Memorandum on Malawi Programme Audit report

The attached Gavi Audit and Investigations report sets out the conclusions of the programme audit of Gavi's support to Malawi's Ministry of Health and Population, executed by the Programme Implementation Unit (PIU) and Expanded Programme on Immunisation (EPI) along with other implementing partners. The audit was conducted between 15 May and 4 June 2021.

The audit team reviewed the PIU's management of Gavi support to the routine immunisation programme through the Health Systems Strengthening (HSS) grant and the Human Papillomavirus Vaccine (HPV) and Inactivated Polio Vaccine (IPV) campaigns, vaccines, and cold chain equipment for the period from 1 January 2017 to 31 December 2020. The audit also covered the vaccine support received from the COVAX facility for the COVID-19 emergency operations during the period January 2021 to June 2021.

The report's executive summary (pages 4 to 5) sets out the key conclusions, the details of which are set out in the body of the report:

1. There is an overall audit rating of "**Ineffective**" which means that, "multiple significant and/or material issues were 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."
2. In total, fourteen issues were identified in the following areas: (i) Programme Management and Oversight; (ii) Vaccine and Supply Chain Management; (iii) Immunisation data management; (iv) Budgeting and Financial Management; (v) Procurement; and (v) Fixed Assets Management.
3. To address the risks associated with the findings, the audit team raised 17 recommendations, of which 10 were rated as high priority.

4. Key findings were that:

    a. Programme management and oversight by the PIU was inadequate resulting in delays in executing programme activities. Recommendations from previous assessments had not been followed up.
    b. Vaccine and supply chain management standard operating procedures were not widely promulgated or adopted at national and subnational levels, there were no regular stock counts, and variances were found between stock records and physical stock at the central store, 82% of the district vaccine stores and 76% of the health facilities visited. This was attributable to the absence of a Vaccine Logistic Management Information System and lack of use of the stock management tool at subnational levels.
    c. Inaccuracies in data reported and weak data governance processes resulted in

inconsistencies in the administrative coverage reported by the country for the audit period. Errors were identified in documentation, collation, monitoring and reporting of immunisation data. The migration of health data between two management information system platforms (DVDMT to DHIS2) was incomplete at the time of the audit.

d. There were delays in liquidation of expenditures leading to low absorption of available grant funds and long outstanding advances. For the HPV campaign, the established financial management controls were – in general – not complied with by the pay agent and fiscal agent.
e. The audit team questioned expenditures totaling USD 138,628 (17% of the tested expenditure) due to unsupported and inadequately supported expenditures. 82% of these questioned expenditures related to the HPV grant. In addition, Value Added Tax totaling USD 162,713 incurred by the PIU and the implementing entities during July 2018 to March 2021 was not yet refunded to the programme. After the audit, VAT amounts of USD 35,858 were refunded to the programme, with the balance of USD 126,855 due to be refunded by December 2022.

The findings of the programme audit were discussed with the Ministry of Health and Population. They accepted the audit findings, acknowledged the weaknesses identified, and committed to implement a detailed management action plan.

The Gavi Secretariat continues to work with the Ministry of Health and Population to ensure that their commitments are met.

Geneva, October 2022

PROGRAMME AUDIT REPORT

Malawi Programme Audit
June 2021

Gavi
The Vaccine Alliance

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1. Executive Summary

1.1. Overall audit opinion

Overall audit opinion:

The audit team assessed the Ministry of Health's Management of Gavi support during the period 1 January 2016 to 31 March 2021as **"Ineffective"**, which means, "**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**.**"

Through our audit procedures, we have identified high risk issues relating to: programme management and oversight, vaccine and supply chain management and Budgeting and Financial Management. To address the risks associated with the findings, the audit team raised 17 recommendations, of which 10 (59%) were rated as critical and need to be addressed by implementing remedial measures.

1.2. Summary of key audit findings

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

1.3. Summary of findings

Through our audit procedures for the period reviewed, we have identified ten high risk and four medium risk issues relating to the use and management of Gavi funds and vaccines. The high-risk issues are summarised below. The detailed findings are included in Section 4 of this report.

Program Management and Oversight
The Malawi Ministry of Health (MOH)'s Programme Implementation Unit (PIU) has supported the coordination, planning and financial management of Gavi-funded programmes since July 2018. While the PIU's role was communicated during past country missions and other communication channels, this did not translate into clear terms of reference, detailed scope or key performance indicators being documented and agreed upon between Gavi and PIU/MOH. This resulted in the inability to measure and maximise gains from the use of a multi-partner supported PIU. There were also delays with the PIU's internal planning process which resulted in late submission of disbursement requests to Gavi for the 12-month period July 2020 to June 2021. While this could be partially attributed to the COVID -19 pandemic, delays in commencement of the planning processes occurred prior to the pandemic.

During the period covered by the audit, several assessments including a Programme Capacity Assessment (PCA) in 2016, Effective Vaccine Management (EVM) assessment in 2016 and Data Quality Review (DQR) in 2018 were undertaken. However, four to five years later, as at the time of audit fieldwork, the audit team noted delays in the resultant recommendations being implemented. 29% of the PCA's grant management requirements were not instigated; 56% of EVM assessment's recommendations were not implemented, with another 27% partially implemented; and 12% of the DQR recommendations were not implemented, with another 55% partially implemented.

The Government of Malawi, with Gavi support, launched a Human Papillomavirus Vaccine (HPV) programme in January 2019 with a follow-up campaign in January 2020. Thereafter there were delays maintaining this momentum through routine HPV vaccination leading to expiry of HPV vaccines. While delays could be attributed to lockdowns at the start of the COVID-19 pandemic, the audit team noted that Health Facilities (HF) did not offer HPV vaccination due to overdue payment of campaign allowances to health workers. For example, 27 out of 35 HFs visited by the team in June 2021 were not offering HPV vaccination at that time.

Vaccine and Supply Chain Management
The country's revised Vaccine Management policies were still in draft form and the 2016 vaccine management Standard Operating Procedures (SOPs) were not widely promulgated, including in 4 (37%) of the District Vaccines Stores (DVS) and 22 (65%) of the HFs visited by the audit team. There were no regular physical stock-counts at national level and sub-national level. The team noted unexplained discrepancies between the physical stock and stock records. Equally, known variances were not investigated or followed up appropriately. The team noted variances in all of the stock it counted for 82% of the DVS and 76% of HFs visited. Equally, some errors were traced to mismatches between the Regional Vaccines Stores (RVS)'s records of number of doses delivered and the corresponding DVS' records of number of doses received. Similarly, some mismatches between DVS distributions and HF receipts were also identified. Other than at the national level, all stock records were manual.

Records completeness was an issue, as there were missing tools including vaccine stock books and dispatch forms at 5 DVS and 17 HFs visited. In addition, at the Central Vaccine Stores (CVS), there were variances between the number of doses issued as per the stock records and the quantity recorded in the dispatch books due to missing dispatch notes. There was no policy guidance in place setting out how vaccine wastage should be measured and reported, for both closed and open vial wastage. As a result, the country's actual vaccine wastage rate at the sub-national level remained unknown. There were also no cold chain equipment maintenance plans in place at regional and district levels.

Immunisation Data Management
There were inconsistencies in the administrative coverage reported by the country for the audit period. The number of children reported as vaccinated was nationally consistently higher than the quantities of vaccines issued by the CVS for three illustrative vaccines (Penta, PCV and Rota), based on the audit team's analysis, adjusted for wastage and stock balance holdings.

The migration of health data between two management information system platforms (DVDMT to DHIS2) was supposed to be completed on 30 March 2021. However, we noted significant variances between these data bases. In addition, the audit team noted that both information systems continue to be used concurrently with the older platform being considered as the primary data source, since not all data is timely and accurately recorded in the new platform as of yet.

Budgeting and Financial Management
There were delays in processing the pay agent and the implementing entities' requisitions and liquidations, leading to low absorption of available grant funds and long outstanding advances. It took an average of 57 days and up to 120 days for requisitions to be financed. MOH departmental requisitions experienced an average of two pushbacks when reviewed by the fiscal agent and took an additional average of 60 days for the funds to be disbursed. There were weaknesses in the payment of allowances at sub-national level. The pay agent did not check and validate the beneficiary's phone number against the corresponding registered name. As such, payment could be made to any valid number provided regardless of the name it is recorded against, creating a risk of invalid payments being made on behalf of valid activities but to the wrong beneficiary. Payments totaling USD 939,875 were made by the pay agent between June 2018 and 31 March 2021.

During the 2019 HPV Campaign, a decision was taken to pay participants in cash, by co-opting the National Expanded Programme on Immunisation (EPI) coordinators as cashiers responsible for the payments. This decision was not documented or formally communicated to Gavi. In addition, no guidelines or standard operating procedures were documented to instruct those responsible with handling cash and the Fiscal Agent did not provide any oversight over the campaign's cash payments. Advances amounting to USD 24,703 remain unaccounted for by the EPI coordinators since 2018/2019.

The audit team questioned expenditures totaling USD 138,628 (17% of the tested expenditure) due to unsupported and inadequately supported expenditure. In addition, Value Added Tax totaling USD 162,713 incurred by the PIU and the implementing entities during July 2018 to March 2021 was not yet refunded to the programme.

1.4. Financial consequences of audit findings

The tables below summarise the amounts questioned by the audit team:

Table 1– Summary of Expenditures questioned by the audit team, by category in USD:

Category of questioned expenditures	Amount questioned (USD)	as a % of tested	Details (report reference)
Inadequately supported expenditure	113,925	14%	4.4.2
Unsupported expenditure	24,703	3%	4.4.2
Total expenses questioned	**138,628**	**17%**	

Out of a total expenditure of USD 7,323,177, the audit team tested a sample of expenditure amounting to USD 2,886,795 (39% of total expenditure). In addition to the questioned expenditures in Table 1 above:

i) There were VAT payments amounting to USD 194,197 paid by the PIU and its implementing entities and charged to the Gavi grant as summarised below. Out of this, USD 170,038 was incurred by the PIU. Total outstanding VAT recovery was USD 162,711, of which USD 138,553 was under the PIU, and the remaining under College of Medicine (CoM) (USD 13,267) and Malawi Health Equity Network (MHEN) (USD 10,893). See Finding 4.4.2.

ii) The audit team noted shelf expired vaccines totalling USD 31,768 from the sample of districts and health facilities it visited. The expired items consisted of 9,600 doses of Penta, 5,181 doses of PCV, and 377 doses of Rota. See finding 4.2.2.

Table 2 –Gavi funds disbursed to the MOH, but which were still unspent as at 31 March 2021, by grant:

Grant	Disbursement USD	Expenditure USD	Balance of unspent funds (USD)	Balance of unspent funds (MWK)
HSS	8,408,242	6,793,662	1,614,580	1,192,976,834
HPV	674,416	467,449	206,967	152,923,260
IPV	273,100	62,066	211,034	155,928,274
IPV catch up	1,218,191	-	1,218,191	900,093,921
Total	**10,573,949**	**7,323,177**	**3,250,772**	**2,401,922,288**

2. Objectives and Scope

2.1. Audit Objective

In line with the respective programme agreements and with Gavi's Transparency and Accountability Policy, all countries that receive Gavi's support are periodically subject to programme audit, for which the primary objective is to provide reasonable assurance that the resources were used for intended purposes in accordance with the Gavi agreed terms and conditions, and that resources were applied to the designated objectives.

As a result, the audit team assessed the various processes and programme management arrangements governing Gavi's support (vaccines and cash grants) for which the respective entities were responsible, so as to assess if: the coordination and implementation arrangements are effective; the existing grant oversight mechanisms provide continuous and reliable assurance on Gavi's investments; the financial management and procurement processes support the timely utilisation and accountability of Gavi grant funds; and the vaccine supply chain management and immunisation data systems are effective.

The team also reviewed the relevance and reliability of the internal control systems relative to the accuracy and integrity of the books and records, management and operational information; the effectiveness of operations; the physical security of assets and resources; and compliance with national procedures and regulations.

The current report, which was prepared based on select information and documentation provided to Gavi's audit team, cannot be considered as definitive for the entire amount of expenditures incurred during the audit period.

2.2. Audit Scope and Approach

In accordance with the Articles 20 and 23 of Annex 2 of Partnership Framework Agreement between Gavi and the Ministry of Health and Population of the Government of Malawi, signed 29 October 2013, the audit covered the period 1 January 2016 to 31 March 2021 ("the audit period"). During the period, Gavi provided resources totaling USD 99.7 million to Malawi, both as cash grants totaling USD 29.8 million, and vaccines and supplies totaling USD 69.9 million (see Table 3 below). In addition, at the time of our audit in March 2021, Gavi had also disbursed 360,000 doses of AstraZeneca COVID-19 vaccine to Malawi.

Table 3: Disbursements to Malawi as of 31 December 2020

Cash grants	2016	2017	2018	2019	2020	Grand Total
HSS			12,488,005	1,814,935	5,223,812	**19,526,752**
MR - Operational costs	5,030,349					**5,030,349**
IPV catch up campaign - op costs					1,218,156	**1,218,156**
Vaccine Introduction Grant	568,989		574,666			**1,143,655**
Additional Intro Support			372,885			**372,885**
Product Switch Grant		182,289		(30)		**182,259**
CCEOP		964,193	(5,298)		1,319,431	**2,278,326**
Sub total cash	**5,599,338**	**1,146,482**	**13,430,258**	**1,814,905**	**7,761,399**	**29,752,382**
Vaccine support	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
HPV Demo	142,176	(137,700)	(3,027)			1,449
Measles	305,509	(27,384)	232,129	253,481	124,437	888,172
Measles-Rubella	6,277,358	22,670				6,300,028
Pentavalent	1,863,615	1,110,239	428,173	738,848	439,881	4,580,757
Pneumococcal conjugate vaccine	7,187,135	5,699,900	5,248,404	9,448,819	4,833,970	32,418,228
Rotavirus	2,599,065	2,033,428	1,876,099	3,131,451	2,477,599	12,117,642
HPV			1,921,850	1,486,053	2,389,361	5,797,264
IPV	(875,460)	(17,075)	1,011,189	1,388,654	525,163	2,032,471
IPV catch up campaign					5,032,874	5,032,874
Injection Safety Devices	384,225	(110,519)	172,602	327,885		774,194
Sub total vaccines	**17,883,623**	**8,573,560**	**10,887,419**	**16,775,191**	**15,823,285**	**69,943,077**
Total (Cash and vaccines)	**23,482,961**	**9,720,042**	**24,317,677**	**18,590,096**	**23,584,684**	**99,695,459**

2.3. Conduct of Audit Engagement

Between 15 May and 4 June 2021, the Gavi Audit Team reviewed expenditures reported by PIU totalling USD 7.3 million of which USD 6.7 million was for the HSIS grant, USD 0.3 million for HPV grant and USD 0.06 million for IPV grant. The team reviewed transactions totalling to USD 0.8 million representing 12% of the total expenditure. Funds distributed through Gavi alliance partners of up to USD 17m were not in the scope of our review. Additionally, cash disbursed to PIU related to the IPV catchup campaign costs and any unspent cash (up to USD 2.3m) as indicated in table 2 was confirmed as bank balances at the time of the fieldwork.

At the national level, the audit team reviewed: (i) fiduciary assurance mechanisms including the Fiscal Agent, internal audit and external audit arrangements; (ii) implementation by MoH entities including EPI, CMED, Health Infrastructure Unit, Environmental Health & CHS; (iii) activities by external implementing entities - Malawi Health Equity Network (MHEN) and College of Medicine (CoM); (iv) the HPV Campaign coordination and implementation; (v) the COVID-19 vaccination roll-out coordination; (vi) management of vaccine supply processes; and (vii) immunisation data management systems.

At the sub-national level, the audit team visited three regional vaccine store (RVS), eleven district vaccine stores (DVS), thirty-four health facilities (HFs) and three COVID-19 vaccination centres. The team also met with Gavi Alliance partners and in-country stakeholders including UNICEF, WHO, JSI and Girl Effect. See Annex 7 for the list of sites visited by the audit team.

3. Background

3.1. Introduction

Malawi is a land-locked country located in the southern part of the African continent, sharing borders with Tanzania, Zambia and Mozambique. It has a land coverage area of about 118,500 square kilometres, and a quarter of its surface area is covered by Lake Malawi. The country is divided into three regions - North, Central and South, with a total of 28 administrative districts. The Republic of Malawi has an estimated population of 18.3 million. According to the United Nations Development Programme, the country ranks 174 out of 189 countries in the human development index and is ranked 129[1] out of 180 countries on the corruption perception index.

The country's GDP per capita was estimated to be US $412[2] in 2019. The country is currently undergoing economic transformation, following a period of huge fiscal deficit, large current account imbalance, rapid inflation and a fluctuating GNI. Agriculture remains the backbone of the country's economy, employing about 80% of the population (Malawi Growth and Development Strategy, MGDS 2011-2016).[3]

Malawi's medical services are provided by its central hospitals, district hospitals and health facilities. There are both private and public facilities. There are over 977 health facilities in Malawi comprising 113 hospitals, 466 health centres, 48 dispensaries, 327 clinics, and 23 health posts. These facilities are managed by the government (472), Christian Health Association of Malawi (CHAM) (163), private sector (214), NGOs (58) and companies (69). CHAM is a significant player in the health sector estimated to account for a third of the health services provision. The Government of Malawi and CHAM entered into a service level agreement under the Essential Health Package. The MoH's immunisation programme is managed through the National Expanded Programme on Immunisation in Malawi.[4]

3.2. National entities involved in executing and managing Gavi's funds

At the national level, the MoH sets the agenda for health in Malawi in collaboration with key stakeholders. The Ministry's headquarters is responsible for developing, reviewing and enforcing health and related policies for the health sector; spearheading sector reforms; developing and reviewing standards, norms and management protocols for service delivery and ensuring that these are communicated to lower-level institutions. The National Expanded Programme on Immunization (EPI), a unit located within the Directorate of Preventive Health Services, is responsible for the overall immunisation programme in Malawi. The implementation of Gavi-funded immunisation activities is also supported by other MoH programs like CMED, Health Infrastructure Unit, Environmental Health & CHS; and two external Implementing Entities - the Malawi Health Equity Network (MHEN) and the College of Medicine (CoM). For MHEN and CoM, there is an agreement between MoH PIU and the sub grantees, where the PIU disburses funds and the sub grantees are supposed to submit a quarterly financial report within 10 days after the end of the quarter.

Gavi funds are managed by the Program Implementation Unit (PIU) which is responsible for financial management and coordination. Gavi engaged a fiscal agent since May 2018, to support the PIU/MoH in its implementation of a comprehensive financial management system, rigorous financial controls, and transparency for its financial transactions related to the grants provided by Gavi.

3.3. Good Practices

The Government of Malawi has shown its strong commitment by keeping up to date on its co-financing obligations associated with the Gavi supported vaccines. In addition, the government's funding contributions towards its immunisation programme increased by 6% in 2017/18, by 24% in 2019/20 and by 23% in 2020/21 respectively.

The planning and coordination of the HPV campaign and COVID-19 vaccination roll-out involved different stakeholders. External assurance arrangements were in place where the National Audit Office (NAO) audited Gavi's grants for the past two financial years: 2018/2019 and 2019/2020.

The country has developed Health Information System SOPs and rolled out a national-wide data management mentorship programme. The audit team noted that over 597 data clerks were recruited, and training was provided for Health Management Information Systems (HMIS) officers and district planning focal persons. In addition, MoH through the National Community Health Services section has developed a Community Health Strategy 2017-22 which aims to build a sufficient, equitably distributed and well-trained community health workforce.

[1] 2020 - CPI - Transparency.org
[2] Historical GDP by Country | Statistics from the World Bank | 1960-2019 - knoema.com
[3] EPI Comprehensive Multi-Year Plan, 2016-2020
[4] EPI Comprehensive Multi-Year Plan, 2016-2020

3.4. Key Challenges

The shortage of human resources in the health sector remains a key challenge to the goals of achieving quality universal health coverage in Malawi and is impacting on service delivery across most health programmes including EPI. The country's target is to have 1 Health Surveillance Assistant (HSA) for every 1,000 populations and one Senior HSA to serve 10,000 populations. However, currently, Malawi has a HSA to population ratio of 1: > 1,800. In addition, there is also the challenge of a shortage of housing for health workers in their catchment areas which leads to a reduction in number of HSAs residing in their catchment area increasing the HSA to population ratio to 1:>2,000. HSAs serve as community health workers in different programmes including the immunisation programme. They form the backbone of vaccinators in Malawi. However, a shortage and maldistribution of HSAs is a bottleneck for the immunisation programme and contributes to lower coverage through cancellation of outreach clinics and poor capturing of data.

The Ministry of Health planned and budgeted for integrated supervisory and monitoring visits at all regional, districts and health facility level, however there were gaps in the effectiveness and adequacy of such support supervision. Only 64% of health facilities (HFs) received at least one supervision visit from either national, regional or district level and 60% of the DVS received support supervision from either National or Regional Level for the audit period. In addition, there was frequently no documented feedback or evidence that such support supervision visits had taken place, in 57% and 61% of the HFs and district vaccine stores (DVS) visited by the audit team respectively.

3.5. Operational Challenges due to the COVID-19 pandemic impacted delivery of routine immunisation activities

Malawi declared a national disaster in March 2020 and imposed several restrictions that included the banning of gatherings of more than 100 people, restrictions in movement between regions, districts and closure of public and private education institutions. International borders were shut from August 2020 to October 2020 and again in December 2020 to manage imported cases. Additional lockdown measures were introduced in January 2021 to reintroduce school closures, a night-time curfew, and no gatherings over 50 people. Restrictions in movement, partial closure of government offices and closure of educational institutions had an impact on the Gavi programme activities. As noted in 3.4 above, the human resource challenges also impacted delivery of immunisation activities as the limited MoH capacity was rallied to provide support for COVID-19 vaccine planning and implementation from February 2021. The audit team noted the challenges created by the pandemic and where applicable have acknowledged their impact on planned programme activities.

4. Audit Findings

4.1. Programme Management and Oversight

4.1.1. Gaps in programme coordination impacting grant implementation

Context and Criteria

The 2018 Grant Management Requirements (GMRs) recommended the use of the MoH's existing Project Implementation Unit (PIU) as a two-year interim measure for management of Gavi grants in Malawi, due to inadequacies in the capacity of the Expanded Programme on Immunisation. The PIU's responsibilities included programme and financial management of Gavi funded activities (except for procurement) and compliance with Gavi funding requirements. This PIU is also supports and manages funding for another development partner, The Global Fund.

Condition

The PIU had supported Gavi-funded programmes and activities since June 2018 and was due for its two-year evaluation of this role. The audit team noted the following shortcomings in the PIU operations:

- ***Unclear roles and responsibilities*** - The PIU has supported and overseen Gavi-funds since July 2018 in various areas including coordination, planning and financial management of the programmes. Although their role has been communicated in the past during country missions and other communication channels, clear terms of reference, detailed scope and key performance indicators for the PIU were not clearly documented and agreed upon between Gavi and PIU/MOH. Gavi activities had also not been included in the PIU operations manual.
- ***No documented mechanism to account and allocate the level of effort between Global Fund and Gavi for shared staff*** - While timesheets were completed, these did not identify what work or activities were or completed by staff, limiting the ability to ascertain the split, allocation and efficiency for how these resources were deployed.
- ***Delays in the PIU's internal planning process –*** From June 2020, the PIU submitted two separate six-month work plans and disbursement requests to Gavi. The planning process for these plans started late (two months into the implementation period), review comments from Gavi were not addressed in a timely manner and final disbursement requests were submitted three to four months into the implementation period as illustrated below. These delays have further impacted on the EPI programme and other implementing entities as noted in **finding 4.4.1**

Table 4: Time between planning at PIU and disbursement of funds

Implementation period	Grant Review and 6-months planning meeting dates	Initial /Draft disbursement submission	Final submission date	Disbursement approval date	Funds disbursement confirmation
July – Dec 2020	17-18 Jul 2020	3 August 2020	17 Sept 2020	23 Sept 2020	1 Oct 2020
Jan – June 2021	20-22 Jan 2021	17 Feb 2021	8 April 2021	12 May 2021	Pending

The above weaknesses resulted in delayed activity implementation and budget absorption. As of 31st March 2021, PIU had absorbed only 39% of its two-year budget and advances totaling to USD 635,423 were still outstanding.

Gavi raised its key concerns in a management letter to the PIU on 15 May 2020 regarding the ineffective management of Gavi's funds, to which the PIU responded on 30 May 2020. However, the audit team noted that expectations with the PIU still need to be clarified, including the need for specific roles and requirements for planning and coordination.

Root cause

Recommendation 1-Critical

We recommend that the MoH/PIU agree detailed ToRs and key performance indicators with the Gavi country team. This should include a review of all relevant PIU operational manuals to ensure that Gavi's operations and grant requirements are incorporated as has been done for the other development partners. The key performance indicators should include staffing levels funded by Gavi and the level of effort tracked and monitored for Gavi funded positions.

Recommendation 2-Critical

We recommend that the PIU streamlines its internal planning process for Gavi funds by starting to plan a minimum of three months before the start of the next period. This will ensure a timely feedback process including responses to Gavi's review notes.

Mismatch in mutual understanding due to a lack of (i) detailed terms of reference and (ii) key performance indicators, resulting in communication gaps and a misalignment of respective expectations.	Management comments PIU will initiate the process of development of Gavi specific ToRs, key performance indicators (KPIs), Level of Effort (LoE) and internal planning cycle through engagement of an independent consultant. The following is the process that will be required for the issue to be addressed. • Drafting of ToRs for the recruitment of a consultant • Advertisement, selection, and engagement of successful bidder (***21 days- advert & 7 days- technical results evaluation***) • Financial evaluation (***14 days***) • Fiscal Agent and IPDC approval **(2 weeks)** • Commencement of institutional and planning review process in liaison with PIU and Gavi • Sharing of the draft Gavi Specific ToRs, KPI, LoE and Planning cycle draft documents with PIU and Gavi (***60 days after contract signing***) • Submission of final documents to PIU and Gavi and building of consensus (***30 days after draft report)*** Gavi Country Support comments Gavi Country support team will implement a performance framework for the PIU. This framework will support the evaluation of KPIs, LoE and other Gavi deliverables.	
Risk / Impact / Implications Sub-optimal return on Gavi's investment in the PIU incomplete grant activities (including activities for EPI programme and supported implementing entities) and under-absorption of Gavi funds.	Responsibility PIU Manager and Gavi Country team	Deadline / Timetable 30 September 2022

4.1.2. Weaknesses in the Fiscal Agent Capacity Building Model

Context and Criteria

The Exhibit A-2 between Gavi and the Fiscal Agent (FA) requires the FA to support the MoH Program Implementation Unit (PIU) in meeting all of Gavi's financial management requirements and to ensure the appropriate use of grant funds. The FA is responsible for putting the necessary procedures, control mechanisms and capacity building measures in place to provide effective financial management of grant funds.

Condition

Gavi signed a service level agreement with Cardno emerging markets as a Fiscal Agent on 18 October 2016. The initial contract covered a period from 1 May 2018 to 1 April 2019 and was subsequently amended to extend the contract to 31 August 2020. Some gaps were noted in the FA's operations:

- ***Oversight versus support role:*** The terms of reference established a support role for the FA that included support to the PIU/IEs in ensuring that original disbursement documentation was attached to all expenditure, working alongside the PIU and IEs to ensure all financial transactions were correctly recorded in the accounting system, and ensuring that financial reporting was accurate, timely and in the format required and that all supporting documents are correctly filed. The audit team noted while the FA did perform an oversight role and provided various recommendations to the PIU to which it responded, there was no evidence of the FA providing ongoing support as established in the ToRs. The FA's review and finalisation of the PIU's submissions took an average of 35 days leading to further delays in disbursements for subsequent activities.

- ***Lack of clear, specific and measurable performance indicators for capacity building:*** The FA developed a capacity building plan, However, the proposed capacity building strategies did not include clear, specific, and measurable performance indicators. Consequently, the status of implementation of this plan and the resultant strategies were not clearly articulated or measured.

- ***Exclusion of FA in the procurement process:*** The role of the FA mandated its involvement in the procurement processes including sourcing, selection and payment as stated in the bilateral PIU/GAVI understanding for FA involvement in all COVID-19 related sourcing and procurement processes. In May 2020, the MoH awarded and signed a contract for renovation of COVID-19 isolation centers and the rehabilitation of an oxygen plant at KCH without prior FA review and clearance. The contract was retroactively presented to the FA in July, two months after contract was awarded. Gavi was not notified of this breach by the FA.

Recommendation 3-Essential

We recommend that the Fiscal Agent (as agreed with Gavi):

- Identify and flag capacity challenges within the PIU/IE in fulfilment of its support role;
- Include performance indicators within its capacity building strategy to ensure the sustainability of capacity strengthening activities, for the PIU and implementing entities, and help them navigate towards taking on a formal oversight role.
- The PIU and MoH ensure that the Fiscal agent is included in the procurement process as stated in the terms of reference. This process should be defined within the grant operations manual to ensure compliance for all procurements.

Root cause	Management comments
Lapses and poor communication between the PIU and Fiscal Agent.	**Fiscal Agent response** See plan included in Annex 8a. The plan includes key improvement areas and corresponding remedial steps and is intended to serve as basis for control enhancements and operational improvements within PIU. **PIU response** For Kameza, Mzuzu and Karonga Isolation Centres and Kamuzu Central Hospital Gas plant, all procurement processes including bid evaluation and selection of successful bidder, Internal Procurement and Disposal Committee (IPDC), seeking, and obtaining of "No Objections" from Public Procurement and Disposal of Assets (PPDA) and contract awards were done in the month of April 2020 before Gavi funds were received as evidenced in Annex 1f, bank statement of COVID-19 funds receipt. The Gavi funds were to complement what the Ministry was already implementing in responding to an emergency and filling the gap in funding. Both the PIU and FA retrospectively reviewed the documentation ensuring adequacy of supporting documents but also alignment to required standards. Gavi Country Support comments Gavi Country support team requested a clear time bound capacity building plan from the FA. Gavi support team will also implement a performance framework for the FA. This framework will support the evaluation of KPIs, LoE and other Gavi deliverables.

Risk / Impact / Implications	Responsibility	Deadline / Timetable
a) Capacity gaps in the PIU finance department in relation to Gavi reporting templates, disbursement requests and processing still persist, as the FA's supportive role and activities have not been fulfilled. b) Delayed review and processing of liquidations. The audit team noted that it took an average of 35 days for PIU and the FA to mutually finalise on the liquidation process.	Gavi Country Team/ Cardno	30 September 2022

4.1.3. Delayed Implementation of recommendations from assessments

Context and Criteria

Section 17 of the PFA between Gavi and the Government of Malawi states that *"Gavi has the right to conduct independent monitoring, evaluation, impact assessment, studies and research of relevant Programmes) with or without engaging any third party. The Government shall facilitate such process (a) by ensuring that Gavi and any authorised representatives or agents shall have access at all times to relevant personnel, documents and facilities; and (b) by providing necessary approvals and assistance with logistics. The Government shall also cooperate with Gavi to provide information reasonably requested by GAVI to conduct monitoring, evaluation, impact assessment, studies and research related to the Programmes after the Country no longer receives Gavi support".*

Condition

During the period covered by the audit, several assessments were carried out. These included the Program Capacity Assessment (PCA) in 2016, an EVM assessment in 2016 and a Data Quality Review (DQR) in 2018. The Audit Team reviewed the progress the country had made in remediating or implementing recommendations from these assessments and noted the following:

- **Status of GMRs:** 7 (29%) out of 24 GMRs have not been implemented. Examples of key recommendations not yet implemented include:
    a) Tax exemption – the program incurs VAT which leads to diversion of grant funds to taxes that were not budgeted.
    b) Asset management. Lack of complete identification of all GAVI purchased assets and tagging of assets.
    c) Follow-up and reporting of EVM improvement plan and Vaccine stock management
    d) Repair and maintenance plans and logs.

At the time of the audit, these issues persisted as noted by the team such as recurring delays in seeking tax refund (see finding 4.4.2), gaps in the fixed assets register (finding 4.6.1) and a lack of CCE maintenance (finding 4.2.1)

- **Status of EVM assessment recommendations:** 56% of recommendations from the EVM assessment 2016 were not implemented and 27% of the recommendations were only partially implemented. Examples of key recommendation not yet implemented include:
    e) Ensure the availability of functional incinerators at all health centers;
    f) Provision of tool kits and monitoring tools for cold chain equipment (CCE) maintenance and management; and
    g) Intensify systematic supportive supervision with on-the-job training and ensure documentation of all supervisory visits.

Shortcomings in these areas were also noted as ongoing issues per this audit's findings as per 4.2.1.

- **Status of DQR recommendations**: 67% of the recommendations from the 2018 DQR have not been fully implemented (12% not started and 55% being only partially implemented). Examples of key recommendation not yet implemented include:
    h) Strengthen implementation of Health Information Systems' policy on the archiving of completed registers and reports;
    i) Support districts and programmes to prepare and disseminate key indicator data bulletins.

Recommendation 4-Critical

We recommend that MOH work with other stakeholders and government agencies to

- Monitor implementation of all recommendations from prior assessments.
- Ensure adequate funding to address gaps identified in the assessments.
- Meet the requirements of the GMRs as they are a contractual obligation for the Gavi supported activities.

<table>
<tr><td>Root cause
Recommendations from previous assessments were not adequately monitored for timely implementation.</td><td colspan="2">Management comments

PIU will work to ensure closure of all outstanding GMRs in collaboration with appropriate entities. The summarised Action Plan is included in Annex 8b.

Gavi Country Support comments

Gavi Country support team will update the GMRs to include recommendations from this audit report. These will include deadlines for GMRs that have not been implemented.</td></tr>
<tr><td>Risk / Impact / Implications
The country is not able to capitalise and benefit from having remediated issues identified by past assessments. Persistent weaknesses remain unresolved.</td><td>Responsibility
PIU Manager
EPI program Manager
Deputy Director Planning (CMED)

Gavi Country Support</td><td>Deadline / Timetable
30 September 2022</td></tr>
</table>

4.1.4. Gaps in the HPV vaccination roll-out

Context and Criteria

The joint appraisal report for 2018 indicated that Malawi planned to introduce the HPV vaccine in the routine age cohort for 9- year-old girls. The country opted to adopt a school-based approach for in-school girls, and for out-of-school girls the vaccines would be delivered through static and outreach vaccination sites. The programme launch date was scheduled for 10 January 2019 with first doses to be administered in January 2019 and second doses in July 2019. Equally, HPV vaccination would be ongoing at routine vaccination sites from the launch date. The appraisal report further indicated that MoH's HPV implementation was to be executed in close collaboration with the Ministry of Education Science and Technology, and other relevant stakeholders and partners.

Condition

The Government of Malawi, with support from Gavi, conducted a Human Papillomavirus Vaccine (HPV) introduction in January 2019 with a follow up campaign in January 2020. The introduction was planned and implemented through strong collaboration between the MoH, the Ministry of Education Science and Technology and other stakeholders at all levels of service delivery. In-country funding and technical support was provided by partners including WHO, UNICEF, JSI, USAID, Girl Effect and AMP Health. The introduction was successfully launched in January 2019 by the Minister of Health in Mangochi District with vaccination in schools and immunisation clinics being undertaken in the second week of January 2019. The follow-up campaign was carried out a year later from 20 to 24 January 2020.

Use of 2008 census data to calculate coverage during the 2019 and 2020 campaigns: The HPV campaign coverage was computed using National Statistical Office population projections based on the 2008 census data. This resulted in reported coverage being at 84% and 78% in 2019 and 2020 respectively in the uptake of the first HPV dose. Thereafter, a mapping exercise was completed by the MoH to ascertain the target population 1-2 months resulting in recomputed results as 66% and 85% in 2019 and 2020, respectively.

Delays in administering the second dose: The country faced some challenges in funding and decided to adjust the interval in between HPV1 and HPV2 from 6-months to 12-months and therefore administered second doses later than initially planned in January 2020. which could have resulted in the higher drop-out rate reported, as being 13% at a national level. However, we note that the switch was to enhance the cost effectiveness of the programme. The switch was discussed with technical partners at a Global level and was consistent with the schedule that most countries utilise. There were however delays in its implementation.

Delays to start HPV vaccination through routine immunisation resulted in the expiration of HPV Vaccines: The initial launch date for routine immunisation was October 2020, was delayed until February 2021 because of prolonged discussions between the country, Gavi and other stakeholders on whether to continue with a campaign approach for one or two additional rounds prior to switching over to a routine programme. However, during the audit team's visit to health facilities in May 2021, it was noted that for 27 out of 35 HFs were not yet providing HPV vaccinations due to health workers refusals as they had not been paid overdue campaign allowance. For the select sites visited by the team, 116 doses of HPV vaccine that shelf-expired in December 2020 were identified, with another 9,929 doses due to imminently expire in June 2021. In addition, due to errors in vaccine records *at the national level* and based on the audit's team physical stock count, an additional 60,000 unrecorded doses of HPV were identified, hence the estimated number of HPV vaccines that could potentially expire could be higher by this amount.

Root cause

Recommendation 5-Critical

We recommend that MOH:

- Complete a plan to improve the routine roll out of the HPV vaccine to ensure continuity of the programme;
- Follow up HPV vaccine stock should be done to minimise expiries; and
- engages the Joint Health Sector Fund (JHSF) and actively supports the process of settling the campaign allowance arrears.

Various factors including political situation, teachers' strike, combination of dose 1 and dose 2 and inadequate resources affected the implementation of the HPV campaign.	Management comments Malawi was still using the 2008 census report to project for the HPV target population for the 2019 and 2020 campaigns because the 2018 census report was not yet published and commissioned for use until May 2019. The current 2018 census report has now been commissioned and is now being used to project immunization target population. Lack of funding resulted in the routine mode starting without following the normal formal procedures such as meeting the managers and implementers at all levels. Instead, letters to Districts guiding them on procedures to follow were sent, however this method was unreliable as it is not easy to reach all districts on time, this affected timely feedback from the districts. See Annex 3c for letter to the districts. There was slow uptake of the HPV vaccine as it coincided with COVID-19 pandemic and there were fears by the community that every service that Health workers were bringing to them was the COVID-19 vaccine which was associated with rumours and myths. This was among other things evidenced by the damage by the community of a motor bike that the health workers used to provide the vaccination at one of the schools and another scenario was where Health workers were forced to vaccinate themselves to prove that the vaccine was safe. There was also closure of Schools, where most of the target populations are reached for a long period due to COVID -19 pandemic. There was also closure of schools, where most of the target populations are reached for a long period due to COVID -19 pandemic. The mode of payment was through bank accounts and the funder was confident that all participants were paid. There is continuous engagement with HSJF and those participants that had errors in their account details did not receive the allowances. EPI will finalise the draft HPV routinisation plan after an engagement meeting with stakeholders has been conducted.	
Risk / Impact / Implications Programming delays may impact the success of routinised HPV programme and minimise gains realized during the initial campaign processes.	Responsibility EPI Manager	Deadline / Timetable 30 September 2022

4.1.5. Challenges in the COVID-19 Vaccination Roll out

Context and Criteria

Malawi received 360,000 doses of COVID-19 vaccines through the COVAX facility on 5 March 2021 and launched its immunisation deployment on 10 March 2021. Additionally, the country received approval from Gavi to reprogramme funds amounting to USD 4,897,012 from HSS grants towards the COVID-19 country response. 82% (USD 4,039,062) of these funds were managed by UNICEF to procure various commodities and supplies, including Thermo scanners, RT PCR machine and tents for quarantine at ground crossing borders. The remaining 18% of funds (USD 857,950) were managed through the PIU to implement various activities including the renovation of a former Ebola centre to be used as an isolation site and the renovation of an oxygen plant at Kamuzu Central Hospital.

Context on COVID-19 roll out related findings and rating

The roll out of COVID-19 vaccines is still a learning process within the Gavi alliance and at the country level. While it was envisioned that countries would have adequate time to plan, train and roll out vaccination programmes, there are additional challenges for example vaccine hesitance, vaccines with short shelf life, inadequate funding for distribution costs that countries are still grappling with. Consequently, even the timing of this audit (at initial roll out), these are preliminary observations, and the recommendation is to help key an eye on the progress made by the country. The issue has been given a medium risk rating as risks may emerge and/or materialise once the volumes and variety of vaccines increase and therefore the auditors did not want to provide a false sense of assurance.

Condition

On 2 Feb 2021, Malawi initiated its National Vaccine Deployment Plan (NVDP) with a goal to contribute on the reduction of COVID-19 morbidity and mortality in Malawi through an efficient and effective vaccination program. The introduction of the COVID-19 vaccine was planned and coordinated through the existing EPI programme structures. Malawi launched its first vaccination exercise on 10 March 2021 focusing on health workers and "men in uniform". On 18 March 2021, a second target group with underlying conditions and comorbidities was prioritised. Thereafter on 6 April 2021, vaccination was opened up to anyone aged 18-years and above who was willing to be vaccinated, in order for the EPI programme to be able to use up its remaining COVID-19 vaccines given the remaining short expiration period. The audit team noted the following elements that still need to be considered in order to enhance the COVID-19 vaccination rollout processes.

Microplanning was not done **-** Microplanning using the micro-planning tool for Supplementary Immunization Activities (SIA) as required by the NDVP was not done. Instead, districts were only requested to submit estimated numbers of their respective target population groups by category.

Insufficient training of health workers prior to the initial roll out – Only 271 (5%) out of a total of 5,151 health workers slated for COVID-19 specific instruction, had been trained by the time of the audit in June 2021. There were also significant gaps in support supervision and oversight over the COVID-19 vaccination activities. By 4 June 2021, the audit team noted that the national-level teams' supervision activities had just started, and that supervision by district-level teams had not yet started. The checklist for COVID-19 vaccination supportive supervision had also not been promulgated to district and regional Officers. In addition, dissemination of National Task Force (NTF) decisions to districts was also done via WhatsApp without maintaining a formal record.

Inadequate stock records - Districts and health facilities did not maintain stock records of the COVID-19 vaccines.

Vaccine wastage – COVID-19 vaccine wastage rates of 10-11% were reported during the NTF meetings. This translates into the loss of one dose for every 10-dose vial opened, equivalent to approximately 36,000 people missed for the first dose of Gavi provided vaccines. Losses were attributed to open vial wastage at those health facilities where fewer than expected people had turned up for the vaccination. As a result in June 2021, the Secretary of Health wrote to all districts providing guidance on reducing wastage. This issue is already known by the country and mitigating actions have been put in place at the time of conclusion of fieldwork in June 2021. However, no further insights into wastage have been reviewed by the audit team at the time of finalising this report and remains to be reviewed by Gavi alliance and COVAX teams.

Recommendation 6-Critical

We recommend that MoH and EPI

- continuously monitor and adjust its Covid-19 guidelines, checklists and tools in compliance with WHO guidelines and to address country issues with approval of the NFT and/or approved oversight bodies;
- Manage COVID-19 stock adequately to ensure accountability for vaccines;
- Monitor and report stock wastage with evidence-based findings. This is critical given the varied vaccines provided and short shelf life experienced. This will help foster learning birth at country level and within Gavi.

On 4 June 2021, the audit team noted that there were about 22,000 Gavi-funded COVID-19 vaccines which were yet to be administered. In response, the country undertook demand-generation activities and begun to roll-out second doses to minimise expirations. The EPI team reported that by 30 June 2021, there were no remaining unused doses left.	
Root cause	

Root causes include: Inadequate resources for COVID-19 rollout; insufficient time to complete necessary planning activities; lack of guidelines on open vial wastage following initiation; and vaccine hesitancy which led to lower than expected demand at some vaccination centers. Several of these root causes were influenced by the COVAX approach.	Management comments The roll out of COVID-19 vaccine started without operational funds which affected the microplanning and training activities. Soon after securing resources all the districts conducted micro planning trainings and actual micro planning was done using microplanning excel spreadsheet. All health workers have also been trained. Management disagrees with finding on supervision and indicates that supervision was done. Management notes the finding on inadequate stock records. Currently, this has been resolved and all stock management tool for COVID-19 vaccines are in place at all district and Health facility levels Management disagrees that the wastage was high based on the WHO acceptable wastage rate for a 10-dose vial is 15% percent. Additional audit team response: The audit team has noted the management comment on microplanning and trainings. No further action required. Supervision reports were not shared. The issue of wastage was also noted by MoH as noted in the letter from the Secretary for Health to all Districts. This was also discussed in the NTF meeting. The audit team acknowledges the challenges faced with the COVID-19 programme roll out and recommends that lessons learnt are considered for further roll out.	
Risk / Impact / Implications Inefficiencies in the COVID-19 programme leading to the target population not being fully reached and open vial wastage.	Responsibility EPI Manager	Deadline / Timetable 30 August 2022

4.1.6. Weaknesses in the internal audit assurance mechanism

Context and Criteria

The Grant Management Requirements (GMRs) following the 2016 Programme Capacity Assessment, recommended that the MoH's internal audit unit share with Gavi its annual risk-based audit work plan, showing planned coverage of Gavi's programmes as well as forwarding all relevant internal audit reports to Gavi. In addition, the GMRs state that "MoH will liaise with the Central Internal Audit Unit (CIAU) under the Ministry of Finance to ensure that the ministry's audit committee is reactivated to provide audit oversight role, and the authority to institute disciplinary measures, corrective action and effective follow up of matters raised by the internal and external auditors".

Condition

The audit team noted the following weaknesses in its review of the internal audit mechanism.

Inadequate number of internal audit reviews undertaken during the grant period – the internal audit department's activities were not supported by a risk-based annual internal audit plan. Only one review was conducted during the audit period covering the 2019/2020 financial year. In addition, this internal audit report covering financial year 2019/20 was not shared with the Gavi Secretariat as required by the GMRs nor was there any evidence that this audit report was discussed at the Program Implementation Committee (PIC) meeting.

Inactive audit committee and subcommittee - The MoH audit committee was not reactivated as required by the GMRs to provide oversight and assurance over Gavi grants. Furthermore, at the time of our audit, the audit subcommittee had not been or established nor had it carried out any of its oversight activities as outlined in the PIC terms of reference. These required that the PIC convene a sub-committee with the core function to discuss all financial management, audit and procurement matters arising from grant implementation. The make-up of that committee was outlined in the ToRs, cochaired by the Director of Administration and Director of Finance of the MOH and composed of seven other members including: the Director of Administration-MoH, Director of Finance – MOH, Controller of Internal Audit, Accountant – Compliance – PIU GF (including representation by the FA), Finance Officer – PIU Gavi, Compliance Officer – MOH and the PIU Head of Finance.

Recommendation 7 - Essential

We recommend that MOH ensures that:

- It develops a risk-based annual internal audit plan is and shared with Gavi as required by the GMR
- audit reports are formally shared with Gavi and the Program Implementation Committee; and
- its Program Implementation Committee sub-committee be activated.

Root cause	Management comments	
The Ministry of Health Internal Audit function was not aware of the requirements for Gavi-funded programmes. Once made aware, delays in setting-up the necessary oversight arrangements were due to coordination challenges.	The Internal audit department is currently undertaking a risk assessment for the MOH PIU from which a risk-based audit plan will be derived from and shared with Gavi. The internal auditors carried out their first audit of the Gavi grants covering the period 2019/20, thus after first year implementation of activities took place. The audit report was shared with the MOH PIU. See attached audit report as issued by Internal Audit. Having noted a gap due to the inactive Ministry's audit committee the MOH Program Implementation Committee initiated the formation of a Sub Committee to be responsible for monitoring and stewardship of the accounting function to ensure the effectiveness of all aspects of financial management, including monitoring the integrity of risk management, follow up on audit recommendations and agreed management actions. The Subcommittee has been in operation since June 2021 – after the audit fieldwork was completed.	
Risk / Impact / Implications Lack of risk-based planning, delayed internal audits, gaps in their execution and the necessary oversight and governance thereover may result in ineffective risk deterrence or insufficient oversight over Gavi-supported activities. As a consequence, management may fail to identify or be held to account in addressing control weaknesses in a timely manner (e.g., budgetary, financial management, procurement and programmatic management elements as noted in this report).	Responsibility PIU Head of Finance	Deadline / Timetable 30 September 2022

4.2. Vaccine and Supply Chain Management

4.2.1. Non-compliance with vaccine management guidelines and weaknesses in stock management practices at national level

Context and Criteria

The 2018 GMRs require that 'MOH will review vaccine stocks at national and district levels on a regular basis with partners (e.g., monthly, quarterly), conduct physical assessments regularly, and notify the Gavi Secretariat of shortages and significant closed or open vial wastage' and 'MoH will come up with a comprehensive planned preventive maintenance plan for cold chain equipment at all levels. Appropriate training and refreshers will be conducted for cold chain technicians.'

Condition

The audit team visited the central vaccine store (CVS), three regional vaccine stores (RVS), eleven district vaccine stores (DVS) and 34 health facilities (HFs). The following issues were noted at national level which had an impact at the sub-national level.

Revised vaccine management policies still in draft form **-** The Ministry is in the process of updating its 2016 Standard Operating Procedures for vaccine management. At sub-national level, the 2016 vaccine management SOPs were not available in 4 (37%) DVS and 22 (65%) of the HFs visited. In addition, those HFs with SOPs available were not referring to them.

No approved policy for waste management **-** As at the time of the audit in June 2021, there was no approved policy in place setting out how the incidence of vaccine wastage, for both closed and open vial, at each associated level of the health system was to be measured and reported. The process of development of the healthcare management policy and guidelines with the support of WHO and another development partner was still ongoing. As a result, the country's actual vaccine wastage rate at the sub-national level remained undocumented. HFs reported wastage rates as a balancing figure in their monthly reports. Based on the audit team's visits at the sub-national level, it was noted that 7 (60%) Districts and 17 (50%) HFs received training on waste management In contrast, 26 (76%) HFs had not received a visit from the Environment Health Officer. Consequently, 8 HFs were carrying out open burning of waste with incomplete combustions of waste.

Variances between SMT and vaccine ledgers at CVS **- The** EPI used both excel based (SMT) as well as vaccine ledgers as its primary inventory management records at the CVS. The team compared the vaccines holdings recorded in the excel records to the manual records and noted variances in both the PCV-13 and COVID-19 vaccines. See Annex 4a for details.

Inadequate and ineffective monitoring and supervision at national and sub-national levels **-** Although 64% of HFs informed the audit team that they had received at least one supervision visit from either national, regional or district Level and 60% of the DVS received support supervision from either the national or regional-level for the audit period, there was no documented feedback or evidence that such support supervision visits took place in 57% and& 61% of the HFs and DVs, respectively. In addition, 84% of the support supervision budget was not utilised.

Delays in finalisation of the development of the Health Surveillance Assistant (HSA) curriculum **-** Training of senior HSAs on their roles including integrated supervision and mentoring, has not been undertaken in over a year due to the curriculum not having been finalised. Consequently, 84% of training budget has not been utilised. At the sub-national level, 4 (37%) districts and 14 (41%) HFs received training on data management, 7 (60%) districts and 17 (50%) HFs received training on waste management and 9 (82%) districts, and 28 (82%) HFs received training on vaccine management.

Recommendation 8-Critical

We recommend that MoH:

- Finalises the development of SOPs on waste management and vaccine management and have it disseminated at all levels.
- Ensures that all staff involved in vaccine management are trained about the policy requirement and importance of CCE maintenance and that CCE maintenance is carried out as required.

Recommendation 9-Critical

The EPI should also:

- Finalise the HSA curriculum and conduct trainings for HSAs as planned.
- Conduct refresher training on the SOPs for its EPI officers.
- Provide job aids as reference documentation, including booklets and procedural wall posters – for ease of reference.
- Develop and formally adopt comprehensive operational guidelines for routine supervisory visits. These guidelines should at a minimum define the: frequency of visits; composition of team members; target coverage; checklist/tools to be used; suggestions and proposals to address any weaknesses identified; and mechanism for the follow-up- of proposed actions.
- Ensure that all regional vaccine stores, district vaccine stores and health facilities have "supervisory log books" where observations and action points are written.

Root cause Delays in finalisation of various policies and guidelines as well as gaps in communication.	Management comments **Revised vaccine management policies still in draft form:** The MOH EPI notes the finding by the auditors, however, it is worth noting that the 2016 Standard Operating Procedure is still valid and continues to be used by the program. However, the review the draft SOP vaccine managements is in process and will be completed by 30th June 2022. **No approved policy for waste management:** The MOH acknowledges the audit finding and wishes to indicate that the Ministry process of developing the health Care management Policy is at an advanced stage. The policy will be ready for sharing and use by 30th April 2022. **Variances between SMT and vaccine ledgers at CVS:** The EPI program takes note the observation on the variances. The EPI has deployed the open LMIS and the Logistimo which are additional tools to the SMT to improve traceability and stock management of the vaccines and injection materials. **Inadequate and ineffective monitoring and supervision at national and sub-national levels:** The EPI will engage with development partners and Government to develop and print supervision logbooks that will record key observations and agreed action. **Delay in the Finalisation of the development of the HSA training Curriculum:** The curriculum has now been finalised and trainings will be undertaken in due course. The EPI will engage with development partners and Government to acquire funding.	
Risk / Impact / Implications Failure to comply with existing Standard Operating Procedures may result in the vaccines not being available due to supply chain inefficiencies, lost vaccine potency due to mishandling and ultimately missed opportunities to immunise more children. Failure to effectively maintain the CCE properly and undertake regular preventative maintenance could lead to higher unpredictable repair costs or to the vaccines being wasted or reduced potency, potentially undermining their effectiveness.	Responsibility EPI Program Manager Deputy Director -Preventive Health (Community Health.)	Deadline / Timetable 30 September 2022

4.2.2. Weaknesses in stock management practices at subnational levels.

Context and Criteria

The 2016 Standard Operating Procedures (SOPs) require that: all vaccine stock records are complete and accurately maintained at all levels of the supply chain. The records should include details of batch numbers, expiry dates and VVM where applicable; stock movements are backed up by accurate stock issuance vouchers, request forms and cross-referenced to signed confirmation receipts; and regular physical stock counts are conducted, and any stock differences are identified and investigated before they are adjusted in the stock records.

Section 6.1 of the 2016 SoPs requires the Cold Chain Technicians (CCTs) to know how to operate the refrigeration, temperature monitoring and alarm equipment, know when routine maintenance is required, and know how to recognize common faults. They should also understand the principles of Planned Preventive Maintenance (PPM) and routine equipment replacement and their importance for the maintenance of a reliable cold chain.

Condition	Recommendation 10-Essential
The Audit Team visited the central vaccine stores (CVS), three regional vaccine stores (RVS), eleven district vaccine stores (DVS) and 34 health facilities (HFs). The following issues were noted at the sub national level. ***Missing stock management records:*** EPI uses vaccine stock books and dispatch forms as the primary documents to account for vaccine deliveries and receipts at different levels. However, the audit team noted variances between quantity issued as per SMT (an excel-based stock record tool) and the quantity recorded in the dispatch books at the CVS due to missing dispatch notes. There were missing SMTs from the regional vaccine store: Northern RVS did not use SMT for 2016 and 2017, Southern RVS didn't have SMT for 2016 and the Central RVS did not have SMT for the entire audit period. In addition, the audit team noted missing vaccine stock books and dispatch forms at 5 DVS and 17 HFs visited. See Annex 4b for details ***No regular physical stock counts were done at national level and sub national level:*** Although the 2016 SoPs for vaccine management require that regular physical stock counts are conducted, and for any stock differences identified to be investigated before they are adjusted in the stock records, the audit team noted there were no regular stock counts being undertaken at the CVS and the sub-national level. Over the entire five-year audit period (1 January 2016 to 31 December 2020), only 13 out of the expected 20 counts were conducted at CVS. ***Unexplained variances stock counts performed by the HF teams:*** Equally, HFs visited by the audit team carried out irregular stock counts. The audit team noted unexplained discrepancies between the physical stock balance counted and the stock ledger. However, these variances were not investigated or followed up appropriately by the HF teams. See Annex 4c for details. ***Unexplained variances for stock counts performed by the audit team:*** The audit team performed physical stock counts for four antigens: Penta, PCV, Rota and HPV and compared these to the vaccine ledger balances. The team noted variances for all antigens in 82% of DVS and 76% of HFs visited. See Annex 4d for details. ***Unexplained variances on distribution of vaccines*:** For a sample of antigens including Pentavalent, PCV-13 and Rota virus, the audit team compared the distribution records and receiving records, and noted variances between the quantity delivered by the RVS and the corresponding amount received by the DVS and variance between the quantity delivered by the DVS and that recorded by the HF. See Annex 4e for details. ***Expired vaccines and gaps in management of expirations:*** The audit team noted expired vaccines worth approximately USD 32,296 for four antigens: Penta, PCV, Rota and HPV for select DVS and HFs. The team also identified shelf-expired vaccines which had not been removed from the fridge at the Lilongwe DVS even though procedures required any such expirations to be segregated. At sub-national level, 6 (55%) DVS and 27 (79%) HFs did not have designated areas for keeping expired and damaged vaccines, 7 (64%) DVS and 28 (82%) HFs had no record of expired vaccines. See Annex 4f for details of expirations. In addition, there are 9,929 doses of HPV and 22,142 doses of COVID-19 vaccine projected to potentially expire by end of June 2021. The audit team completed its work in-country on 4 June 2021, so it was not able to independently verify the actual remaining balance of these vaccines at the end of June 2021.	We recommend that the MoH and EPI ensure that all staff responsible for managing and handling vaccines comply with the established SOPs, which stipulate the necessary management guidelines and procedures for vaccines. Specifically, the EPI should ensure that: • All vaccine stores are equipped with vaccine ledgers • Monthly stock counts are carried out at each of the regional, district and health facility vaccine stores • Quarterly stock counts are carried out at the central vaccine stores • Distribution and receipt records are reconciled at all subnational levels and any variances investigated and explained in writing • Record batch numbers, expiry dates and VVM status in the vaccine ledgers

***VVM was not consistently recorded and temperature not consistently monitored*:** There was no evidence of monitoring temperature of vaccines during the distribution across the supply chain and VVM was not consistently recorded on dispatch forms and monitored at both national and sub-national level. At sub-national level, 2 (6%) DVS and 23 (68%) HFs did not have appropriate power backup facilities and 4 (37%) DVS and 16 (47%) HF reported incidents of temperatures ranging outside the recommended range, but without indicating what actions were taken.	

Root cause	Management comments
a) Reasons for the unexplained variances included: arithmetical errors when recording vaccine receipts, missing stock management records/tools, inconsistencies in completing stock management records, irregular physical counts, physical count variances not being investigated, responsibility for updating the vaccine stock book not being duly assigned to a dedicated HF officer. SMT ledger also did not have records for COVID-19 vaccines in SMT. b) Inadequate and ineffective monitoring and supervision at national and sub-national levels. c) Gaps in training. Training of senior HSAs including integrated supervision and mentoring, was not done for more than one year, due to HSA curriculum development not being finalised.	***Missing stock management records:*** The EPI revised and deployed the current version of dispatch forms in 2015, and these were distributed across the tiers. As part of strengthening good stock management record keeping, the EPI program recently finished the second round of Vaccine Management (VM) Training where 3000 HSAs have been trained under the Gavi HSS grant across the country. ***No Regular Physical Stock Counts Were Done at National Level And Sub National Level:*** To strengthen vaccine traceability at the CVS, the EPI has now adopted the open LMIS which issues prompts for physical count to be carried out and duly reflected. The Open LMIS has now been in operation for 4 months. To strengthen the management of stock and traceability at the District and Health Facility Level, EPI has now rolled out the EHIN and Open LMIS plat form with support from UNDP and USAID. These e-based platforms demand regular physical counting to be carried out. ***Unexplained variances stock counts:*** To address the challenge the EPI will work to limit access to the refrigerators to a few health workers that will be held accountable to vaccine reconciliation. Quarterly supportive supervision will be used to monitor progress in vaccine variance reconciliation and follow up. ***Unexplained variances on distribution of vaccines:*** To ensure that dispatch and receipt of vaccine and vaccine Supplies is strengthened, the newly introduced EHIN platform and the Open LMIS have a mechanism of capturing dispatch data from NVS, RVS, DVS up to the health centre levels. ***Gaps in management of expiries:*** To ensure that there is clear guidance on management of vaccine expirations at all levels, EPI will incorporate expiry management of vaccines in the Vaccine Management SOP that are currently under review. ***VVM was not consistently recorded, and temperature not consistently monitored****:* The EPI dispatch forms have provision to enable recording of VVM status. The EPI will continue to emphasize adherence to capturing this very importance information.

Risk / Impact / Implications	Responsibility	Deadline / Timetable
Lack of integrity in the vaccine records undermines the management, custody and decision making regarding the effective use of the vaccines.	EPI Program Manager	September 2022

4.3. Immunisation Data Management

4.3.1. Inaccurate and incomplete immunisation data at national level

Context and Criteria

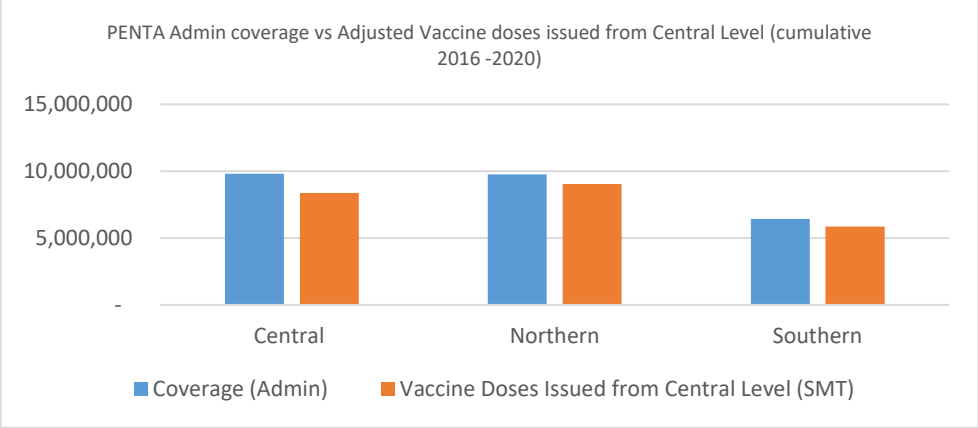
The agreed 2013 PFA (under Clause No. 8 (d)) requires that “all information that is provided to Gavi including its applications, progress reports, any supporting documentation, and other related operational and financial information or reports, is accurate and correct as of the date of the provision of such information”. In addition, the PFA (Annex 2, Article 16) sets out additional provisions on the monitoring and reporting, specifying that "the Government's use of Gavi's vaccine and cash support is subject to strict performance monitoring," such that: “Gavi seeks to use the Government’s reports and existing country-level mechanisms to monitor performance.”

The country’s July 2018 SoPs on data quality assurance indicate that data used for decision support should be of good quality and defines data quality as the process of ensuring HMIS routine data used for evidence-based decision support is complete, timely and accurate.

Condition

Variances between DVDMT data and DHIS2: The 2018 JAR stated that *"Malawi has adopted DHIS2 as the Health Information system in use across all health programs. The EPI programme currently uses both DVDMT and DHIS2 as parallel systems for routine Immunization data capture. The programme is now in the process of migrating routine EPI data into DHIS2."* To support this migration, UNICEF hired a consultant to lead the project and finalize the migration by 28 September 2020. The consultant issued the final migration report on 30 March 2021. The audit team compared data in DVDMT with data in DHIS 2 and noted significant variances. See Annex 5a for details. In addition, the audit noted that DVDMT and DHIS2 are still being used concurrently with DVDMT considered as the primary data source, since not all information is recorded in DHIS2 as yet.

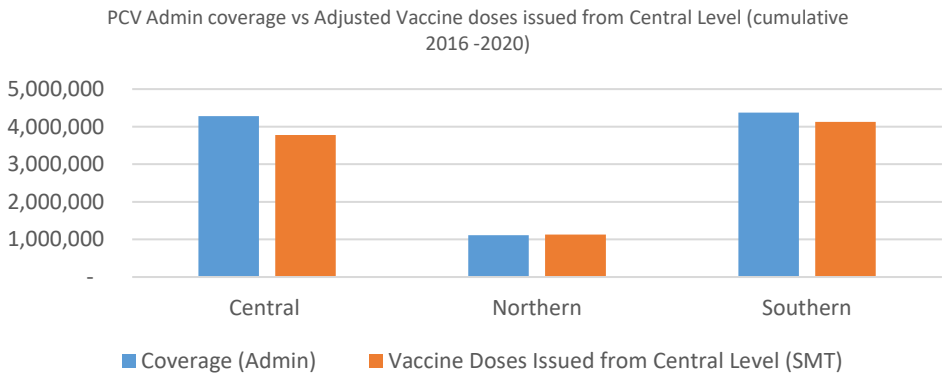
Anomalies in reported administrative coverage - The audit team noted inconsistencies in the administrative coverage reported by the country for the audit period. We compared administrative coverage reported and physical vaccine doses issued by the central vaccine stores to the three regional vaccine stores. The results indicated that the number of children reported as vaccinated was consistently higher than the quantities of vaccines issued by the central vaccine stores to the regional vaccine stores for the three sampled vaccines (Penta, PCV and Rota). The audit team's calculations were adjusted for wastage using the lowest available wastage rate (5% across the three antigens). However, we did not adjust with regional data (opening and closing balances) as Stock Management Tool (SMT) data was missing for various years at regional level as listed in finding 4.2.2. Variances noted are illustrated below.

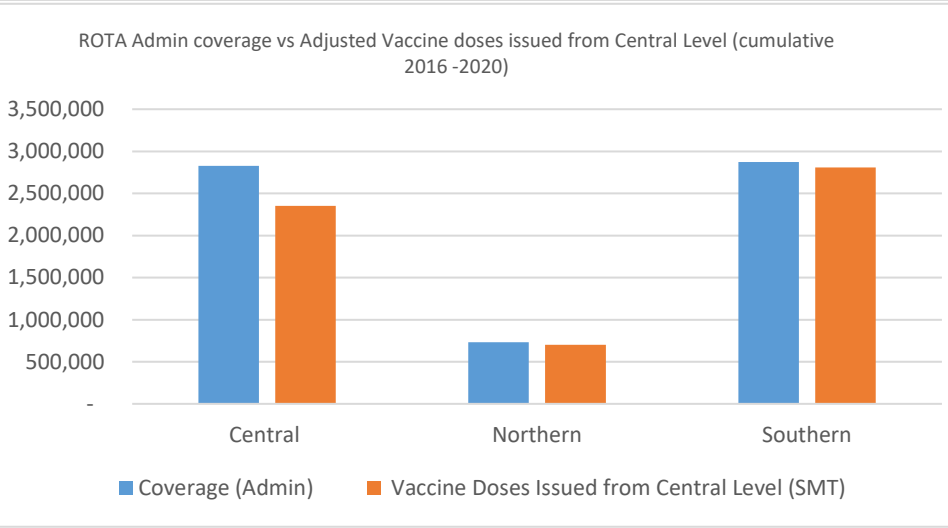


Recommendation 11-Critical

We recommend that the MoH and EPI programme:

- Ensures that the migration of immunisation data to DHIS2 is completed and with trainings undertaken for all relevant personnel on how use DHIS2 including quality data input processes.
- Routinely triangulate available data, including an assessment of administrative coverage data in contrast to vaccine availability and utilisation, using the results as an accuracy check of data reported. Such analyses should be undertaken and done at both national and subnational levels.
- Reviews and follows up significant data anomalies including data quality reviews to investigate unexplained variances/ root causes


PCV Admin coverage vs Adjusted Vaccine doses issued from Central Level (cumulative 2016 -2020)
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
Central
Northern
Southern
Coverage (Admin)
Vaccine Doses Issued from Central Level (SMT)


ROTA Admin coverage vs Adjusted Vaccine doses issued from Central Level (cumulative 2016 -2020)
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
-
Central
Northern
Southern
Coverage (Admin)
Vaccine Doses Issued from Central Level (SMT)

Root cause

• The migration of health information into DHIS2 was incomplete and needed quality assurance reviews were not carried out as required. • Inaccurate and incomplete stock management and administrative coverage data.	Management comments **Variances between DVDMT and DHIS 2 data:** The delay in finalisation of the migration of data was because the engagement process of the consultant was by UNICEF while implementation rested with MoH. The Ministry expects to finalise the migration into DHIS2 by end June 2022. With this migration, the Ministry of Health is planning for capacity building on data quality for EPI which is planned to be completed by end September 2022. **Anomalies of reported administrative coverage with vaccine doses:** Comparing the number of vaccines distributed from national level to Regional Vaccine Stores (RVS) and RVS to District Vaccine Store (DVS) with the number of Children vaccinated at a specific period is a misrepresentation of data. Additional audit team response: The audit team has noted the management comments. Regarding the comparison between DVDMT and DHIS2, we note that the country had indicated migration to have been completed by 31 March 2021 hence the comparison. The comment on data anomalies between administrative coverage with vaccine doses is noted and the variances highlight the need for complete and accurate records given the gaps in the regional data which did not allow for a complete comparison.	
Risk / Impact / Implications • Inconsistencies in the reported administrative coverage data are non-compliant with the terms of the signed Partnership Framework Agreement and are likely to undermine the confidence in the administrative coverage data.	Responsibility Deputy Director- CMED EPI Program Manager	Deadline / Timetable 30 October 2022

4.3.2. Inaccurate and incomplete immunisation data at sub-national level

Context and Criteria

The agreed 2013 PFA (under Clause No. 8 (d)) requires that "*all information that is provided to Gavi including its applications, progress reports, any supporting documentation, and other related operational and financial information or reports, is accurate and correct as of the date of the provision of such information*". In addition, the PFA (Article 16) sets out additional provisions on the monitoring and reporting, specifying that "*the Government's use of Gavi's vaccine and cash support is subject to strict performance monitoring*," such that: "*Gavi seeks to use the Government's reports and existing country-level mechanisms to monitor performance*."

Condition

Inaccuracies in data at the point of collation at the HFs **-** HFs use the "HF Monthly Vaccination Performance & Disease Surveillance" report to record coverage data in the under-2 registers. This monthly report disaggregates data into static coverage and outreach coverage. However, there were no under-2 registers for outreaches at all the HFs visited by the audit team. Consequently, the audit team compared the static coverage in the monthly report to the static under-2 registers at the HF for a sample of one month. We noted unexplained variances between the under-2 registers and the corresponding monthly reports. Variances noted are illustrated on Annex 5d.

Weaknesses in data quality assurance **-** There was no evidence of onsite data verifications and support supervision done for data in all HFs visited by the audit team. There was no formal quality assurance review process at the district level for data input into DHIS2. Given the number of datasets from the health facilities, without formal data review processes there is a risk of reporting inaccurate information.

Late reporting on immunisation data in DVDMT **-** The audit team noted delays in collection and submission of data reports from HFs, HF internet connectivity challenges using tablets, and the lack of follow up by the HMIS office to ensure submission of any missing reports leading to late reporting on immunization data in DVDMT.

Variances between number of children immunised and number of doses issued **-** The audit team sampled one month at the HFs visited and compared the administrative data reported in the "HF Monthly Vaccination Performance & Disease Surveillance report" to doses issued from the vaccine stores. The audit calculations were adjusted for opening and closing balances. The results indicated that the number of children reported as vaccinated was consistently higher than the quantities of vaccines issued for the three sample vaccines (Penta, PCV and Rota) as illustrated on Annex 5c.

Recommendation 11-Critical

We recommend that the MoH and EPI programme:

- Ensures that data anomalies noted are included in the review of accuracy of vaccine stock and utilization data and coverage data;
- Consistently completes data verification and validation exercises at the health facility and district levels.

Root cause	Management comments	
Lack of adequate training for the data focal persons and the Health Surveillance Assistants who are in charge of data at sub national level and inadequate supervision and follow up.	**Inaccuracies in data at the point of collation at the HFs:** The Ministry of Health commenced review of the registers and the process awaited completion of all activities related to migration of DVDMT to DHIS2 which is at advanced stage. The revised tools will come into effect by end December 2022. **Weaknesses in data quality assurance:** The Ministry is planning data quality trainings for EPI data. The current SOPs included the data quality review tool to be used. This will strengthen data verification and validation at Health Facility level. Ministry of Health expects to implement this by 30 September 2021. **Variances between number of children immunized and number of doses issued:** The EPI program has adopted the Open LMIS and EHIN which are electronic systems to manage stocks to address challenges of stock management at all levels. EHIN introduced in July 2021 while Open LMIS was introduced in November 2021 with support from UNDP and USAID respectively.	
Risk / Impact / Implications Incomplete and inaccurate data affects decision making.	Responsibility Deputy Director-CMED EPI Program Manager	Deadline / Timetable 31 December 2022

4.4. Budgeting and Financial Management

4.4.1. Gaps in financial planning and management

Context and Criteria

Clause 3.3.1 of the Grant Agreement between the PIU and the Implementing Entities (IEs) states that the IEs "*will submit an actual expense report on a quarterly basis within 10 days after each reporting period.*" In addition, section 9.6 of the PIU finance manual states *that "A staff member cannot be granted an advance if there is an outstanding balance on a previously issued advance. Staff members will have no more than thirty (30) calendar days to liquidate advances".*

Condition

The audit team noted the following weaknesses in the financial management processes:

Delayed liquidations and posting of expenditure incurred by implementing entities – The PIU and FA delayed on the review of liquidation reports and processing of funds requisitions submitted by implementing Entities' (MHEN and CoM) and the pay agent. Examples noted are as follows:

- Implementing entities are required to submit liquidation reports within 10 days at the end of each quarter. There were delays in them providing the necessary supporting documentation for liquidation of funds received entities. For example, IE accountability documents for reported outstanding advances amounting to USD 359,374 were submitted to the PIU in April 2021, but liquidation of these was yet to be approved and posted by PIU finance more than a month later.
- Similarly, pay agent liquidations for the period June 2018 to December 2020 took an average of 35 days to be processed and posted in the system by the PIU. As at 31st March 2021, approximately USD 85,000 had been accounted for and submitted by the pay agent but was not yet liquidated and posted by the PIU. The audit team carried out an analysis of the time taken to review and finance requisitions.
-

Inefficient planning of programme activities carried out by Implementing department: The audit team noted that implementing department waited till they were ready to implement activities to then begin the process of proposal writing. We were unable to see evidence of assistance in planning and tracking of programme activities provided by the PIU. This affected speed of execution of activities. However, following the recruitment of new programme officers at CHS and EPI, there was a noted improvement from June 2020 and thereafter.

Delays in disbursements to Implementing entities - The audit team's analysis of the time taken for the review of requisitions from IEs noted that it took an average of 57 days and up to 120 days for financing to be made available. Upon review of a sample of requisitions from MoH departments, the team noted that these departments were asked to resubmit requests up to two times, resulting in it taking up to 92 days (an average of 60 days) for funds to be disbursed.

Risk of payment to ineligible participants – Weaknesses exist in the current payment processes of programme allowances to participants executing activities. Examples noted include:

- Implementers did not include lists of participants in the proposals submitted for trainings and other activities. Payment lists were only generated at the time of payment, which poses the risk of inclusion of ineligible participants in the lists submitted to the pay agent. We noted such instances for activities amounting to USD 119,213 from the sample reviewed.
- The pay agent's (FDH Bank) system did not have any processes to validate each beneficiary's phone number against the registered name prior to payment. As such, payments were made to all valid numbers submitted regardless of the name it was registered against. There is a risk that funds could be diverted to fraudulent numbers instead of the designated beneficiaries who would remain unpaid. Payments totaling to USD 939,875 were made by the pay agent between June 2018 and 31 March 2021.
- The initial SOPs for the pay agent required them to independently visit venues where programme activities were undertaken to verify individuals' participation prior to payment. By consensus between the PIU and the pay agent, this step was eliminated during the SOPs revision in December 2019, with no alternative compensating control being established. Thereafter, the pay agent paid out amounts totaling USD 585,377 in 2020 without this verification using lists submitted by the programme coordinators.

Recommendation 12-Critical

It is recommended that the PIU (with support from FA) offer hands on training and on-job support to implementing entities to ensure that:

- Planning for activities is done in advance to allow for timely consolidation by PIU and timely submission of disbursement requests.
- Proposals and liquidations are submitted as per the required timelines and meet the required standards.

Recommendation 13-Critical

We recommend that the PIU ensures that disbursements to implementing entities are done before the start of the implementation period. In addition, the PIU should support implementing entities to ensure that planning for the next period is finalised in good time to allow for timely disbursements.

Recommendation 14-Essential

It is recommended that the PIU and Pay Agent put in place additional controls to mitigate the risk of fictitious payees, such as:

- Including the lists of participants at the time that training activity proposals are first submitted;
- Reinstate onsite verification of participants during the trainings; and
- Introduce a check to confirm the validity of participants' names against their registered phone number.

Root cause	Management comments	
Inadequacies in the submissions, operational delays by the implementing entities and insufficient capacity building by the fiscal agent to address financial and expense issues, resulted in the need for multiple iterations prior to requests being executed. Gaps in implementation of contract between PIU and Pay agent.	**Delayed liquidations and posting of expenditure incurred by implementing entities** – PIU provides on job training on a quarterly basis when we visit and review the Sub grantees expenditures. The two program officers for EPI and Community Health also builds capacity for program and district staff. PIU will take advantage of the grant review and planning process, whereby a day will be spared for enhancing capacity of implementing entities. **Inefficient planning of programme activities carried out by Implementing department -** Since October 2019, PIU has ensured that program proposals are prepared well in advance to allow for smooth and orderly payment of allowances. **Delays in disbursements to Implementing entities -** The PIU normally carries out a verification exercise before disbursing, PIU will shift a month preceding a disbursement to carry out expenditure reviews to ensure there is adequate time for processing disbursement request**.** **Risk of payment to ineligible participants -** On the recommendation on the use of the mobile money service providers, currently PIU's cash management service providers are two mobile money operators (Airtel and TNM), supplemented by online banking with MOH PIU's commercial bankers, NBS Bank. PIU has already commenced including the lists of participants at the time that training activity proposals are first submitted. Verifications of participants will also be done randomly.	
Risk / Impact / Implications	Responsibility	Deadline / Timetable
The risks of payments to ineligible participants could result in the MOH and PIU being unable to ensure that Gavi's funding is solely used for the intended purpose, in accordance with the terms of the Partnership Framework Agreement.	Head of Finance	30 July 2022

4.4.2. Questioned Costs

Context and Criteria

Paragraph 19 of Annex 2 of the PFA requires Malawi to manage and use Gavi's funding solely for appropriate programme activities. Furthermore, Paragraph 20.1(c) of Annex 2 of the PFA requires that all expenses relating to the application of such funds, should be properly evidenced with supporting documentation sufficient to permit Gavi to verify the expenses.

The 2018 GMRs also state that '*MoH will ensure that the relevant exemptions from taxes and duties are obtained from the respective ministries, departments and agencies in line with the provisions of the Partnership Framework Agreement dated October 2013*.'

Condition

As at 31 March 2021, the PIU reported expenditures totalling USD 7,323,176 out of USD 8,496,171 disbursed by Gavi. Expenditures amounting to USD 810,707 equivalent to 11% were selected and reviewed by the audit team. The team questioned approximately 17.1% of the expenditures as summarised in the table below:

Table 5: Questioned expenditure per grant (in USD)

Grant	Total expenditure	Tested	Unsupported	Inadequately supported	Ineligible	Total questioned
HSS	6,793,661	642,508	-	23,184	-	**23,184**
HPV	467,449	140,044	24,703	90,741	-	**115,444**
IPV	62,066	28,152	-	-	-	**-**
Total	**7,323,176**	**810,704**	**24,703**	**113,925**	**-**	**138,628**

Inadequately supported expenses - Expenditures amounting to USD 113,925 were inadequately supported. This was because the audit team was unable to obtain adequate assurance over allowances paid for regional and district supervision activities worth USD 23,184 due to missing or incomplete attendance sheets (no titles and dates) for various activities for which allowances were paid; and fuel accountabilities worth USD 90,741 which were not supported by completed vehicle logbooks. See Annex 6a for details.

Unsupported expenditure - The country undertook an HPV campaign in January 2019 which required cash payments. Contrary to the GMR requirements, a decision was taken to deploy EPI coordinators as cashiers to make payments resulting in challenges in performing this role due to the nationwide coverage of the campaign. This decision to deploy EPI coordinators was neither documented internally to demonstrate the approval process nor was the non-compliance with grant requirements communicated to Gavi. There were no guidelines or Standard Operating procedures to direct the EPI coordinators charged with cash handling, and ensure accountability, and the fiscal agent did not provide risk assurance over these campaign cash payments. As a result, advances amounting to USD 24,703 have not been accounted for by the EPI coordinators since 2018/2019.

Expenditures related to VAT – The Ministry of Health was unable to obtain the relevant VAT exemptions for procurements using Gavi funds as required by the GMRs. The PIU has subsequently submitted claims for VAT expenses totaling USD 194,197 paid by the PIU and its implementing entities and charged to the Gavi grant (as summarised below). Total outstanding VAT not yet reimbursed was USD 162,711 and these funds were therefore unavailable for use for programme activities during the period.

Table 6: Outstanding VAT reimbursements (amounts in USD)

Implementing entity	FY incurred	VAT incurred	VAT claimed	Year claimed	VAT Received	Outstanding
PIU	2018/2019	31,485	31,485	2019	31,485	-
PIU	2019/2020	36,972	36,972	2020	-	36,972
PIU	2020/2021	101,581	101,581	2021	-	101,581
MHEN	2019/2020	10,893	-	-	-	10,893

Recommendation 15-Critical

We recommend that the PIU and FA tighten the quality control and review mechanism to ensure that all expenditure is appropriately supported.

Recommendation 16-Essential

We recommend that MoH hasten the process of obtaining a VAT exemption on GAVI Programme payments for both PIU and Implementing Entities. The MoH and PIU should follow up and ensure that all VAT claims are paid in a timely manner and returned to the Gavi grant account.

COM	2019/2020	13,267	-	2021		13,267
Total		**194,197**	**183,305**		**31,485**	**162,713**

Root cause

Noncompliance with PFA and Grant management requirements due to ineffective financial management guidelines over expenditure.	**Management comments** **Inadequately supported expenditure:** Gap was noted. When PIU received the actual days liquidations, little could be done but to carry out a remedial refresher orientation for all district EPI coordinators, as evidenced by the results of the audit, subsequently registers for each day of an activity being carried out has been appropriately completed and the use of coordinators for payment has been spent. The PIU and FA will continue to work towards tightening the quality control and review mechanisms to ensure that all expenditure is appropriately supported. Since the first HPV campaign, the control was tightened by introduction of separate registers for attendance and payout sheets. **Unsupported expenditure:** The whole USD24,703 has since been liquidated by the district coordinators. Through an independent review performed by the Fiscal Agent, a total US$24,643.02 have been determined as adequately supported grant expenditure. This expenditure amount is therefore sustained and classified as eligible by the Fiscal Agent. NB: FA's review was based on genuine liquidation report and relevant supporting evidence from the District Coordinators. ***Additional audit team response on unsupported expenditure:*** The unsupported expenditure relates to activities carried out in 20/18/19. The programme audit team performed two independent reviews where these documents were not provided (in June during fieldwork and in November 2021). Fiscal agent's email came through after fieldwork was officially closed and was not accepted by the audit team as the FA did not provide a copy of documents reviewed (despite the reminders). Therefore, this amount has been maintained as unsupported in our report. Further reviews will be at the discretion of the country support team. **Expenditures related to VAT:** MOH and PIU has a VAT exemption, however the VAT exemption mechanism is implemented through reimbursement. PIU will continue to timely submit all VAT refunds to MRA and continue to make close follow up with MRA with support from the Ministry of Finance on the VAT.

Risk / Impact / Implication	Responsibility	Deadline / Timetable
Payment of VAT makes programme funds unavailable for implementation of programme activities.	PIU Head of Finance	30 May 2022 (for recommendation 15)

4.5. Procurement

4.5.1. Delays in the procurement process

Context and Criteria

Section 7.4 of the PIU finance manual indicates that programmes should prepare a forecast to document their annual requirements for goods and services, as accurately as is practicable, with reference to annual work plans, approved budgets and delivery times and approved plans forwarded to MoH Procurement Unit.

Section 8 of the PIU finance manual states that all procurement and disposals shall be conducted in a manner to maximize competition and achieve economy, efficiency, transparency and value of money. The objective of purchasing policies and procedures are to secure competitive bids, ensure value for money, efficient supply and distribution chain and asset inventory and disposal policy, and proper authorisation and contract award.

Condition	Recommendation 17-Essential
We reviewed 82% of the Gavi-funded procurements incurred by the PIU during the audit period (2016-2020) and noted: ***Delays in the procurement process –*** The procurement process instituted by the PIU was not streamlined nor efficient. Delays due to long lead times in securing approvals from the Internal Procurement and Disposal Committee (IPDC) and Public Procurement and Disposal Authority (PPDA) were noted in 50% of the procurements reviewed. It took up to 150 days (on average 44 days) for the IPDC to approve procurements and up to 49 days (on average 20 days) to obtain a "No Objection" approval from the PPDA for large procurements. ***Delayed timelines for implementation of the infrastructure projects –*** Infrastructure projects worth USD 7.2M had not been implemented at the time of the audit. Examples of projects impacted include: a) Construction of prefabricated health posts worth USD 2,800,000 requested by government during the HSS application process and approved by the Gavi Independent Review Committee (IRC). Subsequent to these approvals in 2017 and construction having been slated to begin in 2018, in April 2020 the MoH requested design changes - from pre-fabricated buildings to brick and mortar construction. After several reiterations by the government and discussions with Gavi and UNICEF, Gavi cancelled the construction contract in February 2021. b) Vaccine cold rooms due to be completed in 2018 faced delays resulting in prolonged negotiations on the roles and responsibilities for both construction works and quality assurance measures, between MoH and the UNICEF country office. c) Construction of the EPI office building, which was slated to start in 2018, had yet to commence as at June 2021 due to the prolonged vetting process undertaken by the Government Contracts Unit. This vetting for contracts for the EPI office construction was only finalised by the Ministry of Justice on 30th March 2021 and the contract officially signed on 23 April 2021.	We recommend that PIU plans its procurements taking into account lead time of government processes to avoid delays. In addition, procurements with significant changes to implementation arrangements should be communicated well in advance to avoid further delays caused by a long negotiation process.
Root cause	

Delays noted were mainly due to inadequate planning, including material variations and changes to construction plans requiring reapproval, as well as prolonged government procurement and vetting processes.	Management comments PIU acknowledges the audit finding. Procurement using the Government procurement process has multiple layers which affect the PIU procurement processes as these have to be adhered to. However, to speed up the processes, the PIU has introduced management meetings with PPDA as a way of addressing procurement delays. The PIU has arranged a round table meeting with all relevant authorities involved in procurement to address the challenge above, the meeting will be convened before the end of the year. Cold room construction is expected to commence in early 2022 and construction works for the EPI block are to be completed by early 2022. To strengthen the procurement processes management suggests recruitment of a Gavi specific procurement capacity at 100%. – ***See Gavi country support comment*** Gavi Country Support comment Gavi has amended the terms of reference for the Fiscal Agent to include review of all procurements (including procurement process). The need for a full time employee (FTE) will be reviewed with respect to the procurement workplan and budget for upcoming periods.	
Risk / Impact / Implications Delayed implementation of infrastructure projects resulted in the under-absorption of Gavi funds. The construction works accounted for 19% of the grant funding.	Responsibility PIU Manager	Deadline / Timetable 30 September 2022

4.6. Fixed Asset Management

4.6.1. Incomplete fixed asset register

Context and Criteria

The 2018 GMRs require that MoH regularly update its Fixed Asset Register (FAR), for all assets including cold chain equipment and vehicles procured using Gavi funding. Section 10 of the PIU finance manual states that *"the PIU Head of Finance shall maintain an asset register in the Sun System to ensure adequate record keeping of and reporting for non-expendable assets with a unit acquisition cost of USD 500 or more"*. The asset register shall be updated with all assets received, transferred or disposed. In addition, section 10.2 states that the PIU shall perform an asset physical verification and count on an annual basis. The results must be reconciled to the Asset Register and the register updated based on the results of the asset physical verification.

Condition

High value assets were procured by UNICEF on behalf of the Ministry of Health as required by the GMRs. The audit team noted the following weaknesses:

Incomplete fixed assets register - The fixed asset register did not include assets totalling to USD 3,830,960 M. Items included: 106 Solar Direct Drive (SDD) refrigerators/Freezers; and 203 SDDs worth USD 2,975,696 procured and installed through Gavi's Cold Chain Equipment Optimisation Platform grant in 2018 and 2020 respectively; also other assets worth USD 855,264 including a RT-PCR Machine, bicycles, vaccine carriers and cold boxes were procured during the audit period.

Inadequate physical verification process - The PIU carried out an asset verification exercise between 20 September 2020 to 8 October 2020. However, when the audit team compared the asset verification report to the updated FAR maintained by PIU, significant variances were noted between the FAR and the asset verification report. Equipment such as computers and printers that were tagged during the verification exercise were missing in the FAR. In addition, no FARs were maintained at regional and district level.

Root cause

Weaknesses in coordination between PIU and UNICEF and delays in updating of FAR.

Recommendation 18-Essential

We recommend that the MoH/PIU:

- Obtains details of all assets procured by UNICEF and updates the FAR. In addition, the updates following the asset verification exercise should be effected.
- Maintains updated FAR at sub national level.

Management comments

The PIU notes the observation. On 25 March 2021, UNICEF provided a list of all assets procured on the HSS Grant, PIU intends to carry out asset verification and tagging of the assets by 30 April 2022 before booking in the asset register.

PIU will hold a refresher workshop on the Gavi grant to all District Commissioners before the end of 2021 and will advise all districts to maintain an asset register at regional and district level.

Risk / Impact / Implications

The MoH may not be able to account for all assets procured using Gavi funds. In addition, assets not included in the fixed asset register might be excluded from the routine maintenance plan, affecting their useful economic life and warranties under the cold chain equipment optimization plan (see related finding on CCE maintenance under 4.2.1 and 4.2.2)

Responsibility

PIU Manager (in coordination with UNICEF)

Deadline / Timetable

30 August 2022

Annexes

Annex 1 – Acronyms

CCEOP	Cold Chain Equipment Optimisation Platform
COM	College of Medicine
CHS	Community Health Services
CVS	Central Vaccine Store
DVS	District Vaccine Store
FA	Fiscal Agent
FAR	Fixed Asset Register
GMR	Grant Management Requirements
HPV	Human Papilloma Virus
HMIS	Health Management Information Systems
HSA	Health Surveillance Assistants
IPDC	Internal Procurement and Disposal Committee
MHEN	Malawi Health Equity Network
MOH	Ministry of Health
PIU	Project Implementation Unit
PPDA	Public Procurement and Disposal Agency
RVS	Regional Vaccine Store
SDD	Solar Direct Drive
UNICEF	United Nations Children's Fund
USD	United States Dollars
VIG	Vaccine Introduction Grant
WHO	World Health Organization

Annex 2 – Methodology

Gavi's Audit and Investigations (A&I) audits are conducted in accordance with the Institute of Internal Auditors' mandatory guidance which includes the definition of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (Standards), and the Core Principles for the Professional Practice of Internal Auditing. 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 adhered to as applicable to guide operations. In addition, A&I staff adhere to A&I's standard operating procedures manual.

The principles and details of A&I's audit approach are described in its Board-approved Terms of Reference, the 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 A&I's auditors and the integrity of their work. 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	At least one instance of the criteria described below is applicable to the finding raised: • 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. • Management attention is required as a matter of priority. • Fraud and unethical behaviour including management override of key controls.
Medium	At least one instance of the criteria described below is applicable to the finding raised: • 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. • Management action is required within a reasonable time period.
Low	At least one instance of the criteria described below is applicable to the finding raised: • 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. • Corrective action is required as appropriate.

C. Prioritisation of recommendations

The prioritisation of the recommendations included in this report includes proposed deadlines for completion as discussed with the Ministry of Health, and an indication of how soon the recommendation should implemented. The urgency and priority for addressing recommendations is rated using the following three-point scale, as follows: Critical – Essential – Desirable.

Annex 4a: Variances between SMT and vaccine ledgers at CVS

Antigen	Expiry Date	Batch No	Counted (Doses) 18 May 2021	Stock card balance	SMT balance	Variance between stock care and SMT
PCV 13	23-May	EC2329	191,000	191,000	216,200	(25,200)
COVID-19	27-Jun-21	4120Z029	12,580	12,580	-	12,580
COVID-19	18-Jul-21	4121Z010	5,500	5,500	-	5,500

Annex 4b: Missing stock management records:

Missing dispatch notes at CVS causing variances between Quantity issued as per SMT and Quantity recorded in the dispatch books

	Vaccine in doses		
	Penta	Rota	PCV
Issued as per SMT	400,430	311,330	659,000
Quantity on dispatch notes	-	42,000	201,600
Variance	**400,430**	**269,330**	**457,400**

Missing stock management records [Dispatch forms and vaccine stock books]

Period	DVS	HFs	Totals
Less than 1 year		1	1
1 -2 Years	5	9	14
3 - 4 Years		7	7

Annex 4c: Cumulative unexplained variances stock counts performed by the HF teams

Vaccine	Stock book balance (doses)	Physical Count quantity (doses)	Unexplained variances
Rota	2,291	2,013	278
PCV	3,600	3,627	(27)
Penta	1,380	890	490
Total	**7,271**	**6,530**	**741**

Annex 4d: Cumulative unexplained variances between stock ledger balance and audit team physical count balances

	Penta			PCV			Rota			HPV		
	Stock Ledger	Physical count	Variance	Stock Ledger	Physical count	Variance	Stock Ledger	Physical count	Variance	Stock ledger	Physical count	Variance
DVS	54,220	48,500	(5,720)	49,054	35,144	(13,910)	28,814	24,371	(4,443)	15,900	57,796	41,896
HFS	7,434	6,750	(684)	9,755	9,980	225	5,144	4,476	(668)	1,533	20,250	18,717
Total	**61,654**	**55,250**	**(6,404)**	**58,809**	**45,124**	**(13,685)**	**33,958**	**28,847**	**(5,111)**	**17,433**	**78,046**	**60,613**

Annex 4e: Unexplained variances on distribution of vaccines

	Penta-Doses			PCV-Doses			Rota -Doses		
	Dispatched	Received	Variance	Dispatched	Received	Variance	Dispatched	Received	Variance
RVS to DVS	36,200	6,000	**30,200**	31,900	34,400	**(2,500)**	4,200	3,400	**800**
DVS to HFs	4,120	1,500	**2,620**	8,176	3,300	**4,876**	3,550	700	**2,850**
	40,320	**7,500**	**32,820**	**40,076**	**37,700**	**2,376**	**7,750**	**4,100**	**3,650**

Annex 4f: Expired vaccines and projected expiries

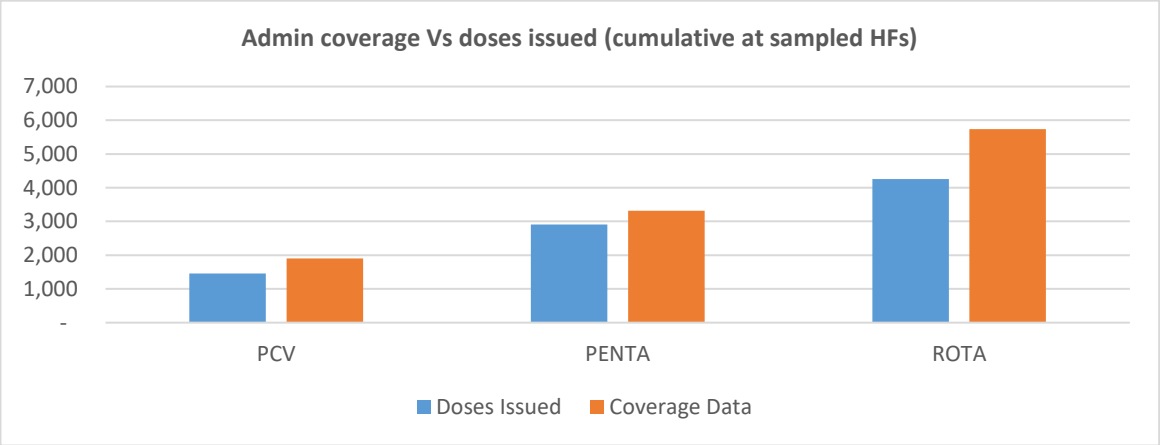
Antigen	Batch No.	Date received	Expiry date	Quantity expired	Unit cost per dose (USD)	Amount (USD)	Price source
Penta	FWM16508	01/01/2017	02/06/2019	4,800	1.19711988	5,746	2016 Decision Letter
	FWM16508	01/01/2017	02/06/2019	4,800	1.19711988	5,746	2016 Decision Letter
PCV	S74175	01/07/2017	01/12/2018	972	3.754163197	3,649	2016 Decision Letter
	S27160	01/07/2017	30/08/2018	4,209	3.754163197	15,801	2016 Decision Letter
Rota	AROLB779AA	01/01/2017	30/04/2019	250	2.2495637	562	2016 Decision Letter
	AROLC355AA	01/12/2018	01/08/2020	127	2.077868852	264	2018 Decision Letter
HPV	RO25875	01/11/2018	01/12/2020	116	4.543194531	-	2018 Decision Letter
COVID-19	4120Z004	01/03/2021	13/04/2021	120		-	
Total						**31,768**	

	Date when vaccines are projected to Expire		
Vaccine - location	Batch Number	Expiry date	Quantity -Doses
HPV-DVS	RO366497	6/17/2021	7,749
HPV-DVS	5006697	6/25/2021	2,180
	Sub-total		**9,929**
COVID 19-DVS	4120Z029	6/27/2021	9,562
COVID 19-CVS			12,580
	Sub-total		**22,142**

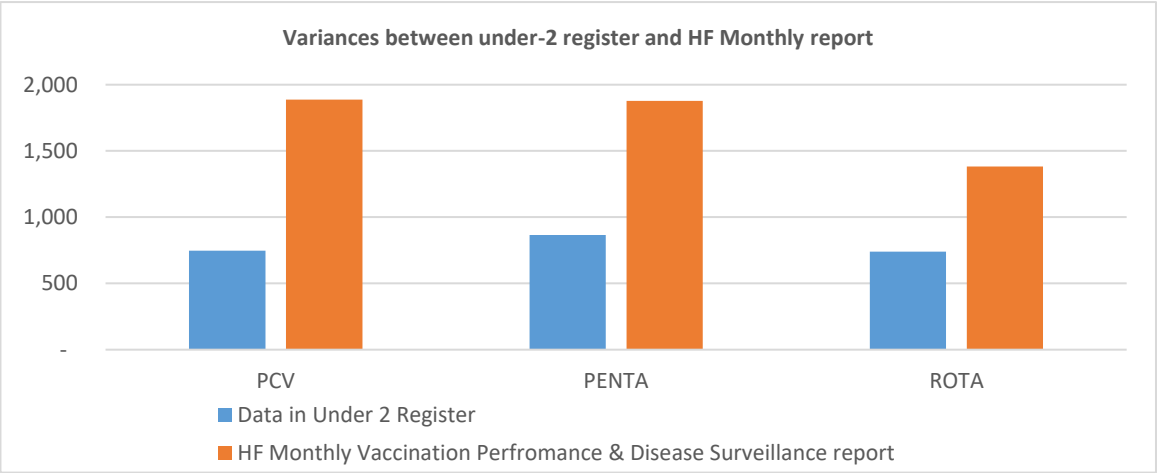
Annex 5a: Variances between DVDMT data and DHIS2:

	PENTA			PCV			ROTA		
Year	Data per DVDMT	Data in DHIS2	Variance	Data per DVDMT	Data in DHIS2	Variance	Data per DVDMT	Data in DHIS2	Variance
2020	2,097,976	1,436,023	661,953	2,088,215	1,440,842	647,373	1,379,233	940,950	438,283
2019	2,076,763	1,551,480	525,283	2,075,369	1,585,669	489,700	1,373,821	1,112,620	261,201
2018	2,022,867	1,575,032	447,835	2,024,817	1,613,088	411,729	1,334,912	1,062,776	272,136
2017	1,862,188	1,015,284	846,904	1,857,278	1,011,764	845,514	1,218,572	662,959	555,613
2016	1,742,753	1,486,846	255,907	1,724,130	1,495,301	228,829	1,127,330	995,305	132,025
	9,802,547	**7,064,665**	**2,737,882**	**9,769,809**	**7,146,664**	**2,623,145**	**6,433,868**	**4,774,610**	**1,659,258**

Annex 5c: Inconsistencies between physical doses issued and vaccinations reported at the Health Facilities



Annex 5d: Inaccuracies in Data at the point of collation at the HFs



Annex 6a: Inadequately supported expenditure

Jrl. No.	Details	Amount (USD)	Amount (MWK)	Reportable finding
3031	Actual Days DSA MACHINGA	333	244,000	There were unsupported allowances i.e. MWK 244,000 paid out to participants but did not sign on the attendance sheets. After the follow up review, the finance team agreed that the attendance sheet was partly signed therefore inadequately supported.
1516	Actual days/DSA - Support HPV vaccine introduction during actual days for Thayolo district	12,535	9,088,000	•No training report from the EPI officer attached as expected. •No attendance sheet attached as required. The unsupported expenditure for this activity is hence MWK 9,088,000. After the follow up review, the finance team recognized that no attendance sheets had been attached so the full amount will be classified as inadequately supported.
1892	Actual days/DSA/Lilongwe - Support HPV vaccine introduction during actual days for Lilongwe district	31,702	22,984,000	•No attendance sheet attached on file making the full amount of MWK 22,984,000 unsupported expenditure •There were cases where the payout sheets were not fully signed by all beneficiaries. As a result, out of the liquidated amount of MWK 23,816,406, the total amount signed for by the participants totals up to MWK 22,984,000 meaning there is no proof of receipt for MWK 832,406. •All the payment sheets attached did not indicate fields such as activity name, payout date and, location. Furthermore, payout sheets were not signed by the EPI coordinator who did the payments hence we cannot confirm if there has been recycling of the payment sheets or not.
1368	Actual days DSA Ntcheu - Support HPV vaccine introduction during actual days for Nrcheu district	12,215	8,856,000	•No attendance sheet attached as required. The unsupported expenditure for this activity is hence MWK 8,856,000.
1162	Actual days/DSA,SALIMA - Support HPV vaccine introduction during actual days for Salima district	9,021	6,540,000	•The proposal sent from the program at the point of requesting for the funds did not indicate the participants that are expected to participate. •No attendance sheet attached as required. The unsupported expenditure for this activity is hence MWK 6,540,000

Jrl. No.	Details	Amount (USD)	Amount (MWK)	Reportable finding
1881	Actual Days DSAlMzimbaNorth - Support HPV vaccine introduction during actual days for Mzimba North district	8,416	6,101,666	•The teachers and technical implementers carried out the activity for 2 and 3 days respectively. The attendance sheet signed was only for one day by each of the participants hence the total amount of MWK 6,101,666 is unsupported. •The finance team has recognized that only one of the three days that the activity took place was properly supported with both payment and attendance sheets. The amounts paid out for the second and third day have payment sheets but no attendance sheets. •The amount of MWK 6,101,666 will be categorized as inadequately supported
5255	Conduct supportive supervision on functionality of mobile DHIS2 system	21,386	15,755,000	There were no independent reports from the different supervision teams to indicate their contribution to the supervision and thereby justifying their payment. The teams that went out to do the supervisions made one consolidated report instead of the expected individual reports highlighting the different experiences that each team encountered. The individual reports would also serve as proof that the supervisions actually happened.
1770	Actual days DSAs Mangochi - Support HPV vaccine introduction during actual days for Mzimba North district	16,519	11,976,000	The proposal sent from the program at the point of requesting for the funds did not indicate the participants that are expected to participate in the activity. There was no breakdown of the intended number of teachers and technical staff required. •No attendance sheet attached as required. The unsupported expenditure for this activity is hence MWK 11,976,000
4374	Qtr SupervHFs/Fuel/Norther - Conduct quarterly supportive supervision by National and zone to districts and health facilities	1,799	1,304,122	• Two cars taking unreasonable fuel amount on the same day i.e. vehicle number MG 211AK took a 64 Liters twice on the 20th October 2019 for their supervision trip to the Northern zone to carry out supervision where they were supposed to visit health facilities and vehicle number MG 658 AK took a 51.4 liters and 77 liters on the 25th October 2019. •The payment was made to Puma station (The supplier) on the 29.08.2019 which is 52 days prior to the event happening. •The teams that went out to do the supervisions in the Northern region made one consolidated report instead of the expected individual reports highlighting the different experiences that each team encountered.
	Total	**113,925**	**82,848,788**	

Annex 7: Sites visited by the audit team

RVS	DVS	Health Facilities
Southern Region	Blantyre,	1. Mdeka
		2. Lirangwe
	Mangochi	1. Monkeybay
		2. Nkope
	Neno	1. Ligowe
		2. Lisungwi
Central Region	Lilongwe	1. Chileka
		2. Mtenthela
		3. Likuni
		4. Mitundu
		5. Maluwa
		6. Chadza
		7. Katchale
	Mchinji	1. Nkhwazi
		2. Kochilila
		3. Guilime
	Kasungu	1. Bua
		2. Mtunthama
		3. Dwangwa
	Dowa.	1. Mvera Mission
		2. Bowe
		3. Mponela
Northern Region	Mzimba North	1. Enukweni
		2. Kaweche
		3. Mtwalo
	Mzimba South	1. Jenda
		2. Nkoma
		3. Bulala
	Chitipa	1. Kaseye
		2. Kameme

		3. Kapenda
	Karonga	1. Nyungwe
		2. Kaporo
		3. Mlare
COVID-19 Centers	Mzuzu	· Mzuzu Central Hospital
	Blantyre	· Queen Elizabeth Central Hospital
	Lilongwe	· Kamuzu Central Hospital

Annex 8: Action plans by management

Annex 8a: Fiscal Agent action plan to finding 4.1.2

Gap and Performance Area	Finding and Observations	Remedial and Mitigating Action	Expected Outcomes	Target Group	Key Performance Indicators
Grant Financial Reporting	Tardy submission of grant financial performance reports	Establish and agree on a standard template for reporting timeline and schedule	Clear understanding of grant reporting requirements and timely submission	PIU Finance and Programmes	Reports submission within the stipulated deadline
Accounting Data Accuracy and Integrity	Inconsistent adherence to adequate accounting practices	Collaborative learning on accounting standards and best practices. Enhance system controls through the ongoing Sun Accounting upgrade exercise	Consistent application of accounting standards. Enhanced system integrity	PIU Finance	Elimination or reduction in FA review queries
Management of programme Advances	Significant delays in advance liquidation, and inconsistent accounting treatments	Apply a consistent approach to data entries for advances, and ensure timely liquidation of such (no more than 30 days after activity completion)	Advances are recognized as per standards, and liquidated within agreed timelines	PIU Finance & Programme implementers	Reduction in open advances within acceptable proportions
Fraud Risk Management Function	Lack of fraud risk management tools	Implement the relevant policy guidance enshrined in the revised PIU manual on fraud risk management	Increased general awareness around fraud risks on the grant's resources, through collaborative learning and the introduction of required tools	All PIU and IPs	Mitigated risks for fraud and abuse over grant resources
Procurement oversight function	Delays in sourcing and procurement processes. Limited FA oversight role	Streamline procurement processes, in line with established lead-time. To the extent practicable, automate procurement processes	Procurement delays and procrastination are maximally reduced for enhanced programme implementation and financial absorption. Best practices and standard	PIU Procurement Team, Programmes and IPs	Effective grant implementation and increased financial absorption. Effective FA oversight towards compliance with public procurement policies, and value

		through integration of procurement module in Sun System. Design standard bidding templates for deployment	procurement tools are designed and put to practice. FA oversight is exercised across all procurement processes.		for money in all grant related sourcing activities.

Annex 8b: GMR Action Plan

ACTIONS ON THE GMR ISSUE	TIMELINES
(e) Gavi Funding to be reflected in the national budget Due to the architecture of the national budget, funds under Gavi and other multilateral or bilateral donors are reported as funds from developmental partners. PIU will therefore close off this GMR through a Communication from the Secretary for Health.	30 April 2022
(k) Tax Exemptions In working for long-lasting solutions, on 16 and 17 December 2021, PIU had a round table discussion with the Representative of the Commissioner of Malawi Revenue Authority, The Secretary to Treasury, The Director of Banking from the Reserve Bank of Malawi, The Principal Secretary to the Government Contracting Unit on issues affecting the implementation of both the Global Fund and Gavi grants, one of which was VAT refunds. An action plan was agreed whereby all refunds will be reimbursed two months after PIU submits all required documents to MRA.	Application from January 2022 VAT Refund submissions To MRA
(i) Assets Management • PIU received list of assets from UNICEF and will update the asset register to reflect all remaining assets that were procured in the current grant including all Cold Chain Equipment (CCE) • PIU to obtain distribution list for all CCE from UNICEF PIU will conduct an asset verification and tagging exercises across the country to ascertain availability and condition of assets and tag those that have not been tagged. Then the verified assets will be included in the asset register.	30 June 2022
(n) Repair and Maintenance plans and logs • EPI in process to commence updating of inventory at all levels. • This inventory will be used to draw 5-year preventive plan • 2 Meetings will be required for review and finalisation of the plan	31 March 2022 31 August 2022
(q) Insurance of program assets i.e. vaccines, related supplies, vehicles, CCE PIU to provide a government guide on insurance of assets	30 April 2022
(r) Internal Audit plan and report The Internal Audit department is currently conducting a risk assessment for the PIU. PIU is facilitating finalisation of the annual risk-based audit plan for 2022-2023 to share with Gavi.	30 May 2022
(t) MoH Audit Committee This function is currently assured by Finance Sub Committee of PIC (Programme Implementation Unit). This is the case as Audit Committees were instituted with funding from a development partner, and this involved members from both Public and Private sectors. Once the project ended the committees ceased their operations.	Already in progress