

Memorandum on the Lao People's Democratic Republic

Programme Audit report (2)

(in complement to an earlier report)

The attached Audit and Investigations report - in complement to the previous programme audit report, published in November 2024 – sets out additional conclusions on the programme audit of Gavi's support to the Lao People's Democratic Republic Ministry of Health (MoH), executed by the National Immunisation Programme (NIP) along with other implementing partners.

It summarises the additional work conducted in supplement to the prior programme audit that was initiated in March 2024 and finalised in November 2024. Under the present scope, the audit team focused on completing its review of the MoH's budgeting and financial management area, including the documentation evidencing the use of Gavi cash support disbursed to or managed by the MoH during the five-year period 1 January 2019 to 31 December 2023.

The report's executive summary (pages 3 to 5) summarises the key conclusions, the details of which are set out in the body of the report:

1. Consistent with the prior report, the overall audit rating remains as **“ineffective”**, which means, “Internal controls, governance and risk management practices are not adequately designed and/or are not generally effective. The nature of these issues is such that, the achievement of objectives is seriously compromised.”
2. Three additional issues were identified in the areas of budgeting and financial management; and the assurance provider framework.
3. To address the risks associated with the issues, the audit team raised four recommendations of which two were rated as high priority.
4. Key findings were that:
 - a. The budgetary and financial management of the country is weakened by ineffective oversight over expenditure and advance management process, insufficient document retention for expenditure incurred and a lack of clarity of the assurance provider's role. This led to sub-optimal management of advances/disbursements to subnational levels, low grant absorption and non-compliance of the financial management guideline on validation of expenditure documents from provinces and districts.

The findings of this complementary audit were discussed with the Ministry of Health and implementing partners. They accepted the audit findings, acknowledged the weaknesses identified.

On 2 September 2025, Gavi wrote to the government requesting reimbursement for USD 47,993, an amount which was determined to be misused, as well as asking the MoH to develop and commit to implementing a management action plan addressing the additional findings. The Gavi Secretariat continues to work with the Ministry of Health to ensure that their commitments are implemented, and to agree on how to make the programme whole, pending receiving their commitment.

Geneva, August 2025

PROGRAMME AUDIT REPORT

*In complement to the November
2024 programme audit report*

Lao People's Democratic Republic
September 2025

Table of Contents






1.	Executive Summary	3
2.	Objectives and Scope	6
3.	Background	9
4.	Audit Issues	11
	Annexes	19

1. Executive Summary

1.1 Overall audit opinion

	<p>The audit team assessed the Ministry of Health’s management of Gavi support during the period 1 January 2019 to 31 December 2023 as “Ineffective” which means, “Internal controls, governance and risk management practices are not adequately designed and/or are not generally effective. The nature of these issues is such that, the achievement of objectives is seriously compromised.”</p> <p>Through our audit procedures, we have identified two high risk issues relating to budget and financial management and one medium risk issue. To address the risks associated with the issues, the audit team raised four recommendations, of which two were rated as high risk. The recommendations need to be addressed by implementing remedial measures according to the agreed management actions.</p>
--	---

1.2 Summary of key audit issues

Ref	Description	Rating*	Page
4.1 Budgeting and financial management			10
4.1.1	Weak controls over supporting documents resulted in questioned expenditure		10
4.1.2	Weaknesses in financial management processes at national and subnational levels		13
4.2 Assurance Provider Framework			16
4.2.1	Strengthening the assurance provider framework mechanism		16

* The audit ratings attributed to each section of this report, the level of risk assigned to each audit issue, and the level of priority for each recommendation, are defined in **Annex 3** of this report.

1.3 Summary of issues

This report supplements the previous audit carried out in March 2024 and published in November 2024, in which the audit team was unable to express an opinion on Gavi-funded expenditures incurred by the Ministry of Health (MoH). Herein are the audit team's additional conclusions, following its review of those Gavi-funded expenditures incurred by the MoH during the period from 1 January 2019 to 31 December 2023.

The results of this subsequent review do not change the overall “**ineffective**” opinion provided in the prior November 2024 audit report. In addition, the audit team identified two high and one medium risk issues regarding the financial management processes in managing Gavi support and the assurance provider framework which are summarised below. Details on these issues are provided in Section 4 of this report.

Budgeting and Financial Management

Between January 2019 and December 2023, Gavi disbursed USD 14.7 million in cash to the MoH and partners in relation to the following grants: health systems strengthening (HSS), human papillomavirus (HPV) vaccine introduction and campaign, COVID-19 delivery support (CDS), and transition grant.

The audit team reviewed a sample of USD 1.9 million of the expenditure incurred by NIP and provinces during the period under review. The team concluded that expenditures totalling USD 48k were inadequately supported (table 1 below).

The audit team attributed the gaps in the budgetary and finance management processes to: ineffective oversight over expenditures and advance management processes; insufficient document retention; and a lack clarity of the assurance provider's role. This led to the sub-optimal management of advances to the subnational levels; and unclear or potentially conflicting roles played by assurance provider on financial management function.

The team concluded that while the MoH/NIP's budgetary and financial management weaknesses remain unaddressed, the Government will be unable to maintain adequate accountability over Gavi's funds, impacting the effectiveness of the immunisation programme, and possibly resulting in funds being misused with potential consequences for Gavi's future funding.

Overall comment on the financial management challenges

The audit noted significant improvements in financial management compared to the initial Gavi programme audit conducted in 2018 due to the several initiatives taken by Gavi and the country to strengthen financial management at the national level. However, additional capacity building and financial management strengthening processes are required at the subnational levels where operations and initial liquidation of expenditure occurs.

1.4 Financial consequences of audit findings

The audit team reviewed a sample of expenditures totalling USD 1.9 million drawn from the five-year audit period (2019-2023), representing 27% of the total expenditures that were directly incurred by the MoH/NIP during this period. The team concluded that expenditures totalling USD 48k were inadequately supported (see table 1 below), equivalent to 2.6% of the audit sample. This amount includes transactions lacking receipts, which were non-compliant with Financial Management guidelines (as shown in table 1 below).

Table 1: Summary of questioned expenditures

Category of questioned expenditures	Description	Amount questioned (KIP)	Amount questioned (USD)	% of expenditures tested	Details (report reference)
Inadequately supported	Incomplete information	469,808,430	28,938	2.6%	4.1.1
	Non-compliant with financial management guidelines	309,357,925	19,055		
Total questioned		779,166,355	47,993		

1.5 Cash balances

Table 2: Gavi funds disbursed to MoH and Partners, remaining unspent at central level

Implementing Partner	Balance USD	Balance as on	Source of information
MoH	3,434,144	31 December 2023	Country Trial Balance and Bank statement
UNICEF	159,238	31 December 2023	Gavi uncertified reports as on 31 December 2023*
WHO	326,477	31 December 2023	Cash Grants Implementation Report as on 31 December 2023*
Total cash balances	3,919,859		

*Information from partners was not validated by audit team

2. Objective and Scope

2.1 Audit objective

In line with the respective Partnership Framework Agreement and with Gavi's transparency and accountability policy, all countries that receive Gavi's support are periodically subject to a programme audit, for which the primary objective is to provide reasonable assurance that the resources were used for intended purposes in accordance with the agreed terms and conditions and were applied to the designated objectives.

The audit team assessed the design and operating effectiveness of the existing financial management processes which support the timely utilisation and accountability of funds related to Gavi's support for which the respective entities were responsible. The audit team reviewed the relevance and reliability of the internal control systems relative to the accuracy and integrity of the books and records, and the assurance provider framework.

2.2 Audit scope

The audit scope covered the five-year period from 1 January 2019 to 31 December 2023. The total cash, vaccines and ancillary support provided by Gavi to the Lao People's Democratic Republic (Lao PDR) in this period is presented in table 3 below.

Table 3: Cash, equipment, PEF TCA and vaccines support (2019 – 2023) in USD

	2019	2020	2021	2022	2023	Grand total
Cash grants						
CDS	-	-	1,112,744	1,056,939	2,135,538	4,305,221
HSS	442,282	1,276,022	4,207,998	1,769,222	2,670,124	10,365,648
Transition grant	269,285	-	-	-	-	269,285
HPV campaign + VIG	320,578	-	-	-	-	320,578
Total cash (a)	1,032,145	1,276,022	5,320,742	2,826,161	4,805,662	15,260,732
PEF TCA						
Total PEF TCA (b)	1,858,407	1,852,188	1,531,313	1,733,829	39,761	7,015,498
Equipment grants						
Total equipment (c)	-	693,030	-	(652,515)	655,024	695,539
Vaccines support						
Total vaccines (d)	5,533,825	1,953,499	25,615,251	16,067,935	2,410,819	51,581,329
Total (a + b + c + d)	8,424,377	5,774,739	32,467,306	19,975,410	7,911,266	74,553,098

2.3 Audit approach

In March 2024, a programme audit with the same audit period was conducted and completed by Gavi whose findings, except for financial management, were published in November 2024¹.

Thereafter, in November 2024, at the request of MoH and Gavi management, the audit team conducted a supplementary follow-up focused upon the programmes' financial management component. This additional mission was conducted at the PMU and MCHC offices in Vientiane, with the MoH/NIP management being responsible for ensuring that all documents were available for our review.

¹ Lao People's Democratic Republic Programme Audit November 2024

This second report supplements the results from the prior audit, given that previously the audit team was unable to express an opinion on the Gavi-funded expenditures incurred by the MoH/NIP because the full documentation was not provided at the time of the audit in March 2024.

This audit report does not include follow-up of the recommendations of the previous audit report that was published in November 2024, because at the time of the fieldwork conducted in November 2024, none of the previously agreed management actions were due to be completed.

A portion of Gavi's grant funding totalling approximately USD 2.8 million which was disbursed to UNICEF (USD 2.1 million) and WHO (USD 0.7 million) was directly used by each organisation. Because these funds were either directly expensed by the UN organisation or by the UN's own partners, they were excluded from our audit review (i.e. out of scope) due to the UN single audit principle². Table 4 and 5 below summarises all sources of funding and resultant expenditures, and those selected for review by the audit team.

Table 4: Total Gavi cash disbursements by grant and recipient (2019 to 2023) in USD

Cash grants	Fund Recipient	Total cash disbursements	Audit comments:
HSS	MoH	5,497,077	Included in the scope – see table 5
	UNICEF	1,661,431	Out of scope ²
	GFA	867,140	Scoped out by the audit team
	World Bank	2,340,000	Scoped out by the audit team
Sub-total HSS		10,365,648	
HPV VIG	MoH	185,911	Included in the scope – see table 5
HPV Campaign	WHO	134,667	Out of scope ²
Sub-total HPV		320,578	
Transition grant (TRA)	CHAI	269,285	Scoped out by the audit team
Sub-total TRA		269,285	
CDS	MoH	3,229,845	Included in the scope – see table 5
	UNICEF	420,120	Out of scope ²
	WHO	598,978	Out of scope ²
	CHAI	56,278	Scoped out by the audit team
Sub-total CDS		4,305,221	
Grand Total		15,260,732	

Table 5: Percentage of Gavi-funded expenditures reviewed by the audit team.

Grant	Recipient	Cash Disbursement (in USD)	Expenditures reported (in USD)	Expenditures sampled for review (in USD)	% reviewed
HSS	MoH	5,497,077	5,114,265	1,233,616	24%
CDS	MoH	3,229,845	1,642,111	518,049	32%
HPV	MoH	185,911	185,420	102,279	55%
Total		8,912,833	6,941,796	1,853,944	27%

Note - The opening cash balance with MoH as of 1 January 2019 was USD 1.4 million and closing balance as of 31 December 2023 was USD 3.4 million. This accounts for the difference between cash disbursed by Gavi to MoH and expenditure reported by MoH.

The team sampled and reviewed expenditures totalling approximately USD 1.9 million, accounting for 27% of the total expenditure (USD 6.9 million) reported by government during the 5-year period 2019 to 2023.

² The single audit principle is part of an internal control and audit framework of the United Nations system organisations, which entrusts the right to carry out audits of the accounts and statements of the United Nations Organisations to the United Nations Board of Auditors. Its purpose is to avoid duplication of efforts, by minimising disruption and costs to all parties and avoiding conflicting recommendations which could result from any potential misunderstanding of the nature of the United Nations operations. This principle applies with regard to funds directly expensed by the UN agencies, whose audits are conducted based on a common framework and methodology enabling auditors from one institution to rely on the work of other auditors.

2.4 Exchange rates

Most in-country expenditures were incurred in Lao Kip (KIP). For information purposes and as part of the summary of this report, overall total amounts were reflected in United States Dollars (USD). The average exchange rate provided by the Bank of Lao PDR at the time of conversion from USD account to KIP was used to convert amounts. As a result, the average exchange rate for the five year audit scope period 2019 to 2023 was KIP 16,235 to USD 1.

3. Background

3.1 Introduction

The Lao People's Democratic Republic (Lao PDR), is the only landlocked country in Southeast Asia. Lao PDR is bordered by Myanmar and China to the northwest, Vietnam to the east, Cambodia to the southeast, and Thailand to the west and southwest. The country has a surface area of 236,880 km² and the capital, Vientiane, is the largest city.

Economy and demographics

In 2022, the gross domestic product (GDP) was USD 15.47 billion; the GDP per capita was USD 2,054; and the annual growth rate was 2.7%³. Despite being rich in mineral resources, Lao PDR imports its petroleum and gas. Subsistence agriculture remains a significant part of the economy, contributing to half of the GDP and employing 80% of the population. Additionally, it was listed as the 36th nation out of 52 countries with the worst hunger situations, according to the Global Hunger Index. In 2023, Lao PDR's population was estimated as 7.6 million, of which 65% of the population was aged between 15 and 64 years, and 30% aged between 0 to 14 years⁴. The most densely populated area is in or near the capital, and most of the population is dispersed, with many rural residents living in scattered, often hard-to-reach communities. These areas are isolated due to distance, mountainous terrain, and poor or non-existent road infrastructure.

3.2 National health sector

The national healthcare delivery system is primarily a government owned, public system that operates at three levels via provincial hospitals, districts, and health centres. There are 10 central hospitals, 17 provincial hospitals, 135 district hospitals, 1,078 health centres and approximately 5,000 village drug dispensaries. Overall, the health personnel workforce totals around 20,000. While only 43 percent of this workforce has a mid-level or higher education, the average density of health professionals (physicians, nurses, midwives) is 13 per 10,000 population. Effectively utilising available health services remains a major challenge due to several factors, including access, quality of services, staff management capacity, uneven distribution of health staff, and language barriers in areas with predominantly ethnic populations.

3.3 Gavi's relationship with Lao PDR and entities involved in implementation of Gavi grants

The NIP has overall responsibility for the immunisation programme including routine immunisation, supplementary immunisation campaigns/activities (SIAs) both preventive and reactive, outbreak and pandemic response.

In June 2013, Gavi signed a partnership framework agreement with the Lao PDR which provides a framework for the management of Gavi support to the country. Since 2001, Lao PDR has received a total of approximately USD 105 million in support from Gavi, most of which falls under the framework agreement. Table 1 above details Gavi support for this audit period (2019-2023).

On 4 June 2020, Gavi launched the COVID-19 vaccines advance market commitment (COVAX AMC) mechanism as the main funding vehicle for the COVAX facility. The Gavi COVAX AMC is the innovative financing instrument that supports the participation of low and middle income economies in the COVAX facility to gain access to safe and effective COVID-19 vaccines⁵.

³ [The World Bank- Lao DPR Profile](#)

⁴ [World Population Dashboard -Lao People's Democratic Republic | United Nations Population Fund](#)

⁵ [About Gavi COVAX AMC](#)

On 4 December 2020, Lao PDR joined the COVAX AMC as a participant and signed the COVAX standard terms and conditions. Since then, the country has received support totalling USD 44.5 million, primarily consisting of COVID-19 vaccines as well as COVID-19 vaccine delivery support (CDS) funding.

Throughout this period, Gavi funds have been channelled through the MoH, Alliance partners (WHO and UNICEF), and other expanded/implementing partners like CHAI. Gavi signed agreements with each of the partners to guide the programme implementation. Each partner is responsible for developing the budget for their projects in coordination with Gavi, the MoH and other stakeholders.

3.4 Good practices

The audit noted significant improvements in financial management compared to the initial Gavi programme audit conducted in 2018. The MoH/NIP, working with the fiscal agent until the end of December 2023 and an assurance provider (AP) thereafter, developed financial management guidelines for the Gavi Health System Strengthening (HSS) programme, as derived from the 2015 Ministry of Finance budget guidelines. These financial management guidelines were adopted by the Government in Jan-2021. NIP have installed QuickBooks as the financial management system, improved the management of advances, prepared monthly bank reconciliations, maintained two bank accounts, and prepared financial reports.

The audit team noted evidence that transaction reviews were done by the fiscal agent and the AP, that the Gavi project grants were audited each year.

4. Audit Issues

4.1 Budgeting and financial management

4.1.1 Weak controls over supporting documents resulted in questioned expenditure

Context and Criteria

The signed Partnership Framework Agreement (PFA) (under Paragraph 19 of annex 2) requires that *“in respect of all Gavi provided funds, the Government shall comply with Gavi requirements on the use and management of cash, including the following: (a) the Government shall use the cash solely to fund Programme Activities; (b) the Government shall ensure that the funds are prudently managed in accordance with the TAP Policy and Financial Management Requirements; (c) in the case of cash in lieu of supplies, funds shall be used to purchase the vaccines in accordance with the self-procurement mechanism set out in the Country's application as reviewed and approved by Gavi and managed in accordance with all guidelines, procedures, standards, reporting requirements and recommendations (if any) on self-procurement mechanisms and in accordance with this Agreement and the relevant Decision Letter(s); and (d) the Government shall not apply any cash received from Gavi to satisfy its cofinancing obligations”*.

Paragraph 23 of Annex 2 of the PFA requires that *“the Government shall maintain accurate and separate accounts and records of each of the Programmes prepared in accordance with internationally recognised standards that are sufficient to establish and verify accurately the costs and expenditures under the Programmes. The Government shall maintain such accounts and records and any other supporting documents evidencing expenses made with Gavi's funds according to the Country's fiscal requirements for a minimum of five (5) years after the completion of a Programme. In the event where Gavi provided funds are pooled with other sources of funding, accounts and records will equally be maintained for the pooled funds.”*

Paragraph 20 of Annex 2 of the PFA defines Misuse of funds and supplies. Sub paragraph 20.1 states that: *“in respect of all funds and vaccines and related supplies provided to the Government under the Programme(s), the Government shall comply with obligations and requirements on the use of such funds and supplies, including the following:*

- *the Government shall use the funds and vaccines and related supplies received from Gavi under a programme for the sole purpose of carrying out the programme activities of such programme;*
- *the Government shall ensure that there is no misuse or waste of, or corrupt, illegal, or fraudulent activities involving the funds and vaccines and related supplies; and*
- *the Government shall ensure that all expenses relating to the use or application of funds are properly evidenced with supporting documentation sufficient to permit Gavi to verify such expenses.*

If the Government fails to comply with any of the above, such event shall be a "Misuse" (and "Misused" shall be construed accordingly)”.

Condition

Questioned expenditures amounting to USD 48k - The audit team reviewed a sample of transactions at the MoH/NIP office in Vientiane (PMU - MCHC), which were incurred during the audit period (1 January 2019 to 31 December 2023). Overall, the MoH reported expenditures totalling USD 6.9 million of which 27% (USD 1.9 million) was selected for review by the team. As a result of examining the documentation available, the audit team questioned expenditures totalling USD 48k due to inadequacy of supporting documents as shown below. For details refer Annex 5.

Recommendation 1

To ensure that funds are properly and adequately accounted for, MoH/NIP management should:

- create a distinct form to capture fuel costs for vehicles, motorcycles, and small ferry boats

Table 6: Summary of questioned transactions (all amounts shown in USD)

Category of questioned expenditures	Description	Amount questioned (KIP)	Amount questioned (USD)	% of expenditures tested
Inadequately supported	Fuel receipts contain incomplete information	469,808,430	28,938	2.6%
	Fuel costs lack receipts and do not fully comply with FM guidelines	309,357,925	19,055	
Total questioned		779,166,355	47,993	

Inadequately supported fuel cost lacking receipts (USD 28,938) – Where the quality of fuel cost related documentation maintained to support transactions related to implementing various programme activities was inadequate. For example, there were fuel receipts with multiple missing or incomplete information including date, vehicle number, fuel supplier company name, kilometre etc. As a consequence, the audit team was unable to provide reasonable assurance that the expenditures were accurate and related to Gavi-funded activities.

Inadequately supported fuel cost not compliant with FM guidelines (USD 19,055) – Where the quality of fuel cost related declaration forms as required to be maintained by the Gavi HSS financial management guideline to support transactions related to implementing various programme activities, was inadequate. For example, the declaration forms did not contain all the required information including vehicle number, kilometre travelled, locations travelled, etc. As a consequence, the audit team was unable to provide reasonable assurance that the expenditures were accurate and related to Gavi-funded activities.

Fuel expenditures compliant with FM guidelines (USD 296,424) – In addition, an amount of KIP 4,812,443,640 (USD 296,424) was incurred towards fuel costs for which no receipts were available. In the absence of the fuel receipts, the field offices maintained signed declaration forms as defined in the Gavi HSS financial management guideline (which was effective from Jan-2021) from the respective persons to whom fuel allowances were paid. These declaration forms included details on the travel locations visited, dates of travel, vehicle particulars, kilometres travelled and the allowance amount. The audit team also noted that the fuel allowances were made as per the plan instead of payment being made on actual basis. Upon further review of the operational practices for other in-country health partners and the daily fuel prices, the audit team did not question these expenditures. Nevertheless, based on discussions with the immunisation programme, recommendations for how these controls can be strengthened were agreed.

Root cause

- Non-compliance with Gavi HSS financial management guideline.
- Use of same (single) forms for capturing and managing fuel cost for the different mode of transport and lack of clarity with regard to the distance for which fuel was being paid.
- No analysis performed to confirm the reasonableness of the fuel costs being incurred.
- Inadequate supervision and training for the subnational staff.
- Payments are in cash wherein it is difficult to establish accountability.
- Non-availability of fuel/vehicle movement logbooks.
- Inadequate controls over the review of expenditures coupled with inadequate document management.

separately, and provide guidance to provinces and districts on its use and implementation.

- carry out routine financial management support supervisions and reviews at the subnational level and provide financial management training and capacity building at province and district level, by developing a capacity building plan with the AP's assistance.
- perform periodic analysis on fuel allowance and actual expenditures to determine their reasonableness.
- consider mobile money (e-cash) payment options for payments of DSA, allowances and fuel costs to beneficiaries.
- ensure that all expenditures are adequately supported with relevant documents such as fuel/vehicle movement logbooks ensuring full compliance with the financial management and government guidelines for fuel allowances
- conduct review of the financial management guideline to evaluate its sufficiency for management of fuel expenditure.

Management comments

See detailed management responses - [Annex 6](#)

<ul style="list-style-type: none"> Delays in justifying advances, can result in inadequate documentation being maintained or liquidations being incomplete. 					
<p>Risk / Impact / Implications</p> <ul style="list-style-type: none"> Ineffective financial procedures resulted in questioned costs. This may indicate that Gavi funds are not being utilised effectively and efficiently, as well as the potential risk of financial mismanagement, or fraud. This may comprise non-compliance with the PFA and grant agreements and could result in termination of funding in some instances. Questioned expenditures totalling to USD 48k (i.e., inadequately supported) Loss of trust and confidence between the Gavi, the implementing entities and the Government, which can have a negative impact on future funding from donors. Poor health outcomes of the targeted population, as funds intended for the vaccination programme may not be utilised optimally due to inadequate financial procedures and controls. 	<table border="1"> <tr> <th data-bbox="1592 225 1800 295">Responsibility See - Annex 6</th><th data-bbox="1800 225 2163 295">Deadline / Timetable See - Annex 6</th></tr> <tr> <td data-bbox="1592 295 1800 566"></td><td data-bbox="1800 295 2163 566"></td></tr> </table>	Responsibility See - Annex 6	Deadline / Timetable See - Annex 6		
Responsibility See - Annex 6	Deadline / Timetable See - Annex 6				

4.1.2 Weaknesses in financial management processes at national and subnational levels

Context and Criteria

Paragraph 16 of Annex 2 of the PFA states that: *“The Government’s use of Gavi’s vaccine and cash support is subject to strict performance monitoring. Gavi seeks to use the Government reports and existing country-level mechanisms to monitor performance. The Government shall monitor and report on the use of vaccines and related supplies and the funds provided by Gavi stating the progress made towards achieving the objectives of the Programme(s) during the preceding year by submitting the Annual Progress Report(s). The Government shall also share their internal management reports on the use of funds on a quarterly or periodic basis with Gavi. The Government shall also submit all documents and reports that are required to be submitted as part of the Annual Progress Reports and country applications. For certain cash support, Gavi shall monitor and review annually the progress made in the Country towards the funded objectives of the Programme(s) by participating in the annual health sector review through existing country-level mechanisms. The Government shall submit all documents relevant to annual health sector reviews as requested by Gavi.”*

The Programme’s Grant Management Requirements (GMRs) were agreed upon July 2020, included the following: *“The MoH will ensure that regular controls on financial management are carried out at the NIP to provide assurance of acceptable accounting and reporting and that the NIP: - submits financial reports to Gavi, based on the actual expenditures incurred across the Programme, in conjunction with a formal process of liquidating Programme advances provided to the sub-national level - confirms proper flow of financial information up from the sub-national level, in the form of financial reports from district to province, from province to the centre, and thereafter collation of this information at the central level, before submitting a consolidated financial report to Gavi - complies with the Gavi reporting timelines, and that its submissions consistently use the financial report template provided by Gavi - strengthens its internal controls supporting the preparation of financial reports to ensure that its submissions to Gavi are accurate and supported by adequate documentation (transaction listing and supporting documents) - ensures that supporting documents are obtained, reviewed and filed to provide appropriate audit trail.*

Additionally, the MOH will ensure that: - All expenditures are adequately supported using documents such as signed and dated minutes of meetings, attendance sheets, payment schedules for allowances and per diems, third party receipts and invoices, acknowledgement forms and activity reports; and - Payroll expenses charged to the programme align with those positions approved and supported by Gavi.”

In 2018, following the Gavi programme audit, Gavi hired a fiscal agent (FA) to support the NIP unit of the Ministry of Health (MoH). The FA's main objectives were to ensure effective controls over the use of Gavi cash grants and to verify that all payments were legitimate, justified, and provided value for money. Another key goal was to build the capacity of NIP staff and subnational levels through the FA developing a suitable time-bound capacity building plan with measurable actions. The FA's contract ended in November 2023. On 1 November 2023, Gavi appointed an assurance provider (AP) to ensure quality assurance and fiduciary risk management at NIP. The AP's responsibilities include: budget review; assurance and compliance work; country financial reporting review; internal and annual external audit process and review; internal control and fraud-prevention oversight; assisting the Country with the follow-up and fulfilment of Grant Management Requirements (GMR); and developing as well as implementing an exit plan for 2023-2025 for the handover of the accounting / financial management systems developed with Gavi support over the period of AP engagement.

The financial management guidelines of Gavi HSS funds states that cash advances must be acquitted within 10 working days of programme activity implementation/completion (refer section: 4.3. *period of cash advance acquittal (Lao version)*).

Condition

Weak advance management processes and low grant absorption: Funds disbursed to provinces are tracked as advances by the finance department in PMU. The PMU uses both QuickBooks accounting software as well as Ms Excel to track and monitor retirement of

Recommendation 2

To strengthen the financial management process, MoH/NIP should:

<p>advances. The audit team noted that between March 2024 and November 2024, the status of outstanding advances has improved from an average of 321 days to 90 days, and nearly 80% of the advances are now aged 60 days or less. This progress is largely due to regular follow-ups and acquittals by the PMU and the assurance provider (AP), rather than changes in the process. The AP has conducted a thorough review of the advance management process and provided recommendations for improvements, which should be implemented up on approval from MoH. (Refer Annex 4 for details)</p> <p>Low grant absorption: The absorption of Covid-19 Delivery Support (CDS) grants was 50% as of 31 December 2023. The audit team noted that a low grant absorption was partly due to the long lead time to disburse funds from national level to subnational level and for advances to be retired.</p> <p>The external audit reports do not fully comply with Gavi's guidelines on external audit for cash grants support: During the past five years, Gavi's grants have been audited by the same commercial auditor each year. None of these audit reports received a qualified opinion, nevertheless the audit team noted the following gaps concerning them:</p> <ul style="list-style-type: none"> • The audit reports did not disaggregate the income and expenditure by grant, which makes it difficult to determine what was the corresponding income and expenditures for each of Gavi's grants. In addition, the audit reports did not disaggregate the individual grant fund balances including a reconciliation of the respective bank balances to each grant. • The audit reports did not include a budget versus actual analysis for each grant as part of the management letter. In addition, although the PMU did prepare budget versus actual analysis in its financial reports, which was subsequently submitted to Gavi, these reports did not incorporate detailed explanatory notes clarifying the reason for any significant variances. • The management letters did not diagnose or identify what were the root causes associated with the issues raised. <p>Weaknesses in financial management at sub national level: The audit team noted the following weaknesses in financial management at the sub national level:</p> <ul style="list-style-type: none"> • There was inadequate financial management support supervision and capacity building from higher to lower levels. There was no evidence of finance reviews by NIP at 5 out of 6 PHOs, 6 out of 9 DHOs, 16 out of 18 HFs visited by the audit team. • No budget vs actual analysis was performed at the province, district, and HF levels, even though this was required according to general budget management procedures. In addition, the micro-plans that were prepared were not used nor linked to funds disbursement, neither was there a comparison of the actual disbursements back to the micro-plans. 	<ul style="list-style-type: none"> • Implement the advance management improvements recommended by assurance provider (AP) as soon as possible. • Strengthen and improve its financial officers' capabilities in developing its budget monitoring capabilities and discipline. The implementation of a suitable budget monitoring process therefore requires building the capacity of finance officers at both the national and across sub-national levels. • Expenditure is reviewed by NIP against the approved workplans, timelines and any variances investigated.
<p>Root cause</p> <ul style="list-style-type: none"> • Implementation of advance management process improvements recommended by AP is pending for approval by MoH. • Financial management at the subnational level is handled by EPI officers, who also manage programme activities including data, and supply chains. There was no evidence of capacity building by the fiscal agent / assurance provider at this level, leading to extended review processes between the national level and provinces, primarily due to errors and gaps in acquittal documents submitted by the provinces. 	<p>Management comments</p> <p>See detailed management responses - Annex 6</p>

<ul style="list-style-type: none"> Guidelines on accountability documents remain unclear combined with inadequate follow-up and oversight to ensure the implementation of relevant financial management practices and accountability mechanisms, so as to hold staff and relevant authorities accountable COVID 19 restrictions led to delayed implementation of activities. In addition, COVID 19 response was given priority over other programme activities resulting in low grant absorption. Additionally, following the adverse results of the 2018 programme audit, Gavi's budget approvals focused solely on priority activities. 			
<p>Risk / Impact / Implications</p> <ul style="list-style-type: none"> Low grant absorption leading to under-implementation of activities with a risk that programme objectives might be delayed or not-achieved as some planned activities may not be completed. Potential misuse of Gavi funds or wastage leading to financial loss due to weak financial controls Delays in liquidation slows down the implementation of programme activities translating into missed opportunities for the country. 	<table> <tr> <td data-bbox="1590 406 1798 600"> Responsibility See - Annex 6 </td><td data-bbox="1798 406 2163 600"> Deadline / Timetable See - Annex 6 </td></tr> </table>	Responsibility See - Annex 6	Deadline / Timetable See - Annex 6
Responsibility See - Annex 6	Deadline / Timetable See - Annex 6		

4.2 Assurance Provider Framework

4.2.1 Strengthening the assurance provider framework mechanism

Context and criteria

In February 2018, Gavi appointed a financial management service provider for a period up to February 2019 and subsequently extended up to December 2023 wherein the objective was to ensure effective controls over expenditure, financial records are maintained for the transactions, ensuring financial reporting is accurate and build capacity of NIP.

In November 2023, Gavi appointed an assurance provider (AP) for a period up to December 2025. This AP's objectives were to support the finance and operations team in the provision of assurance services in Lao PDR. Overall the AP were to ensure quality assurance and fiduciary risk management at MoH/NIP. The AP's responsibilities include: budget review; assurance and compliance work; country financial reporting review; internal and annual external audit process and review; internal control and fraud-prevention oversight; assisting the Country with the follow-up and fulfilment of Grant Management Requirements (GMR); and developing as well as implementing an exit plan for 2023-2025 for the handover of the accounting / financial management systems developed by Gavi support over the period of AP engagement.

The scope of the AP's duties extends to all Gavi grants. Its terms of reference (ToRs) indicates the list of activities to be undertaken by the AP, including the overarching objective of enabling a more stable and sustainable financial management in country, to help the country navigate through transition away from the AP's supporting role.

The AP needs to work closely with Gavi's PFM focal point, to ensure that: budgeting; financial reporting; cash management and disbursements; audits; and related compliance requirements, are consistently managed and undertaken in a timely manner.

Section 13 of the Gavi portfolio financial management (PFM) assurance framework (May 2023) states that, *"As part of their assurance work, assurance providers may provide capacity development which are incidental to the implementation of the menu of assurance activities as contained in the TOR. However, where a need for a specific capacity development/improvement is identified, a TA firm/or individual consultant, rather than the incumbent assurance provider, may be contracted under a new TOR for the following reasons:*

- 1) to avoid conflict of interest situations where the AP may be deemed to have "created" new needs for the implementing country in which it (AP) has financial interest.
- 2) to enable both Gavi and the IC to benefit from the TA firm/consultant's fresh perspectives and solutions to addressing the identified capacity need".

Condition

The audit team reviewed the AP's ToRs and scope of work, its approved work plan, and the three quarterly reports it submitted to Gavi (between January 2024 and September 2024) and noted the following::

- The financial management services previously handled by FA were continued under AP, along with additional responsibilities. This led to several activities conflicting with the AP's defined role. Example of such activities included pre-reviewing expenditures/payments, conducting training and capacity-building activities and ensuring the maintenance of supporting documents. These tasks are more suited to a financial management service provider than an assurance provider.
- The monitoring of the implementation of the GMR has not yet started
- Physical Verification of fixed assets has not yet been undertaken.

Recommendation 3

We recommend that the MoH and the Gavi CDD team jointly re-evaluate the role of the current appointed assurance provider and align it with the needs of the NIP for maintaining a transaction review service, as well as capacity building at the sub-national level as well as complying with Gavi PFM assurance framework.

Recommendation 4

<ul style="list-style-type: none"> While the AP is required to develop a capacity building plan, this has not been done by November 2024. Instead, the AP is relying on the capacity building plan developed by NIP for the national level and supporting in its implementation. The capacity building plan developed by NIP does not include any capacity development for the provinces. The AP needs to develop a robust capacity development plan for the national and provinces and should be validated by Gavi. The review of counter fraud mechanism procedures has not yet started Risk and control matrix has not yet been developed Development of exit plan is dependent on the transition support and has not yet started. <p>The audit team therefore concluded that Gavi's management needs to review the role of the assurance provider given that, both the national and subnational levels have specific capacity building and technical assistance needs, whilst the subnational portion are not yet being addressed.</p>	<p>The AP in discussion with the Gavi PFM team should develop a work plan covering all the activities of their terms of reference.</p>	
<p>Root cause</p> <p>The following root causes were identified:</p> <ul style="list-style-type: none"> To date, the AP has undertaken only a portion of its role as per its ToRs, largely continuing with those activities which were similar to those of the previous fiscal agent ToRs. The AP has recruited most of the same local staff which were employed by the previous fiscal agent to support the NIP team on an ongoing basis. Thus, while the AP has continued to undertake certain past activities, this has created some conflicts of interest in their newly defined role. The AP, between April 2024 and September 2024, were focusing mainly on resolution of financial management weaknesses identified in the Gavi programme audit fieldwork conducted in March 2024 for the report published in Nov-2024. The AP mechanism is a recent introduction. Over time the AP's requirements will need to evolve as, Gavi gains more understanding of how best to work with the in-country stakeholders involved and their changing needs. 	<p>Management comments</p> <p>See detailed management responses - Annex 6</p>	
<p>Risk / Impact / Implications</p> <ul style="list-style-type: none"> If the AP maintains its current terms of reference, some roles may lead to a conflict of interest. If the AP fails to comply with its terms of reference, it may become ineffective or fail to deliver the full range of complementary fiduciary activities. 	<p>Responsibility</p> <p>See - Annex 6</p>	<p>Deadline / Timetable</p> <p>See - Annex 6</p>

5. Annexes

Annex 1 – Acronyms

CCE	Cold Chain Equipment
CDS	COVID-19 Delivery Support
COVAX	COVID-19 Vaccine Global Access
GMR	Grant Management Requirement
HPV	Human Papillomavirus
HSS	Health Sector Strengthening
IPV	Inactivated poliovirus Vaccine
MoH	Ministry of Health
MR	Measles Rubella
PFA	Partnership Framework Agreement
SIA	Supplementary Immunisation Activities
TCA	Targeted Country Assistance
TWG	Technical Working Group
VIG	Vaccine Introduction Grants

Annex 2 – Methodology

Gavi's Audit and Investigations (A&I) audits are conducted in accordance to the Institute of Internal Auditors' ("the Institute") mandatory guidance which includes the Core Principles for the Professional Practice of Internal Auditing, the definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the audit activity's performance. The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers are also be adhered to as applicable to guide operations. In addition, A&I staff will adhere to A&I's standard operating procedures manual.

The principles and details of the A&I's audit approach are described in its Board-approved Terms of Reference and Audit Manual and specific terms of reference for each engagement. These documents help our auditors to provide high quality professional work, and to operate efficiently and effectively. They help safeguard the independence of the A&I's auditors and the integrity of their work. The A&I's Audit Manual contains detailed instructions for carrying out its audits, in line with the appropriate standards and expected quality.

In general, the scope of A&I's work extends not only to the Secretariat but also to the programmes and activities carried out by Gavi's grant recipients and partners. More specifically, its scope encompasses the examination and evaluation of the adequacy and effectiveness of Gavi's governance, risk management processes, system of internal control, and the quality of performance in carrying out assigned responsibilities to achieve stated goals and objectives.

Annex 3 – Definitions: opinion, audit rating and prioritisation

A. Overall Audit Opinion

The audit team ascribes an audit rating for each area/section reviewed, and the summation of these audit ratings underpins the overall audit opinion. The audit ratings and overall opinion are ranked according to the following scale:

Effective	No issues or few minor issues noted. Internal controls, governance and risk management processes are adequately designed, consistently well implemented, and effective to provide reasonable assurance that the objectives will be met.
Partially Effective	Moderate issues noted. Internal controls, governance and risk management practices are adequately designed, generally well implemented, but one or a limited number of issues were identified that may present a moderate risk to the achievement of the objectives.
Needs significant improvement	One or few significant issues noted. Internal controls, governance and risk management practices have some weaknesses in design or operating effectiveness such that, until they are addressed, there is not yet reasonable assurance that the objectives are likely to be met.
Ineffective	Multiple significant and/or (a) material issue(s) noted. Internal controls, governance and risk management processes are not adequately designed and/or are not generally effective. The nature of these issues is such that the achievement of objectives is seriously compromised.

B. Issue Rating

For ease of follow up and to enable management to focus effectively in addressing the issues in our report, we have classified the issues arising from our review in order of significance: High, Medium and Low. In ranking the issues between 'High', 'Medium' and 'Low', we have considered the relative importance of each matter, taken in the context of both quantitative and qualitative factors, such as the relative magnitude and the nature and effect on the subject matter. This is in accordance with the Committee of Sponsoring Organisations of the Treadway Committee (COSO) guidance and the Institute of Internal Auditors standards.

Rating	Implication
High	<p>At least one instance of the criteria described below is applicable to the issue raised:</p> <ul style="list-style-type: none"> Controls mitigating high inherent risks or strategic business risks are either inadequate or ineffective. The issues identified may result in a risk materialising that could either have: a major impact on delivery of organisational objectives; major reputation damage; or major financial consequences. The risk has either materialised or the probability of it occurring is very likely and the mitigations put in place do not mitigate the risk. Fraud and unethical behaviour including management override of key controls. <p>Management attention is required as a matter of priority.</p>
Medium	<p>At least one instance of the criteria described below is applicable to the issue raised:</p> <ul style="list-style-type: none"> Controls mitigating medium inherent risks are either inadequate or ineffective. The issues identified may result in a risk materialising that could either have: a moderate impact on delivery of organisational objectives; moderate reputation damage; or moderate financial consequences The probability of the risk occurring is possible and the mitigations put in place moderately reduce the risk. <p>Management action is required within a reasonable time period.</p>
Low	<p>At least one instance of the criteria described below is applicable to the issue raised:</p> <ul style="list-style-type: none"> Controls mitigating low inherent risks are either inadequate or ineffective. The Issues identified could have a minor negative impact on the risk and control environment. The probability of the risk occurring is unlikely to happen. <p>Corrective action is required as appropriate.</p>

Annex 4 – Recommendations by Assurance Provider for improvement in Advance Management Process

Sl. No.	Recommendations
1	For all advance requests below USD 2,000 a lean review and approval will be implemented without compromising the controls including delegation of power for cheques signing to MCHC level instead of DHHP and post review of the advance working by AP team instead of prior review. For any advance of USD 2,000 and above the current process will remain applicable.
2	On a monthly basis the PMU will circulate to all provinces, the list of outstanding advances against each province as reminders to expedite the settlement of the advance. Provincial management to review these list and coordinate with the districts and health facility to expedite the liquidation process.
3	Any advance request where the province / requestee, has outstanding advances for more than 120 days, the advance request shall be accompanied by a declaration signed by the Provincial Director of Health confirming that these advances will be settled in 15 days of submission of this declaration. Without such declaration the advance request shall not be processed. All such request shall be approved by a senior personal from MCHC before request is processed.
4	Any province / requestee who has outstanding advance of more than 180 days shall not be issued any new advance until the outstanding advance has been completely settled.
5	Each provincial office shall be required to develop and maintain an advance tracker that records the receipt of funds from PMU and transfers of funds from the provinces to districts / Health Facility. This tracker must be updated following each advance requisition and liquidation transaction. It shall also be mandatory to share the updated tracker with the PMU program team monthly. The purpose of this tracker is effective monitoring of the flow of advance funds and ensure timely liquidations

Annex 5 - Expenditures questioned by the audit team (*Inadequately supported*)

Value date	Grant Type	Voucher n°	Total expenditure (KIP)	Fuel costs lack receipts and do not fully comply with FM guidelines (KIP)	Fuel costs are compliant with FM guidelines, despite the lack of supporting fuel receipts (KIP)	Fuel Receipts contain incomplete information (KIP)
12/31/2023	HSS	23_ACQUI184	274,966,000		64,426,000	6,663,000
12/31/2023	HPV	23_ACQUI185	22,890,000		9,810,000	
12/31/2023	HSS	23_ACQUI193	157,206,000		35,062,000	11,894,000
12/31/2023	HSS	23_ACQUI195	26,505,000			16,858,000
12/31/2023	HSS	23_ACQUI217	174,492,000		22,175,000	3,069,000
12/31/2023	HSS	23_ACQUI223	28,645,000			8,945,000
12/31/2023	HSS	23_ACQUI235	98,195,000		24,874,000	2,056,000
12/31/2023	HSS	23_ACQUI236	10,091,000			1,841,000
12/31/2023	HSS	23_ACQUI237	40,859,000		9,641,000	4,477,000
12/31/2023	HSS	23_ACQUI238	40,859,000		9,641,000	4,477,000
12/31/2023	HSS	23_ACQUI239	134,055,000		52,650,000	
12/31/2023	HPV	23_ACQUI263	179,666,000		54,180,000	8,703,000
12/31/2023	HSS	23_ACQUI264	187,237,000		37,172,000	21,607,000
12/31/2023	HSS	23_ACQUI266	187,237,000		37,172,000	22,875,000
12/31/2023	HSS	23_ACQUI268	10,928,000		1,567,000	
12/31/2023	HSS	23_ACQUI271	221,828,000		89,640,000	
12/31/2023	HSS	23_ACQUI214	156,730,000		26,139,000	10,851,000
12/31/2023	HSS	23_ACQUI272	68,889,000		12,529,000	
12/31/2023	HSS	23_ACQUI259	19,590,000			5,990,000
12/31/2023	HSS	23_ACQUI261	77,023,000		300,000	193,000
12/31/2023	HSS	23_ACQUI213	136,632,000		55,820,000	2,166,000
12/31/2023	HSS	23_ACQUI218	46,683,000		10,743,000	
12/31/2023	HSS	23_ACQUI220	4,830,000		2,070,000	
12/31/2023	HSS	23_ACQUI221	16,735,000			2,335,000
12/31/2023	HSS	23_ACQUI222	178,088,000		22,175,000	3,653,000
12/31/2023	HSS	23_ACQUI267	33,236,000		12,350,000	986,000
12/31/2023	HSS	23_ACQUI198	319,284,000		42,539,000	21,425,000
12/31/2023	HSS	23_ACQUI119	76,115,000		7,250,000	
12/21/2023	CDS	23_ACQUI105	244,847,000		13,650,000	
12/31/2023	HSS	23_ACQUI166	181,464,000		73,170,000	
12/31/2023	HSS	23_ACQUI142	224,052,000	2,939,000	15,512,000	1,000,000
12/31/2023	HSS	23_ACQUI182	310,032,000	69,012,000	25,032,000	3,743,000
12/31/2023	HSS	23_ACQUI174	181,749,000		30,034,000	
12/31/2023	HSS	23_ACQUI140	41,660,000	2,866,000	3,040,000	
11/01/2023	HSS	23_ACQUI057	27,045,000		4,500,000	
12/31/2023	CDS	23_ACQUI120	34,639,000			11,089,000
12/31/2023	HSS	23_ACQUI139	95,261,000	30,420,000	4,860,000	3,441,000
10/10/2023	HPV	23_ACQUI042	180,298,000		66,420,000	3,018,000
12/31/2023	HSS	23_ACQUI165	59,852,000		22,552,000	
12/31/2023	HSS	23_ACQUI161	297,196,000		72,676,000	
12/31/2023	HSS	23_ACQUI180	79,249,000		15,969,000	
11/24/2023	HSS	23_ACQUI097	140,681,000		35,181,000	
12/31/2023	HSS	23_ACQUI113	353,632,000	26,245,000	76,847,000	
12/31/2023	HSS	23_ACQUI183	295,765,000	26,835,000	82,300,000	
07/11/2022	CDS	22_BUSD131	49,049,000		10,409,000	
07/13/2022	HSS	22_BUSD135	24,972,000			4,422,000
07/13/2022	HSS	22_BUSD135	68,889,000		20,849,000	
08/19/2022	HSS	22_BUSD161	124,843,000	1,176,000	33,935,000	1,408,000
06/19/2023	HSS	23_BUSD161	79,496,000	10,241,000	5,955,000	
12/17/2019	HSS	19_BUSD165	59,718,000		5,548,000	
09/19/2022	HSS	22_BUSD191	144,412,000		31,859,000	660,000
08/22/2023	CDS	23_BUSD207	10,387,000			271,000
08/22/2023	HSS	23_BUSD210	45,999,000		7,542,000	
09/27/2022	HSS	22_BUSD213	148,542,000		20,162,000	
09/19/2023	HSS	23_BUSD244	252,538,000		55,378,000	
10/21/2022	HPV	22_BUSD244	126,584,000		47,430,000	
09/19/2023	HSS	23_BUSD247	195,857,000		38,998,000	
09/25/2023	HSS	23_BUSD251	173,364,000		44,994,000	

Value date	Grant Type	Voucher n°	Total expenditure (KIP)	Fuel costs lack receipts and do not fully comply with FM guidelines (KIP)	Fuel costs are compliant with FM guidelines, despite the lack of supporting fuel receipts (KIP)	Fuel Receipts contain incomplete information (KIP)
10/21/2022	HPV	22_BUSD256	163,553,000	24,120,000	39,960,000	
09/25/2023	CDS	23_BUSD259	12,184,000		3,784,000	
10/21/2022	HSS	22_BUSD259	59,678,000		30,375,000	823,000
09/25/2023	CDS	23_BUSD259	154,376,000		63,176,000	
09/25/2023	HSS	23_BUSD260	133,058,000		16,061,000	10,507,000
09/25/2023	CDS	23_BUSD264	317,767,000		76,367,000	
10/06/2023	CDS	23_BUSD291	92,280,000	29,280,000		
10/06/2023	CDS	23_BUSD291	304,620,000		88,620,000	
10/06/2023	CDS	23_BUSD292	84,150,000	10,750,000		
10/06/2023	CDS	23_BUSD292	152,365,000	5,454,000	13,511,000	
10/06/2023	CDS	23_BUSD293	71,628,000		32,228,000	
10/06/2023	CDS	23_BUSD293	131,772,000		61,172,000	
10/06/2023	CDS	23_BUSD294	176,254,000		37,854,000	
10/11/2023	CDS	23_BUSD296	27,846,000		6,446,000	
10/11/2023	CDS	23_BUSD296	119,604,000		49,604,000	
10/11/2023	CDS	23_BUSD297	61,421,000		18,221,000	
10/11/2023	CDS	23_BUSD297	251,134,000		71,834,000	3,100,000
10/11/2023	CDS	23_BUSD302	54,161,000		8,353,000	7,008,000
10/11/2023	CDS	23_BUSD302	55,925,000		15,925,000	
11/22/2022	CDS	22_BUSD311	202,987,000		85,124,000	
11/22/2022	HPV	22_BUSD317	44,310,000		9,750,000	
11/22/2022	HPV	22_BUSD317	134,055,000		32,695,000	
10/23/2023	HSS	23_BUSD319	38,320,000		8,320,000	
10/23/2023	HSS	23_BUSD319	133,620,000		32,020,000	
11/22/2022	HSS	22_BUSD319	10,678,000			2,498,000
11/10/2023	CDS	23_BUSD343	11,869,000			3,169,000
11/10/2023	CDS	23_BUSD345	24,513,000			9,613,000
11/10/2023	CDS	23_BUSD347	18,040,000			7,840,000
12/01/2022	HSS	22_BUSD347	59,678,000		30,375,000	
11/10/2023	HSS	23_BUSD351	45,627,000		10,317,000	
11/17/2023	HSS	23_BUSD356	133,516,000		23,201,000	
11/17/2023	CDS	23_BUSD360	57,621,000		8,371,000	
11/17/2023	CDS	23_BUSD360	119,284,000		15,821,000	3,653,000
11/17/2023	CDS	23_BUSD361	105,917,000		19,567,000	
11/17/2023	CDS	23_BUSD361	323,736,000		62,325,000	7,511,000
11/17/2023	CDS	23_BUSD362	62,067,000			13,957,000
12/15/2022	HSS	22_BUSD362	91,263,000			3,726,000
11/20/2023	CDS	23_BUSD363	94,508,000	24,858,000		
11/20/2023	CDS	23_BUSD363	343,170,000		70,607,000	13,808,000
11/24/2023	HSS	23_BUSD366	160,573,000		27,773,000	
11/24/2023	CDS	23_BUSD367	206,735,000		35,711,000	12,421,000
11/29/2023	CDS	23_BUSD381	262,068,000		79,730,000	
11/29/2023	CDS	23_BUSD385	411,488,000		73,973,000	7,430,000
12/21/2023	CDS	23_BUSD406	453,812,000		73,695,000	
12/21/2023	CDS	23_BUSD406	143,682,000		31,839,000	513,000
12/21/2023	CDS	23_BUSD409	315,457,000	15,285,000	11,295,000	16,115,000
12/29/2023	CDS	23_BUSD416	40,322,000		11,131,000	822,000
02/15/2022	HSS	22_BUSD020	83,087,000		11,651,000	821,000
02/15/2023	HSS	23_BUSD020	19,623,000		3,453,000	
02/15/2023	HSS	23_BUSD020	56,583,000		11,223,000	
07/13/2023	CDS	23_BUSD176	55,409,000			4,849,000
09/04/2023	HSS	23_BUSD221	24,634,000		6,284,000	
09/04/2023	HSS	23_BUSD221	85,123,000		7,596,000	7,426,000
11/10/2023	CDS	23_BUSD342	52,231,000			4,931,000
11/10/2023	HSS	23_BUSD352	14,114,000			6,264,000
11/29/2023	CDS	23_BUSD383	7,202,000			2,552,000
11/29/2023	CDS	23_BUSD384	5,764,000			1,384,000
11/29/2023	CDS	23_BUSD384	174,113,000		37,511,000	23,029,001
09/25/2023	CDS	23_BUSD258	28,619,000			8,169,000
11/29/2023	CDS	23_BUSD387	136,374,000		14,948,000	8,687,000

Value date	Grant Type	Voucher n°	Total expenditure (KIP)	Fuel costs lack receipts and do not fully comply with FM guidelines (KIP)	Fuel costs are compliant with FM guidelines, despite the lack of supporting fuel receipts (KIP)	Fuel Receipts contain incomplete information (KIP)
09/25/2023	CDS	23_BUSD255	49,829,000			11,850,000
11/30/2023	CDS	23_BUSD389	3,956,000			506,000
09/25/2023	CDS	23_BUSD256	14,032,000			4,042,000
11/17/2023	CDS	23_BUSD359	143,966,000		27,984,000	2,508,000
11/30/2023	CDS	23_BUSD391	163,468,000		54,186,000	
10/06/2023	CDS	23_BUSD286	160,619,000		28,301,000	8,592,000
10/11/2023	HSS	23_BUSD301	156,664,000		17,906,000	2,372,000
10/23/2023	HSS	23_BUSD320	163,968,000		18,950,999	
11/10/2023	HSS	23_BUSD349	167,603,000			1,516,000
10/06/2023	HSS	23_BUSD287	72,907,000			13,326,000
10/23/2023	HSS	23_BUSD318	106,238,000			14,000,000
09/25/2023	HSS	23_BUSD252	82,139,000		16,110,000	2,726,000
10/06/2023	CDS	23_BUSD294	326,842,000	5,365,000	44,077,000	
10/11/2023	CDS	23_BUSD295	584,798,000	22,091,000	111,131,000	
11/17/2023	HSS	23_BUSD357	106,535,000		15,708,000	5,495,000
09/25/2023	HSS	23_BUSD254	320,595,000		28,099,000	2,058,000
11/17/2023	HSS	23_BUSD355	126,220,000		12,409,000	
10/11/2023	CDS	23_BUSD298	270,355,000		61,155,000	
11/10/2023	CDS	23_BUSD344	41,924,000			656,000
11/29/2023	CDS	23_BUSD386	204,571,000		70,199,000	
10/06/2023	CDS	23_BUSD289	303,282,000	1,930,000	45,352,000	
09/29/2023	CDS	23_BUSD271	74,056,000	497,000	18,439,000	6,054,000
10/06/2023	CDS	23_BUSD288	458,902,000		103,302,000	
10/06/2023	CDS	23_BUSD290	103,173,000			11,363,000
10/17/2023	CDS	23_BUSD306	100,437,000		28,837,000	
10/11/2023	HSS	23_BUSD300	111,289,000		13,512,000	
04/21/2023	HSS	23_BUSD105	134,468,000		30,628,000	
02/16/2023	HSS	23_BUSD038	273,452,000		76,792,000	
02/16/2023	HSS	23_BUSD036	341,300,000		97,660,000	
02/16/2023	HSS	23_BUSD036	65,850,000		15,779,000	
02/16/2023	HSS	23_BUSD040	276,688,000		83,178,000	
04/21/2023	HSS	23_BUSD107	146,222,000		31,752,000	
04/21/2023	HSS	23_BUSD107	56,517,000		12,937,000	
02/16/2023	HSS	23_BUSD034	190,182,000		72,042,000	
04/28/2023	HSS	23_BUSD112	188,646,000		56,496,000	
04/28/2023	HSS	23_BUSD112	67,038,000		24,738,000	
06/07/2023	HSS	23_BUSD150	193,409,000		35,619,000	
04/28/2023	HSS	23_BUSD110	200,479,000		71,419,000	
02/15/2023	HSS	23_BUSD022	118,818,000		30,628,000	
02/15/2023	HSS	23_BUSD019	149,829,000		45,869,000	
02/16/2023	HSS	23_BUSD039	201,054,000		75,934,000	
02/15/2023	HSS	23_BUSD024	148,982,000		47,969,000	
05/08/2023	HSS	23_BUSD122	175,644,000		45,544,000	
04/19/2023	HSS	23_BUSD099	425,270,000		107,030,000	
05/05/2023	HSS	23_BUSD115	76,825,000		19,445,000	
05/08/2023	HSS	23_BUSD125	72,796,000		19,066,000	
02/15/2023	HSS	23_BUSD027	48,566,000		12,026,000	
05/08/2023	HSS	23_BUSD119	39,676,000		12,026,000	
04/04/2023	CDS	23_BUSD084	30,840,000		3,280,000	
11/10/2023	HSS	23_BUSD350	303,923,000		84,393,000	
		Total KIP	22,741,976,000	309,364,000	4,812,431,999	469,806,001
		Equivalent USD @16,235		19,055 (a)	296,424	28,938 (b)
			Total inadequately supported in USD(a+b)	47,993		

Annex 6 – Management action plan from the 2024 Financial Review – Supplemental

Issue	Audit recommendation	Management Action	Action Owner	Timelines
Weak controls over supporting documents resulted in questioned expenditure	Recommendation 1 To ensure that funds are properly and adequately accounted for, MoH/NIP management should: <ul style="list-style-type: none"> create a distinct form to capture fuel costs for vehicles, motorcycles, and small ferry boats separately, and provide guidance to provinces and districts on its use and implementation. 	Action 1 Management acknowledges the observation. NIP with support from PMU and AP will create separate forms for capturing fuel costs for vehicles (Tek Tek), motorcycles, and ferry boats in July and provide the online training on its use and implementation through provincial quarterly meeting in September 2025.	Action 1 Finance Manager, PMU	Action 1 30-Sep-25
	<ul style="list-style-type: none"> carry out routine financial management support supervisions and reviews at the subnational level and provide financial management training and capacity building at province and district level, by developing a capacity building plan with the AP's assistance. 	Action 2 Management acknowledges the observation and refresher training for central and sub-national NIP and Finance staff on budget preparation/request and advance management conducted in April 2025. One round of Monitoring supportive supervision to low performance of some provinces and districts conducted and the rest is ongoing implemented and will be completed in Dec 2025. NIP with PMU and AP support, will develop a capacity building plan in Q4 of 2025 on financial management for a future sustainability.	Action 2 Finance Team, PMU	Action 2 30-Dec-25
	<ul style="list-style-type: none"> perform periodic analysis on fuel allowance and actual expenditures to determine their reasonableness. 	Action 3 Management acknowledges the observation and we will carry out an annual analysis on the fuel allowances vs actual costs to see the reasonables of the actual fuel costs.	Action 3 Finance Team, PMU	Action 3 30-Dec-25
	<ul style="list-style-type: none"> consider mobile money (e-cash) payment options for payments of DSA, allowances and fuel costs to beneficiaries. 	Action 4 Management acknowledges the observation and NIP and PMU had discussed with Department of Planning and Finance (DPF), Ministry of Health in December 2024. DPF informed there is no plan for a	Action 4 Ministry of Health - Maternal and Child Health Centre, Ministry of Finance.	Action 4 30-Dec-27

Issue	Audit recommendation	Management Action	Action Owner	Timelines
	<ul style="list-style-type: none"> ensure that all expenditures are adequately supported with relevant documents such as fuel/vehicle movement logbooks ensuring full compliance with the financial management and government guidelines for fuel allowances. Conduct review of the financial management guideline to evaluate its sufficiency for management of fuel expenditure. 	<p>short-term in 2025 and suggested to further discuss with Ministry of Finance as well as other partners and donors in country to explore the feasibility. NIP views this option is in line with MOH's digital health policy including finance and will be planned and implemented as a long-term strategy.</p> <p>Action 5 Management acknowledges the observation and already started implementing routinely reviewed mechanism and update the progress at monthly PMU and NIP coordination meeting. NIP with support from PMU and AP will further discuss and reinforce implementing the vehicle movement logbooks.</p> <p>Action 6 Management acknowledges the observation and we will conduct review of the financial management guideline by end of 2025.</p>	<p>Action 5 Finance Manager, PMU</p> <p>Action 6 Finance Manager, PMU</p>	<p>Action 5 30-Dec-25</p> <p>Action 6 30-Dec-25</p>
Weaknesses in financial management processes at national and subnational levels	<p>Recommendation 2 To strengthen the financial management process, MoH/NIP should:</p> <ul style="list-style-type: none"> Implement the advance management improvements recommended by assurance provider (AP) as soon as possible. Strengthen and improve its financial officers' capabilities in developing its budget monitoring capabilities and discipline. The implementation of a suitable budget monitoring process therefore requires building the capacity of finance officers at both the national and across sub-national levels. 	<p>Action 7 Management acknowledges the observation, and we will implement the advance management improvements recommended by assurance provider (AP) by end of Dec 2025.</p> <p>Action 8 Management is committed to allocating a portion of the budget for training finance officers at both the central and provincial levels. We will equip them with a comprehensive understanding of finance and compliance knowledge. We will successfully complete this training by the end of 2025, ensuring our team is fully prepared for the challenges ahead.</p> <p>Action 9</p>	<p>Action 7 Finance Manager, PMU</p> <p>Action 8 Finance Team, PMU</p> <p>Action 9</p>	<p>Action 7 30-Dec-25</p> <p>Action 8 30-Dec-25</p> <p>Action 9 30-Dec-25</p>

Issue	Audit recommendation	Management Action	Action Owner	Timelines
	<ul style="list-style-type: none"> Expenditure is reviewed by NIP against the approved workplans, timelines and any variances investigated. 	Management team agree to with the comments that Budget vs Actual (BVA) should be reviewed at least ones a month and will document the variance appropriately.	Finance Team, PMU and NIP	
Strengthening the assurance provider framework mechanism	<p>Recommendation 3</p> <p>We recommend that the MoH and the Gavi CDD team jointly re-evaluate the role of the current appointed assurance provider and align it with the needs of the NIP for maintaining a transaction review service, as well as capacity building at the sub-national level as well as complying with Gavi PFM assurance framework.</p>	<p>Action 10</p> <p>Management acknowledges the observation and will jointly re-evaluate the performance and roles of current AP after the end of contract at the end of this year 2025. The needs of NIP for future are to make sure that (1) capacity building for both national and sub-national are built and sustained before end of Gavi transition and (2) a regular budget review and analysis are routinely implemented and (3) a transaction review services and explore feasibility for e-cash in the future.</p>	<p>Action 10</p> <p>Gavi CDD Team/MOH</p>	<p>Action 10</p> <p>30-Jun-26</p>
	<p>Recommendation 4</p> <p>The AP in discussion with the Gavi PFM team should develop a work plan covering all the activities of their terms of reference.</p>	<p>Action 11</p> <p>Management acknowledges the observation and will coordinate with Gavi PFM team to implement this proposed recommendation accordingly.</p>	<p>Action 11</p> <p>AP / Gavi CDD Team</p>	<p>Action 11</p> <p>30-Dec-25</p>