Documents and the Immunisation in Practice Document as guidelines for all immunisation activities in the country including vaccine management. These documents (IIP and Policy Document) are available on request.

In addition, the Ministry started adapting the generic World Health Organisation Standard Operating Procedures in 2014. These SOPs cover all areas of vaccine store management. The adaptation of these SOPs has not been finalised due to inadequate funding and the Ministry is proposing to use part of the MR Campaign balance to fund the adaptation of these guidelines. Meanwhile, interim vaccine management guidelines will be developed to guide operations until the SOPs are finalised. The Ministry hopes to have the Standard Operating Procedures in place first quarter 2017 and draft procedures have been shared with the Gavi Audit Team (09 February 2017).

Recommendation 3 (Critical)

The MoHCC should obtain insurance cover for vaccine inventory held at all major warehouses against theft and fire.

Management comments

The Ministry acknowledges the recommendation, but faces serious constraints in financing insurance covers due to the limited financial resources. The Ministry is willing to put stronger measures to reduce the incidence of theft and mitigate losses due to fire (and other natural disasters).

Audit Team's Comment

As required by the partnership framework agreement, the Government of Zimbabwe should explore the reasonableness of the cost insurance for the programme assets. In case insurance of programme assets cannot be obtained at reasonable cost, the MOHCC should provide Gavi with the specific steps taken to minimise losses and the measures to ensure continuity of immunisation services in event of fire.

4.1.2 Visits to health facilities

The Audit Team visited 28 facilities in 22 districts covering all 9 provinces. The review covered: (i) the completeness of vaccine stock records; and (ii) the general storage conditions in cold rooms.

Firstly, for stock records the review considered whether: vaccines and immunisation supplies were recorded timely and accurately and if any stock outs of vaccines occurred. The Audit Team also checked whether facilities' vaccine records were consistent with the application of the "Earliest Expiry First Out" (EEFO) principle, taking into consideration expiry dates and Vaccine Vial Monitoring (VVM).

Secondly, vaccine storage conditions were checked with regards to the adequacy of temperature monitoring; shelving configuration, and storage space. Spot check physical stock-counts of pentavalent vaccine were conducted at each facility visited and results compared with stock records.

The sites visited by the Audit Team relisted in Table 21, in Annex 2.

From the 28 facilities visited, the following good practices were noted:

- Manual records were maintained, storage conditions were generally good with regularly temperature monitoring being conducted at all the facilities.
- EEFO was applied, in conjunction with VVM monitoring, with the exception of the facility at Chiredzi.
- Stock issuances as per respective vaccine release forms were consistent with stock records, with the exception of three facilities in Luveve, Pumula and Nkulumane.
- Periodic inventory counts were performed except at facilities in Rujeko and Nketa
- Stock records were current (and kept up to date) with the exception of Musume Mission Hospital where stock records for pentavalent were not updated since 31 December 2015.
- The physical stock count of pentavalent vaccine reconciled with stock records with the exception of four facilities in: Mpilo Central Hospital, Norton District Hospital, Epworth Polyclinic and Zengeza Polyclinic. The physical stock count of pentavalent vaccine identified that records were overstated by 10 vials and 70 vials at Mpilo Central Hospital and Zengeza Polyclinic, while understated by 20 vials and 80 vials at Norton District Hospital and Epworth Polyclinic respectively.

However, Information Education and Communication (IEC) materials were not recorded in 16 out of the 28 facilities visited. In addition, there were stock out of vaccines due to supply chain inefficiencies in six³ out of the 28 facilities which lasted about a week.

The Audit Team observed that personnel assigned to the health facilities had a good understanding of stock management procedures for vaccines and in general these were followed. However, adequate records for immunisation supplies need to be put in place across all facilities.

Management comments

The country conducted an Effective Vaccine Management Assessment in the first quarter of 2016 and identified gaps in all the nine criteria including vaccine management. A draft EVMA Improvement Plan (Gavi provided a copy in February 2017) has since been developed and this seeks to address the gaps identified. The improvement Plan shows responsibility and time frames by which the issues would have been addressed. In addition, the recently concluded Comprehensive Review recommended training of health workers in effective vaccine management in order to improve service delivery. The Ministry will also share the audit findings and recommendations with all administrative levels so that activities based on the feedback are implemented.

³ Stock outs noted in: Banket (Penta, Rota and PCV), Chegutu (PCV), Chidamoyo (PCV), Mkoba (PCV), Norton (Rota and PCV), and Odzi (PCV).

4.2. Budgeting and financial management

	Audit Rating
Communication gaps between the Ministry of Finance and Economic Development and the MoHCC resulted in Gavi funds not promptly being made available for programme implementation. Grant budgets and work plans were not formally tracked by the Finance Department of MoHCC. Further, for the past 3-year period (2013-2015), the MoHCC did not submit any annual financial and audit reports to Gavi, as required.	Unsatisfactory

4.2.1 Gavi funds to Zimbabwe not made available for programmes

The Aide-Memoire signed by Gavi and the GoZ in March 2013 agreed that the Ministry of Finance and Economic Development (MoFED) would open a specific bank account, designated to receive all Gavi cash grants disbursed. However, the MoHCC did not regularly obtain bank statements or perform bank reconciliations. Furthermore, at the time of the audit the MoHCC was not aware of what the balance of funds on the bank account was.

The disbursement of cash grants to the account was conditional on Gavi receiving written assurance from the GoZ that there would be no obstacles to the pass-through transfer of funds to the ultimate beneficiaries. The Aide-Memoire states that on request from MoHCC, the MoFED should make the funds available within five days. However, in practice funds were not promptly transferred to the MoHCC as requested, with delays of up to twelve⁴ months occurring in 2014 and 2015, before the transfers were executed.

Funds were transferred from the designated bank account, as needed, to the Treasury exchequer account, and recorded on the Public Finance Management System (PFMS) through which government payments are effected. In several instances, the MoHCC authorized the subsequent transfer of Gavi funds from the PFMS to the Health Services Fund (HSF), a pooled funds account held by Ministry in Commercial Bank of Zimbabwe (CBZ) bank. Day to day programme activities, such as the Measles Rubella Campaign, were operationally managed from this HSF account, and any unused funds or refunds were deposited accordingly. However, the Audit Team observed that although the HSF was a pooled account consisting of funding sources for different programmes, the balance for each source including Gavi funds was not tracked.

As at 31 December 2015, the overall balances on both accounts provided to the Audit Team, excluding any refunds from advances, was as follows:

Estimated balances	Amount (USD)
MoFED/MoHCC designated Gavi account	256,266
Health Services Fund (HSF) Pooled account	1,095,807
Total	1,352,073

Cause

⁴ A request in 4 Feb 2014 was only honoured in 16 Feb 2015 and another placed in 10 Feb 2015 was transferred in May 2015

Inadequate oversight by the Ministry of Finance and Economic Development and Ministry of Health and Child Care in fulfilling their responsibilities over the designated Gavi bank account. Specifically, both ministries were responsible for ensuring adequate liquidity and controls over the bank account, in accordance with the Aide Memoire.

Risk/Effect

Without transparency and oversight of balances of Gavi funds, there is a risk of misuse and loss. Excessive delays in releasing funds for programmes may impact or undermine the implementation of key activities

Recommendation 4 (Critical)

MoHCC management should prepare an analysis of the remaining unspent balances of all Gavi grants as at 31 December 2015.

Management comments

Management agrees with the recommendation. Management has prepared a final analysis of the unspent balances and is summarised here:

Categories	Amount (US\$)
<i>Balances within the MOHCC</i>	<i>1,157,566</i>
<i>Balances at WHO</i>	<i>144,908</i>
<i>Balances at MoFED</i>	<i>247,598</i>
Total	1,550,072

The Financial reports has been finalised taking into account WHO procured assets into the final reports.

Recommendation 5 (Critical)

MoHCC Finance Department should perform bank reconciliations at least monthly.

Management comments

Management has furnished the bank with the updated list of signatories and provided a copy to Gavi (09 February 2017). Going forward, bank reconciliations of the HSF account are done on a monthly basis. The analysis of the various funds in the HSF account will be conducted biannually.

4.2.2 Lack of work plan and weak budget monitoring

The Aide Memoire states that the Manager for EPI Services (Coordinator for Gavi supported HSS programme) is responsible for the programme management and implementation of activities under the overall guidance and supervision of the Deputy Director of Community Nursing Services.

To access Gavi monies, the EPI programme sends a written request to the Finance Department identifying the funds necessary for implementing specific activities. On approval of the request by Director of Finance and Administration, the Finance department duly reverts with the necessary disbursement.

However, the Audit Team noted that neither the EPI team nor the Finance department kept a record of which programme activities had been funded and which were still outstanding. Similarly, neither the EPI team nor the Finance department had access to operational budgets summarizing the various Gavi funded budgets cross-referred to the respective Gavi fund balances held across several bank accounts.

In summary, there was no budgetary and financial management system in place to track progress of the various Gavi grant components, resources and activities making up the majority of the EPI programme. As a consequence, some expenditures were incorrectly charged to the Gavi programme. For example, from its sample review the Audit Team identified that USD 23,075 for the purchase of Information Education Communication (IEC) material for a Rotavirus programme was erroneously charged to the MR Campaign. The specific voucher #826/15 related to a supplier's invoice dated November 2013, more than eighteen months before Gavi disbursed funds for the MR campaign in June 2015.

Cause

Lack of budgetary and financial management systems to track the progress of Gavi grant components contributing to the EPI programme.

Risk/Effect

Unless functional budgetary and financial monitoring systems are in place, including adequate detail on respective budgets and work plans, the MoHCC management and budget owners will be unable to monitor and manage grant funds, and Gavi's funds are at risk of being used sub-optimally, belatedly, or on ineligible activities.

Recommendation 6 (Critical)

The Finance and Administration Directorate should record, review and document any variances of expenditure against Gavi grant budgets. Regularly (e.g. every quarter), the Finance and Administration Directorate should prepare a budget versus actual expenditure report and discuss with the EPI department. MoHCC senior management should similarly review the programmatic and budget execution report and take prompt action to rectify any causes of major deviations.

Management comments

Management agrees with the recommendation.

Budget variance reports for all future cash grants received by the Ministry will be carried out. Gavi has been provided a copy for Rotavirus charged under MR was transferred to the Rotavirus grant. (Resubmission attachment 3(c): VIG ROTA Financial Statements provided to Gavi on 09 February 2017).

Future work plans from the EPI Unit will be translated into a Detailed Implementation Plan (DIP) for tracking of all activities and their budgets and future ledgers for all GAVI funds will include budget tracking for all expenditure

4.2.3 Exemption from duties and taxes

In May 2013 the Republic of Zimbabwe and Gavi jointly signed a Partnership Framework Agreement. article 15 of the Partnership Framework Agreement provides for tax exemption on Gavi funds as follows: “funds provided under this Agreement shall not be used to pay any taxes, customs, duties, toll or other charges imposed on the importation of vaccines and related supplies. The Government shall use its reasonable efforts to set up appropriate mechanism to exempt from duties and taxes all purchases made locally and internationally with GAVI funds.”

However, the Audit Team was unable to verify that any such “reasonable efforts” were instigated in order to obtain tax exemption. From 2013 when the Agreement came into effect until the time of the audit in 2016, no attempt was made to recover the VAT and taxes that the MOHCC paid on Gavi funded activities. Furthermore, there was no financial system in place to separately account for taxes paid to date, in anticipation for when the programme is eligible for recovery.

MoHCC commented that they are currently in the process of seeking VAT exemption.

Cause

The Ministries of Finance and Economic Development and Health and Child Care did not follow up on exempting Gavi financial support from Government taxes.

Risk/Effect

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

Recommendation 7 (Essential)

The MoHCC should follow through and expedite its current process to obtain tax exemption(s) for Gavi programme funds.

In addition, a suitable financial system to account for respective taxation payments should be put in place in order to track and claim refunds.

Management comments

Management agrees with the recommendation.

Management is in the process of making an application with the Ministry of Finance for the reimbursement of VAT. The process of claiming VAT requires numerous correspondence with the Ministry of Finance, with the initial process having been initiated.

The Finance donor unit is working on this and the VAT tracking tool is being populated for all VAT paid since 2013.

The VAT tracking tool has been populated and will be submitted to the Finance Ministry when the application process has been finalised.

4.2.4 Financial reporting and audit requirements not met

The March 2013 Aide Memoire stipulates that the MoHCC should submit to Gavi annually: (i) a statement of income and expenditure; and (ii) audited financial statements of Gavi's respective grants. Such audits are to be performed by the Office of Controller and Auditor General.

In addition, the statement of income and expenditure should be accompanied by a breakdown of expenditures by programme component, as well as variance analysis comparing expenditure against the budget for the reporting period as well as against the accumulated programme, respectively.

The table below shows the reports due but not submitted to Gavi between 2013 and 2015:

Table 5: Outstanding financial reporting requirements for the period between 2013 and 2015.

Gavi Programme:	Year			Audit Team comments on compliance with financial reporting:
	2013	2014	2015	
ISS	N/A	N/A	Reports are outstanding	<ul style="list-style-type: none"> 2013& 2014: ISS funds disbursed on 06.11.2013, however no expenditure was incurred until 2015.
HSS	N/A	Reports are outstanding	Reports are outstanding	<ul style="list-style-type: none"> 2013: HSS funding was not disbursed by Gavi on 14.08.2013.
Rotavirus – VIG	N/A	Reports are outstanding	N/A	<ul style="list-style-type: none"> 2013& 2015: Rotavirus funds disbursed on 28.02.2014. All expenditure was incurred in 2014.
Measles-Rubella (Including MR –VIG, Measles Second Dose –VIG and MR – Operational Support)	N/A	N/A	Reports are outstanding	<ul style="list-style-type: none"> 2013& 2014: MR/Measles funds disbursed by Gavi in three tranches between 09.06.2015 and 02.07.2015
IPV	N/A	N/A	Reports are outstanding	<ul style="list-style-type: none"> 2013& 2014: IPV funding was disbursed by Gavi on 15.06.2015.
HPV demo	N/A	N/A	Reports are outstanding	<ul style="list-style-type: none"> 2013& 2014: USD 77,172 and USD 69,080 was disbursed on 27.09.2013 and 30.01.2015 respectively. As grant budget were less than \$250,000, no audit reports but only financial statements are required.
<p>Key: "Reports are outstanding" – Both Income & expenditure statement and audited financial statements not provided to Gavi; N/A – The submission of programme reports to Gavi for this period was "Not Applicable".</p>				

Risk/Effect

In the absence of income and expenditure statements and audited financial statements for the past three years, there was no review providing assurance that Gavi's funds were used in accordance with respective grant agreements and national policies and procedures. Without the necessary independent review and opinion the future disbursement of programme funds could be suspended or terminated in accordance with the terms of the Aide-Mémoire.

Recommendation 8 (Essential)

- All overdue and outstanding income and expenditure statements and audited financial statements from 2013, 2014 and 2015 should be promptly provided to Gavi, as required.
- Similarly, in future all further financial reports should also be submitted to Gavi as per the agreed timelines.
- Furthermore, those responsible for the EPI/HSS programmes should regularly prepare income and expenditure statements (e.g. at least quarterly) and to ensure accountability, those responsible should submit these for review by Ministry of Health senior management.

Management Comments

Management agrees with this recommendation

Final Income and Expenditure reports have been prepared for all cash grants received by the Ministry, taking into account information supplied by WHO on assets procured on government's behalf

The following final reports were provided to Gavi on 09 February 2017:

- *Resubmission Attachment 3(a) HSS CASH GRANT*
- *Resubmission Attachment 3(b) ISS CASH GRANT*
- *Resubmission Attachment 3(c) VIG ROTA CASH GRANT*
- *Resubmission Attachment 3(d) MR VIG CASH GRANT*
- *Resubmission Attachment 3(e) MR OPERATIONS*
- *Resubmission Attachment 3(f)MSD VIG*
- *Resubmission Attachment 3(g) IPV VIG*
- *Resubmission Attachment 3(h) HPV CASH GRANT*

The financial reports have been submitted to the external auditors concurrently with the resubmission these audit responses.

4.3. Expenditure on Measles Rubella campaign

	Audit Rating
<p>Per the post-campaign assessment, the Measles Rubella (MR) campaign achieved 94% immunisation coverage for its target group. However, more than 50% of Measles Rubella campaign funds were paid out in cash, with many of the disbursements occurring without due process to ensure accountability and that appropriate support documentation was placed on file. Also, the MoHCC's policies on per diems and incentives were not consistently followed leading to multiple ineligible payments at provincial and district level. Even though significant amounts were spent on fuel, there was no tracking of fuel usage to assure programmatic use.</p>	<p>Unsatisfactory</p>

In 2014, Gavi's Independent Review Committee approved USD 3.4 million cash grant as financial support for the operational costs of Zimbabwe's Measles Rubella (MR) campaign. The campaign's stated goal was to immunise 5.2 million children aged from 6 months up to the 14 years against measles, mumps and rubella. It was agreed that the UNICEF funded Vitamin A supplementation programme would take place at the same time as this MR campaign. Gavi's Independent Review Committee also approved two Vaccine Introduction Grants totalling USD 821,000 for introduction of MR and measles second dose into the routine programme. The MoHCC pooled funds disbursed for all the measles grants to carry out the MR campaign.

Between November 2015 and February 2016, Gavi contracted a firm of independent consultants to review expenditure on the MR campaign. The Audit Team validated and drew upon the findings of the independent consultants in sections 4.3.1, 4.3.2, 4.3.3, and 4.3.4 of this report.

Achievements

The coverage survey at the end of the MR campaign highlighted the following achievements:

- The national MR vaccine coverage reached 94%. With this level of immunisation coverage, Gavi funds helped contribute to sustaining the elimination of measles as well as Zimbabwe's MDG Goal on child mortality.
- Few minor adverse events following immunisation occurred, ranging from mild fever or rash, diarrhoea, vomiting reported by 1.0-3.5% of caregivers, with 85% of survey respondents who reported that they experienced no adverse events following immunisation.
- A high proportion of adherents to the apostolic faith participated in the 2015 campaign with their children achieving 90% MR vaccine coverage. In the past, significant members of the Apostolic Faith group were resistant to receiving immunisation services.

Shortcomings

4.3.1 Material amounts paid outside Government policy

At least 80% of the payments related to the MR Campaign activities were disbursed in cash with less than 20% where the final recipient or supplier was paid by direct bank transfers or cheque. MoHCC did not establish any limits beyond which payments should be made by bank transfer. Similarly no guidance was provided to provinces and districts on how cash payments could be safeguarded from potential loss and/or misuse.

USD 2,909,613 or 80% of the expenditure of the MR campaign was incurred at provincial and district levels with supporting documents sent to the central level in Harare to account for funds advanced. However the supporting documents were not always complete and many districts did not provide participant enrolment forms, daily attendance registers, third party invoices, and training reports.

Also, the payment sheets which participants were required to sign to acknowledge receipt of funds did not consistently provide details such as: the purpose of the payment, dates, participant contact details and the designation of participant. Without suitable information to validate the identity of the attendees, or identify their duty stations or their designations, insufficient information was on file to ascertain their eligibility and suitability to participate in the MR campaign.

In addition, the training facilitators were expected to prepare a training report and submit this report to the Human Resources Department within seven days with a copy to the Training Coordinator, as part of documents to be provided for acquittal of the cash advance. However, no such training reports were available for review.

Further work by MoHCC Internal Audit

The Audit Team questioned the basis for many of the per diem payments, particularly where attendees participated in activities at their duty stations. Given the magnitude and nation-wide dispersion of the training and campaign activities, the Audit Team determined that additional work was required. Therefore at Gavi's instruction, the MoHCC Internal Audit department conducted a subsequent review of expenditures at 44 districts where activities were implemented. Based on this review, the Internal Audit questioned a total of **USD 848,658** out of USD 3,619,443 total MR campaign expenditure. The MOHCC Internal Audit noted that:

- a) The per diem policy of Government of Zimbabwe provides for a subsistence allowance to cover the cost of meals and accommodation when the staff are away from their duty station. However the MOH paid **USD 814,483** in allowances to staff in excess of the government policy i.e. Health Services Board (HSB) circular No 1 of 2011. The breakdown of this amount is here below:

MR Campaign Activity	Questionable Amount (USD)
Training allowances	200,679
Allowances for stakeholders' meetings	24,269
Allowances for staff at static sites	305,645
Allowances for social mobilisation	120,320
Community Based Health Workers	145,050
Allowances for command centre staff	18,520
Total	814,483

- b) MOHCC Internal Audit also reported that for a total of **USD 25,815**, supporting documentation did not specify or evidence the activity undertaken and so could not be linked to MR Campaign. Also, suitable attendance registers were not provided for: static mobilisation, support supervision, stakeholder meetings, and community health worker vaccinations.
- c) In addition, **USD 8,360** was questioned because payments were not supported with appropriate documents, i.e. was unsupported expenditure.

Cause

Additional financial management resources were not arranged in support of the MR campaign so as to help manage the additional workload. This despite the need to administer multiple cash intensive transactions. For example, during the peak of the campaign over a 25 day period, the MOHCC handled and disbursed cash resources equivalent to more than 60% of all the expenses and activities conducted over the previous three years of the national immunisation programme.

Implementing districts were not provided with guidance on what were the necessary document requirements to return and validate their respective MR campaign expenditure back to the central level in Harare. Also at the time, neither Finance nor the Internal Audit Department reviewed the supporting documents received, to ensure completeness and accuracy.

Risks/ Effect

Cash transactions carry many risks. For example, cash misappropriation can be facilitated by tampering with supporting documents.

Also, in the absence of detailed primary records, including district level reports, there may not be a basis justifying the payment of allowances.

Based on the MOHCC's Internal Audit review and in corroboration with its own observations, the Audit Team is questioning expenditures totalling **USD 848,658** which were incurred without fully complying with MOHCC policy. Table 6 and table 22 below provide a summary of questionable amounts highlighted by the MOHCC Internal Audit:

Table 6: Summary of amounts questioned by MOHCC Internal Audit.

Ref #	Exception	Questioned amount in USD
a	Allowances paid to staff were in excess of government policy i	814,483
b	Expenditure documents did not specify or evidence the activity undertaken and so could not be linked to MR Campaign	25,815
d	Unsupported expenditures	8,360
	Total	848,658

Recommendation 9 (Critical)

The Ministry of Health and Child Care should develop specific guidelines for the support of field-based activities. These guidelines should clearly spell out eligibility and entitlement for allowances and per diems as per GoZ policy.

With regards to support documents to be submitted by provinces and districts, it is recommended that:

- Attendance sheets should contain complete information including details on: each participant's designation and duty station; the location of the event; and an indication of the time and duration of the event.
- Each participant should sign the attendance sheet on his own behalf; and
- All major events, including campaigns and training should be supported by suitable activity reports.

Management Comments

Management agrees with this recommendation.

A policy document on the payment of DSA allowances has been circulated, which governs entitlement to DSA and aims to reduce payment of per diems using cash. The policy also states the necessary acquittals needed to acquit all DSA advances depending on the activity carried out.

However, training reports were produced and are available but not with the Human Resources Department. All training reports are attached as part of acquittals and copies are also with the EPI.

The Director of Finance office is responsible for implementing this recommendation.

4.3.2 Per diems for training paid in excess of policy and need

In relation to training activities, there were several instances where per diems payments were not in compliance with national policy or were paid in excess:

- a) A Ministry of Finance and Economic Development (MoFED) circular of 30 October 2014 stipulated per diem rates for national, provincial and district level field activities as USD 90, USD 85 and USD 56, respectively. However with respect to the MR campaign activities, the MoHCC paid a per diem of USD 60 to each of the 3,942 persons who attended training at District level activities, resulting in over payment of USD 47,304. After deducting USD 10 for transport for each participant, i.e. USD 39,420, resulted in an excess **USD 7,884** paid from the grant outside MOHCC policy.
- b) The EPI national implemented the Post Coverage Survey for Zimbabwe to measure the effectiveness of the MR Campaign. At the commencement of the implementation of this survey two training sessions were conducted in the northern and southern regions of Zimbabwe to orient participants. The Audit Team noted that:
 - (i) Six staff of the MOHCC received per diems during four days of two overlapping activities i.e. the rubella Campaign from 28 Sept to 9 October and EPI post coverage for northern region from 6 to 24 October. Each of the staff received USD 300 for the four days, resulting in **USD 1,800** that should not have been paid;
 - (ii) 13 of the participants from Harare were each paid a per diem of USD 75 although according to MoFED policy nothing was payable as they were within their work station. This resulted in an excess payment of **USD 2,925**, i.e. USD 75 for 13 participants over three days; and
 - (iii) Similarly, 17 out of 73 participants from Bulawayo City were each paid a USD 75 per diem although according to MoFED policy nothing was payable as they were within their work station. This results in an excess payment of **USD 3,825**, i.e. USD 75 for 17 participants over three days.

As a result, a total of **USD 16,434** was questioned, as summarised below:

Table 7: Summary of excess per diem payments.

Ref #	Exception	Amount in Question (USD)
a	Training per diems in excess of GoZ policy	7,884
b (i)	Post coverage survey - six staff paid received per diems for activities that took place at the same time	1,800
b (ii)	Post coverage survey in City of Harare per diems should not have been paid	2,925
b (iii)	Post coverage survey in Bulawayo per diems should not have been paid	3,825
	Total	16,434

Risks/ Effect

Payments of per diems in excess of the applicable national policy reflect a lapse in the fiduciary control within MoHCC, as suitable verification and other checks should have identified and stopped relevant payments. The Audit Team is questioning the amount of **USD 16,434** also summarised in Table 3 and Annex 1.

Recommendation 10 (Critical)

In future, the MoHCC should ensure the basis and justification for per diems payments:

- Per diem computations and eligibility for payments should fully comply with the applicable circulars; and
- Per diem entitlements should be limited to actual days for which the activity takes place.

Management Comments

Management agrees with this recommendation

The ministry will ensure that all future expenditure is in line with government policies on per diems to avoid excess payments.

We will ensure that proper communication is filtered to provincial levels on the amounts payable for each activity as per budget.

On most occasions government rates on per diems are superseded with the amounts the ministry and the funder would have agreed on, on the particular programme's budget and is used mainly for motivational purposes to enable successful implementation of activities.

The ministry concede overpayment in 4.3.2(a) \$7,884 and 4.3.2 (b) (i) \$1,800

(4.3.2) (b) (ii) and (4.3.2) (b) (iii) Normally with national events the incentive for health workers who are within their work stations is given as part of level of effort realizing the amount of work will be over and above their normal duties and also to ensure the successful implementation of the programme activities since the workers will be properly motivated. The MOHCC has provided the Audit Team with a ministerial circular dated 16 August 2016, outlining the guidelines for per diems.

Audit Team's Comment

The MOHCC has commented that the incentive for health workers within their work stations in recognition of work done over and above normal duties. However these payments were outside the Government of Zimbabwe's own policy and are therefore ineligible.

Further, to support the level of effort for the activities outlined in sections b (ii) and (iii), the MOHCC provided the Audit Team with a circular dated 16 August 2016. As it was issued about one year after the expenses were incurred, this circular did not appropriately respond to the audit observation. . Gavi Audit Team welcomes the explanation provided by the Government but acknowledges that they are insufficiently supported by appropriate documentation. Therefore, Gavi Audit Team can only maintain its conclusion on the questioned amount.

4.3.3 Unjustified or inadequately supported incentives

The MoHCC paid USD 1,209,770 in incentives to health workers and volunteers who took part in the MR Campaign. Overall this budget line made up approximately 26% of the cost of the entire MR Campaign.

Unjustified basis for incentives i.e. number of days claimed

Incentives were paid to health workers and volunteers who participated in the campaign at central, provincial, district and facility level. This included: vaccinators, mobilisers, data entry clerks and supervisors. Central and provincial level supervisors received incentive payments that were not adequately justified or explained, with payments exceeding what was provided for in the Gavi-approved MR budget.

Specifically, the budget included daily incentives of USD 95 for 25 days and USD 60 for 23 days, for the central and provincial level supervisors, respectively. The principal MR campaign activities took place over 12 days. Tables 13 and 14 in Annex 2 shows details of 11 central level and 25 provincial level supervisors who were paid **USD 16,725** and **USD 31,212** in excess of the budget, respectively. Furthermore, four supervisors received incentives for in excess of 50 days, i.e. far exceeding MR budgetary provisions and equivalent to two and a half working months.

Inadequate supporting documentation

As with other personnel-type expenses, the national EPI units were supposed to obtain supporting documentation for all incentive payments, in the form of: attendance registers, payment sheets, and activity reports. However no adequate supporting documents were provided to justify the level of incentives paid, i.e. the number of eligible days for which individuals were paid was not shown.

For example, incentives paid to City of Harare campaign health workers were not adequately supported and were not properly accounted for, as follows:

- (i) Four staff of the finance department received **USD 2,100** for participating in the campaign. The participation of these staff in the campaign was not clear, and therefore the amount paid to these staff is not properly justified. . Details are provided in Annex 2 - Table 15.
- (ii) At each of 16 vaccination points within the City of Harare one officer received and signed for allowances on behalf of the recipients. **USD 5,162** was to be paid to these officers moreover for 18 sites, however the recipient officers' signatures were not clearly legible. Details are provided in Annex 2 - Table 16.
- (iii) In Chipinge District Hospital, two officers received and signed for allowances intended for other participants. Allowances of **USD 1,650** meant for 55 Community-Based Health Workers (CBHWs) at USD30 per day were received by one officer. Separately, **USD 6,500** meant for 130 participants, at USD50 per day, was received by another person, and

- (iv) At 29 vaccination points in Goromonzi community in Mashonaland East Province and Mwenezi District in Masvingo Province, officers received allowances on behalf of the intended recipients. These allowances paid in Goromonzi and Mwenezi totalled **USD 6,520**. Details are provided in Annex 2 - Table 17.

There was no evidence showing that incentives were justified and were wholly for tasks in addition to the usual duties for which staff were contracted. As a result of these lapses in control, the Audit Team questioned expenditure totalling **USD 69,869**, as summarised below:

Table 8: Summary of unjustified and incentive payments exceeding budget.

#	Exceptions identified by the Audit Team	Table Reference in Annex 2	Amount in Question (USD)
Above	Incentives paid to central level supervisors	Table 13	16,725
Above	Incentives paid to provincial level supervisors	Table 14	31,212
(i)	City of Harare – allowances to Finance Department staff	Table 15	2,100
(ii)	City of Harare – one officer received allowances on behalf of the intended recipients	Table 16	5,162
(iii)	Chipinga District Hospital - officers received allowances intended for other participants (USD 1,650 + USD 6,500)	N/a	8,150
(iv)	Goromonzi community and Chiredzi district - officers received allowances on behalf of the intended recipients	Table 17	6,520
	Total		69,869

Risks/ Effect

The basis of payments of per diems and incentives could not be confirmed without adequate supporting documentation, to determine valid entitlement.

Without evidence of receipt of allowances, it is not possible to confirm that amounts were distributed appropriately to individuals. This also increases the risk of invalid payments being undetected, while not assuring that those responsible redistributed allowances, as required. The Audit Team is questioning the amount of **USD 69,869** also summarised in Table 3 and Annex 1.

Recommendation 11 (Critical)

The Ministry of Health and Child Care should ensure that:

- The basis for all allowances is adequately supported and quantified, and that these are in line with the budgeted amounts. Any increases or exceptions to entitlements should be adequately justified and approved by senior management and the funding source, where relevant, to validate entitlement.
- The payment of all allowances and incentive are supported by a receipt signed by the recipient, documenting the amount of funds received, their identity card, designation, duty station and contact details – e.g. mobile number, and
- Shortly after campaigns, training and other events resulting in entitlements to allowances, the MoHCC Internal Audit team should randomly contact participants to confirm attendance and amounts received.

Management Comments

Central and provincial incentives are justified accordingly as per budget activities namely:

- *Planning and preparations – 12 days*
- *Human resources and incentives – 25 days*
- *Evaluation -17 days*

The payments to the central and provincial level supervisors were not made in one batch / at once, but were made separately for each activity as in the budget. Find proof for the payments made at the central level and further clarifying remarks in (Resubmission attachment 4: Payment vouchers central level). The same principle applies to the payments that were made at provincial level as payments were made when the particular activity was conducted.

The three activities resulted in a total of 54 days being the maximum number of days. Given that central level supervisors had varying per diem days with a maximum of 54 days, the payments made are justified.

In addition, Dr Portia Manangazira was paid the per diem as a fee for National Co-ordinator during the Post Measles Rubella Coverage Survey Evaluation. This was done after the Consultant hired by the World Health Organisation stated in his protocol that he would work with a National Co-ordinator from the Ministry yet a budget had not been provided for. The Ministry agreed to pay per diems for the number of days of the evaluation from training, field work, data capture, report writing and debriefing. Over and above, Dr Manangazira was budgeted among the central level supervisors.

In view of the above management does not agree to the fact that the incentive of \$16,275 and \$31,212 are not justified.

4.3.3 (i) City of Harare – Normally with national events the incentive for health workers who are within their work stations is given as part of level of effort realizing the amount of work will be over and above their normal duties and also to ensure the successful implementation of the activity since the workers will be properly motivated.

The finance personnel were responsible for the finance administration of the activity which included payments, reconciliations, acquittal follow ups and acquittal preparations to ensure program funds were properly accounted for.

4.3.3 (ii), (iii), (iv)

We will ensure that a scenario like this will not be repeated in the future. In the future the officer receiving bulk allowances is issued with a short receipt and given a proper pay sheet with the correct headings were the intended beneficiaries will sign. The proper pay sheet must be returned for filling. We will also communicate that the officer failing to return the pay sheet will be charged under disciplinary conduct and penalised accordingly.

Except for those participants not having bank accounts, mainly community based health workers, in the future we will ensure that the bulk of the transactions be made electronically into the respective individuals account, with additional supporting documents according to the nature of the activity done. We will also strive to use other payment methods such a mobile based platforms.

Audit Team's Comment

In the above management comments, the MOHCC has did not provide adequate justification for the basis on which these days were computed, including actual days during which staff undertook specific campaign related tasks. In addition, the Audit Team observed the following inconsistencies with additional documents provided in February 2017:

- USD 12,150 was drawn in cash and paid to MOHCC staff as allowances for pre-implementation supportive supervision, whereas this activity was not part of the Gavi approved work plan and budget.
- For Supportive Supervision during the 6 day campaign i.e. between 30 August and 5 September 2015, 12 out of 16 central level staff were paid per diems for 12 days for this 6 day even.

Gavi Audit Team welcomes the explanation provided by the Government but acknowledges that they are insufficiently supported by appropriate documentation. Gavi Audit Team can only maintain its conclusion on the questioned amounts.

4.3.4 Inadequate transparency on fuel purchases

The requirement for competitive procurement is applicable for all goods and services above a threshold of USD 10,000. In compliance with Zimbabwe's national regulations and Gavi signed agreements, the MoHCC was required to evaluate quotations from three suppliers so as to select a fuel provider.

The MoHCC spent USD 196,524 on fuel for the MR campaign, mostly in the form of fuel coupons. All of the fuel coupons at the national level and more than three quarters of coupons at the province level, were procured from a single company.

However, there was no documentation on file justifying how the MoHCC selected this fuel supplier, and there was no evidence of an application or approval for a sole sourcing exception from the State Procurement Board, as required.

At the national level, a register of fuel coupons was in place. The register recorded: the coupon serial number; the fuel volume issued; purpose of issuance; and the individual receiving the fuel and his credentials. However there was no documentation in place to demonstrate how the fuel was used, nor any details for trips or activities the fuel was intended to cover.

In addition, at the district level, the quality of supporting documentation on fuel usage was poor, as the districts' acquittal reports did not consistently track the distance that vehicles travelled. Similarly, no activity reports were attached to the acquittal reports evidencing that fuel was used to implement immunisation activities funded by Gavi. Tables 18, 19 and 20 in Annex 2 provide summaries of expenditures on fuel.

Risks/ Effect

The system of tracking and managing fuel usage is prone to abuse and could lead to fuel resources being used for unplanned activities unrelated to the MoHCC or the immunisation programme.

Recommendation 12 (Essential)

The MoHCC should follow competitive procurement in purchasing fuel as required by the national procurement regulations and agreements with Gavi.

Management Comments

Fuel for the measles rubella campaign was procured from Redan Petroleum. Selection was based on the availability and wider distribution network of their service centres throughout the country as compared to other similar service providers. We also bring to your attention that we now have the Zimbabwe state procurement board resolution that authorises the Ministry to procure fuel from four specified suppliers only, subject to fair price and availability of the fuel at appropriate locations.

Audit Team's Comment

The Gavi Audit Team welcomes the explanation provided by the Government, that Redan Petroleum provided the scale required as the company has service centers throughout the country. As further stated in management's comment, resolution of the State Procurement Board was required to authorise the fuel purchases. Such a resolution obtained after the purchases cannot be applied retroactively. The Audit Team's observation and conclusion remain relevant for the past period for which a resolution from the State Procurement Board was not provided to the Audit Team.

Recommendation 13 (Essential)

The fuel management system and tracking of usage thereon should be strengthened. It is recommended that records should be put in place including suitable details on: the destination(s), volume of fuel consumed, vehicle reference ID, driver name, log book of the vehicle and an acquittals reconciling between fuel issued and that which was used.

Management Comments

The MoHCC agrees with the recommendation and has in place a fuel acquittal system which uses the vehicle log book to record mileage covered and fuel used. Some of these reports were submitted on request by the MoHCC to the consultant hired by GAVI during the audit. As a way forward, the acquittals reconciling fuel issued and used for all GAVI support in the immunisation program will be done by the EPI Logistician and the records will be kept in the EPI Unit. These documents shall be made available upon request.

4.4. Expenditure on HPV demonstration grant

	Audit Rating
<p>The Human Papillomavirus Vaccine demonstration programme exceeded its budget by USD 13,092, which was not justified or approved. Details on how fuel was used were not documented and the final receipt or evidence that coupons were received was not attached. One fuel payment totalling USD 5,640 was unsupported as no coupons, final receipts or explanation of the use of the fuel was on file. The Audit Team also questioned expenditure of USD 6,400 for which supporting documents were not made available for review and a further USD 261 of personal expenses that were charged to the programme.</p>	<p>Unsatisfactory</p>

4.4.1 Expenditure on HPV demonstration not adequately supported

In March 2013, Gavi's Independent Review Committee approved a grant totalling USD 170,000 for Zimbabwe's Human Papillomavirus Vaccine (HPV) demonstration programme, with the objective of assessing the feasibility of introducing the vaccine. The programme targets the immunisation of girls between 9 and 13 years of age. In contrast to all other national immunisation activities which are implemented by the EPI, the demonstration programme was implemented by the Department of Epidemiology and Disease Control.

Gavi funds totalling USD 183,092 were spent on the HPV programme, but no approval or justification was obtained or provided for the USD 13,092 budgetary overspend. The excess expenditure was charged to the Health Systems Strengthening (HSS) without prior approval by Gavi.

The Audit Team noted the following shortcomings in the supporting documentation used to justify how the funds disbursed/advanced/were spent. The Audit Team noted:

- a. The following shortcomings in the support documentation used to justify how funds disbursed to Mashonaland East and Matabeleland South provinces were spent:
 - (i). There was no evidence of the review of acquittals by MoHCC finance team;
 - (ii). Government designated per diem rates were not applied for allowances paid;
 - (iii). The number of days of per diem paid to individuals for various activities were not specified and hence it was not clear what the applicable tariffs were or whether individuals were eligible for the payments made; and
 - (iv). Claims for fuel were inadequately supported, as insufficient details were provided on how fuel was used.

- b. The following weaknesses with regards to costs of various meetings and workshops undertaken at national level:
 - (i). Details on how fuel was used were not documented and the final receipt or evidence that coupons were received was not attached. One fuel payment totalling **USD 5,640** was unsupported as no coupons, final receipts or explanation of the use of the fuel was on file.
 - (ii). Inconsistencies between the participant allowances paid and the hotel costs. In one case, the hotel invoice included personal costs totalling **USD 261** for several evening meals, which should have been paid from the individual's allowances received.

- c. Two Civil Society Organisations (CSOs), “Women and Aids Support Network” and “Community Working Group on Health” received funds totalling USD 68,271 to conduct baseline studies for the HPV programme. From its review of the justification and basis for the payments, the Audit Team noted the following:
- (i). No documentation was on file to transparently demonstrate that the selection of CSOs was done on a competitive basis.
 - (ii). There was no documentation on file evidencing what deliverables if any, were achieved by the CSOs from their studies.
 - (iii). For a total **USD 6,400**, reports of the activities only showed lumpsum figures without details of the actual expenses incurred or the basis for the meeting costs, allowances.
 - (iv). No documentation was on file explaining the basis for how personnel and overhead costs were charged.

Based on the findings above, the Audit Team concluded that CSO expenditure totalling **USD 12,301** was inadequately supported. Table 23 in Annex 2 shows the transactions and the Audit Team’s observations.

Risks/Effects

The validity of payments for CSO expenditures, per diems and incidentals could not be confirmed without adequate supporting documentation to ensure the validity, accuracy or entitlement for funds spent. The Audit Team is questioning a total of **USD 12,301** of HPV demonstration expenditure and part of summary in Annex 1 and Table 3.

Ref #	Exception	Questioned Amount in USD
b (i)	Fuel usage was not documented	5,640
c (iii)	Expenses for which support documents were not made available for review	6,400
b (ii)	Personal expenses charged to programme	261
	Total	12,301

Recommendation 14 (Critical)

For future programmes implemented through CSOs, the MoHCC should ensure that:

- Implementing organisations are selected through a competitive, transparent and well documented process;
- All expenditure are properly supported and activities are adequately linked to programme objectives.
- Per diem allowances are only paid to eligible individuals. All such payments should be supported with complete details including activity details, number of days, participant attendance and signature evidencing receipt of funds.
- The Finance team assigned to monitor payments to third party organizations should seek and put on file evidence of financial review of the supporting documents reverted.

Management comments

Management agrees with the recommendation and in future will ensure it adheres to all aspects of the recommendation and in addition also come up with terms of reference in contracts with the CSOs that stipulate all the aspects of the engagement including expected outputs (key performance indicators), rates to use on per diems, procurement processes to use (the ministry's or the CSOs') and proper filing of all supporting documents such as fuel usage and activity reports.

The \$13,092 budgetary overspent was due to the following:

- *The launch planned for May 2014 was postponed at the last minute when WHO wrote to the Ministry demanding to conduct a readiness assessment a few days before we were due to launch in Beitbridge. This meant cancellation of most IEC materials which had May dates and subsequently adjusting the WHO recommended 3 to 2 doses of HPV per course.*
- *The social mobilization had to be intensified to adequately communicate the significant changes of dates and dosage to a sceptical community by the district health and education teams and the CSOs*

4.4.1 (a): Future acquittals will be marked as reviewed. The CSOs used UN rates on per diems (The CSOs used internal per diems rates which cover lunch, supper and incidentals at the rate of \$20 each per item as bed and breakfast is covered on hotel bill)

4.4.1 (b): These were the high delegation meals at the launch, as they always travel on full board which caters for all meals.

4.4.1(c): Women and Aids Support Network and Community Working Group on Health were known to have community health work in the Demo districts and knowing their work, it was easy to quickly orientate them to the required demo work. In Future tendering process would be adhered to through our procurement unit which is being improved. The reports of the CSO are available.

We have provided some responses to Table 3 audit issues, provided by the CSOs according to how they operate.

The rationale of charging the payroll expenses to the grant was because the nature of the work the individuals were undertaking were directly related to the project being undertaken and was provided for in the budget. The CSOs were not financially paid for the services they were engaged on and were supposed to deduct 10% of the budget which was to be like some form of profit (compensation). The amount they deducted was actually less than the one they were supposed to deduct hence ended up doing community service. The Salaries charged were actually less than the period the CSOs were actively engaged in the project.

The CSOs according to the budget were also entitled to charge some overhead costs to the project over and above the 10% deduction (some sort of profit) to cover their operations since they use what is called a Pool System in which all donor partner funds contribute a portion to the admin/overhead expenses.

On this project the printing of materials was not supposed to be part of the CSOs operations, but due to budget constraints was added and it ended up reducing the amount CSOs were supposed to get as 10%.

Supporting documents to the above are contained in Resubmission attachment 5: HPV Payment Vouchers and Reports.

The initial budget for the CSOs which did not include printing has also been attached for additional information.

Audit Team's Comment

On 9 February 2017, the Gavi Audit Team received from the MOHCC and reviewed the following documents in relation to HPV demonstration activities:

- Gavi itemised budget for the CSOs amount of USD 50,000;
- Supporting documents for procurement process for IEC materials;
- Payment documents for field activities such as for per diem and fuel.

From the review, the amount questioned by the Gavi Audit Team was revised downwards from USD 74,124 to USD 12,301 as for some specific activities, additional information was not provided. From the review of the itemised budget, there are also some items which were paid for although they were not in the budget such as a 10% lump sum charge. In consequence, the Audit Team has questioned expenditure of USD 6,400 from the total CSO expenditure of USD 68,223. Details have been updated in Annex (Table 23: Follow up review of HPV activities) which also includes management responses.

For the expenditure incurred at MoHCC level, a total of USD 5,640 is still questioned as documents for a fuel payment totalling USD 5,640 which was unsupported have not been provided.

Total questioned amounts from the HPV demonstration grant are therefore USD 12,301 (USD 6,400 + USD 5,640 + USD 261).

4.5. Procurement

	Audit Rating
The Ministry of Health and Child Care did not comply with the National Procurement Regulations which resulted in contracts being awarded without due competition. Further, the procurements were conducted outside of the Ministry of Health and Child Care's designated procurement unit. In addition, goods totalling USD 68,997 destined for use during the Measles Rubella campaign were procured after the campaign. Also a supplier was overpaid USD 5,910 for data collection tools.	Partially Satisfactory

Zimbabwe's Procurement Act sets out the standards for procurement and disposal of assets by public entities. The Procurement Act is supplemented by additional guidance, including: procurement regulations, procurement standard operating procedures for MoHCC, and State Procurement Board circulars.

Per the agreed Aide Memoire, the procurement of goods, works and services using Gavi funds must comply with the Government Procurement Act and Procurement Regulations 2002.

The Audit Team reviewed the following 16 procurement contracts for compliance with national procurement regulations and guidelines. The review focused on the planning, tendering, contracting, delivery, receipts and payments.

Table 9: Summary of procurements reviewed for the period between 2012 and 2015.

No.	Payment Date	Voucher #	Description	Paid in USD	Method used
Rotavirus Vaccine Programme					
1	10/03/2014	1900078360	Printed materials- IEC	136,280	Single-Sourced
Measles-Rubella (MR) Campaign					
2	19/08/2015	878/15 1107/15	Printed materials - IEC	104,476	Single-Sourced
3	30/09/2015	1254/15	Printed materials - Vaccination Cards	78,916	Single-Sourced
4	12/02/2016	397/16	Branded Shirts and T-shirts - IEC	68,997	Informal tender
5	30/09/2015	1249/15	Printed materials - Data collection tools	7,880	Single-Sourced
6	03/08/2015	2839/15	Printed materials - Data collection tools	4,754	Single-Sourced
7	30/09/2015	1253/15	Stationary - Folders	926	Single-Sourced
8	30/09/2015	1252/15	Printed materials	597	Single-Sourced
	03/08/2015	826/15	Printed materials- IEC for Routine Programme <i>[Erroneously debited to MR grant]</i>	23,075	Single-Sourced
Health Sector Strengthening Programme					
10	31/01/2014	1900077584	Vehicle Fuel	21,554	Single-Sourced
11	07/03/2014	1900078339	Vehicle Fuel	16,398	3 x Quotations
Human Papillomavirus Vaccine Programme					
12	23/09/2014	HPV 1	Training Manuals	10,897	Single-Sourced
13	23/05/2014	HPV 2	Launch, Banners and Stickers	734	Single-Sourced
14	09/05/2014	HPV 3	Materials for public discussion meetings	300	Single-Sourced
15	06/05/2014	HPV 4	Training manuals, posters, leaflets, ring binders, calendars, registers	20,527	Single-Sourced
Procurements still in progress (ISS and HSS Programmes)					

No.	Payment Date	Voucher #	Description	Paid in USD	Method used
16	15/10/2015	N/A	1 Ten Ton Truck 8 Seven Ton Truck 24 Toyota Land Cruisers 73 Laptops	1,696,200	WHO as procuring agent
Total				2,192,512	

4.5.1 No procurement plans

The Aide Memoire requires the MoHCC to prepare an Annual Procurement Plan for HSS grants and submit it to the HSS Committee of the Country Coordinating Mechanism (CCM) for review and approval. Prior to the implementation of the plan, the MoHCC is required to send the approved plan to the Gavi Secretariat.

A comprehensive procurement plan can:

- Support the effective and timely solicitation of offers, award of contracts and delivery of goods and services required;
- Facilitate early requisition and reduce delays in procurement and timeliness of delivery;
- Obtain best prices for aggregate requirements;
- Avoid unnecessary urgencies, ensuring due process is fully complied with – e.g. competition requirements and compliance with laws and guidelines;
- Provide a benchmark to measure performance against procurement milestones and targets; and
- Enhance transparency.

From its review of seven procurement transactions in 2014, the Audit Team observed that significant contracts totalling USD 206,690 were awarded for the supply of stationary, printed materials and fuel. However, these procurements were carried out without aggregating programmatic requirements.

The MoHCC did not manage the purchase of such frequently used consumables with a costed Annual Procurement Plan that would consolidate its requirements. The MoHCC may have achieved better value for money by identifying economies of scale, and by enabling the procuring entity to negotiate more favourable pricing and terms.

Risks/ Effect

Initiating piecemeal procurement carries the risk of restricting competition. Practices such as “split-purchasing” can occur, by fragmenting the purchase of required goods and services into two or more separate orders to avoid exceeding purchase limits that would require broader solicitation of other suppliers. In consequence, split-purchasing restricts competition and raises questions of whether goods and services were sourced at the best available price.

Opportunities for economies of scale and price negotiations with vendors were potentially foregone through failing to adequately plan procurement.

Recommendation 15 (Essential)

The MoHCC should prepare credible Annual Procurement Plans, and submit them for review and approval as defined by the PFA and national regulations.

Management Comments

The MoHCC agrees with the recommendation and has already developed future procurement plans for GAVI cash grants and these were shared with GAVI Senior Country Manager to Zimbabwe. In addition, the MoHCC has also put in place Procurement SOPs which require that all departments develop and submit plans to the Procurement and Supply Manager. These plans are available at department/unit level as well as with the Procurement and Supply Manager working under the Finance and Administration Director.

However, the MOHCC used the proposal sent to GAVI as both a financial and procurement plan. In addition, there was also a Macro Plan which was used as a procurement plan. These documents specified all requirements and their budgeted amounts.

Audit Team's Comment

The Gavi Audit Team welcomes the explanation provided by the Government, that financial and procurement plans were provided together with the proposal. However the Aide Memoir specifically requires the Government of Zimbabwe to submit a procurement plan every year. Therefore, Gavi Audit Team can only maintain its observation and conclusion

4.5.2 Lack of competition in procurement

National Procurement regulations mandate that the principle of competition apply for all procurement. The following procurement thresholds and requirements applies:

- Up to USD 10,000 – competitive selection from a minimum of three quotations;
- More than USD 10,000 but less than USD 300,000 – informal tendering/ invitation for bids by advertising in the national press; and
- Above USD 300,000 – formal tendering involving the State Procurement Board.

The Audit Team identified that printed materials, stationary and fuel were procured directly from the vendors without any form of competition and hence in breach of the applicable requirements set by procurement regulations set out above. All printed materials and stationaries were procured from a parastatal entity, but the Audit Team noted that the MoHCC's preferential relationship with this supplier had been superseded and was subject to the Procurement Act since 2015. The total value of non-competitive procurement was USD 410,916 (refer to Table 10).

Table 10: Procurement methodology prescribed by the Aide Memoire & the National Procurement regulations.

Tender category	Threshold	Methodology
Competitive quotations	< USD 10,000	Managed by MoHCC Procurement Unit with three quotations
Informal Tenders	> USD 10,000 but <USD 300,000	Managed by MoHCC Procurement Unit by advertising in the national press
Formal Tenders	> USD 300,000	Procured through the State Procurement Board

Table 11: Summary of non-competitive procurements identified from the Audit Team's review:

Payment Date	Voucher #	Description	Value in USD
		Rotavirus vaccine programme	

Payment Date	Voucher #	Description	Value in USD
10/03/2014	1900078360	Printed materials- IEC	136,280
Measles-Rubella (MR) Campaign			
19/08/2015	878/15 1107/15	Printed materials - IEC	104,476
30/09/2015	1254/15	Printed materials - Vaccination Cards	78,916
30/09/2015	1249/15	Printed materials - Data collection tools	7,880
03/08/2015	2839/15	Printed materials - Data collection tools	4,754
30/09/2015	1253/15	Stationary - Folders	926
30/09/2015	1252/15	Printed materials	597
03/08/2015	826/15	Printed materials- IEC for Routine Program <i>[Erroneously debited to MR grant]</i>	23,075
HSS Programme			
31/01/2014	1900077584	Vehicle fuel	21,554
Human papillomavirus Vaccine (HPV) Programme			
23/09/2014	HPV 1	Training manuals	10,897
23/05/2014	HPV 2	Launch, banners and stickers	734
09/05/2014	HPV 3	Materials for public discussion meetings	300
06/05/2014	HPV 4	Training manuals, posters, leaflets, ring binders, calendars, registers	20,527
Total			410,916

Risks/ Effect

- In the absence of competition, there is no assurance that the prices paid were competitive or that best value for money was achieved.
- The practice of single-sourced procurement discourages eligible and viable vendors from responding to invitations to tender from MoHCC, where there are perceptions of a lack of transparency.

Recommendation 16 (Essential)

Procurement involving Gavi grants should be carried out transparently and competitively according to the methodology and thresholds prescribed by the National regulations.

Management Comments

The MoHCC agrees with the recommendation and is in the process of improving the procurement system. However, in executing this activity, the MoHCC referred to Treasury Instructions on inter-departmental supplies and services which provides for the following:

1030. Except when authorised by the Treasury or in terms of Government policy supplies and services, including those for statutory funds administered by officers in their official capacity, shall be obtained from the service departments established to provide them.

1031. The Secretary for Finance, Economic Planning and Development will issue a circular from time to time detailing the supplies and services obtainable from the service departments and, subject to Instruction No. 1030, Ministries and departments shall contact the supplies or services offered by the service department may not be satisfactory to the requisitioning department either as to quality or delivery date. Such cases shall be discussed fully with the service department and this/her department

shall, if it considers such a course to be necessary, authorise the requirements to be obtained from an outside source.

1033. Supplies and services which would normally be obtained from a service department shall never be obtained from an outside source without the written concurrence of the relative service department relevant service department for any technical advice required in connection with the particular services or supplies and for the services and supplies themselves.

Audit Team's Comment

The Aide Memiore which was signed between the Government of Zimbabwe and Gavi specifically requires compliance with the Government's Procurement Act and Procurement Regulations 2002. In its comments however the MOHCC refers to different standard, i.e. the Treasury Instructions. Thus the MOHCC was required to comply with the Procurement Act and Regulations, except after prior agreement with Gavi. In light of this explanation, the observation and recommendations have remained unchanged.

4.5.3 Procurements undertaken outside of the designated procurement unit

Article 24 of the Aide Memoire stipulates that all procurement up to USD 300,000 are to be conducted by Procurement Unit of MoHCC. However, national EPI, as part of the Programme and Curative Services Division, carried out its own procurements without involving the designated Procurement Unit. There were multiple shortcomings in the procurement process, bringing into question the competency and ability of the EPI unit to manage its procurements appropriately.

The following three key shortcomings were identified by the Audit Team:

a) No formal contracts were entered into with suppliers

In 13 out of 16 transactions reviewed by the Audit Team, the MoHCC failed to issue Local Purchase Orders and did not enter into contracts with suppliers as required by the procurement law and guidelines. Both of these are binding legal instruments, as follows:

- Local Purchase Orders set out: details of goods or services to be supplied, quantities and the agreed prices; and
- Contracts set out: the agreed price, quantity and quality, and stipulate the terms and conditions for delivery, dispute resolution, contract cancellation, and payments.

Further, there was no documentation on file evidencing what communication took place between the MoHCC as the procuring entity and its vendors during vendor identification, award but before payment. As a consequence, the Audit Team could not establish how the vendors were officially notified of the agreed specifications and terms of delivery and payment including quantity, agreed price, place/date of delivery, etc.

Risk/ Effect

In the absence of a binding contract or credible Local Purchase Order, the procuring entity is at substantial risk of financial loss without recourse, in the event sub-standard performance or if the vendor failed to deliver goods or services

b) Supplier overpaid

The Audit Team identified anomalies in the purchase of data collection tools, as the quantity, price per unit and total cost were inconsistent comparing the vendor quotation, the delivery note and the invoice. There was also an arithmetical error in the vendor's quotation.

The delivery note indicated that 162,640 units were delivered. Only 40,660 units (25%) related to Gavi activities, and 121,980 units (75%) related to non-Gavi Vitamin A programme. The entire invoice USD 7,880 was erroneously charged to Gavi, whereas only USD 1,970 related to immunisation activities, and **USD 5,910** related to the other programme. The Audit Team is questioning the amount of USD 5,910 as summarised in Table 3 and Annex 1.

Table 12: Discrepancies between quantity ordered and delivered (in USD)

Document	Quantity	PPU	Total as per vendor document	Correct Amount. (recomputed)
Vendor's quotation	40,660	0.0500	7,880	2,033
Vendor's delivery / dispatch note	40,660	-	-	-
Vendor's pre-sale invoice (A)	162,640	0.0485	7,880	-
Correct amount for 40,660 units (B)	40,660	0.0458	1,970	-
Vendor over paid by(A-B)	-	-	5,910	-

Risk/ Effect

Use of Gavi grants for unapproved activities contradicts the requirements set out in the Partnership Framework Agreement.

c) Supplier prepaid without agreement contract

A supplier was selected using the single-source method to supply USD 104,476 of IEC printed materials in 2015. Thereafter an advance of USD 73,133 (70%) was prepaid to the supplier prior to delivery of items even though no purchase order, contract or performance bond was in place.

Risk/ Effect

In the absence of a contract or Local Purchase Order, the procuring entity is at substantial risk of financial loss without recourse. The practice of supplier prepayments without any binding agreement in place, further exacerbates this.

Recommendation 17 (Essential)

All future procurements should be conducted by the Procurement Unit of the Ministry of Health and Child Care, or the State Procurement Board where the expected cost is above USD 300,000. In addition:

- The Ministry should ensure that there is a binding legal agreement in place with all suppliers – e.g. by issuing a Local Purchase Orders and/or contract, and

- Payments to suppliers should only be made against delivery notes after receipt and delivery have been validated. Prepayments are to be avoided unless exceptional circumstances apply, and should comply with applicable national procurement regulations – e.g. a performance bond in place and reasonable advance amount.

Management Comments

The supplier was not overpaid USD 5,910 because Vitamin A is integrated into the national immunisation program hence it was part and parcel of MR catch up campaign. A statement from audit in section 4.3 second paragraph 2 indicate that “It was agreed to combine this MR campaign with a Vitamin A supplementation programme co-funded by UNICEF”, which indicate the rationale that Vitamin A supplement was part of the programme. Like all other campaigns, Vitamin A is integrated in Campaign activities in terms of Advocacy, Social Mobilisation, and Program Communication as well as information management. The budget approved by GAVI on the production of data collection tools included all tools for capturing Vitamin A performance.

Therefore, the MoHCC did not overpay the vendor in this case.

The Ministry is currently implementing procurement reforms to improve the system of procurement and this involves conducting training for all our departments and institutions on correct and best practices in the procurement of goods and services.

Delivery/dispatch notes were used to make payment except in the case of the prepayment for the bulk of the IEC material. The MoHCC admits the risk associated with such arrangements and is, as alluded to above, in the process of reforming/improving the procurement system.

Audit Team’s Comment

The Gavi approved budget did not include activities related to Vitamin A. Although it is understood that for programmatic reasons, the Vitamin A related activities (USD 5,910) took place together with the MR campaign, they are not eligible under the Gavi support.

MOHCC management states in their comments, “The MOHCC did not overpay the vendor in this case,” without addressing the discrepancies illustrated in Table 12.

Therefore the questioned amounts remained unchanged.

4.5.4 No documentation to show how procured assets and materials were distributed

Consumable items such as printed materials and stationaries for the immunisation programme were purchased centrally for use at provincial and district level implementation sites. According to the national EPI, these consumables were first received at the Central Vaccine Stores in Harare and subsequently distributed to the provinces and districts. Provincial storekeepers were responsible for collecting consumables from the Central Vaccine Stores, together with their vaccine requirements.

Exceptionally, immunisation supplies required for the August 2016 Measles-Rubella campaign, were delivered directly to provincial stores.

Irrespective of the delivery method, there was no documentation available at the central stores to show distribution of the materials to the provincial stores. Further, there were no stock ledgers at the

central stores or similar documentation of how the materials were received by the officers from the subnational levels.

In addition, the MoHCC did not maintain a register of assets procured using Gavi funds, several of which were distributed across the country. The assets previously procured include motor vehicles and computers. In the absence of an asset register, the MoHCC could not confirm the existence, condition and use of assets purchased through Gavi support.

Risk/ Effect

In the absence of primary stock records to demonstrate the receipt and distribution of assets and consumable supplies, there is a risk of inappropriate use of the materials and a risk that the materials may not have reached the intended users at the right time in the right quantity. Similarly, without suitable records, EPI may not be able to track whether the quantity of supplies consumed was sufficient to meet the programme's needs.

Recommendation 18 (Essential)

The MoHCC should maintain suitable primary stock records to account for its handling of consumables and other immunisation supplies. These records should clearly demonstrate the date, type and quantities of the consumables distributed, as well as recipient details including their identity, designation, and signature evidencing delivery.

Also, MoHCC should maintain an updated register of all assets procured using Gavi support. The asset register should include: (i) description, (ii) serial number (iii) date of purchase (iv) insurance coverage (v) warranty information (vi) location (vii) condition and (viii) date of last inspection.

Management Comments

Documentation to show how printed materials were received by the MoHCC is by way of delivery notes which were submitted to Finance Department to enable payment to the vendors. These delivery notes are filed together with invoices and proof of payments made to the respective suppliers of such printed materials. The Central level used issue vouchers to deliver printed materials to districts and these were availed to the auditors during the period.

The Ministry keeps registers for all assets including motor vehicles and computers but such registers are centralised. The motor vehicle register is kept in the Transport Office under the Administration Department while computer registers are kept at the Stores Office under the Administration Department. The Ministry admits that there were no shadow registers which however is not standard practice.

On 09 February, the MOHCC provide Gavi with asset registers for the assets bought under each cash grant.

Auditor's Comment

In their management comments, the MOHCC asserts that delivery notes for printed materials and that issue vouchers were made available to the Gavi Audit Team, however there is no basis for this assertion. On the contrary, the delivery notes and issue vouchers were not made available when the Gavi Audit Team was in field.

At the time of the audit field work in March 2016, the Audit Team sought to obtain and review store records and a register for the assets that were purchased with Gavi funds, without success. Both Transport and Finance & Administration departments were contacted, and both units did not avail the documentation. On 09 February 2017, the MOHCC provided Gavi with an Ms Excel file listing motor vehicles, with details of cost, location, and serial numbers. While Gavi Audit Team welcomes the existence of such register, the documents provided do not entirely address the control weaknesses stated above, and hence, the observation and recommendation have been maintained.

4.5.5 Branded shirts and t-shirts procured belatedly

To help promote and increase the visibility of the MR vaccination campaign, funds totalling approximately **USD 68,997** were budgeted to procure branded shirts and t-shirts. But, delays in execution resulted in the procurement only being initiated on 27 October 2015, more than 3 weeks after the completion of the campaign's principal activities, i.e. the MR vaccination week which officially ended on 2 October 2015. The printing artwork specifications referred to "Measles Rubella Catch-Up Campaign 2015". The shirts were delivered in early 2016. As at the beginning of March 2016, all of these shirts were still in stock at the central MoHCC warehouse.

The procurement of the shirts was broken into five lots. However instead of awarding each lot to the lowest technically qualified bidder, all five lots were awarded to a single bidder even though only two out of five of his bids for the separate lots were lowest.

No satisfactory explanation was provided as to why the procurement was not cancelled prior to committing the funds, given that more than five months after the campaign it is unlikely that the shirts will be used as intended, nor that value for money will be obtained.

Risk/ Effect

There is a risk of funds being used for ineligible purposes, such as when monies are spent on activities or materials and the latter are unlikely to be used on the intended purpose. .

Recommendations 19 (Essential)

In future, procurements should be carried out by the MoHCC's Procurement Unit in accordance with an Annual Procurement Plan. In accordance with national procurement regulations, contracts should be awarded to the lowest technically qualified bid, or otherwise obtain approval of the Head of Procuring Entity or State Procurement Board.

Management Comments

The Ministry is currently implementing procurement reforms to improve the system of procurement and this involves conducting training for all our departments and institutions on correct and best practices in the procurement of goods and services.

All end users for goods and services have been directed to submit their procurement requests to the procurement unit as a measure to prevent purchases outside the tendering process.

The procurement department erred in awarding the tender to a single bidder when the bid was in lots. Approval to award to a single bidder who is not the lowest technically compliant can be done by the Procurement Chairman who represents the Head of the institution in procurement matters with the reason to award being expressly made.

We acknowledge that MR Campaign T-Shirts were delivered after the event due to delays in starting the procurement process.

The branded t-shirts include those for Inactivated Polio Vaccine (IPV) which were to be used after the campaign with dates provided for by GAVI and for reasons outside the control of the ministry the activities were delayed. The cost of the IPV t-shirts amounted to \$29,045.20 which will be allocated to the \$367,000 IPV Cash Grant, and removed from the MR Operational Cash Grant.

SUMMARY OF IPV BODY MEDIA

PRODUCT DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST
KIDS T/SHIRT	4180	4.7	19,646.00
ADULTS T/SHIRT	1398	5.4	7,549.20
GOLF SHIRTS	148	12.5	1,850.00
TOTAL			29,045.20

Management is conceding to the expenditure on the MR campaign t-shirts which now remains at \$39,952.27.

Audit Team's Comment

Although in their comments, management of MOHCC asserts that the payment in question related for two disparate programmes i.e. IPV and MR Campaign, the Audit Team was not provided with any documentation to support this. Moreover, the newspaper advertisement, bid documents, payments vouchers and delivery documents all clearly show "MEASLES RUBELLA CATCHUP CAMPAIGN 2015", with no reference to IPV. As such, the Audit Team retains the observation and recommendation.

Annex 1 – Summary of questioned amounts

Summary of questioned amounts in detail:

Issue	Amount (USD)	Report Reference
Expenditure on Measles Rubella campaign (A)		
Amount questioned by MOHCC Internal Audit, and corroborating with Programme Audit's findings	848,658	4.3.1
Per diems for training paid in excess of policy and need	16,434	4.3.2
Incentives that could not be justified	69,869	4.3.3
Sub-total (A)	934,961	
Expenditure for HPV demonstration (B)		
Payment for fuel not adequately supported	5,640	4.4.1
Double payment of dinner and per diem	261	4.4.1
Payment to civil society organisations not adequately supported	6,400	4.4.1
Sub-total (B)	12,301	
Procurement (C)		
Overpayment of supplier during the purchase of data collection tools	5,910	4.5.3 b)
Shirts/t-shirts for MR campaign - Procured after the campaign and the lowest bid was not selected	68,997	4.5.5
Sub-total (C)	74,907	
Total (A + B + C)	1,022,169	

Annex 2 – Annex of tables

The final report will not bear names shown in the tables which follow in this annex.

Table 13: Incentive payments to central level supervisors

Reference to observation 4.3.3: Table 13 below shows computation of unjustified incentives to central level supervisors

Name	Total Per diem Paid (USD)	USD rate used Per Day	No of days Claimed	No of days approved in budget	Variance in days	Excess budget variance (USD)
	A	B	C	D	E=(C-D)	F=(E*B)
Regina Gereade	3,600	75	48	25	-23	-1,725
Cynthia Chasokela	2,925	75	39	25	-14	-1,050
Joan Marembo	2,700	75	36	25	-11	-825
Coline Chigodo	3,825	75	51	25	-26	-1,950
Samuel Simbi	3,600	75	48	25	-23	-1,725
Bestinos Chinodya	4,050	75	54	25	-29	-2,175
Mary Kampota	2,250	75	30	25	-5	-375
Brine Masvikeneni	2,250	75	30	25	-5	-375
Priscilla Chirisa	2,250	75	30	25	-5	-375
Tawanda Hamandishe	4,050	75	54	6	-48	-3,600
Dr Manangazira	4,425	75	59	25	-34	-2,550
Total	35,925					-16,725

Table 14: Incentive payments to provincial level supervisors

Reference to observation 4.3.3: Table 13 below shows computation of unjustified incentives to provincial level supervisors

Name	Province	Rate Used Per Day	No of days Paid	Total Paid - USD	No of Days Approved by Gavi	Variance-days	Excess budget variance – USD
		A	B	C=(A*B)	D	E=D-B	F=A*E
Eunice Takura	Mash East	60	67.6	4,055	23	-44.6	-2,676
Innocent Dzevene	Mash East	60	43.0	2,580	23	-20.0	-1,200
Clara Mashiringo	Mash East	60	43.0	2,580	23	-20.0	-1,200
C Matiringe	Mash East	60	43.0	2,580	23	-20.0	-1,200
AJ Chiwanza	Masvingo	60	40.3	2,420	23	-17.3	-1,038
K Nhemachena	Masvingo	60	39.8	2,390	23	-16.8	-1,008
R Pasipanodya	Masvingo	60	39.8	2,390	23	-16.8	-1,008
P Chinakidzwa	Mash East	60	48.4	2,905	23	-25.4	-1,524
S Muparutsa	Mash East	60	69.7	4,180	23	-46.7	-2,802
G B Mahlanza	Mash East	60	43.0	2,580	23	-20.0	-1,200
V Mahati	Manicaland	60	63.8	3,825	23	-40.8	-2,448
M Zvirahwa	Manicaland	60	43.3	2,600	23	-20.3	-1,218
A Mugumbate	Manicaland	60	44.3	2,660	23	-21.3	-1,278
G Chikono	Manicaland	60	27.0	1,620	23	-4.0	-240

Name	Province	Rate Used Per Day	No of days Paid	Total Paid - USD	No of Days Approved by Gavi	Variance-days	Excess budget variance – USD
D Ncube	Mat North	60	39.0	2,340	23	-16.0	-960
E Tshuma	Mat North	60	60.3	3,615	23	-37.3	-2,238
L Mapenzauswa	Mat North	60	60.3	3,615	23	-37.3	-2,238
C Sibanda	Mat North	60	39.0	2,340	23	-16.0	-960
George Kambondo	Mash West	60	27.0	1,620	23	-4.0	-240
Farai Marufu	Mash West	60	48.3	2,895	23	-25.3	-1,518
TL Chauke	Mash West	60	27.0	1,620	23	-4.0	-240
E Chibika	Mash West	60	27.0	1,620	23	-4.0	-240
B Tsonha	Driver	60	17.0	1,020	6	-11.0	-660
D Kasiyandima	Driver	60	32.3	1,935	6	-26.3	-1,578
L Mbofana	Driver	60	11.0	660	6	-5.0	-300
Total			1,044.2	62,645		-520.2	-31,212

Table 15: Summary of payments made to staff in finance department at City of Harare

Reference to observation **4.3.3 (i)**: At City of Harare finance staff paid although did have a role in MR Campaign

Name	Position	Amount Claimed in USD
M Chinho	Finance	615
M Zimano	Finance	495
L Mutsanura	Finance	495
T Mutemararo	Finance	495
Total		2,100

Table 16: Summary of payments to staff in City of Harare for funds received by officers on behalf of intended recipients

Reference to observation **4.3.3 (ii)**: One officer in City of Harare received allowances and not the intended recipients

Clinic	Amount USD	Signed by
Hatcliffe Poly	322	Signature could not be deciphered
Highlands FHS	322	N Ruzvidzo
Mount Pleasant	322	Signature could not be deciphered
Borrowdale	324	Signature could not be deciphered
Mbare Poly	322	Signature could not be deciphered
Sunningdale Sate	322	Signature could not be deciphered
Waterfalls Sate	322	Signature could not be deciphered
Hopley PCC	324	Signature could not be deciphered
Avondale Sate	322	Signature could not be deciphered
Belvedere Sate	322	Signature could not be deciphered
Marlborough Sate	324	Signature could not be deciphered
Rujeko Poly	322	Signature could not be deciphered
Mabelreign Sate	324	Signature could not be deciphered

Clinic	Amount USD	Signed by
Parirenyatwa Sate	322	Signature could not be deciphered
Braeside FHS	322	Signature could not be deciphered
Hatfield Sate	324	Signature could not be deciphered
Total	5,162	

Table 17: Summary of payments to staff in Goromonzi and Mwenezi received by officers on behalf of intended recipients

Reference to observation **4.3.3 (iv)**: Officers in Goromonzi community in Mashonaland East Province received allowances and not the intended recipients

No. of Recipients	Amount USD	District	Station	Signed by
2	60	Goromonzi	Mwana	Demetria Masawi
5	150	Goromonzi	St Joseph	Not clear
2	60	Goromonzi	Pote	Petronella Mujera
5	150	Goromonzi	Masikandoro	Alice Chirombo
5	150	Goromonzi	Cranborne	Miriam Muperere
3	150	Mwenezi	Dumisa Rural District Council	Gabriel Gumbochuma
3	150	Mwenezi	Samu Rural District Council	Signature could not be deciphered
5	250	Mwenezi	Davata Rural District Council	Signature could not be deciphered
5	250	Mwenezi	Rutandare Rural District Council	Signature could not be deciphered
4	200	Mwenezi	Gezani Rural District Council	Signature could not be deciphered
8	400	Mwenezi	Chikombedzi Hospital	Signature could not be deciphered
3	150	Mwenezi	Malipati Rural District Council	Signature could not be deciphered
4	200	Mwenezi	Old Boli Rural District Council	Signature could not be deciphered
5	250	Mwenezi	Damarakanaka Rural District Council	Signature could not be deciphered
4	200	Mwenezi	Muhlanguleni Rural District Council	Signature could not be deciphered
3	150	Mwenezi	Chibwedziva Rural District Council	Signature could not be deciphered
3	350	Mwenezi	Chilonga Rural District Council	Signature could not be deciphered
5	250	Mwenezi	Chiredzi Prison Services	Signature could not be deciphered
5	250	Mwenezi	Muteyo Rural District Council	Signature could not be deciphered
4	200	Mwenezi	Faversham Rural District Council	Signature could not be deciphered
6	300	Mwenezi	Pore	Signature could not be deciphered

No. of Recipients	Amount USD	District	Station	Signed by
6	300	Mwenezi	Mukwanisine	Signature could not be deciphered
5	250	Mwenezi	Rupangwana	Signature could not be deciphered
5	250	Mwenezi	Chitsa	Signature could not be deciphered
5	250	Mwenezi	Chizvirizvi	Signature could not be deciphered
5	900	Mwenezi	Medical Centre	Signature could not be deciphered
5	150	Chivi	Chifedza	Signature could not be deciphered
5	150	Chivi	Razi	Signature could not be deciphered
5	150	Chivi	Nyahonde	Signature could not be deciphered
Total	6,520			

Table 18: Summary fuel procurements for the MR campaign – at national level

Reference to observation **4.3.4**: A list of payments for fuel at national-level for which acquittal reports did not include information on usage.

Date	Ref. No.	Description	Amount - USD	Comments
13/11/2015	694135	Fuel EPI	24,282	Fuel meant to be used for EPI survey, procured 04/11/2015
03/08/2015	828/15	Fuel for Chinhoyi Training	2,680	No record of how the fuel was used and distributed
03/08/2015	828/15	Fuel for in Mutare training	2,680	No record of how the fuel was used and distributed
23/09/2015	1156/15	Redan –fuels Coupons	28,440	No record of how the fuel was used and distributed
30/07/2015	802/15	Finance and Admin Support and Supervision	2,144	No record of how the fuel was used and distributed
26/08/2015	917/15	Fuel Coupon for support and supervision	2,640	No record of how the fuel was used and distributed. Proforma invoice used for payment
08/10/2015	3012/15	MR post Campaign Redan Petroleum	18,881	No record of how the fuel was used and distributed
28/09/2015	3701	Fuel for Campaign	10,257	No record of how the fuel was used and distributed
Total			92,004	

Table 19: Summary fuel procurements for the MR campaign – at district level

Reference to observation **4.3.4**: A list of payments for fuel at district-level for which acquittal reports did not include information on usage

Date	Region	Supplier	Amount - USD	Comments
28/09/15	Chitungwiza	Redan – City of Chitungwiza	2,109	No record of how the fuel was used and distributed
28/09/2015	Bulawayo	Redan – City of Bulawayo	2,625	No record of how the fuel was used and distributed

Date	Region	Supplier	Amount - USD	Comments
28/09/2015	Mashonaland West	Redan	10,122	No record of how the fuel was used and distributed
28/09/2015	Mashonaland Central	Redan	12,600	No record of how the fuel was used and distributed
28/09/2015	Mashonaland East	Petrotrade and Redan	21,384	No record of how the fuel was used and distributed
28/09/2015	Matabeleland North	Redan	8,232	No record of how the fuel was used and distributed
28/09/2015	Manicaland	Redan	13,475	No record of how the fuel was used and distributed
28/09/2015	Masvingo	Redan	18,536	No record of how the fuel was used and distributed
28/09/2015	Matabeleland South	Redan	15,437	No record of how the fuel was used and distributed
Total			104,520	

Table 20: Summary of amounts that provinces spent on fuel

Reference to observation 4.3.4: A list of payments for fuel at provincial-level for which acquittal reports did not include information on usage

Date	Ref.	Description	Amount - USD	Comments
13/11/2015	694135	Fuel EPI	24,282	Fuel meant to be used for EPI survey, procured 4/11/2015
03/08/2015	828/15	Fuel for Chinhoyi Training	2,680	No record of how the fuel was used and distributed
03/08/2015	828/15	Fuel for in Mutare training	2,680	No record of how the fuel was used and distributed
23/09/2015	1156/15	Redan –fuels Coupons	28,440	No record of how the fuel was used and distributed
30/07/2015	802/15	Finance and Admin Support and Supervision	2,144	No record of how the fuel was used and distributed
26/08/2015	917/15	Fuel Coupon for support and supervision	2,640	No record of how the fuel was used and distributed. Proforma invoice used for payment
08/10/2015	3012/15	MR post Campaign Redan Petroleum	18,881	No record of how the fuel was used and distributed
28/09/2015	3701	Fuel for Campaign	10,257	No record of how the fuel was used and distributed
28/09/2015	9	Redan – City of Chitungwiza	2,109	No record of how the fuel was used and distributed
28/09/2015	Byo	Redan – City of Bulawayo	2,625	No record of how the fuel was used and distributed
28/09/2015	Mash West	Redan	10,122	No record of how the fuel was used and distributed
28/09/2015	Mash Central	Redan	12,600	No record of how the fuel was used and distributed
28/09/2015	Mash East	Petrotrade and Redan	21,384	No record of how the fuel was used and distributed

Date	Ref.	Description	Amount - USD	Comments
28/09/2015	Mat North	Redan	8,232	No record of how the fuel was used and distributed
28/09/2015	Manicaland	Redan	13,475	No record of how the fuel was used and distributed
28/09/2015	Masvingo	Redan	18,536	No record of how the fuel was used and distributed
28/09/2015	Mat South	Redan	15,437	No record of how the fuel was used and distributed
Total			196,524	

Table 21: List of health facilities visited by the Audit Team

Reference to observation 4.1.2: The Audit Team visited 28 facilities in 22 districts covering all 9 provinces. Table 21 shows the facilities visited.

#	Name of facility	District	Province	Date of visit
1	Mkoba Poly Clinic	Gweru	Midlands	07/03/2016
2	Chinhoyi Provincial Hospital	Makonde	Mash West	07/03/2016
3	Luveve Clinic	Emakhandeni	Mat North	09/03/2016
4	Maphisa District Hospital	Matobo	Mat South	08/03/2016
5	Monomotapa	Gweru	Midlands	09/03/2016
6	Musume Mission Hospital	Gweru	Midlands	08/03/2016
7	Nketa Clinic	Nkulumane	Midlands	07/03/2016
8	Nkulumane Clinic	Nkulumane	Midlands	08/03/2016
9	Pumula Clinic	Emakhandeni	Mat North	10/03/2016
10	Tsholotsho District Hospital	Tsholotsho	Mat North	10/03/2016
11	United Bulawayo Central Hospital	Bulawayo	Bulawayo	07/03/2016
12	Marondera Provincial Hospital	Marondera	Mash East	10/03/2016
13	Murambinda Mission Hospital	Buhera	Manicaland	09/03/2016
14	Odzi Clinic	Mutare	Manicaland	08/03/2016
15	Chiredzi	Chiredzi	Masvingo	07/03/2016
16	Banket District Hospital	Zvimba	Mash West	15/03/2016
17	Chegutu District Hospital	Chegutu	Mash West	14/03/2016
18	Chidamoyo	Hurunghuwe	Mash West	11/03/2016
19	Chitungwiza Central Hospital	Chitungwiza	Harare	17/03/2016
20	Epworth Poly Clinic	Seke	Mash East	16/03/2016
21	Karoi District Hospital	Hurungwe	Mash West	13/03/2016
22	Mabvuko Poly Clinic	Eastern	Harare	14/03/2016
23	Mkoba 1 Clinic	Gweru	Midlands	09/03/2016
24	Mpilo Central Hospital	Bulawayo	Bulawayo	13/03/2016
25	Norton District Hospital	Kwegutu	Mash West	16/03/2016
26	Overspill Polyclinic	Seke	Mash East	14/03/2016
27	Rujeko Polyclinic	District 4	Masvingo	15/03/2016
28	Zengeza Polyclinic	Zegenza	Harare	14/03/2016

Table 22: Summary of transactions questioned by MOHCC Internal Audit review

District	Category of expenditure (USD)								
	Trainee & Facilitators	Command Centre & Data Entry	Stakeholders' Meetings	Social Mobilisation	Static Vaccinators	Community Health Workers	Nation Immunisation Days Sensitisation	Unsupported Expenditure	Payment for unspecified activity
Gutu								290	
Ndanga (Zaka)		600	330	2,780	6,060	3,030			3,550
Chiredzi	9,940	240	900	2,860	5,125	5,125		1,470	725
Neshuro	6,840	360	730	2,520	5,450	4,800	90		455
Masvingo DHE	4,680		300	4,560	9,100	4,470			1,030
Gokwe South	9,720	480	630	6,800	10,200	6,000			490
Gokwe North	6,330	480	80	4,400	6,600	6,000			
Kwekwe	3,420	600	250	5,040	12,580	4,500			
Gweru		480	260	4,080	10,200	4,500			5,730
Mberengwa	2,520	480	1,000	4,080	10,200	4,500			
Mutoko	2,700	600	460	2,780	5,700	3,000			
Mudzi	5,760	600		3,240	5,950	3,000			1,000
Chikomba	4,500	600	280	1,320	8,700	3,900			
Makumbe	3,600	600		2,760	6,550	3,600			1,000
Murehwa	4,680	600	990	3,120	7,100	3,000			
Chipinge	6,300	600	910	6,240	9,050	3,300			
Mutare	8,280	600	400	6,480	1,600	3,300			
Mutasa	2,160	600	1,070	5,280	10,140	3,000			
Buhera	6,660	480		3,720	8,250	2,700			
Makoni	8,460	600	191	4,200	14,500	3,300			
PMD Manicaland	6,720	600	240						
Hwange		600	400	4,440	8,900	3,000			3,416
Tsholotsho	4,520	600	800	2,400	6,000	3,000			
Nkayi	5,460	600	260	1,920	4,400	3,000			

District	Category of expenditure (USD)								
	Trainee & Facilitators	Command Centre & Data Entry	Stakeholders' Meetings	Social Mobilisation	Static Vaccinators	Community Health Workers	Nation Immunisation Days Sensitisation	Unsupported Expenditure	Payment for unspecified activity
Nyamandlovu	1,570	600	910	2,520	6,300	3,000			
Binga	7,200	120	190	1,800	4,550	2,940			
Insiza	4,140	600		1,920	4,800	3,000			
Matobo	3,240	600	290	2,160	5,400	3,000			
Gwanda	6,120	600		3,600	7,750	3,000			
Umzingwane		600	560	2,160	4,650	3,000			7,199
Beitbridge	7,560	750		2,400	6,000	3,000			
Hurungwe	9,480	600	460	480	6,950	3,000			
Guruve	5,100	600	120	1,800	4,700	2,850			
Makonde	7,740	840	610	1,930	9,430	3,320	140		
Mazowe		600	560	3,840	9,600	3,540			
Chegututu	900	600	3,830		9,100	1,440			100
Shamva	1,500	600			4,000	2,400		1,020	
Bulawayo	27,399		1,089	60	28,000	9,000			120
PMD Mashonaland East		600	660						
PMD Mashonaland West			1,010					4,980	
Mt Darwin		600		2,440	6,390	3,570	6,660	600	
Bindura	1,620	600	580	2,745	5,700	3,000			
Zvimba	2,880		780	3,840	9,900	2,880			1,000
Totals	199,699	21,510	22,130	118,715	305,575	139,965	6,890	8,360	25,815

Table 23: Follow up review of HPV activities

Ref Document Number	Details on payment document	Amount (USD)	Exceptions Observed by the Audit Team	Management comments	Comments from review of additional documents	Audit Team Conclusion	Amount questioned (USD)
REV1014	Procurement of IEC materials	20,527	Amount not supported by evidence of procurement process.	The procurement process was followed. Quotations were obtained and procurement committee selected winning supplier. Find the attached payment voucher with the evidence.	<ul style="list-style-type: none"> Additional documents provided included: <ul style="list-style-type: none"> Quotations from 2 suppliers; Supplier selection form; Minutes of the meeting for the selection of the supplier. 	Procurement guidelines at provide a threshold of USD 10,000 above which the MOHCC Procurement Unit should have managed the procurement including national advertisement. The control weaknesses noted in section 4.5.2 (Table 10) of this report are maintained.	0
REV2414	Procurement of IEC materials	10,897	Amount not supported by evidence of procurement process.	The same printer (as above) was used as they already had the template for production. See attached voucher	<p>Documents on invoice and payment attached.</p> <p>Procurement process as above.</p>	Same as above.	0
INT0214	WASN - transfer for 28 April Beintridge trip	4,235	Allowance amounts paid about USD 300 each were lump sums not supported by details;	The \$300 given per each individual covered dinner \$20, lunch \$20 and incidentals at \$20 for five nights as the bed and breakfast was catered for. Attached is the payment voucher.	Payment request breakdown showing amounts paid is now attached. Details of amounts and invoices tie to period of activity.	The documents have been reviewed and the amounts removed from the questioned costs. We however still reiterate the need to ensure that all expenditure are properly supported and activities are adequately	0

Ref Document Number	Details on payment document	Amount (USD)	Exceptions Observed by the Audit Team	Management comments	Comments from review of additional documents	Audit Team Conclusion	Amount questioned (USD)
						linked to programme objectives.	
REV2214	WASN supported for August pay sheet and HPV launch preparatory trip summary of expenditure	8,400	Supporting documents not sufficient. Nature of payroll expenses amounting to USD 4,020 not clear and rationale for charging salary costs to the grant not provided. Summary of expenditure listing of USD 4,192 for accommodation, lunch, dinner, fuel and incidentals not supported by other additional documents.	The rationale of salaries has been explained above. Reports for program activities were produced and we have attached some for Marondera	USD 4,192 Documents for HPV launch preparatory trip provided such as accommodation receipts, acknowledgment of receipts and fuel receipts. USD 4,020 The itemised budget provided also includes salaries and the salary amounts are therefore ok.	The documents have been reviewed and the amounts removed from the questioned costs. We however still reiterate the need to ensure that all expenditure are properly supported and activities are adequately linked to programme objectives.	0
REV2314	Personnel costs - Intern	600	Supporting document indicates payment of personnel costs for intern which is not	The organisation hires interns and the interns were working full time on the	No further documents provided.	Same conclusion as above.	0

Ref Document Number	Details on payment document	Amount (USD)	Exceptions Observed by the Audit Team	Management comments	Comments from review of additional documents	Audit Team Conclusion	Amount questioned (USD)
			supported by evidence of work done or link to the grant.	project during the months charged			
REV1614	Accommodation, meals, media support, toll fees and contingency	2,190	Output of activity and rationale for per diem costs not provided.	Health Reporters from the major media houses joined the CWGH representatives to cover the HPV launch by Ministry in Beinbridge, hence the media coverage that the project got. Amount covered meals, accommodation and resource at CWGH rates.	Management has provided further explanations and the amount has been removed from the questioned amount.	Same conclusion as above.	0
REV0814	Peer review of tools - Allowance paid to 7 individuals, (6 for USD 600 each and 1 for USD 400)	4,000	Basis of rates paid and selection of consultants not clear. Output of review not provided. MoHCC staff also received a payment of USD 600.	Peer reviewers used by the Ministry were contracted to peer review the tools (output) and UN rates were used to pay peer reviewers.	ToRs and output of the review have still not been provided. It is also still not clear why MoHCC staff received a payment of USD 600.	We maintain the audit observation and the amount is still questioned.	4,000

Ref Document Number	Details on payment document	Amount (USD)	Exceptions Observed by the Audit Team	Management comments	Comments from review of additional documents	Audit Team Conclusion	Amount questioned (USD)
	Payment for technical personnel made to Mrs Padare - (for 2 village workers*173 facilitators*11)	2,435	Supporting documents and signed payment lists not attached.	Request for payment originated from the Mashonaland East PMD See the supporting information on voucher with the necessary pay sheets.	The following additional documents have been provided: <ul style="list-style-type: none"> • Payment request breakdown; • Proposal for activity; • Signed payment sheets; 	The documents have been reviewed and the amounts removed from the questioned costs. The control weaknesses noted still remain and reiterate the need to ensure that all expenditure are properly supported and activities are adequately linked to programme objectives.	0
REV1514	10% of project contribution - CGWH	1,500	Basis of cost allocation not provided.	The organisation charges project contributions of 10% (included in the budget.) for each partner. The amount deducted here is actually less what was supposed to be deducted and hence charges made on other administration costs	There is no budget allocated for 10% contribution from the budget sent.	The basis of charging this amount is not supported. The amount of USD 1,500 is still questioned.	1,500
REV1114,	Fuel allowance for USD 2,800 for purchase of fuel	3,699	Use of fuel not provided.	Fuel was used for outreach visits. Some was disbursed to Mashonaland East	Management has provided supporting document including: <ul style="list-style-type: none"> • Contract with Redan; 	The documents have been reviewed and the amounts removed from the questioned costs.	0

Ref Document Number	Details on payment document	Amount (USD)	Exceptions Observed by the Audit Team	Management comments	Comments from review of additional documents	Audit Team Conclusion	Amount questioned (USD)
	coupons. 08 May 2014 REV 2514 - Fuel allowance for USD 899.36 for purchase of fuel coupons - 25 Sep 2014			as per the PMDs request. See the supporting information on voucher.	<ul style="list-style-type: none"> Signed sheet for coupons; Payments request; Receipt for expense. 	The control weaknesses noted still remain and reiterate the need to ensure that all expenditure are properly supported and activities are adequately linked to programme objectives.	
REV3014	Personnel costs for CWGH amounting for 4 people (900 USD each for finance officer and programme officer and USD 840 for program assistant and USD 400 for intern	3,040	Nature of payroll expenses amounting to USD 3,040 not clear and rationale for charging salary costs to the grant not provided.	The rationale was provided on budget based on time to be spent in the field.	From the itemised budget provided, salary amounts have been included. Total amount charged for salaries is approx. 7,600 (3,040+4,020+600) which is within the total budget for salaries of USD 9,832.	No additional comments.	0
REV2914	Overhead costs for utilities, rent, motor insurance, CWGH	2,265	Rationale for charging the costs to GAVI is not clear	As an organisation projects are charged contributions to administration charges.	We have reviewed again the breakdown of these costs and from the details, items charged included rent of USD 900 which was not in the budget.	The documents have been reviewed again and we maintain that part of the costs charged such as rent were not included in the budget and as such, are questionable.	900

Ref Document Number	Details on payment document	Amount (USD)	Exceptions Observed by the Audit Team	Management comments	Comments from review of additional documents	Audit Team Conclusion	Amount questioned (USD)
REV2714	Vehicle insurance	435	Use of grant funds to renew vehicle insurance is not justified.	A vehicle was allocated for the project. The amount of \$435 is a contribution of percentage to admin costs as the vehicle was used to carry out project	Management has provided the itemised budget which included funds for insurance.	No additional comments.	0
	Totals	64,223					6,400

Annex 3 – 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 MoHCC, and an indication of how soon the recommendation should implemented. The urgency and priority for addressing recommendations is rated using the following three-point scale, as follows: Critical – Essential – Desirable.

- **Critical** - An absence of or fundamental weakness in a key control, or a serious non-compliance. Non-mitigation will jeopardize the achievement of programme objectives. It requires urgent attention.
- **Essential** - A key control evaluated was not adequate, appropriate, or effective. It is unlikely that the control will manage risk and meet programme objectives. It requires immediate attention.
- **Desirable** - A specific key control weakness was noted. It is possible that this control will not manage risk and meet objectives. It requires attention within a reasonable period.

Annex 4 – 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 5– 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 following procedures were carried out:

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

Reporting

At the end of the audit, key findings were discussed with the senior management team at the Zimbabwe Ministry of Health on 1 October 2015 and a presentation which contained a summary of these findings was shared. Subsequently a draft report was shared with the MOHCC on 12 July and initial comments received on 22 August 2016. Gavi provided a revised report to the MOHCC on 4 October, followed by a conference call on 02 November 2016 to discuss the changes. Updated management comments were expected from the MOHCC by 18 November, however they were only received in February 2017. The MOHCC Internal Audit conducted further work between August and November 2017 to arrive at the final position presented in this report.