

Memorandum on the Federal Democratic Republic of Nepal

Programme Audit report (2)

(in complement to an earlier report)

The attached Audit and Investigations report – in complement to the previous programme audit report, published in April 2024 – sets out additional conclusions on the programme audit of Gavi's support to the Federal Democratic Republic of Nepal's Ministry of Health and Population (MoHP), executed by the Family Welfare Division, implementing departments belonging to the Department of Health Services along with other implementing partners.

It summarises the additional work conducted in supplement to the prior programme audit that was initiated in 2022 and finalised in April 2024. Under the present scope, the audit team focused on completing its review of the MoHP's budgeting, financial management, and assurance areas, including the documentation evidencing the use of Gavi cash support disbursed to or managed by the MoHP during the five-year period January 2017 to December 2021.

The team also reviewed the assurance management framework in place, as well as revisiting the current status of Management's agreed actions, including the extent to which they were implemented.

The report's executive summary (pages 2 to 4) summarises the key conclusions, the details of which are set out in the body of the report:

1. Consistent with the prior report, the overall audit rating remains as **“needs significant improvement”**, which means, “One or few significant issues were 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.”
2. In total, five issues were identified in the following areas: (i) budgeting and financial management; (ii) assurance provider framework; and (ii) implementation status of prior audit recommendations.
3. To address the risks associated with the issues, the audit team raised five recommendations of which one was rated as high priority.
4. Key findings were that:
 - a. The budgetary and financial management of the country is challenged by ineffective oversight mechanism at national level, an inadequate controls environment over financial management at national and provincial levels, turnover of staff at subnational

levels due to decentralisation and insufficient document retention processes leading to Government's inability to maintain adequate accountability over Gavi's funds.

- b. Strengthening of the assurance provider mechanism to be undertaken to support the MoHP in strengthening its budgeting and financial management procedures
- c. The audit noted some progress in implementing agreed management actions in prior audit recommendation and the Ministry of Health and Population committed to implementing the outstanding recommendations within the agreed timeline.

The findings of the follow up programme audit were discussed with the Ministry of Health and Population and implementing partners. They accepted the audit findings, acknowledged the weaknesses identified.

In November 2024, Gavi wrote to the government requesting reimbursement for USD 310,899, an amount which was determined to be misused, as well as asking the MoHP to develop and commit to implementing a management action plan addressing the additional findings. The Gavi Secretariat continues to work with the Ministry of Health and Population, the Family Welfare Division, and the Department of Health Services to ensure that these commitments are implemented, and to agree on how to make the programme whole, pending receiving their commitment.

Geneva, November 2024

PROGRAMME AUDIT REPORT

*In complement to the April 2024
programme audit report*

Federal Democratic Republic of Nepal
November 2024

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1. Executive Summary

1.1 Overall audit opinion

	<p>The audit team assessed the Ministry of Health and Population's management of Gavi support, during the five-year period 1 January 2017 to 31 December 2021, as "Needs significant improvement" which means, "one or few significant issues were 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."</p> <p>Through our audit procedures, we have identified high risk issues relating to budget and financial management. To address the risks associated with the issues, the audit team raised five recommendations, of which one (20%) was rated as high risk. The recommendations need to be addressed by implementing remedial measures according to the agreed management actions.</p> <p>Significant progress was made in addressing 2022 programme audit recommendations and the Ministry of Health and Population committed to implementing the outstanding recommendations within the agreed timeline.</p>
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1.2 Summary of key audit issues

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

1.3 Summary of issues

This report supplements the previous audit carried out in 2022 – since published in April 2024 – in which the audit team was unable to express an opinion on Gavi-funded expenditures incurred by the Ministry of Health and Population (MoHP). Following the team completing its review of Gavi-funded expenditures incurred by the MoHP during the period from 1 January 2017 to 31 December 2021, herein are the team’s additional conclusions.

The results of this review do not change the overall “needs significant improvement” opinion provided in the 2022 audit report. In this review, the audit team identified one high risk and four medium risk issues regarding the: financial management processes in managing Gavi support; assurance provider framework; and the implementation of previous recommendations. Details on these issues are provided in Section 4 of this report.

Budgeting and Financial Management

Between 2017 and 2021, Gavi directly disbursed USD 27 million in cash to the MoHP in relation to the following grants: Health systems strengthening (HSS); Measles rubella follow-up campaign; TCV campaign; Product switch, and various vaccine introduction grants.

The audit team reviewed a sample of USD 1.6 million expenditures incurred at the: DoHS central, provincial and district levels, during the audit period. The team concluded that expenditures totalling USD 0.31 million were unsupported or inadequately supported (table 1 below).

The audit team attributed the gaps in budgetary and finance management to: ineffective oversight mechanism at national level, an inadequate control environment over financial management at national and provincial levels, turnover of staff at subnational levels due to decentralisation and insufficient document retention processes.

The team concluded that while the Department of Health Services’ (DoHS) weaknesses in budget and finance management remain unaddressed, the Government will be unable to maintain adequate accountability over Gavi’s funds, impacting the effectiveness of the immunisation programme, and potentially resulting in funds being misused as well as consequences for Gavi’s future funding.

1.4 Financial consequences of audit findings

The audit team reviewed a sample of expenditures totalling USD 1.6 million drawn from the five-year audit period (2017-2021), representing 22% of the total expenditures that were directly incurred by the MoHP during this period. The review of expenditures resulted in questioning amounts totalling USD 0.31 million, equivalent to 19% of the audit sample.

Most of the transactions questioned were deemed to be unsupported or inadequately supported. A significant amount were also ineligible as shown in the summary table below:

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

Category of questioned expenditures	Amount questioned (NPR)	Amount questioned (USD)	% of exp. tested	Details (report reference)
Inadequately supported	14,495,048	120,792	19%	4.1.2
Ineligible	5,009,423	41,745		
Unsupported	17,433,345	145,278		
Irregular	54,695	456		
Total questioned	36,992,511	308,271		

1.5 Unspent cash balances

Table 2: Gavi funds disbursed to Partners, remaining unspent at central level, by grant.

Gavi grant*	USD	Grant end date	Source of information
MoHP – TCV, VIG, HSS	3,808,987	Various	Statement from the Financial Comptroller General Office (FCGO) as on 16 Jul 2022
UNICEF – HSS	1,015,218	30 June 2024	Uncertified report for Gavi grants as on 31 Dec 2022
UNICEF – COVAX Delivery Support (CDS) – Early Access (EA)	222,964	30 June 2023	Uncertified report for Gavi grants as on 31 Dec 2022
WHO HSS	2,282,557	30 June 2024	Gavi cash grant implementation report as on 3 Jul 2022
WHO – COVAX Delivery Support (CDS)	1,082,141	31 Mar 2023	Gavi cash grant implementation report as on 3 Jul 2022
Total	8,411,867		

*Gavi's remaining fund balance which is part of the pooled fund account is not included in the table above.

2. Objectives and Scope

2.1 Audit objective

In line with the respective Partnership Framework Agreement and with Gavi's transparency and accountability policy, all countries that receive 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 Gavi's agreed terms and conditions and were applied to the designated objectives.

The audit team assessed the design and operating effectiveness of the existing financial management processes which support the timely utilisation and accountability of funds, related to Gavi's support for which the respective entities were responsible. The team reviewed the relevance and reliability of the internal control systems relative to the accuracy and integrity of the books and records. The audit team also reviewed the Government's progress in addressing the 2022 programme audit recommendations.

2.2 Audit scope

The audit scope covered the five year period from 1 January 2017 to 31 December 2021. The total cash, vaccines and ancillary support provided by Gavi to the Federal Democratic Republic of Nepal in this period is presented in table 3 below.

The Nepalese financial year runs from 16th July until 15th July. In contrast, Gavi disbursements are aggregated and presented by calendar year (January to December).

Table 3: Cash, equipment, PEF TCA, and vaccines support (2017 to 2021) in USD

Cash grants	2017	2018	2019	2020	2021	Grand Total
HSS	3,480,000	6,960,000	13,946,024		1,714,855	26,100,879
MR follow-up campaign op. costs			1,192,467	29,850	78,776	1,301,093
Vaccine introduction grants		514,078		482,272	451,211	1,447,561
Product switch grant		160,636				160,636
CDS - EA					2,159,909	2,159,909
TCV campaign					5,504,524	5,504,524
Cash total (a)	3,480,000	7,634,714	15,138,491	512,122	9,909,275	36,674,602
Equipment support						
CCEOP (b)		628,633	(3,240)		669,599	1,294,992
PEF TCA support						
PEF TCA (c)			940,430	1,203,101	631,737	2,775,268
Vaccine support						
Vaccines total (d)	7,170,535	6,783,733	9,480,458	7,965,550	118,839,999	150,240,275
Total (a + b + c + d)	10,650,535	15,047,080	25,556,139	9,680,773	130,050,610	190,985,137

2.3 Audit approach

In 2022, a programme audit was conducted by Gavi for which the results, except for financial management, were completed and published in April 2024¹.

Thereafter, in April 2024, at the request of DoHS and Gavi management, the audit team conducted a supplementary audit of the programmes' financial management component. This additional mission was conducted at the DoHS headquarters, five provincial offices and twelve district offices, with the respective

¹ Federal Democratic Republic of Nepal Programme Audit April 2024

management being held responsible for ensuring that all of the necessary documents were available for our review. **Annex 4** provides a list of sites visited by the audit team.

This report supplements the results from the prior audit, at which time the audit team had been unable to express an opinion on of Gavi-funded expenditures incurred by the Ministry of Health and Population (MoHP) because the full documentation was not provided at the time of our audit.

Gavi grant funds amounting to USD 9.5 million were disbursed to UNICEF and WHO. Where these funds were either directly used by both organisations or via the UN agencies' own partners, this resulted in this funding not being part of our audit review (i.e. out of scope) due to the United Nations single audit principle².

Gavi grant funds amounting to USD 17.4 million were disbursed through the Joint Financing Agreement (pooled fund). The pooled fund is subject to a single annual audit by the Auditor General Office, as per the pooled fund agreement. Results of this audit are shared with all pooled fund partners including any refunds expected from MoHP. As a result, these funds were out of scope for this review.

Tables 4 and 5 below, summarise the sources of expenditures that were selected for review by the audit team.

Table 4: Gavi cash disbursements by grant and recipient (2017 to 2021)

Cash grants	Fund Recipient	Total USD	Audit comments:
HSS	UNICEF	3,453,974	Out of scope
	UNICEF SD	197,440	Out of scope
	WHO	3,506,024	Out of scope
	MoHP – Pooled Fund Account	17,426,026	Out of scope
	MoHP	1,517,415	Included in scope
Sub-total HSS		26,100,879	
MR follow-up campaign op.costs	PWC	108,626	Scoped out by the audit team
	UNICEF	137,778	Out of scope
	MoHP	1,054,689	Included in scope
Sub-total MR		1,301,093	
Rota Virus (RV)	PWC	27,500	Scoped out by the audit team
Product switch grant	UNICEF	31,158	Out of scope
	MoHP	129,478	Scoped out by the audit team
Sub-total switch grant		188,136	
TCV	MoHP	5,504,524	Included in scope
Vaccine introduction grant	MoHP	1,420,061	Scoped out by the audit team
CDS	UNICEF	1,058,356	Out of scope
	WHO	1,101,553	Out of scope
Sub-total TCV, VIG, CDS		9,084,494	
Grand total		36,674,602	

² The single audit principle is part of a common internal control and audit framework in United Nations system organisations. It directs a system of checks and balances, where the control and audit functions with regard to funds directly expensed by the UN agencies are based on common methods and framework enabling auditors of one institution to rely on the work of auditors from another institution instead of re-performing the audit themselves.

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

Implementing entity / Province	Expenditures reported (in NPR)	Expenditures reviewed (in NPR)	% reviewed
Department of Health Services (DoHS)	6,824,590	1,172,900	17%
Koshi	164,830,307	44,725,067	27%
Madhesh	135,423,988	33,835,871	25%
Bagmati	145,949,384	51,277,705	35%
Lumbini	117,353,609	29,049,163	25%
Sudurpaschim	97,831,532	30,767,939	31%
Karnali	94,481,551	-	-
Gandaki	97,777,060	-	-
Total	860,472,021	190,828,645	22%

The team sampled and reviewed expenditures totalling USD 1.6 million (NPR 190.8 million), which accounted for 22% of the total spending reported by government entities (i.e. the DoHS, provinces and districts) during the period January 2017 to December 2021.

2.4 Progress since the 2022 programme audit

Family Welfare Division (FWD) made some progress in implementing the actions agreed by their management in response to the 2022 Gavi programme audit. Nevertheless FWD faced challenges in coordination with other stakeholders outside of FWD. Overall, 37 actions were agreed of which 26 were due to be complete by April 2024. At the time of this audit in April 2024, 12 of the 26 actions have been postponed to a future date by FWD, as they required coordination with other stakeholders outside of the FWD. Though some of the relevant actions have begun, none were completed. The remaining 14 actions were implemented, as evidenced by the supporting documentation, and were considered closed. Refer to **Annex 7** for the status of the management actions.

2.5 Exchange rates

Most in-country expenditures were incurred using the Nepalese Rupee (NPR). For information purposes and as part of this report, the overall equivalent amounts are also reflected in United States Dollars (USD). The average exchange rate provided by the Bank of Nepal at the time of conversion from USD account to NPR was used to convert amounts. As a result, the average exchange rate for the five year audit scope period 2017 to 2021 was NPR 120 to USD 1.

3. Background

3.1 Introduction

Nepal is a federal democratic republic with 3 levels of government comprising the central federal level, 7 provinces and 753 local governments. There are 77 districts, which were the sub-national level of administration until 2017. The 753 local governments in place since 2018 comprises 6 metropolitan cities, 11 sub-metropolitan cities, 276 municipalities and 460 rural municipalities. Nepal has an estimated population of 30.2 million. According to the United Nations Development Programme, the country ranks 142 out of 189 in the human development index and the country's GDP per capita was estimated to be USD 870 in 2021.

The country still faces challenges with its health sector workforce as there was a ratio of 9 “physicians, nurses and midwives” per 10,000 population, which is below WHO's recommended average health workforce ratio of 23 per 10,000 population.³ The national health system consists of the public sector made up of all the government-owned health facilities, as well as the private sector. The provision of health services in Nepal is decentralised to provinces and districts, who are responsible for taking the lead in managing and administering health services.

3.2 Gavi's funding arrangements in Nepal

Gavi's support to MoHP is received in a bank account held at the Nepal Rastra Bank (Central Bank of Nepal) under the name of Financial Comptroller General Office (FCGO). The same bank account is used to receive funding from other development partners and donors so Gavi's funds are comingled. Upon receiving Gavi funds in a Government bank account, FCGO issues a “fund release letter” to the concerned offices/ local bodies. The fund release letter is an official document which communicates the availability of funds and provides provinces with the authorisation to spend these resources on budgeted activities. Similarly, Provinces also issue a fund release letter to their respective districts. Additionally, Gavi supports some activities directly through its partners UNICEF and WHO.

Gavi also provided financial support to the MoHP through the Joint Financing Agreement (pooled fund) co-financed with other funding partners including FCDO, World Bank and KfW. This Joint Financing Agreement was signed in December 2016 as a mechanism contributing towards funding the Nepal Health Sector Strategy – itself being a wider national strategy which brings together other partners such as, UNICEF, WHO, USAID, KOICA and UNFPA. The support is received in a pool fund account held at the Nepal Rastra Bank (Central Bank of Nepal) under the name of Financial Comptroller General Office (FCGO).

3.3 Good Practices

After our initial review in June 2022, in October 2023 Gavi engaged the services of an Assurance Provider (AP). This AP's objectives were to: bring greater efficiency to the management of Gavi grants in Nepal; strengthen the country's compliance with Gavi's financial management requirements; provide fiduciary risk assurance; and contribute towards enhancing the national staff's financial management and reporting capacity. The audit team noted that (i) Outstanding activities including the annual financial audits for 2016 to 2022 were completed as part of the initial capacity building activities, which resulted in better coordination and engagement with the Auditor General, and (ii) Engagement between the provinces, FWD and DoHS in financial reporting and financial management improved.

³ Global Health Observatory data repository, WHO

4. Audit Issues

4.1 Budget and Financial Management

4.1.1 Inadequate systematic budget and work plan monitoring and reporting system

Context and criteria

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

Included in the GMRs from 2020, MoHP/DoHS is required to submit financial reports for each of the Gavi grants (except those channelled through the pool fund) in line with Gavi's Guidelines on Financial Management and Audit Requirements. This will include ensuring proper linking of activities to budgets and source of funding at all levels of spending, appropriate adjustment of advances to lower levels and staff from reported expenditure and clear consolidation of reports at the national level, including those for grants channelled through Alliance Partners. The GMRs require that Gavi funding to provinces be budgeted for as conditional grants through the federal level. Detailed guidelines on the grants should be sent to provinces by the federal level within two months of the start of every fiscal year.

Paragraph 8.1(b) of the PFA states that: *“This Agreement constitutes a legal, valid and binding obligation of the Government, enforceable against it in accordance with its terms. The activities under the Programmes are operated in compliance with applicable laws.”*

Section 73(2) of the Financial Procedures and Fiscal Responsibility Regulations, 2077 requires that *“In connection with foreign assistance, the project or office shall be required to submit reports to the superior office as aid in-kind, direct payment, turn key, technical and other assistance as well as reports on reimbursement of sums, expenditure headings, donor agencies, types of sources, and method of payments.”*

Condition

The audit team noted the following areas for improvement:

Inclusion of provinces in the annual budgeting, planning and analysis processes: There was insufficient evidence to demonstrate the involvement of the provinces and districts in the budgeting and planning process. Additionally, analysis procedures comparing budgets to actual expenditure were not completed at the subnational levels, as based on the units visited by the team.

Budget monitoring was insufficient: Gavi grants are managed centrally through an accounting system called CGAS and subnationally through the TABUCS systems. The CGAS system can produce a budget versus actual analysis report. However, FCGO did not monitor the budgets through the system or establish any suitable process to ensure that the expenditures reported by the provinces were as per the approved work plans. As such, FCGO did not investigate variances in expenditures from work plans.

Inadequate monitoring of workplan: There was no evidence to demonstrate that periodic monitoring of workplans was undertaken or discussed in the governance and oversight structures like the ICC or by the senior management of DoHS, to ensure that activities were timely implemented and grant funds were absorbed. This was due to a lack of reporting by sub-national level, compounded by the manual reporting systems at health offices, and practical difficulties associated in actually consolidating the activity/grant-wise reports.

Recommendation 1

DoHS should ensure that:

- Provinces are appropriately involved in the planning process and that this process is documented;
- A process of budget monitoring is instituted both at national and provincial level, and that budget monitoring is done for all grants; and
- Expenditure is reviewed by DoHS against the approved workplans and any variances investigated.

<p>Root cause</p> <ul style="list-style-type: none"> Recent DoHS staffing changes associated with the federalisation process (including several new and inexperienced staff), coupled with inadequate capacity building at subnational levels. Inadequate follow-up and oversight to ensure the implementation of relevant financial management practices and accountability mechanisms, so as to hold staff and relevant authorities accountable. 	<p>Management comments</p> <p>See detailed management responses - Annex 8</p>	
<p>Risk / Impact / Implications</p> <ul style="list-style-type: none"> The inadequate monitoring of budget utilisation, postpones the chance to possibly reprogramme funding, translating into missed opportunities for the country. There is a risk that programme objectives might be delayed or not-achieved, as some planned activities may not be completed. 	<p>Responsibility</p> <p>FWD-DoHS FAS-DoHS</p>	<p>Deadline / Timetable</p> <p>See Annex 8</p>

4.1.2 Gaps in financial management resulted in questioned expenditures

Context and criteria

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

The signed PFA, (under clause 15) requires that “the Gavi funds provided under this Agreement shall not be used to pay any taxes, customs, duties, toll or other charges imposed on the importation of vaccines and related supplies. The Government shall use its reasonable efforts to set up appropriate mechanism to exempt from duties and taxes all purchases made locally and internationally with Gavi funds.”

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

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

Condition

Questioned expenditure amounting to USD 0.31 million – The audit team reviewed a sample of transactions at the: DoHS central level, provincial offices and district offices, which were incurred during the audit period (1 January 2017 to 31 December 2021). The DoHS reported expenditures totalling USD 7.17 million of which 22% (USD 1.6 million) was selected for review. Overall, the audit team questioned expenditures totalling USD 0.31 million due to either the inadequacy of supporting documents, irregular expenditure, or ineligible and unsupported expenditures, as shown below:

Table 6: Expenditures questioned by the audit team in NPR and USD

Location	Expenditures reviewed (a)	Voucher verified (b)	Adequately supported (c)	Inadequate (d)	Irregular (e)	Ineligible (f)	Unsupported for vouchers verified (g)	Unsupported items (a-b) (h)	Expenditures questioned (= d+e+f+g+h)	Expenditures questioned (USD)
HO	1,172,900	1,172,900	737,760			435,140			435,140	3,626
Koshi	44,725,067	42,449,983	40,722,474	1,154,725	0	476,184	96,600	2,277,723	4,005,232	33,377
Sudurpashchim	30,767,939	30,024,534	29,129,938	556,283	30,000	196,093	112,220	1,216,438	2,111,034	17,592
Bagmati	51,277,705	48,632,635	43,080,931	32,700	0	2,193,496	3,325,508	3,003,121	8,554,825	71,290
Lumbini	29,049,163	28,610,441	23,887,900	4,567,902	0	150,039	4,600	645,302	5,367,843	44,732
Madhesh	33,835,871	29,149,626	23,646,048	3,178,810	24,695	353,234	1,946,839	4,804,994	10,308,572	85,905
OAGN						1,205,237			1,205,237	10,044
Total (NPR)	190,828,645	180,040,119	161,205,051	9,490,420	54,695	5,009,423	5,485,767	11,947,578	31,987,883	
Equivalent in USD	1,580,464	1,490,560	1,337,227	79,087	456	41,745	45,715	99,563		266,566

Recommendation 2

We recommend that MoHP in consultation with provincial government:

- Conduct regular training of the provincial and district finance staff on financial management and compliance with grant management requirements.
- Ensures that all expenditures are adequately supported with adequate and accurate supporting documents, as well as instituting a robust process for verifying expenditures.
- Ensures that Gavi grants are not used to incur VAT charges, and that a mechanism to identify and track any VAT paid from Gavi grants is put in place.
- Ensure that regular supervisions to the sub-national level take place, to review the provinces and districts’ financial management practices, including review of their financial reports and corresponding activities. Bank reconciliation statements and relevant journal vouchers (with a corresponding schedule of balances per funding source) are to be

Unsupported expenditures (USD 45,715 + USD 99,563 = USD 145,278) – This amount is comprised of: (i) Transactions reported by the DoHS and the provinces / district offices for which the audit team did not receive any vouchers / or supporting documents amounting to USD 45,715, and (ii) Differences between the expenditures reported by the respective office and the value of the payment voucher provided amounting to USD 99,563.

Inadequately supported expenditures (USD 79,087) – Where the quality of documentation maintained to support transactions related to implementing various programme activities, was inadequate. For example, there were no attendance sheets provided or in the absence of appropriate attendance sheets, supplementary supporting documentation such as an activity report or supervision report was not available, to confirm that the activities budgeted for took place. As a consequence, the audit team was unable to provide reasonable assurance that the expenditures were related to Gavi-funded activities.

Irregular expenditures (USD 456) – Where the quality of documentation in support of transactions related to implementing various programme activities was not appropriate. For example, log sheets were not available for fuel receipts.

Ineligible expenditures (USD 41,745) – These ineligible transactions relate to where funds were used for activities that were not included in the approved budgets (USD 28,430) and a VAT amount of USD 13,315. The MoHP was unable to present the relevant VAT exemptions for procurements using Gavi funds as required by the GMRs. Similarly, the FCGO had no mechanism in place to track what VAT was paid in relation to donor-funded activities.

Questioned procurement expenditures - NPR 5,004,628 (USD 41,705) – In addition to the expenditures noted above, the audit team selected five procurement transactions from the statement of expenditures submitted to Gavi for the fiscal year 2017-18 (2074-75) for review amounting to NPR 7,953,974 (USD 66,283). The MoHP and related subnational levels were unable to present procurement documents including bidding documents, evaluation reports and contracts for procurements amounting to USD 41,705 to the audit team and were questioned as below:

Table 7: Unsupported procurement expenditures

Code	Particulars	Amount NPR	Amount USD
3708044	Power back up voltage stabiliser Servo Type with 100% copper, Voltage from 90 to 260 in 75 district cold room and 6 medical stores for cold chain and vaccine management	2,398,078	19,984
3708044	Procurement and installation of 5 KVA solar hybrid for power supply in high mountain district cold room (5 set)	2,606,550	21,721
	Total	5,004,628	41,705

reviewed and signed off by the senior management team, to ensure accuracy and completeness.

- Use a standard template when preparing fund release letters, so that pertinent details are consistently included which could be helpful for the province / district to account for Gavi grants at various levels as well as help during the time of liquidation.
- Roll out computerised accounting systems across provincial and health offices for use in grant accounting and reporting.

Root cause

- Non-compliance with the Partnership Framework Agreement, resulting in ineffective financial procedures and the questioning of expenditures, as a consequence.
- Inadequate controls over the review of expenditures coupled with inadequate document management.
- There was no evidence that financial management guidelines were shared at the sub-national level on fund disbursements and clarifying what accountabilities were required for maintenance of supporting documents.
- There was limited financial supervision from the DoHS to the provinces, and a lack of review by the FCGO of the expenditures reported by the provinces.
- Due to staffing changes as part of the federalisation process, new finance personnel were recruited, particularly within the provinces and at subsidiary levels. Many of the incumbents are not yet adequately trained or experienced.
- A lack of traceability of funds disbursed to province and district levels, due to which the expenditures incurred are not always categorised to the correct grant at the sub-national level.

Management comments

See detailed management responses - [Annex 8](#)

<ul style="list-style-type: none"> Multiple financial management systems are being used across the MoHP's administrative structures without any integration, which leads to difficulty in reporting and reconciliation of funding sources/grants. Delays in justifying advances, can result in inadequate documentation being maintained or liquidations being incomplete. 					
<p>Risk / Impact / Implications</p> <ul style="list-style-type: none"> Loss of trust and confidence in the implementing entities and the government, which can have a negative impact on future funding from Gavi and other donors. Non-compliance with the Partnership Framework Agreement and grant agreement, which led to ineffective financial procedures and resulted in questioned costs. This may indicate that Gavi funds not being utilised effectively and efficiently, and there was a risk of financial mismanagement including fraud. This could result in termination of funding in some instances. Poor health outcomes of the targeted population, as the funds intended for the vaccination programme may not be utilised optimally due to inadequate financial procedures and controls. Payment of VAT makes programme funds unavailable for implementation of programme activities. Questioned expenditures totalling approximately to USD 0.31 million (i.e., inadequately supported, irregular, unsupported and ineligible expenditures) 	<table> <tr> <th data-bbox="1592 284 1800 323">Responsibility</th><th data-bbox="1800 284 2166 323">Deadline / Timetable</th></tr> <tr> <td data-bbox="1592 323 1800 646">FWD-DoHS FAS-DoHS</td><td data-bbox="1800 323 2166 646">See Annex 8</td></tr> </table>	Responsibility	Deadline / Timetable	FWD-DoHS FAS-DoHS	See Annex 8
Responsibility	Deadline / Timetable				
FWD-DoHS FAS-DoHS	See Annex 8				

4.2 Assurance Provider Framework

4.2.1 Strengthening of Assurance Provider mechanism

Context and criteria

In August 2023, Gavi appointed an assurance provider for a period up to December 2025. This provider's objectives were to: bring greater efficiency to the management of Gavi grants in Nepal; strengthen the country's compliance with Gavi's financial management requirements; provide fiduciary risk assurance; and contribute towards enhancing the national and provincial staff's financial management and reporting capacity. In addition, the assurance provider's work is to be governed by a suitable assurance framework developed by Gavi. The scope of the AP's duties extends to all Gavi grants. Its terms of reference indicates the list of activities to be undertaken by the AP, including the overarching objective of enabling a more stable and sustainable financial management state in country, to help the country navigate through transition away from the AP's supporting role.

The AP needs to work closely with Gavi's Portfolio Financial Management (PFM) focal point, to ensure that: budgeting; financial reporting; cash management and disbursements; Audits; and related compliance requirements, are consistently achieved in a timely manner.

Condition

Gavi has appointed an assurance provider (AP) for Nepal for approximately two years, to support the MoHP in strengthening its budgeting and financial management procedures. The audit team reviewed the AP's terms of reference and scope of work, its approved work plan, and the three quarterly reports it submitted to Gavi (between August 2023 and April 2024) and noted the following:

Based on the AP's scope of work, it developed a work plan for the period till December 2024. This work plan was validated by Gavi's PFM unit and execution is proceeding accordingly. To date, up until April 2024, the AP has submitted three reports. The audit team undertook a review of the terms of reference, work plan and the reports submitted to date. Examples of key activities not yet undertaken by the AP include, as follows (refer to **Annex 6** for detailed scope of work and status):

- While the AP reviewed the administrative, financial and accounting procedures manual, their observations did not include recommendations or an implementation plan to be discharged by the DoHS.
- The review of national DoHS' budget and procurement procedures included in the ToR has not yet started.
- While the AP's ToRs require a review of all the payments, the AP only reviewed a sample as part of its financial management spot checks.
- While the ToRs requires the AP to complete a detailed and comprehensive financial management capacity building plan, this has not been done by April 2024. Instead, the AP developed a training plan based on their past experience as Monitoring Agent. However this training plan has not yet been validated by Gavi, as it needs to be reviewed to ensure that it encompasses a comprehensive capacity building plan.
- The review of counter-fraud mechanism procedures has not yet started.

The audit team also noted that there is a misalignment between the Assurance Provider's terms of reference, approved work plan and actual activities undertaken to date. The audit team therefore concluded that Gavi management needed to review the need of the assurance provider given the current capacity building and technical assistance needs at national and subnational level.

Root cause

- The assurance provider mechanism was recently introduced as part of Gavi support to the countries. Gavi is still learning and the AP requirements will continue to evolve as Gavi gains more experience working with assurance providers in countries.
- Misalignment between the the assurance provider's terms of reference, approved work plan and the actual activities being undertaken.

Recommendation 3

We recommend that the MOH and the Gavi country program delivery (CPD) team jointly re-evaluate the role of the current appointed provider, as there is a need for additional capacity building and technical assistance at both national and subnational levels. Following this, an assessment should also be done to determine whether the assurance provider function in its current format, is still necessary.

Management comments

See detailed management responses - [Annex 8](#)

Risk / Impact / Implications	Responsibility	Deadline / Timetable
<ul style="list-style-type: none">If the assurance provider fails to comply with its terms of reference, this may result in it being ineffective or in it failing to deliver on the full range of complementary fiduciary activities.	Gavi Portfolio Management team	See Annex 8

4.3 Implementation status of prior audit recommendations

4.3.1 Some progress was made in addressing the 2022 programme audit recommendations

Context and criteria

Paragraph 15 of Annex 2 of the PFA states that “The Government shall comply with the terms and implement the measures set out in the Financial Management Requirements by the timelines set out in therein.”

GMR 2020 states “DoHS (FWD, and MD if applicable) will prepare a plan to follow up on the recommendations made by the internal auditors, external auditors, and Gavi auditors for submission to Gavi and for internal dissemination internally within the MoHP and DoHS. The DoHS will be responsible for monitoring all audit recommendations and a status of the fulfillment or recommendations will be submitted to the ICC and Gavi.”

Paragraph 28 of Annex 2 of the PFA states that “GAVI may suspend, in whole or in part, its funding to one or more Programmes to the Country if: the Government has failed to perform any of its obligations under this Agreement and any Decision Letters.”

In 2022, Gavi carried out a programme audit of its support to Nepal, proposing recommendations to strengthen controls and mitigate risks. The final audit report was published in April 2024, including an agreed management action plan to be implemented, and for which Gavi’s Country Programme Delivery (CPD) team is responsible to follow-up. As a result in April 2024, the Gavi audit team reviewed the MoHP’s current progress in implementing its agreed actions, with a focus on those due to be implemented by April 2024. Gavi is responsible for determining the consequences of non-implementation, which ultimately could result in funding suspension or termination.

Condition

The prior programme audit report includes 37 agreed management action points. The audit team noted that 26 of them were due to be completed by April 2024. DoHS made some progress in implementing its management actions resulting in 14 out of 26 actions being completed. DoHS decided to postpone 12 of the 26 actions to a future date as the Family Welfare Division (FWD) required coordination with other stakeholders outside of FWD for complete implementation. Thus, although some of the relevant actions were begun by FWD, none of these can be completed, pending the other department completing their corresponding task assigned. . Refer to **Annex 7** for details on the status for the recommendations.

Examples of key recommendations not yet implemented include:

- Formation of a steering committee responsible for convening a coordination platform, with a mandate to deliberate planning, implementation and monitoring of related aspects of the National Immunisation Programme, including Gavi-funded activities. The committee to include representation from a range of MoHP divisions , from partners and other stakeholders.
- Formation of the proposed Inter-Governmental Coordination Committee to be chaired by the Director General, with appropriate representation from various federal and provincial governments stakeholders, with a mandate to deliberate programme planning, implementation, monitoring and reporting related aspects/challenges of the National Immunisation Programme (including Gavi-funded activities).
- Revision of the ICC’s terms of reference, in line with the Immunisation Act and with guidance from the National Immunisation Advisory Committee.
- Preparation of supervision work plans and ToRs, as well as appropriate supervision tools. A system to document monitoring visits and action plans is to be introduced, and the results as well as the action plan will be discussed in staff meetings as well as bi-weekly immunisation meetings on a quarterly basis.
- Vaccine stock counts are to be done every month by the provincial and district stores. Similarly, stock counts to be done every 3 months at the central vaccine store. Appropriate documentation evidencing these counts to be maintained.

Recommendation 4

To enhance oversight over the implementation and follow-up of past recommendations, from audits and assessments/ reviews, the MoHP/DoHS management should:

- develop a tracking system at the DoHS operational level which captures all of the recommendations, ranked by priority (high, medium, low). Where recommendations are repeated across several reviews, these should all be included in the tracker with one action and action owner, to help consolidate the appropriate action being taken.
- at the ICC oversight level, develop a dashboard which takes into consideration audit recommendations, and ensure that these are allocated to an action owner with timelines for implementation.
- Include as an ICC meeting agenda item every six months (i.e. semi-annually) a progress report on the status of implementing all recommendations.

<ul style="list-style-type: none"> • By end of FY 2023/24 (2080/81), at least 60 districts should be using the eLMIS for vaccine management. • Wastage data is recorded based on a computation of the following data points: vaccines received, vaccines supplied to service points and the coverage achieved. This wastage is to be logged every month in the Health facility monthly recording sheet as well as in the electronic DHIS2 database.. • Where variances between stocks recorded in the eLMIS and the physical count are identified, operationalise an appropriate mechanism to document, sign and approve how these variances are dealt with. • Developing various guidelines and analytical documents on establishing the quality and use of immunisation data. and • Develop and disseminate SOPs on how to manage the inventory of Gavi-funded asset acquisitions. 	<ul style="list-style-type: none"> • Following the ICC's semi-annual endorsement, share with Gavi the progress update on the implementation of recommendations. 		
<p>The audit team concluded that significant issues remain unaddressed, potentially impacting upon the programme's implementation and performance.</p>			
<p>Root cause</p> <p>The following root causes were identified:</p> <ul style="list-style-type: none"> • There is no mechanism in place to track the implementation of the audit recommendations. • Inadequate Inter-agency Coordination Committee (ICC) oversight over the implementation of recommendations. • Recommendations were not assigned to action owners, responsible for their follow up, and ensure prompt implementation. 	<p>Management comments</p> <p>See detailed management responses - Annex 8</p>		
<p>Risk / Impact / Implications</p> <ul style="list-style-type: none"> • Failure to implement or address audit recommendation could result in suspending Gavi's funding. As a consequence future funding opportunities could be foregone (as per the signed PFA). • Outstanding issues from audit and other reviews can result in internal control weaknesses remaining unresolved, undermining programme implementation and/ or grant performance. • Insufficient or inadequate oversight may impact on the programme's ability to achieve its stated objectives. 	<table> <tr> <td data-bbox="1592 608 1800 791"> <p>Responsibility</p> <p>FWD-DoHS FAS-DoHS</p> </td><td data-bbox="1800 608 2163 791"> <p>Deadline / Timetable</p> <p>See Annex 8</p> </td></tr> </table>	<p>Responsibility</p> <p>FWD-DoHS FAS-DoHS</p>	<p>Deadline / Timetable</p> <p>See Annex 8</p>
<p>Responsibility</p> <p>FWD-DoHS FAS-DoHS</p>	<p>Deadline / Timetable</p> <p>See Annex 8</p>		

4.3.2 Grant management requirements are still outstanding

Context and criteria

Paragraph 15 of Annex 2 of the PFA states that “The Government shall comply with the terms and implement the measures set out in the Financial Management Requirements by the timelines set out in therein.”

Paragraph 28 of Annex 2 of the PFA states that “GAVI may suspend, in whole or in part, its funding to one or more Programmes to the Country if: the Government has failed to perform any of its obligations under this Agreement and any Decision Letters.”

In 2016, Gavi carried out a programme capacity assessment (PCA) of the MoHP, covering the following areas: financial management – including an evaluation of the funding mechanism – and vaccine/cold chain management. In 2020, the PCA process concluded, resulting in the MoHP and Gavi agreeing on a set of grant management requirements (GMRs).

Condition

Delays in implementation of grant management requirements (GMRs): Five of the nine GMRs were implemented. The four pending GMRs include:

- Revision of the Interagency Coordination Committee (ICC) TORs to include the mandate, membership (including composition, selection and rules), meeting rules, decision making rules, support functions, roles and responsibilities including those of the ICC secretariat, TORs for sub committees or working groups, as applicable
- Implementation and roll out of a suitable integrated financial management system across spending units at federal, provincial and health offices, to include at a minimum, the following:
 - Integration with budget information systems (LMBIS, Provincial LMBIS (PLMBIS)) and treasury management systems (Treasury Single Account (TSA) and State TSA systems)
 - Module for tracking of advances to lower levels and to staff, with ability to provide ageing analysis for outstanding advances
 - Coding of budgets and expenses as well as generating financial reports in line with Gavi Guidelines on Financial Management and Audit Requirements.
 - Assets management module
- Maintenance of a consolidated and comprehensive Fixed Asset Register (FAR) for all assets, including but not limited to cold chain equipment, vehicles and IT equipment procured using Gavi support, and to include annual verification at all levels.
- Oversight for financial management transactions over Gavi supported programmes at federal, provincial and district levels.

Recommendation 5

To enhance oversight over the implementation of the remaining four pending GMRs, the MoHP/DoHS management should:

- develop a tracking system at the DoHS operational level and ensure all GMR are captured, ranked by priority (i.e. high, medium, low).
- At the ICC oversight level, develop a dashboard which takes into consideration GMRs and that these are allocated to an action owner with timelines for implementation.
- Include as an ICC meeting agenda item every six months (i.e. semi-annually) a progress report on the status of implementing all recommendations.
- Following the ICC’s semi-annual endorsement, share with Gavi the progress update on the implementation of recommendations.

Root cause

The following root causes were identified:

- Recommendations were not assigned to action owners and there is no mechanism in place to track the implementation of the GMRs, including lack of visibility at senior leadership levels.
- Inadequate ICC oversight over the implementation of recommendations.

Management comments

See detailed management responses - [Annex 8](#)

Risk / Impact / Implications

- Failure to implement and comply with the GMRs, could result in delaying, suspending or terminating Gavi’s funding. As a consequence future funding opportunities could be foregone (As stated in the signed PFA).
- Insufficient or inadequate oversight may impact on the programme’s ability to achieve its stated objectives.

Responsibility

FWD-DoHS
FAS-DoHS

Deadline / Timetable

See [Annex 8](#)

5. Annexes

Annex 1 – Acronyms

AWPB	Annual Work Plan
AP	Assurance Provider
CIP	Costed Improvement Plan (linked to the EVM)
DTCO	District Treasury Control Office
DoHS	Department of Health Services
eLMIS	Electronic Logistics Management Information System
EVM	Effective Vaccine Management
FAR	Fixed Asset Register
FCGO	Financial Comptroller General Office
FWD	Family Welfare Division
GMR	Grant Management Requirements
HF	Health Facility
HMIS	Health Management Information Systems
ICC	Inter agency Coordination Committee
MA	Monitoring Agent
MoHP	Ministry of Health and Population
NPR	Nepalese Rupee
PAMS	Provincial Asset Management System
USD	United States Dollars
VIG	Vaccine Introduction Grant

Annex 2 – Methodology

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

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

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

Annex 3 – Definitions: opinion, audit rating and prioritisation

A. Overall Audit Opinion

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

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

B. Issue Rating

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

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

Annex 4 - Sites visited by the audit team

Provinces	Districts
Province 1 – Koshi	Morang, Sunsari
Province 2 – Madhesh	Dhanusha, Mahottari
Province 3 – Bagmati	Kathmandu, Lalitpur, BhaktaPur, Kavre
Province 5 – Lumbini	Palpa, Rupandehi
Province 7 - Sudurpaschim	Kailali, Kanchanpur

Annex 5 - Expenditures questioned by the audit team (amounts in NPR)

Federal Level

FY/Voucher n°	Value date	Details	Amount	Ineligible	Comment
2018-19/8	26/06/75	Salary of contractual employees such as computer operator, ha. Sa. Cha. And support staff	296,100	32,460	1. Salary has also been paid to employee of designation that are not budgeted in AWP. As per AWP, salary of 2 helpers were budgeted, however salary of 3 helpers are charged to GAVI. Hence salary of 1 helper which was not budgeted in AWP is ineligible. 2. Payment slip has been acknowledged by 2 employees out of 8 employees only. 3. Payment Slip lacks information of bank accounts of 2 employees. This signifies payment of salary may have been paid in cash. 4. Copy of DTCO(District Treasury Controller Office) certified transfer advice of salary is not present with the voucher.
2018-19/45	12/11/75	Salary of contractual employees such as computer operator, ha. Sa. Cha. And support staff	876,800	402,680	1. Salary paid to employee with designation not as per mentioned in AWP. As per AWP, budget is allocated for computer operator 3, Driver 5 and sweeper 1; however, salary has been charged to GAVI fund for Program coordinator 4, Driver 5 and sweeper 2) 2. Copy of DTCO(District Treasury Controller Office) certified transfer advice of salary was not present with the voucher.
TOTAL			1,172,900	435,140	

PHD Dhankuta

FY	Voucher n°	Value date	Transaction description	Amount	Ineligible	Auditor's explanations/reasoning
2017/18 (2074/75)	30		Immunisation Programme 4 Days Training	1,772,150	11,688	VAT amount included in expenditure is categorised as ineligible
2017/18 (2074/75)	30		Immunisation Programme 4 Days Training	1,787,089	6,109	VAT amount included in expenditure is categorised as ineligible
2019/20 (2076/77)	5	7 Magh 2076	Advance settlement of Udes Shrestha against V.N. 3 for programme related to TCV and Rota	1,332,055	43,743	VAT amount included in expenditure is categorised as ineligible
2021/22 (2078/79)	15	7 Baishak 2079	Typhoid Campaign Shubharanma programme TDA and Fuel Bill	122,053	7,553	VAT amount included in expenditure is categorised as ineligible
2021/22 (2078/79)	13	23 Chitra 2078	Typhoid khop Training hall bill, Press orientation, stationary bill	1,000,000	27,075	VAT amount included in expenditure is categorised as ineligible
	TOTAL			6,013,347	96,168	

PHLMC Morang

FY	Voucher n°	Amount	Inadequate	Ineligible	Auditor's explanations/reasoning
2074/75	5	97,999		11,274	VAT amount included in expenditure is categorised as ineligible
2074/75	8	496,861		57,161	VAT amount included in expenditure is categorised as ineligible
2074/75	5	95,264		10,959	VAT amount included in expenditure is categorised as ineligible
2074/75	6	273,872		31,507	VAT amount included in expenditure is categorised as ineligible
2074/75	9	97,257		11,188	VAT amount included in expenditure is categorised as ineligible
2074/75	13	14,125		1,377	VAT amount included in expenditure is categorised as ineligible
2074/75	16	45,870		4,141	Vat amount has been categorised as ineligible
2074/75	17	63,975		5,070	Vat amount has been categorised as ineligible
2076/77	1	197,550	177,025		1. Travel claim sheet not present 2. Travel allowance acknowledgement receipt not present
2076/77	19	263,150	132,200		1. Travel claim sheet not present 2. Travel allowance acknowledgement receipt not present
2078/79	66	99,892		11,492	VAT amount included in expenditure is categorised as ineligible
2078/79	48	399,930		46,009	VAT amount included in expenditure is categorised as ineligible
	TOTAL	2,145,745	309,225	190,178	

Morang Health Office

FY	Voucher n°	Value date	Transaction description	Amount	Inadequate	Unsupported	Auditor's explanations/reasoning
2076/77	57	24.01.2077	Advance settlement - Dadura Rubela	576,900	24,000		Daily attendance sheets of Volunteer and Vaccinators is not attached and no alternative evidence available to support expenditure
2076/77	73	2077/02/30	Programme Expense related to Rubella and Dadura Survey	96,600		96,600	There were no documents related to GAVI expenditure
2078/79	75	2079.03.31	Programme Expense	6,000,000	206,500		Travel allowance paid to volunteers as there was no attendance sheet attached to voucher and no alternative expenditure available to support expenditure
	TOTAL			6,673,500	230,500	96,600	

Sunsari Health Office

FY	Transaction description	Amount	Inadequate	Ineligible	Auditor's explanations/reasoning
2019/20 (2076/77)	Operational Costs of MR Campaign	742,460		1,950	VAT amount included in expenditure is categorised as ineligible
2019/20 (2076/77)	Travel costs of vaccinators for MR Campaign	615,000	615,000		Attendance sheet of vaccinators not attached and no alternative evidence available to confirm expenditure
2021/22 (2078/79)	FID Programme expenses	1,089,851		77,460	VAT amount included in expenditure is categorised as ineligible
2021/22 (2078/79)	TCV Campaign: District level Orientation and Microplanning	1,253,113		78,656	VAT amount included in expenditure is categorised as ineligible
2021/22 (2078/79)	TCV Campaign - Vaccinator and FCHV travel costs, safe disposal, monitoring and supervision, vaccine logistic transpiration	2,385,200		31,772	VAT amount included in expenditure is categorised as ineligible
	Total	6,085,624	615,000	189,838	

Kathmandu Health Office

Financial Year	Voucher no.	Value date	Transaction description	Amount	Inadequate	Unsupported	Ineligible	Auditor's explanations/reasoning
2078-79 (2021-22)	53	2079.03.17	Syringe and injection	49,539			2,639	VAT amount claimed from Gavi Fund on syringe purchase.
2078-79 (2021-22)	53	2079.03.17	Advertisement Expenses	75,400			8,642	VAT amount claimed from Gavi Fund.
2078-79 (2021-22)	55	2079.03.20	Travel and Daily Allowance	49,650	10,000			For travel allowance (NPR 10000) in "Journalist Interaction Program", signature in attendance sheet and payment receipt do not match completely for 10 participants. The 5 person for whom signature matched were government employees.
2078-79 (2021-22)	55	2079.03.20	Reporting Allowance	3,000		2,000		No report available regarding report preparation allowance of NRs. 2000 for two programs "Journalist Interaction Program" and "Orientation Program for District Vaccination Co-ordination" however report preparation allowance has been paid to Ms. Anjana Khadka.
2078-79 (2021-22)	55	2079.03.20	Vaccine Carrier Bag	69,156			7,956	VAT amount claimed from Gavi Fund.
2078-79 (2021-22)	63	2079.03.20	Report Preparation Allowance	1,000		1,000		Report not attached for Teacher's Orientation Program.
2078-79 (2021-22)	87	32.03.2079	Consumables (Maks, sanitisers)	37,000	5,000			No name mentioned in the invoice.
2078-79 (2021-22)	87	32.03.2079	Hall Rent Charges	380,000			43,716	VAT claimed as expenses from Gavi Fund.
2076-77 (2019-20)	99		Stationery and other expenses	13,000		3,060		-No invoice for the stationery purchase and other expenses for the program held-Seminar on 1 day orientation of vaccination held on 2076.08.17
2076-77 (2019-20)	49	31.03.2077	M/R Vaccine Campaign	120,000		120,000		Health office could not provide the supporting documents for the relevant voucher.
2076-77 (2019-20)	48	31.03.2077	Training on first dose of Rota Vaccination and Cleaniness Promotion Campaign	282,750		282,750		Health office could not provide the supporting documents for the relevant voucher.
2076-77 (2019-20)	47	31.03.2077	MR Vaccination Training	1,215,275		1,215,275		Health office could not provide the supporting documents for the relevant voucher.
2076-77 (2019-20)	46	31.03.2077	Allowance for Volunteers and Vaccinators	992,500		992,500		Health office could not provide the supporting documents for the relevant voucher.
			Total	3,288,270	15,000	2,616,585	62,953	

Lalitpur Health Office

Financial Year	Voucher no.	Value date	Transaction description	Amount	Ineligible	Auditor's explanations/reasoning
2078-79 (2021-22)	50	2079.03.18	Stationery Expenses	57,724	6,640	VAT Claimed from Gavi Fund.
2076-77 (2019-20)	35	2077.03.28	Broadcasting charge	54,910	1,950	VAT Claimed as expense
2076-77 (2019-20)	35	2077.03.28	Purchase and Transportation charge of medicines	124,015	2,015	VAT claimed as expense
2074-75 (2017-18)	1	2074.07.30	Purchase of machinery (2 KVA servovoltage stabiliser)	50,000	5,752	-No other supportings were available to confirm that the machinery was used for Gavi related project. -Total budget for machinery purchase from Gavi was NRs. 115,000. -VAT amount claimed from Gavi Fund.
2074-75 (2017-18)	3	2074.09.13	Purchase of machinery (Dell Desktop)	65,000	7,478	VAT amount claimed from Gavi Fund.
			Total	351,649	23,835	

Bhaktapur Health Office

Financial Year	Voucher no.	Value date	Transaction description	Amount	Inadequate	Unsupported	Auditor's explanations/reasoning
2078-79 (2021-22)	81	2079.03.22	Payment to vaccinators	17,700	17,700	-	No attendance sheet or alternative evidence available to ensure that the expenditure was incurred.
2074-75 (2017-18)	174	2075.03.18	FIPV orientation - one day training (payment of allowances to the volunteers, participants)	246,000	-	246,000	No supporting document attached in file
2074-75 (2017-18)	174	2075.03.18	Transportation of medicines	80,000	-	80,000	No supporting document attached in file
2074-75 (2017-18)	175	2075.03.32	Advance for program exp.	250,000	-	250,000	No supporting document attached in file
			Advance for monitoring and supervision	52,000	-	52,000	No supporting document attached in file
			Total	645,700	17,700	628,000	

PHLMC Hetauda

Financial Year	Voucher no.	Value date	Transaction description	Amount	Ineligible	Auditor's explanations/reasoning
2076-77 (2019-20)	4	2076.11.11	Freight charges for delivering the vaccines (M/R Vaccines)	206,454	11,310	Vat amount claimed from Gavi Fund.
2074-75 (2017-18)	37	2074.07.26	Delivery of medicines (M/R)	9,860	500	Newspaper ad for festival. Not related to immunisation
			Total	216,314	11,810	

Kavre Health Office

Financial Year	Voucher no.	Value date	Transaction description	Amount	Unsupported	Ineligible	Auditor's explanations/reasoning
2078-79 (2021-22)	63	2079.02.16	Program expenditure Supervision of covid vaccination program	19,400		19,400	Expenses of unrelated program charged to GAVI Fund.
2078-79 (2021-22)	65	2079.02.17	Program expenditure Supervision and management program of Vitamin A dose	6,200		6,200	Expenses of unrelated program charged to GAVI Fund.
2078-79 (2021-22)	80	2079.03.15	Fuel expenditure	80,923	80,923		No supporting available
2078-79 (2021-22)	53	2079.11.24	Vaccine transportation expenses	2,028,612		2,028,612	The transportation expense could not be traced to TCV campaign expense
2074-75 (2017-18)	159	2075.03.26	Purchase of auto parts and service charges	37,374	-	4,300	VAT claimed as expenditures
2074-75 (2017-18)	8	2074.11.15	Purchase of Machinery and other items (stabilisers, generator etc. , voucher amount is NRs. 318321, only 59,325 is charged to GAVI)	59,325		3,662	VAT claimed as expenditures
			Total	2,231,834	80,923	2,062,174	

PHD Hetauda

Financial Year	Voucher no.	Value date	Transaction description	Amount in supporting document	Ineligible	Auditor's explanations/reasoning
2078-79 (2021-22)	Unidentified (not mentioned in file)	2078.12.24	Food expenses	28,000	3,220	VAT claimed as expenses
2073-74 (2016-17)	28 (Budget sub-head 370804)	2073.09.17	Fuel expenses	45,147	4,587	VAT claimed as expenses
2073-74 (2016-17)	28 (Budget sub-head 370804)	2073.09.17	Stationery and other expenses	51,907	4,208	VAT claimed as expenses
2073-74 (2016-17)	28 (Budget sub-head 370804)	2073.09.17	Purchase of Bag	185,000	20,709	VAT claimed as expenses
			Total	310,054	32,724	

PHD Doti

Voucher n°	Value date	Transaction description	Amount	Irregular	Ineligible	Auditor's explanations/reasoning
104	03 Asadh 2075	Vaccination program survey	240,000	30,000		No vehicle log book
28	14 Baishakh 2079	Program expenses - Typhoid Vaccine program	646,575		10,385	Rs.10,385 paid for VAT
		Total	886,575	30,000	10,385	

PHLMC Kailali

Voucher n°	Value date	Transaction description	Amount	Inadequate	Unsupported	Ineligible	Auditor's explanations/reasoning
5	2 Poush 2078	Payment made to various person for program expense (Total 7 Person)	162,220	65,400	96,820		For Inadequate – name of traveller not available, details of payment not available, attendance not available, e-ticket not available Rs. 96,820 unsupported expenses.
51	31 Jestha 2079	Payment of bill such as program expense to Junga bahadur baduwal, David bikram bista & others	38,714			22,900	Rs. 22,900 is not related with the Gavi project(Expenses is for Beruju Samndhama)
2	22 Magh 2074	Technical good service ,other equipment	497,990			41,990	Rs. 41,990 paid for VAT
1	19 Magh 2074	Payment to technical goods suppliers, servo stablisers	115,000			13,000	1. Rs. 13000 paid for VAT 2. Quotation not obtained
39	31 Ashadh 2075	Payment against bill like construction company,bist construction etc	238,279	209,518		28,761	1. Rs.28761.05 was paid for VAT 2. No quotations has been obtained from suppliers.
11	29 Magh 2074	Payment made based upon the bill and submitted and deposited in NIC asia bank branch dhangadhi	94,555			1,617	VAT charged as expense
16	26 Ashadh 2074	Payment of travel related expenses	5,200		3,000		Unsupported expenses for Rs.3000
		Total	1,151,958	274,918	99,820	108,268	

HO Kailali

Voucher n°	Value date	Transaction description	Amount	Inadequate	Unsupported	Ineligible	Auditor's explanations/reasoning
107	3 Ashadh 2077	Payment for Dadura- Rubella Vaccination Program	90,400	42,000			1. Attendance sheet is not attached with the payment list. 2. No other alternative evidence to support the expenditure
111	3 Ashadh 2077	Payment for Dadura- Rubella Vaccination Program	66,900	18,100			1. Attendance sheet is not attached with the payment list. 2. No other alternative evidence to support the expenditure
103	3 Ashadh 2077	Payment for Dadura- Rubella Vaccination Program- Settlement of Advance given to dipendra Budha	94,505	67,000			1. Attendance sheet is not attached with the payment list. 2. No other alternative evidence to support the expenditure
46	11 Falgun 2076	Payment for Dadura- Rubella Vaccination Program	12,400		12,400		No supporting document available
102	3 Ashadh 2077	Payment for Dadura- Rubella Vaccination Program- Settlement of Advance given to Tek Bahadur Hamal.	71,205	52,500			1. Attendance sheet is not attached with the payment list. 2. No other alternative evidence to support the expenditure
321	31 Ashadh 2079	Payment for program related to Typhoid Vaccination Distribution	251,200			3,144	VAT charged as expense
174	18 Jestha 2079	Payment for District level typhoid Vaccination distribution- Settlement of Pradip joshi's advance	2,100,000			4,067	VAT charged as expense
		Total	2,674,210	179,600	12,400	7,211	

HO Kanchanpur

Voucher n°	F.Y.	Value date	Transaction description	Amount	Inadequate	Ineligible	Auditor's explanations/reasoning
142	2017-18/2074-75	20th Chaitra 2074	Training Cost	57,000		57,000	Expenditure is not related to training (Electronic Items purchased)
3	2017-18/2074-75	22nd Falgun 2074	Amount paid to Kedar Electronics and Suppliers for supplies	114,994	101,765	13,229	1. Rs.13,229.45 paid for VAT 2. No quotations has been obtained for purchase of equipment.
			Total	171,994	101,765	70,229	

HO Palpa

Voucher n°	Value date	Transaction description	Amount	Inadequate	Ineligible	Auditor's explanations/reasoning
2076-77		Rota Virus Immunisation Campaign				
49	'3/31/2077	District level Orientation on Rota Virus Vaccination	379,800		5,107	Vat has been charged as expense thus classified as ineligible
2076-77						
45	2077-03-27	Vaccination Transport expenses	173,100	173,100		No Supportings other than Payment list is available
	2076-77	Volunteer Expenditure	505,600	505,600		Attendance Sheet is not attached with the payment sheet No alternative supporting document available for the expenditure
76-77	2076-77	Chief Supervision Travelling Allowance expd	138,600	138,600		Supervision Report is not available
	2076-77	Vaccinator Travelling Allowance expd	472,500	472,500		Attendance Sheet is not attached with the payment sheet No alternative supporting document available for the expenditure
FY 2078-79		Typhoid Immunisation Programme				
File 1	17-& 18/12/2078	Tansen, Hotel Pauwa	157,400		2,945	Vat has been charged as expense thus classified as ineligible
File 1	15-16/12/2078	Rampur, Hotel Shrinagar Upper hall	143,906		2,227	Vat has been charged as expense thus classified as ineligible
File 1	15-16/12/2078	Rampur, Hotel Shrinagar lower hall	131,854		3,984	Vat has been charged as expense thus classified as ineligible
File 1	13 & 14/12/2078	Tansen, Hotel Pauwa	150,000		2,991	Vat has been charged as expense thus classified as ineligible
FILE NO 2	20/12/78	Hotel Annapurna Tansen	124,440		1,648	VAT payment is treated as ineligible expenditure
FILE NO 2	19/12/78	Hotel Shri Nagar Rampur	96,017		1,811	VAT payment is treated as ineligible expenditure
FILE NO 2	19/12/78	Hotel Shri Nagar Rampur	120,295		1,575	VAT payment is treated as ineligible expenditure
FILE NO 2	17/12/78	Hotel Annapurna Tansen	124,200		1,725	VAT payment is treated as ineligible expenditure
FILE NO 2	14/12/78	Hotel Annapurna Tansen	116,970		1,518	VAT payment is treated as ineligible expenditure

Voucher n°	Value date	Transaction description	Amount	Inadequate	Ineligible	Auditor's explanations/reasoning
		TYPHOID EXPENDITURE - RS 354150 AT HOTEL ANNAPURNA _ TANSEN				
	24/02/79	Hall Rent, Refreshment	13,400		1,542	VAT payment is treated as ineligible expenditure
	28/02/79	Hall Rent, Refreshment	34,080		3,921	VAT payment is treated as ineligible expenditure
	14/03/79	Media Expenditure	3,000		345	VAT payment is treated as ineligible expenditure
TOTAL			2,885,162	1,289,800	31,339	

PHD Lumbini

Voucher n°	Value date	Transaction description	Amount	Inadequate	Ineligible	Auditor's explanations/reasoning
2076-77						
	2076-10-06	Rota Immunisation programme	426,684	28,350	16,570	1. Payment Approver signature was not present either in payment sheet or claim form for payment of Rs 28350 2. Vat has been charged as expense thus classified as ineligible
		MR/ ROTA IMMUNISATION PROGRAM EXPD				
	2076	Refresment/ Food bill	152,000		16,567	VAT is treated as ineligible expenditure
	2076	COMPUTER EXPS.	27,300.00		1,127	VAT is treated as ineligible expenditure
	2076	Meeting exps. / HALL Rent	42,120.00		3,120	VAT is treated as ineligible expenditure
2078-79	2079-03-12	Typhoid Immunisation Programme				
		Hotel, Meal, conference	123,735		14,235	VAT is treated as ineligible expenditure
		Food, Conference	12,131		1,396	
TOTAL			783,970	28,350	53,015	

PHLMC Butwal

Voucher n°	Value date	Transaction description	Amount	Inadequate	Ineligible	Auditor's explanations/reasoning
2074-75						
37	02/01/75	Travelling and daily allowance for programme monitoring	18,300	18,300	0	Approval of the supervisor was not available for the expenditure
47	03/05/75	Programe Expenditure	131,233	131,233	0	General Voucher, Medical Bill and payment order and paymnet receipt is attached amounting Rs.931233/- . Out of which Rs.800, 000/- is funded by government and balance amount by GAVI. Quotation or purchase order is not available
53	22/03/75	Programe meeting expenditue	39,150	28,000	0	Minutes of the meetings not available
TOTAL			188,683	177,533	0	

HO Rupandehi

Voucher n°	Value date	Transaction description	Amount	Inadequate	Unsupported	Ineligible	Auditor's explanations/reasoning
FY 2076-77		Dadura Rubela Khop abhiyan(MR campaign)					
File no 7		Group 3	282,659			4,013	Vat has been charged as expense
2078-79		Typhoid Immunisation Programme					
2078-79		Omsatiya Rural Municipalities	251,703	37,600			Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure
		Marcharwari Rural Municipalities	235,482	28,000			Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure
		Suddhodhan Rural Municipalities	254,422	30,000			Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure
		Kotahimai Rural Municipalities	337,725	43,200			Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure
		Butwal Sub Metropolitan	784,777	118,200			Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure
		Kanchan Rural Municipality	181,835	28,000	4,600		Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure Amount of NPR 4600 not supported
		Siddharthanagar Municipality	396,825	80,000			Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure
		Sainamain Municipality	403,387	94,400			Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure
		Gaidahawa Rural Expenditure	297,015	37,200			Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure
		Rohini Rural Municipalities	322,970	56,800			Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure
		Siyari Rural Municipalities	255,835	41,600			Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure
		Tilottma Municipalities	610,429	74,400			Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure
		Devdaha Municipalities	315,885	34,400			Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure
		Lumbini cultural Municipalities	424,800	58,000			Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure
		Sammarimai Rural Municipalities	269,875	45,200			Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure
		Mayadevi Rural Municipalities	307,502	44,800			Attendance sheet not attached thus classified as inadequate No alternative supporting document available for the expenditure
	1-5-2079	Vehicle Repair	2,261			260	Vat has been charged as expense
	03-20-2079	Stationery Purchase	220,008			25,311	Vat has been charged as expense
	12-18-2078	Surgical Equipment Purchase	13,600			748	Vat has been charged as expense
	01-10-2079	Food	28,540	28,540			No supporting found other than invoice
83	'3/16/2079	Typhoid Immunisation Programme	91,639			1,255	VAT part has been charged as expense

Voucher n°	Value date	Transaction description	Amount	Inadequate	Unsupported	Ineligible	Auditor's explanations/reasoning
		Full Immunisation Sustainable (Purnakhop Digopana) Programme-1569910					
	3-26-2079	Stationery (Certificates)	111,870			12,870	Vat has been charged as expense
		Typhoid Immunisation Traning Programme Expd detail - 1150859					
GROUP 1	17/12/78	Hotel Vahudmaya, Lumbini	396,398	396,398			Payment sheet and Travel claim bills are not duly approved by concerned authority / supervisor
GROUP 2	18/12/78	Hotel Peace night, Bhairawa	385,861	385,861			Payment sheet and Travel claim bills are not duly approved by concerned authority / supervisor
GROUP 3	19/12/78	Aarambh Resort, Butwal	368,600	290,000			Payment sheet and Travel claim bills are not duly approved by concerned authority / supervisor
	20/12/78	Typhoid Immunisation Media Expenditure -50300					
		Travelling Allowance	34,000	34,000			Payment sheets are not duly approved by concerned authority / supervisor
		Typhoid Immunisation Programe meeting expense 1313646					
GROUP 1A	15-16/12/2078	Refreshment	112,278			12,917	VAT amount is treated as Ineligible expenditure
GROUP 1A	15-16/12/2078	Travelling Allowance	289,220	289,220			Payment sheet and Travel claim bills are not duly approved by concerned authority / supervisor
GROUP 1B		Travelling Allowance	266,800	266,800			Payment sheet and Travel claim bills are not duly approved by concerned authority / supervisor
GROUP 2A	15-16/12/2078	Stationery	72,247			8,311	VAT amount is treated as Ineligible expenditure
GROUP 2A	15-16/12/2078	Travelling Allowance	312,000	312,000			Payment sheet and Travel claim bills are not duly approved by concerned authority / supervisor
GROUP 2B	15-16/12/2078	Travelling Allowance	217,600	217,600			Payment sheet and Travel claim bills are not duly approved by concerned authority / supervisor
TOTAL			8,856,048	3,072,219	4,600	65,685	

PHD Dhanusha

Voucher n°	Value date	Transaction description	Amount	Inadequate	Ineligible	Auditor's explanations/reasoning
2019-20 (2076/77)						
13	25 Magh 2076	Hall Charges	46,770		16,770	Vat Amount Charged as expenditure
31	6 Jesth 2077	Monitoring allowance	39,100	30,400		Attendance sheet not available
			85,870	30,400	16,770	

HO Dhanusha

Voucher n°	Value date	Transaction description	Amount	Inadequate	Unsupported	Ineligible	Auditor's explanations/reasoning
2017/18 (2074/75)							
34	22 Asadh 2075	Allowances to Doctor for Supervision in D.R.T.B hostel	92,000			92,000	1. The expenditure related to T.B programme
123	31 Asadh 2075	Daily Allowances	584,250	107,390	476,860		Attendance sheet not available. No Supportings available for NPR 584250
	31 Asadh 2075	Food Expenses	94,400		94,400		No Supportings available
	31 Asadh 2075	Stationery , training material and banner	96,008		96,008		No Supportings available
	31 Asadh 2075	Travel expenses	18,550		18,550		No Supportings available
39	31 Asadh 2075	Expenditure related to allowances	193,359		193,359		No Supportings available
33	22 Asadh 2075	Food expenditure for the patients staying in hostel for D.R.T.B	101,400			101,400	The expenditure related to T.B programme
32	22 Asadh 2075	Expenditure related to purchase of medicines for the patients statying in D.R.T.B Hostel	23,512			23,512	The expenditure related to T.B programme
2019/20 (2076/77)							
22	7 Jestha 2077	Allowances for training for Measles and Rubella Vaccine	98,500	98,500			1.No Report for the training 2.Participants attendance sheet not available 3.No Claim Bill of the daily allowances and travel allowances
41	21 Ashar 2077	MR Campaign Allowances for training	45,000	45,000			1.No Report for the training 2.Participants attendance sheet not available 3.No Bill of the daily allowances and travel allowances
43	21 Ashar 2077	Rota Campaign expenses	65,580		5,120		No supporting document for amount 5120
	21 Ashar 2077	Stationery	5,480	5,480			1.Participant list not available 2. No Report for the training conducted
	21 Ashar 2077	Food Expenses	36,100	36,100			1.Participant list not available 2. No Report for the training conducted
	21 Ashar 2077	Hall expenses	24,000	24,000			1.Participant list not available 2. No Report for the training conducted
26	27 Jestha 2077	MR Campaign	256,912	106,350	150,562		Attendance sheet not available. Supporting document not available for NPR 150562
69	31 Ashad 2077	Daily allowances	511,360		49,842		No supporting available
69	31 Ashad 2077	Supervision Allowances for TVC	300,500		6,500		No supporting available
30	5 Jestha 2077	TCV Campaign Exp	990,860	990,860			1.No Details of the amount paid to the workers for training is available. 2.No Attendance sheet available
2020/21 (2077/78)							
114	20 Jestha 2078	Supervision of Rastriya Khop	71,000	61,400	9,600		No Visit report found. No payment receipt form available No supporting document available for NPR 9600
2020/21 (2078/79)							
244	32 Asadh 2079	Travel allowances	62,455	9,000	53,455		Attendance sheet not available for inadequate expenses, for balance amount no supporting documents found.
222	32 Asadh 2079	TCV program expenses -Allowances to health workers	127,500	127,500			1.No Attendance sheet available 2. No other supportings, travel order, claim bill etc is available

Voucher n°	Value date	Transaction description	Amount	Inadequate	Unsupported	Ineligible	Auditor's explanations/reasoning
213	32 Asadh 2079	TCV program expenses -Allowances	204,500	204,500			1.No Attendance sheet available 2. No other supportings, travel order, claim bill etc is available
162	32 Asadh 2079	Hall Charges	8,850			1,150	Vat Amount Charged as expenditure
149	32 Asadh 2079	Stationery	99,265			8,235	Vat Amount Charged as expenditure
93	20 Jestha 2079	TCV campaign related expenses	678,673		678,673		No supporting documents available
	20 Jestha 2079	Stationery(Purchase of managzine)	118,801			11,401	Vat Amount Charged as expenditure
	20 Jestha 2079	Hall Charges	124,515			11,894	Vat Amount Charged as expenditure
141	25th Ashar 2079	Book Prininting expenses	99,925			11,495	Vat Amount Charged as expenditure
	25th Ashar 2079	Projector rent fees	11,000		11,000		No invoice available
227	32 Asadh 2079	Survey expenses for typhoid	62,270	62,270			Attendance sheet not available
207	32 Asadh 2079	Allowances paid for survey to houses about list of children under typhoid campaign	120,800		7,000		Supporting document not available
108	7 Asadh 2079	Media payment	241,034			24,674	Vat Amount Charged as expenditure
77	23rd Chaitra 2078	Stationery	58,500			6,730	Vat Amount Charged as expenditure
	23rd Chaitra 2078	hotel	224,193			18,889	Vat Amount Charged as expenditure
		Total	4,791,030	1,655,610	1,850,929	311,380	

HO Mahottari

S.N	Voucher n°	Value date	Transaction description	Amount	Inadequate	Unsupported	Ineligible	Auditor's explanations/reasoning
2021-22 (2078/79)								
1	Unidentified	2078/79	Vaccinators transporation allowances for typhoid	756,000	756,000			No attendance sheet available. No other alternative evidence available for the expenditure
2	Unidentified	2078/79	FCHVs transporation costs for typhoid campaign	736,800	736,800			No attendance sheet available. Travel order and claim not available
2019-20 (2076/77)								
3	Unidentified	10/6/2073	Hall Charges	29,953			2,656	Vat Amount Charged as expenditure
4	Unidentified	2076/77	Hall Charges	35,943			4,134	Vat Amount Charged as expenditure
5	Unidentified	3/16/2077	Orientation on Rota and Hygeine promotion	95,910		95,910		No supporting documents available.
			Hall charges	44,024			5,064	Vat Amount Charged as expenditure
2017/18 (2074/75)								
6	5	3/25/2075	Purchase of Stabliser	114,000			13,230	Vat Amount Charged as expenditure
			Total	1,812,630	1,492,800	95,910	25,084	

PHLMC Dhanusha

Voucher n°	Value date	Transaction description	Amount	Irregular	Auditor's explanations/reasoning
2021/22 (2078/79)					
1	18 Magh 2078	Transporation cost of vaccines	24,695	24,695	No log book available
		Total	24,695	24,695	

Annex 6 – Detailed status of the activities of the AP as per their terms of reference

Sl. No.	AP Scope of Work	Audit Team Remarks
A	Review of Administrative, Financial and Accounting Procedures Manual and provide recommendations	The review was undertaken in Oct-Dec 2023 and findings were provided. However, findings were not rated, root causes, recommendations with an implementation plan were not included to facilitate monitoring.
B	Budgeting	
1	Support the country in developing / improving procedures for budgeting and forecasting. Review of budget prior to submission to Gavi for approval.	Review of budgeting process was not done to help identify weaknesses. AP focussed on budget review only and this is a missed opportunity to provide recommendations for improving processes and procedures.
2	Review budget monitoring process to ensure timeliness and relevance of variance analysis.	Not done
3	Review disbursement forecast.	Not done
4	Review budgets prepared by the country including provincial budgets as well	Done
5	Tracking disbursement, utilisation and cash balance on quarterly basis	Done
C	Payment of Goods / Services	
1	Ensure adequate procedures are there	Not done consistently. We noted that it was only done when financial spot check is being conducted and on sample basis. Review requirements should be clarified.
2	Check compliance with payment procedures	
3	Ensure transactions are in accordance with grant agreement, have relevant documentation as well as ensuring all transactions are approved.	
4	Perform ex post verification of payments including review of BRS	
5	Agree on a risk and control matrix	Not done
D	Financial Reporting	
1	Financial Reporting on Quarterly Basis by the Country	Contradicts the GMR which requires 6 monthly reports. Quarterly reporting not done.
2	Review Monthly Financial Closure Process, Advance ageing	Not done
3	Support in timely submission of all financial reports	Done
4	Review transaction on sample basis reported in the financial report	Not done consistently. We noted that it was only done when financial spot check is being conducted and on sample basis. Review requirements should be clarified.
5	Conduct field visit for verification of documents	
E	External Audit	
1	Support the country in appointment of the auditor	Necessary support was provided
2	Support the auditor in providing necessary information and documents	
3	Review the audit report	
4	Support the country in the implementation of recommendations	Included in the work plan. Need to clarify scope as AP is finance only and recommendations cover wider scope.
F	Skill Transfer / Train and Develop Capacity	
1	Within six months develop a Financial Management Capacity Building Plan detailing milestones, performance indicators, specific actions and expected timings	Capacity building plan not done. A training plan was developed but does not have all the required skills transfer requirements.
2	Provide progress update on the Plan	Done
3	Provide on the job training to the country	Training started April 2024.
4	Undertake quarterly assessment and develop a training plan	Quarterly assessment is not available

G	Procurement	
1	Perform a walkthrough of the procurement controls	Not done as no procurements have been done.
2	Review procurement manual	
3	Ensure adherence to procurement procedures	
4	Provide quality assurance on the procurement process	
5	Provide guidance on the tender development process	
6	Conduct procurement review based on approved procurement plan	
H	Conduct Programmatic Spot Check - Identify main risks areas in budget and workplan and conduct onsite verifications during implementation of the activities, based on assessed risk and in agreement with Gavi and MoHP.	Programmatic spot check was undertaken in Feb 2024 for MR campaign. Need to align role of AP with PFM scope of activities.
I	Counter fraud review	
1	Review the adequacy of the country in preventing, detecting and responding to fraud Review arrangement or system in place to allow concerned persons to raise concerns about possible improprieties Review whether the conflict-of-interest documents have been signed by the concerned persons in the implementing departments Review the arrangement and policies in place for preventing, detecting and responding to fraud	Not done
J	GMR and Audit Report	
1	Monitoring and reporting the implementation of GMR and Audit Report recommendations	The status is being monitored and reported by the AP.
K	Review planning / pre campaign / implementation / post campaign activities	
1	Ensure preparatory activities are undertaken as per guidelines	Done
2	Assess EPI readiness to undertake campaign as per readiness assessment tool	Not done and may be beyond scope of AP/finance
3	Develop checklist for financial transaction compliance	Not done
4	Ensuring the provinces have received the guidelines	Done
5	Develop activity wise reporting template	Done
6	Facilitate OAG audit	Pending
7	Ensure monthly reconciliation of reports	Not done
8	Provide assurance on completion of reports	Not done
9	Review sample expenditure	This is only being undertaken during financial management spot checks
10	Report on outstanding advances including advisory support on management of advances	
11	Ensure appropriate supporting are maintained	
12	Ensuring reports are submitted on timely basis	
L	Introduction of Mobile Money – Provide support and guidance to advance discussions, scoping and possibility of adopting mobile money	Pending as mobile money has not been introduced.

Annex 7 – Status of management actions from the 2022 Gavi programme audit

Issue	Audit recommendation	Management Action	Action Owner	Timelines	Status as on May 9, 2024
Programme implementation and coordination arrangements were ineffective.	Recommendation 1 DoHS should establish a coordination platform and mechanism which brings together all divisions involved in immunisation activities to deliberate decide on planning, implementation and monitoring of immunisation activities.	Action 1 <ul style="list-style-type: none"> Going forward, FWD/DoHS will initiate the formation of a steering committee proposed to be chaired by Director General specifically for a coordination platform to deliberate planning, implementation and monitoring of related aspects of the National Immunisation Programme including for Gavi-funded activities with representation from different divisions under MoHP, partners and other stakeholders. The ToRs of this committee will be prepared that includes but is not limited to representation, meeting frequency, quorum, matters to be discussed, roles and responsibilities, documentation etc. 	Family Welfare Division/DoHS	31 December 2023	Revised deadline June 30 2025
	Recommendation 2 MoHP should: <ul style="list-style-type: none"> Formalise accountability and reporting mechanisms between the provinces and DoHS. These should include the financial and programmatic reports to ensure that donor-provided funds are used for the planned activities and that the advances of such funds are accounted for, before being liquidated. Develop and document working modalities and implementation guidelines between the federal level and provinces in consultation with key stakeholders from the provinces, district health offices and municipalities. 	Action 2 <ul style="list-style-type: none"> Under the guidance of DoHS and MoHP, FWD/DoHS will initiate the formation of an Inter-Governmental Coordination Committee proposed to be chaired by Director General with the representation of various stakeholders of federal and provincial governments to deliberate programme planning, implementation, monitoring and reporting related aspects/challenges for National Immunisation Programme including for Gavi-funded programme activities. FWD/DoHS will enhance the current reporting mechanism through the issue of separate reporting requirements in Programme Implementation Guidelines requesting provincial and district-based health offices to comply with the reporting requirements for Gavi. If required, the health coordination division's support would be requested to address any challenges in the programme implementation and reporting. 	Family Welfare Division & Financial Administration Section /DoHS	30 September 2023	Revised deadline for Action 2.1 – 30 June 2025 Action 2.2 is completed

Issue	Audit recommendation	Management Action	Action Owner	Timelines	Status as on May 9, 2024
There were sustainability concerns over the management of the immunisation programme.	Recommendation 3 MoHP should: <ul style="list-style-type: none"> Carry out an assessment of its Human Resource needs at all levels, to establish what are its additional capacity and resource requirements, in order to effectively implement the immunisation programme. Ensure that there are documented roles and responsibilities for the FWD and ensure that there is a documented handover process to ensure skills transfer whenever there are personnel changes (both for government staff as well as for partner provided technical assistance functions). Improve the capacity of the FWD to ensure increased involvement of the FWD in the immunisation programme. 	Action 3 <ul style="list-style-type: none"> The issue of inadequate HR for the immunisation programme has also been included in National Immunisation Strategy 2030 which is under development, this could be a basis for the advocacy for additional HR needs. The terms of reference of the Child Health and Immunisation Section under the Family Welfare Division are clearly documented. (Refer to the attachment Annex 1 MoHP ToR – page 13). Further, the newly introduced Internal Control System Guidelines 2079 of the Department of Health Services has also clearly mentioned the roles and responsibilities of the Director General, Division heads, Section heads and Chief of Financial Administration Section under Chapter 2 of the Guidelines. Handover and takeover processes are done in the government system, however, the documentation of it will be improved in future for changes in key staff. 	Family Welfare Division/DoHS	30 September 2023	Completed. NIS is yet to be endorsed.
Implementation of grant management recommendations was outstanding.	Recommendation 4 FWD should: <ul style="list-style-type: none"> Provide an update of the pending GMRs with timelines for completion of each requirement. Develop a tracker to include all recommendations from various assurance providers and have an escalation mechanism to ensure adequate follow up of the long outstanding items and these should be adequately monitored by the ICC to ensure timely and effective implementation 	Action 4 <ul style="list-style-type: none"> The status update for pending GMR has been provided. The terms of reference of ICC will be revised in line with the Immunisation Act and guidance of the National Immunisation Advisory Committee by 31 December 2023. Terms of reference of ICC will include one of the roles being monitoring of compliance of grant management requirements to be done on six-monthly basis. 	Family Welfare Division/DoHS	31 December 2023	Action 4.1 - completed. Action 4.2 - New deadline – 31 December 2024
Gaps in monitoring and supervision of programme activities	Recommendation 5 <ul style="list-style-type: none"> FWD should strengthen the monitoring and supervision mechanisms by Developing annual supervision workplans, ToRs for supervisors as well as proper supervision tools; Documenting feedback from supervision and ensuring follow-up of action points; and 	Action 5 FWD/DoHS will prepare supervision work plans and ToRs of supervision as well as proper supervision tools. A system of documentation of monitoring visits and action plans will be introduced, and this will be discussed in staff meetings as well as bi-weekly immunisation meetings on a quarterly basis.	Family Welfare Division/DoHS	30 September 2023	New deadline - 31 December 2024

Issue	Audit recommendation	Management Action	Action Owner	Timelines	Status as on May 9, 2024
	<ul style="list-style-type: none"> Incorporating the monitoring and supervision activities funded through the Gavi supported TCA plan within the national monitoring plan to ensure capacity building of national supervisors and continuity of monitoring activities. 				
Gaps in vaccine management systems and processes at the federal level	<p>Recommendation 6</p> <p>MoHP should ensure that:</p> <ul style="list-style-type: none"> Quarterly stock counts are carried out at the central vaccine store and results documented. Any variances noted should be investigated and approved before posting; Ensure that the eLMIS rollout plan is finalised and proper data quality assurance mechanisms are put in place. Review forecast assumptions and ensure that processes are put in place to strengthen the capture and recording of actual utilisation at health facility level, and transmission of this data to the centre. Proactively manage stock and ensure that any low stock is immediately reported to Gavi Alliance partners to avoid stock out incidences. Institute a process to capture data on wastage of vaccines, for the country to develop its own rates as these play a critical role in the forecast outcome and accuracy. 	<p>Action 6</p> <p>1. Stock counts to be done every month by Provincial and district vaccine stores. Central Vaccine store will conduct stock counts every 3 months. Documentation to be maintained.</p> <p>2. eLMIS strengthening, training and expansion activities are planned in AWPB for FY 2023/24 (2080/81). By end of FY 2023/24 (2080/81), at least 60 districts will be using eLMIS for vaccine management</p> <p>3. Use of UNICEF's forecasting tool developed by the UNICEF Supply Division. At the last quarter of the year, vaccine forecasting is to be done using this tool and the forecast sent to UNICEF Supply Division for next year's supply. Indicators considered in forecasting are: - Actual wastage rate in the country; - Birth cohort; - Buffer stock needed.</p> <p>4. Wastage data is captured through calculations using the vaccine received, vaccine supplied to service points and the coverage data. This wastage is captured and recorded every month in the Health facility monthly recording sheet but may not have been recorded in electronic DHIS2 database.</p>	<p>1. District Vaccine store, PHLMC, Central Vaccine store within Management Division/DoHS</p> <p>2. iHMIS section, Management Division/DoHS</p> <p>3. Vaccine Procurement Section, Management Division/DoHS</p> <p>4. Management Division/DoHS</p>	<p>1 June 2024</p> <p>1 June 2024</p> <p>31 December 2023</p> <p>30 June 2024</p>	<p>New deadline 31 December 2024</p> <p>Partly completed. Deadline for implementing eLMIS in 60 districts is 31 December 2024</p> <p>Completed</p> <p>New deadline 31 December 2024</p>
Standard operation procedures were not updated after federalisation.	<p>Recommendation 7</p> <p>MoHP should:</p> <ul style="list-style-type: none"> Revise the EVM SOPs and align them to the current federal system. The revised SOPs should also include procedures on eLMIS and should be disseminated at all levels and suitable trainings conducted thereon. 	<p>Action 7</p> <ul style="list-style-type: none"> The new SOP based on EVM 2.0 Assessment report is currently in draft form and is being cleaned. This will be presented to PMT in July 2023 for review. The costed CIP has now been prepared and is available for review. 	Management Division/DoHS	31 August 2023	<p>Action 7.1 - New deadline 31 December 2024</p> <p>Action 7.2 - completed</p>

Issue	Audit recommendation	Management Action	Action Owner	Timelines	Status as on May 9, 2024
	<ul style="list-style-type: none"> Cost the EVM CIP and use these estimates to mobilise and advocate for the necessary resources to improve the vaccine and supply chain management processes. 				
	Recommendation 8 MoHP should come up with CCE preventive maintenance plan at all levels and ensure that these plans are adhered to.	Action 8 With support from UNICEF, a third-party maintenance team has been hired. The team will develop and share the preventive maintenance curriculum by July 2023. This curriculum will serve as an SOP moving further.	Management Division/DoHS	31 October 2023	Completed
Stock management practices at subnational level were inadequate.	Recommendation 9 FWD should ensure proper accountability for vaccines at all levels by: <ul style="list-style-type: none"> Maintaining accurate and complete records at all levels and instituting proper handover mechanisms during staff transition. Availing all HFs, the required stock keeping tools/records and job aids to avoid data entry gaps. 	Action 9 FWD and MD will coordinate with provincial and local government to ensure staff and health workers are held accountable to their work and to ensure provincial and local level gets adequate skills, tools and job aids to do their work with quality and efficiently. In addition: <ol style="list-style-type: none"> Management Division/DoHS will train cold chain focal points at province and local level. Family Welfare Division/ DoHS will train immunisation focal points at province and local level. Management Division/DoHS will develop and distribute job aids at all levels on vaccine management and cold chain. Family Welfare Division/ DoHS will develop and distribute job aids at all levels on immunisation and new vaccines. 	1. Management Division/DoHS	30 June 2025	Not yet due
			2. Family Welfare Division/ DoHS	30 June 2025	Not yet due
			3. Management Division/DoHS	31 December 2024	Not yet due
			4. Family Welfare Division/ DoHS	31 December 2024	Not yet due
	Recommendation 10 FWD should train and provide job aids to all staff responsible for managing and handling vaccines to comply with the established SOPs, particularly on: <ul style="list-style-type: none"> Recording of batch numbers, expiry dates and VVM status in the vaccine control books/ledgers. Recording the results of each physical stock counts, investigating the variances, reconciling with the stock records, and documenting the whole process along with justification for adjustments. 	Action 10 There are several campaigns being rolled out in 2024 and we will use some opportunities to train vaccinators and cold chain handlers during those activities as below: <ol style="list-style-type: none"> Train all cold chain personnel and vaccinators on updated immunisation and supply chain development by Jun 2025. Harmonise and update training contents by Mar 2024. Develop and distribute job aids to all cold chain points by December 2024. Make functional the mechanism to document, sign and approve any variances on stocks between eLMIS and the physical count. 	1. Family Welfare Division/ DoHS	30 June 2025	Not yet due
			2. Family Welfare Division/ DoHS	31 March 2024	Completed
			3. Management Division/ DoHS	31 December 2024	Not yet due
			4. Management Division/ DoHS	31 December 2023	New deadline 31 December 2024

Issue	Audit recommendation	Management Action	Action Owner	Timelines	Status as on May 9, 2024
	Recommendation 11 <ul style="list-style-type: none"> MoHP should ensure that waste management policies are properly disseminated to all levels to ensure practices are consistent with national guidelines. 	Action 11 <p>Management Division will work in the next Fiscal year 2080/81 (2023/24 AD) to develop an immunisation specific waste management guideline keeping within the national health care waste management guidance. This new immunisation waste guideline will provide clear guidance on how Nepal should move forward to mitigate the immunisation waste management issue.</p> <ol style="list-style-type: none"> Develop Immunisation Waste Management Guideline and/or SOP keeping within the National Health Care Waste Management Guideline by 30 June 2024 Disseminate and roll out immunisation waste management guidance by 30 June 2025 	Management Division/ DoHS	30 June 2025	Not yet due
Immunisation data is inaccurate and incomplete.	Recommendation 12 <p>MoHP through the HMIS and Logistics sections should:</p> <ul style="list-style-type: none"> Routinely triangulate available data, including an assessment of administrative coverage data and vaccine availability / utilisation to check for accuracy of data reported. Such analyses should be completed at national and subnational levels and any data inconsistencies noted should be validated and explained. Ensure that all primary data collection tools are completed correctly and correlate or support each other. Update the population projections based on the 2021 census. Ensure adequate supervision at subnational level over data collection and management including follow up of recommendations to address data management gaps from routine supervision visits and programme audits. 	Action 12 <ol style="list-style-type: none"> HIS strengthening activities will be incorporated in NIS (currently being drafted) – 2023. Data quality guidelines and training package will be developed to build capacity of health workers on data quality and use for evidence-based decision making (triangulation) – 2024/25. FWD will develop a certified e-training package on data quality and use, and eLearning platform. This will be implemented through online training and in-person training- 2025/26. CBS will start the projection of population using census -2021. DoHS/ iHIMS will consult with CBS for the upcoming yearly population projection – 2023 (in line with CBS timeline). Nepal will conduct an assessment for IT maturity level for introducing individual-level vaccination records and will explore the DHIS2.0 tracker for recoding individual level vaccination records. However, roll-out will be planned in consultation with interested palika/s from 2024 onward. 	FWD in coordination with iHIMS and MD (technical support from partners)	1. 31 December 2023 2. 31 December 2025 3. 31 December 2026 4. 31 December 2023 5. 31 December 2024	Completed Not yet due Not yet due Completed Not yet due
Data quality assurance processes were inadequate.	Recommendation 13 <p>We recommend that the MoHP through the HMIS and Logistics sections:</p> <ul style="list-style-type: none"> Carries out a national wide data quality audit to assess the quality of data reported and develop a 	Action 13 <p>HMIS and FWD (with support from WHO) is developing various guidelines and analytical documents on data quality and use in immunisation which are:</p> <ol style="list-style-type: none"> RDQA process and outcome - lesson learnt from five districts – draft version 2023 Q4 	FWD and MD (WHO is currently supporting in drafting)	31 December 2023	New deadline 31 December 2024

Issue	Audit recommendation	Management Action	Action Owner	Timelines	Status as on May 9, 2024
	<p>costed data quality improvement plan which can be used to raise resources towards data quality improvement.</p> <ul style="list-style-type: none"> Consistently complete and document data verification and validation exercises at the health facility and district levels as required by the guidelines. Ensure adequate supervision at subnational level over data collection and management including follow up of recommendations to address data management gaps from routine supervision visits and programme audits. 	<p>ii) data quality assessment guideline in immunisation - 2023 Q4; and</p> <p>iii) training material: DHIS, eLMIS Q4 and data triangulation for immunisation.</p> <p>Refer to previous recommendation for timeline as the e-learning tool is envisioned here.</p>			
There were gaps in Covid-19 vaccines and data management.	<p>Recommendation 14</p> <p>MoHP should triangulate Covid-19 vaccination data with logistics data to ensure full accountability of vaccines as well as accurate and reliable coverage data</p>	<p>Action 14</p> <p>FWD will present the Covid-19 vaccination and logistics situation once a month during the FWD bi-weekly meetings.</p>	FWD/MD (with technical support from partners)	Immediate effect - monthly basis	Completed
There are gaps in procurement and fixed assets management.	<p>Recommendation 15</p> <p>MoHP should ensure that:</p> <ul style="list-style-type: none"> The eLMIS assets register is updated to include all CCE. This register should be reconciled to the UNICEF CCE distribution list;CCE Assets registers in the PAMs and eLMIS systems are reconciled to the manual registers; A comprehensive assets register is maintained and used for fixed assets verification; Assets are properly tagged for their easy identification and verification. Procurement plan for Gavi funded procurements be prepared either separate or included in the DoHS procurement plan. Preventative maintenance plans are completed and implemented at all CCE points. 	<p>Action 15</p> <p>Management Division will:</p> <ol style="list-style-type: none"> 1.Establish and institutionalise a mechanism of entering the assets procured by Gavi. 2. Develop and disseminate SOP to inventorise Gavi-fund procured assets. 3. Develop and institutionalise a mechanism to use stickers on assets procured by Gavi funds. 4. Develop and disseminate preventive maintenance SOP. 	Management Division/DoHS	<p>1.31 December 2023</p> <p>2. 31 July 2024</p> <p>3. 31 December 2023</p> <p>4. 31 December 2023</p>	<p>New deadline 31 December 2024</p> <p>New deadline 31 December 2024</p> <p>Completed</p> <p>Completed</p>

Annex 8 – Management action plan from the 2024 Programme Audit - Supplemental

Issue	Audit recommendation	Management Action	Action Owner	Timelines
Inadequate systematic budget and work plan monitoring and reporting system	Recommendation 1 DoHS should ensure that: <ul style="list-style-type: none"> Provinces are appropriately involved in the planning process and that this process is documented; A process of budget monitoring is instituted, and that budget monitoring is done for all grants; and Expenditure is reviewed against the approved workplans and any variances investigated. 	Action 1 DoHS has already initiated extensive involvement of provincial staffs in the planning process for Gavi funded grants and its documentation during the development of full portfolio planning application, where staffs from PHDs, PHLMCs and Health Offices based at district participated on various consultation workshops held during May 2023 to February 2024. The inputs from these participants from sub-national level were pivotal to develop activities and budget under FPP. This process will be continued in future too. In addition to above, the staffs involved in the implementation of national immunisation programme at sub-national level are also invited in finalisation of Programme Implementation Guidelines to implement activities planned under AWPB and their inputs are obtained on an annual basis.	Action 1 FWD-DoHS	Action 1 31 December 2024
		Action 2 Section 19 of Fiscal Procedures and Financial Accountability Act 2076 mandates budget monitoring of activities approved to the chief of the office implementing the programme. FCGO is not mandated and required to perform the budget monitoring role. DoHS has a practice of performing quarterly review meeting where the monitoring of implementation of activities is performed. Also, budget monitoring practices exist at the provincial offices and health offices at least on semester basis. Going forward, the monitoring of work plan and budget of Gavi funded activities will continued to be done at DoHS with documentation of analysis on variances.	Action 2 FWD-DoHS FAS-DoHS	Action 2 Within one month from end of every semester of Nepalese Fiscal Year
Gaps in financial management resulted in questioned expenditures	Recommendation 2 We recommend that MoHP in consultation with provincial government:	Action 3 Acknowledging capacity gaps in terms of compliance with Gavi's financial and grant management	Action 3 FWD-DoHS FAS-DoHS	Action 3 Ongoing starting April 2024

Issue	Audit recommendation	Management Action	Action Owner	Timelines
	<ul style="list-style-type: none"> Conduct regular training of the provincial and district finance staff on financial management and compliance with grant management requirements. Ensures that all expenditures are adequately supported with adequate and accurate supporting documents, as well as instituting a robust process for verifying expenditures. Ensures that Gavi grants are not used to incur VAT charges, and that a mechanism to identify and track any VAT paid from Gavi grants is put in place. Ensure that regular supervisions to the sub-national level take place, to review the provinces and districts' financial management practices, including review of their financial reports and corresponding activities. Relevant journal vouchers (with a corresponding schedule of balances per funding source) are to be reviewed and signed off by the senior management team, to ensure accuracy and completeness. Use a standard template when preparing fund release letters, so that pertinent details are consistently included which could be helpful for the province / district to account for Gavi grants at various levels as well as help during the time of liquidation. Roll out computerised accounting systems across provincial and health offices for use in grant accounting and reporting. 	<p>requirements, trainings are being conducted to orient accounting and immunisation staff on Gavi's financial management, reporting and audit related requirements including provisions of PFA and GMRs in seven provinces since April 2024 last two years through Assurance Provider with support from Gavi. A detailed training plan has been developed and will be implemented by the Assurance Provider apart from providing on the job training.</p> <p>DoHS has also planned certain capacity building activities including the trainings in full portfolio planning application to be submitted to the Gavi by 23 September 2023.</p> <p>Action 4</p> <p>The programme audit covered the period of six years (Nepalese Fiscal Years 2016/17 to 2021/22) which faced the transition phase of the federalisation in the country, posing challenges in retention of financial management records and making it available for audit.</p> <p>DoHS acknowledges responsibility for retention of records, however it is also equally important to highlight and understand practical circumstances in arranging the supporting documents of six financial years and twenty-two implementing offices specially when most of the staff who were involved in the implementation of programme and financial management of programme were had either retired from their job or transferred to another offices post federalisation. The storage capacity of some of the offices audited and re-structuring of offices are also key factors leading to unsupported expenditure.</p> <p>DoHS has already implemented certain actions that contribute to retention of financial management records of Gavi funded programmes at least for 5 fiscal years after the end of the grant activity. This specific requirement is included in the programme Implementation Guidelines and a separate financial</p>	<p>Action 4</p> <p>FWD-DoHS FAS-DoHS</p>	<p>Action 4</p> <p>16 July 2025</p>

Issue	Audit recommendation	Management Action	Action Owner	Timelines
		<p>management and reporting related circular is issued every year. Also, implementing offices are mandatorily required to fill up the voucher number and date for Gavi approved activity in the financial report, this will facilitate easy tracking of the documents in future audits. This practice will be regularised in upcoming periods and monitored on an annual basis.</p> <p>Capacity building and training activities are also being undertaken through the support of the Assurance Provider and is expected to strengthen the financial management practices in the future.</p> <p>Action 5</p> <p>In the fiscal year, after the Gavi programme audit in June 2022, DoHS allocated budgets to the provinces to charge the VAT paid from Gavi grants to a dedicated activity under GoN source and implementing office are charging VAT to this activity. This has been communicated to the respective offices through the Programme Implementation Guidelines. Going forward no VAT will be charged to Gavi grants.</p> <p>Action 6</p> <p>Payments for any activities planned under AWPB are done through treasury single account (TSA) system, which is a zero-balance account under FCGO and PTCOs structures. Based on signed payment order form from the implementing offices, DTCOs/PTCOs make payment to the recipient. Since, the offices do not have to maintain a separate bank account, there is no requirement for them to prepare and sign off bank reconciliation statements.</p> <p>To address this finding, DoHS will ensure that regular supervisions also include review of the financial management practices of the implementing offices, including review of their financial reports and corresponding activities. A specific checklist for financial</p>	<p>Action 5</p> <p>FAS-DoHS</p> <p>Action 6</p> <p>FWD-DoHS FAS-DoHS</p>	<p>Action 5</p> <p>Ongoing starting July 2024</p> <p>Action 6</p> <p>16 July 2025</p>

Issue	Audit recommendation	Management Action	Action Owner	Timelines
		<p>monitoring will be developed and intergraded to regular supervision checklist.</p> <p>Action 7</p> <p>The template for fund release letter is a standard form of FCGO and details of office wise fund released amounts are incorporated into the TSA account, which facilitates the information on availability of funds. Further, to enhance control, tracking and transparency, since FY 2023-24 FWD-DoHS issues a separate letter detailing the approved budget and fund released amount office wise for every fund release from the FCGO. This practice started after the Gavi programme audit conducted in June 2022.</p> <p>In addition to above, FCGO has rolled out a project account module as a part of Integrated Public Financial Management Services (IPFMS) since this fiscal year 2024/25 which is expected to facilitate the fund release process online.</p> <p>Action 8</p> <p>Federal and Provincial Governments are using Computerised Government Accounting System (CGAS) which facilitates accounting and generation of expenditure reports including for Gavi source. Since NFY 2024-25, FCGO has also developed a project account module as a part of Integrated Public Financial Management Services (IPFMS) integrating budgeting and accounting system, which is expected to facilitate providing real time expenditure of implementing offices and grant reporting.</p>	<p>Action 7</p> <p>FWD-DoHS FAS-DoHS</p> <p>Action 8</p> <p>FWD-DoHS FAS-DoHS</p>	<p>Action 7</p> <p>Ongoing starting July 2024</p> <p>Action 8</p> <p>Ongoing starting July 2024</p>
Strengthening of Assurance Provider mechanism	Recommendation 3 We recommend that the MOH and the Gavi country program delivery (CPD) team jointly re-evaluate the role of the current appointed provider, as there is a need for additional capacity building and technical assistance at both national and subnational levels.	Action 9 This has been discussed with the Gavi PFM management and is under consideration for the next year	Action 9 Gavi CPD and PFM teams	Action 9 30 June 2025

Issue	Audit recommendation	Management Action	Action Owner	Timelines
	Following an assessment, should also be done to determine whether the assurance provider function, in its current format, is still necessary.			
Some progress was made in addressing the 2022 programme audit recommendations	Recommendation 4 To enhance oversight over the implementation and follow-up of past recommendations, from audits and assessments/ reviews, the MoHP/DoHS management should: <ul style="list-style-type: none"> develop a tracking system at the DoHS operational level which captures all of the recommendations, ranked by priority (high, medium, low). Where recommendations are repeated across several reviews, these should all be included in the tracker with one action and action owner, to help consolidate the appropriate action being taken. at the ICC oversight level, develop a dashboard which takes into consideration audit recommendations, and ensure that these are allocated to an action owner with timelines for implementation. Include as an ICC meeting agenda item every six months (i.e. semi-annually) a progress report on the status of implementing all recommendations. Following the ICC's semi-annual endorsement, share with Gavi the progress update on the implementation of recommendations. 	Action 10 DoHS will develop a tracker including the audit observation, recommendation, risk grading, responsible office to implement recommendations and the status of audit recommendations will be reviewed on a six monthly basis. This will be included in the standing agenda for the ICC meetings. The progress report on the status of implementation of all recommendations will be presented in the ICC meeting and status will be shared with Gavi.	Action 10 FWD-DoHS FAS-DoHS	Action 10 Every six months starting December 2024
Grant management requirements are still outstanding	Recommendation 5 To enhance oversight over the implementation of the remaining four pending GMRs, the MoHP/DoHS management should: <ul style="list-style-type: none"> develop a tracking system at the DoHS operational level and ensure all GMR are captured, ranked by priority (i.e. high, medium, low). At the ICC oversight level, develop a dashboard which takes into consideration GMRs and that 	Action 11 DoHS will develop a tracker capturing all GMRs, action owners, timelines for implementation and its status will be presented in the ICC meeting. This will be included in the standing agenda for the ICC meetings. The progress report on the status of implementation of all recommendations will be presented in the ICC meeting and status will be shared with Gavi.	Action 11 FWD-DoHS FAS-DoHS	Action 11 Every six months starting December 2024

Issue	Audit recommendation	Management Action	Action Owner	Timelines
	<p>these are allocated to an action owner with timelines for implementation.</p> <ul style="list-style-type: none">• Include as an ICC meeting agenda item every six months (i.e. semi-annually) a progress report on the status of implementing all recommendations.• Following the ICC's semi-annual endorsement, share with Gavi the progress update on the implementation of recommendations.			