Memorandum on United Republic of Tanzania Programme Audit report

The attached Gavi audit report sets out the conclusions of the programme audit of Gavi's support to the Government of the United Republic of Tanzania's Expanded Programme of Immunisation. The audit, conducted by Gavi's Programme Audit team in November 2016 with an additional review in February 2017, covered programme activities during the period 1 January 2014 to 30 June 2016. The final audit report was issued to the Tanzania Ministry of Health and Social Welfare (MoH) on 25 July 2017.

The report's executive summary (pages 1 to 4) sets out the key conclusions, the details of which are set out in the body of the report:

1. There was an overall rating of Unsatisfactory (page 2) which means that "internal controls and risk management practices were either not established or not functioning well. The majority of issues identified were high risk. Hence, the overall entity's objectives are not likely to be achieved".
2. Eleven issues were identified, mainly caused by non-compliance with the Government's own national regulations as well as Gavi's Transparency and Accountability Policy.
3. The MOH accepted all of the audit recommendations and developed an action plan to address the shortcomings identified by the audit.
4. Key issues were identified in the following areas: (a) Vaccine supply management; (b) Financial Management and Expenditure Control; (c) Procurement of goods and services; (d) Fixed Asset Management; and (e) In-country Oversight and Institutional Arrangements.
5. The key findings were that:
   a. Expenditures totalling US$ 1,371,948 were questioned by the audit team. Of this amount, US$ 1,148,671 was categorized as unsupported, ineligible or irregular expenditures, and US$ 223,277 related to procurement, for which most of the purchases were irregular and did not conform to national regulations.
   b. The audit found that Gavi's funds were managed outside the government's established accounting system, and that proper books of account were not maintained.
   c. Vaccine records were unreliable as data on stock was incorrectly recorded and spread out across various reporting tools. There were no accurate stock balances at either the national or the subnational levels, the balances also suggested that significant stock-outs occurred at the subnational level, combined with a poor track record of reporting vaccine wastage.
6. Gavi was provided with two audit reports prepared by the National Audit Office of Tanzania (NAOT). The audit scope covered the financial statements of the Gavi Measles Rubella grant for the 18 month period 1 January 2014 to 30 June 2015. The audit opinions were both unqualified and no issues were raised; concerns on the conduct of these audits were raised in Gavi's programme audit (section 4.4.1b)
7. The audit team noted that the NAOT reported in its Annual General Report on the financial statements of the central government for the year ended June 2016 that a further special

audit had been conducted on Gavi-funded Measles Rubella campaign for the financial year 2014. This special audit concluded that there was deliberate misuse of funds: "major weaknesses were observed in the internal control system. Cases of fraudulent and corruptive nature in the areas of procurement, imprest management and general operations of the grant were reported." Gavi is discussing with the Government of Tanzania to determine what follow- through there will be given that these findings are consistent with those identified in Gavi's programme audit.

8. In July 2017 Gavi wrote to the MOH requesting the Government of Tanzania requesting them to reimburse US$ 1,371,948, as questioned by the programme audit. In September 2017, the Ministry of Health and Social Welfare responded by repaying Gavi that amount.

Geneva January 2018

UNITED REPUBLIC OF TANZANIA

Programme audit of the Gavi Support to the Ministry of Health, Community Development, Gender, Elderly and Children of Tanzania

GAVI Secretariat, Geneva, Switzerland

Final Audit Report – 25 July 2017

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1. Executive Summary

In November 2016, Gavi's Audit and Investigations unit carried out an audit of the cash grants and the vaccines support that was provided to the Government of United Republic of Tanzania for various immunisation programmes. The audit fieldwork was completed after a follow-up visit by the Audit Team in February 2017.

Gavi funds and vaccines were disbursed to the Ministry of Health, Community Development, Gender, Elderly and Children of Tanzania (referred to as MOH hereafter), and were managed by the Immunisation and Vaccine Development (IVD) unit of the MOH.

The audit period under review was from January 2014 to June 2016, and Gavi funds disbursed to the MOH during this period totalled USD 23,393,494. The corresponding expenditure for the period totalled USD 18,840,855 (TZS 31.93 billion) of which USD 2,569,647 related to procurements which UNICEF undertook on behalf of the MOH.

This procurement component which was directly executed by UNICEF Tanzania, was excluded from the audit scope in recognition of the United Nation's single-audit principle.

The Audit Team reviewed transactions totalling USD 7,034,380 (TZS 11.26 billion) i.e. the audit coverage of 43% of the net expenditure.

MR campaign expenditures constituted 75% of the overall expenditures reported for the period under audit. Therefore as the primary focus, the audit covered 52% of the MR campaign expenditures.

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

Table 1: Summary of expenditure incurred by the MoH during the 2.5 year period ending June 2016.

Grant	United States Dollar (USD)			Tanzania Shillings (TZS)	
	Disbursed from Gavi	**Actual Expenditure**	**Expenditure Audited[1]**	**Actual Expenditure**	**Expenditure Audited**
Measles Rubella Campaign	12,791,693	12,516,349	6,663,428	20,631,092,399	10,661,484,417
Health Systems Strengthening	5,604,801	4,417,954[2]	102,753	8,093,985,031[2]	164,405,200
Introduction - Measles 2nd dose	1,626,000	1,328,024	54,816	2,135,130,650	87,705,500
Introduction - IPV[3]	1,599,000	-	-	-	-
Introduction Measles Rubella	1,546,500	362,783	81,057	723,608,968	129,691,000
HPV (Demo)	225,500	215,745	132,327	348,989,300	211,722,500
Total	**23,393,494**	**18,840,855**	**7,034,380**	**31,932,806,348**	**11,255,008,617**

Prior to 2014, Gavi cash grants for the immunisation programmes in Tanzania were managed by the World Health Organisation (WHO).

[1] Expenditures for the period Jan 2014 - June 2016 were incurred in Tanzanian Shillings but converted into USD for reporting purpose using FOREX rate of USD 1 = TZS 1,600.
[2] Includes procurement of USD 2,569,647 (TZS 4,429,428,571) undertaken via UNICEF.
[3] Introduction of Inactivated Polio Vaccine (IPV) was delayed due to global manufacturing shortage, and therefore no expenditures were incurred against the grant at the time of the audit fieldwork.

Audit rating

The audit concluded that the Tanzania Ministry of Health's financial management and internal controls relating to the Gavi-funded activities were **unsatisfactory,** which means "internal controls and risk management practices were either not established or not functioning well. The majority of issues identified were high risk. Hence, the overall entity's objectives are not likely to be achieved".

The exceptions identified by the Audit Team were mainly caused by non-compliance with: relevant grant agreements between the MOH and Gavi; MOH's vaccine management guidelines; and the country's own national regulations for procurement and financial management.

The Audit Team also reviewed key oversight mechanisms including: External Audit arrangements, MOH's Internal Audit function and the Inter-agency Coordinating Committee (ICC), which provided assurance over the management of Gavi resources in-country.

Key issues

The table below summarises the Audit Team's ratings for each of the areas reviewed:

Table 2: Summary of audit focus areas rated by programme audit

Area	Audit Rating
Vaccine Management	Unsatisfactory
Financial Management and Expenditure Control	Unsatisfactory
Procurement	Unsatisfactory
Fixed Asset Management	Partially satisfactory
In-country Oversight and Institutional Arrangements	**Not rated**
Overall rating	**Unsatisfactory**

Vaccine Management

Vaccine stock records were disseminated across various reporting tools and hence no single tool was able to provide a comprehensive stock balances at the subnational and national levels. At the sub-national level, in more than half of the locations visited by the Audit Team, the stock records were unreliable because of: movements in stock were inaccurately recorded or the records were not timely updated; the stock physically held at the vaccine stores did not match with the running balances in the stock registers; and the records showed multiple instances of prolonged stock-outs. In addition, reporting and monitoring of closed-vial vaccines wastages was unsatisfactory, and vaccines were occasionally exposed to temperatures outside of the WHO recommended range. In general, vaccine management practices, at the subnational level, did not comply with the MOH's vaccine management guidelines.

Following an Effective Vaccine Management (EVM) Assessment in June 2015, the MOH developed an EVM improvement plan which the MOH and in-country partners were still putting into effect at the time of completion of the audit fieldwork.

Financial Management and Expenditure Control	Gavi-grants were managed by the MOH outside of the governmental established accounting system, and proper books of account were not maintained for Gavi's monies. This contributed to the programme's annual financial statements submitted to Gavi being inaccurate. Also, there was no budget monitoring and tracking of the funds disbursed to the subnational level. Overall, the Audit team concluded that since 2014 when Gavi commenced disbursing funds directly to the MOH, there were inadequate financial controls and systems in place to ensure that Gavi's funds were used for the purpose intended, particularly at the subnational level. Expenditures reviewed by the Audit Team totalling USD 1,148,671 were categorized as unsupported, ineligible or irregular. This was equivalent to 16% of the transactions reviewed.
Procurement	The majority of all procurements executed by the MOH reflected instances of: split procurements; non-transparent selection of suppliers; doubtful deliveries; potential overpayments. Also, some of the procurement files were either incomplete or wholly unsupported. Procurement cases reviewed by the Audit Team totalling USD 223,277 were categorized as irregular or unsupported. This was equivalent to 95% of such transactions sampled.
Fixed Asset Management	At the sub-national level, health departments did not maintain asset registers of all equipment procured with Gavi funds. Such assets were also not tagged and high-value items such as motor vehicles and motorbikes were not insured. Furthermore, there were no controls in place to ensure that motor vehicle usage was limited to regulated, authorised activities.
In-country Oversight and Institutional Arrangements	The execution of various governance mechanism roles fell short of expectations. Oversight arrangements comprised of: External Audit, Internal Audit and the Inter-agency Coordinating Committee (ICC). External audit reports were submitted to Gavi with 11 months of delay, contained errors and did not meet Gavi's requirements. The Internal Audit coverage of the Gavi-funded immunisation programme was inadequate. The ICC did not have formal Terms of Reference so as to provide it with clear guidance on the roles and responsibilities of its members, and establish its working procedures.

To address the above issues, the Audit Team made **14** recommendations, of which **6** (or 43%) were rated as of critical priority, which means that "action is required to ensure that the programme is not exposed to significant or material incidents. Failure to take action could potentially result in major consequences, affecting achievement of the programme's overall activities and output."

The recommendations are prioritised as either critical, essential or desirable, and definitions of the three-levels of prioritisation are summarised in Annex 1.

The table below provides a summary of transactions questioned by the Audit Team, which were either: (a) irregular, (b) completely unsupported, or (c) Ineligible. See Annex 2 for definitions of these categories.

Table 2: Breakdown of questioned expenditures

Category	USD	TZS	Report section
Regional expenditures			
Irregular expenditure	640,723	1,025,156,795	4.2.1 & Annex 6
Unsupported expenditure	444,503	711,204,233	
Ineligible expenditure	63,445	101,511,904	
Sub Total	*1,148,671*	*1,837,872,932*	
Central level procurement			
Irregular Procurement	208,872	334,195,000	4.3 & Annex 7
Unsupported Procurement	14,405	23,048,000	
Sub Total	*223,277*	*357,243,000*	
Grand Total	**1,371,948**	**2,195,115,932**	

In July 2017, the MOH provided its final management responses to the audit recommendations whereby it reiterated its commitment to: ensure implementation of all the recommendations; and to make an action plan as a permanent follow-up agenda in all the future ICC meetings.

The MOH asserted that, in response to the Audit recommendations, it has already undertaken some actions or was in progress, namely:

- Closure of bank accounts related to TB & Leprosy programmes to which Gavi funds were transferred to fund immunization related activities at the subnational level. (Recommendation 7)
- Development of a special format for recording vaccines, drugs and other related supplies. (Recommendation 2)
- Gavi Funds to be reflected accurately in the annual budget of the Government of Tanzania through the Ministry of Finance. (Recommendation 7)
- An immediate follow-up by the MOH with the Bank of Tanzania and Ministry of Finance to ensure disbursements of funds from Gavi. (Recommendation 7)
- Development of new platform/modality for information sharing with Gavi. (Recommendation 7)
- Inclusion of Gavi funded activities in the MOH's internal audit plan. (Recommendation 12)

The action plan proposed by the MOH, particularly the measure aimed at mitigating future risk of misuse of Gavi grants, is effective, elaborate and commendable. For detailed management response and action plan, see Annex 8.

2. Objectives and Scope of the Audit

Objectives

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

In addition, a programme audit also assesses: the reliability and integrity of managerial and operational information; the effectiveness of operations; the safeguard of assets; oversight arrangements; and compliance with relevant national policies and procedures.

Scope

The audit scope included a 2.5 year period from January 2014 to June 2016, and covered Gavi-funded activities at the national and the sub-national levels. For this period, the IVD reported Gavi expenditure totalling USD 18,840,855 (TZS 31,932,806,348).

The Audit team reviewed 43% of the MOH's net expenditure for this period. It also visited 12 regions, 47 districts and 95 health facilities within Tanzania. For details of the sites visited, see Annex 4.

Scope limitation

The audit excluded Gavi-funded expenditures totalling USD 2,569,647 which related to procurement executed by UNICEF office in Dar es Salaam on behalf of the MOH.

As per the resolutions and rules adopted by United Nations General Assembly, implementing organisations including UNICEF are governed by the single audit principle. This principle and the associated framework, requires that audit mandate of these UN organisations' accounting records is restricted to the UN Board of Auditors and associated oversight bodies.

Exchange rates

For the purposes of this report, all amounts denominated in the Tanzanian Shillings (TZS) were converted using an average exchange rate of USD 1 = TZS 1,600. The audit team selected this rate based on the fact that approximately 75% of the total expenditure, excluding procurement via UNICEF, incurred during the entire 2.5 year period was incurred in relation to the Measles Rubella campaign, whose peak activities occurred around the 4-month period 1 September 2014 to 31 December 2014. The exchange rate was computed based on the Bank of Tanzania's average monthly exchange rates for the four months. During the rest of 2.5 years of audit scope, Gavi mainly supported vaccine supply at the MOH.

3. Background

Introduction

The United Republic of Tanzania is the largest country in East Africa occupying an area of about 945,000 square kilometres,[4] and an estimated population of 50 million as of 2016.[5] The territory of the country consists of mainland, with 25 regions and the island of Zanzibar[6], with five regions. Mainland has 185 administrative District Councils.[7] The capital city is Dodoma and the major commercial city is Dar es Salaam.

The administration of public services, including health, in the country is divided into two government levels: the central government and the local government.

Central government - The central government includes independent ministerial and regional administrative tiers. At the ministerial level, the MOH is the lead authority for the health sector. During the period reviewed, the regional administrative tier, under the Prime Minister's Office for Regional Administration and Local Government (PMO-RALG), oversees the affairs of Local Government Authorities. Since 2017, the regional administrative tier has been placed under the auspices of the President's Office and relabelled PO-RALG.

Local Government - The Decentralisation-by-Devolution policy puts the Local Government Authorities (LGAs) in charge of delivering public services, including health. The District Councils, which are under LGAs, are the administrative and implementation units of public services and play a key role in the delivery and management of health services, including immunisation.

The delivery of health services is not managed at the level of the Republic, therefore, Zanzibar has its own ministry of health responsible for health services.

Immunisation program (at the subnational level) – At the central level, the Immunisation and Vaccine Development (IVD) section formulates policies and guidelines for: immunisation programs, vaccine management, training, procurement of vaccines, and cold chain equipment. The IVD is one of the four sub-sections of the Preventive Services Department under the Directorate of Preventive Services of the MOH. The IVD is headed by a Programme Manager and is located at Mabibo, Dar es Salaam. The IVD comprises of Program Management, Accounting, Cold Chain, Vaccine Logistics, and Immunisation Services and Reporting. The Gavi funds to Tanzania MOH were managed by the IVD.

At the central level, the Medical Stores Department (MSD), a parastatal agency, is responsible for customs clearance, storage and distribution of vaccines and dry goods (syringes and safety boxes) up to the Regional level. Regions are responsible for distributing vaccines and immunisation supplies to the districts. The districts are then responsible for onward distribution of such supplies to the health facilities.

Immunisation program (at the subnational level) – All health related services at subnational level are coordinated by PMO-RALG. The LGAs are responsible for planning, delivering and overseeing public services. Dispensaries and Health Centres are run by LGAs within district councils.

At the District/Council level a District Vaccine and Immunisation Officer (DIVO) oversees the immunisation programs. The DIVO reports to the District Medical Officer (DMO), who is the most

[4] According to http://www.tanzania.go.tz/home/pages/219, accessed 23 March 2017.
[5] According to the World Bank, http://www.worldbank.org/en/country/tanzania/overview, accessed on 13 January 2017.
[6] According to http://www.foreign.go.tz/index.php/en/tanzania, accessed on 23 March 2017.
[7] According to 2016 Joint Appraisal Report.

senior government officer for health services. There is also a District/Council Health Management Team (CHMT) which is responsible for overseeing and coordinating health services in the district councils. The CHMT is headed by DMO.

Similarly, at the regional level a Regional Vaccine and Immunisation Officer (RIVO) reports to a Regional Medical Officer (RMO), the most senior health officer at the region. The Regional Health Management Team (RHMT), which is responsible for overseeing and coordinating health services in the district councils, is headed by RMO.

Gavi grants

Gavi has been supporting the Government of the United Republic of Tanzania since 2000. Prior to 2014, the Gavi grants were channelled to the MOH through the World Health Organisation (WHO) office in Dar es Salaam. Under that arrangement, the WHO was responsible for managing and reporting to Gavi on the use of funds. Since 2014, Gavi disbursed cash through a variety of grant types: Health System Strengthening (HSS) (which is aimed at supporting countries to deliver effective, efficient and sustainable health services); Injection Safety Support (INS) and Immunisation Services Support (ISS) (which is provided to catalyse and improve immunisation coverage); Vaccine Introduction Grants (VIG) (which is for launch of new vaccines); and other cash support for campaign operational costs.

Table 3: Summary of cash grants in USD disbursed by Gavi to the MOH between Jan 2014 to Jun 2016

Year disbursed/ Grant type:	Year 2014	Year 2015	6-months June 2016	Total (USD)
Measles Rubella Campaign	12,791,693	-	-	**12,791,693**
Health Systems Strengthening	3,786,840		1,817,961	**5,604,801**
Introduction Measles 2nd dose	1,626,000	-	-	**1,626,000**
Introduction - IPV	1,599,000	-	-	**1,599,000**
Introduction Measles Rubella	1,546,500	-	-	**1,546,500**
HPV (Demo)	212,000	13,500	-	**225,500**
Total	**21,562,033**	**13,500**	**1,817,961**	**23,393,494**

Achievements of immunisation programme in Tanzania

According to the Comprehensive Immunisation Program review report of July 2015, from 2010 to 2014, Tanzania has managed to maintain high coverage for Penta 1 at more than 90%. The number of districts with Penta 3 coverage of less than 80% reduced from 56% (55/119) in 2009 to 11.9% (20/168) in 2014. Due to the high coverage rate in 2014, in 2015 Tanzania was eligible for performance based funding of USD 800,000 under Gavi's Health Systems Strengthening (HSS) grant.

The immunisation program has successfully introduced new Gavi supported vaccines over the years, such as HepB and Hib in 2002, PCV 13 in 2013, Rotavirus in 2013, Measles second dose in 2013, Measles Rubella in 2014, and HPV pilot in 2015.

A post campaign coverage survey conducted by an independent entity reported that the Measles Rubella (MR) campaign reached its objective of achieving high immunisation coverage of more than 90% across the country.

In December 2015, Tanzania was certified as polio free.[8]

At the time of the audit, the IVD and in-country partners, particularly the WHO, were conducting an orientation workshop for members of the newly established National Immunisation Technical Advisory Groups (NITAG). The Audit Team commends these efforts to operationalise advisory bodies such as NITAG. The NITAG is expected to provide guidance to national policy-makers and programme managers on evidence-based immunisation-related policy and programme decisions.

Key challenges

Decentralised and devolved Local Government Authorities: The responsibilities of the MOH and LGAs regarding oversight of Gavi supported national programmes are not clearly articulated. This lack of clarity has impacted the MOH's ability to oversee effective service delivery and consistent policy implementation for the immunisation activities. Further, the lack of clarity may hinder the opportunity for the MOH to supervise, provide training, and hold relevant parties accountable for running the immunisation programme effectively.

Local infrastructure: The country faces infrastructural challenges, such as poor road networks and inefficient power supply, which adversely affect the smooth implementation of immunisation activities. The various health facilities visited during the audit had no electricity connectivity or else reported erratic power supply.

[8] According to UNICEF, https://www.unicef.org/esaro/5440_tz2015_polio-free.html, accessed 14 March 2017.

4. Detailed findings

4.1. Vaccine Supply Management

Introduction

In Tanzania, the Medical Stores Department (MSD) is an autonomous department under the MOH with a mandate to procure, store and distribute medicines and medical supplies required for public health programmes. In relation to the immunisation programme, the MSD is responsible for customs clearance, and the storage and distribution of vaccines to Regional Vaccine Stores. The MSD operates a Central Vaccine Store (CVS) in Dar es Salaam which stocks Gavi-funded vaccines, syringes and safety boxes and supplies them to Regional Vaccine Stores (RVS).

The IVD consolidates vaccine requirements advised by individual regions, including Zanzibar, into a distribution schedule which is sent to the MSD head office in Dar es Salaam to initiate the distribution. The MSD delivers vaccines to the RVS and dry goods to MSD's regional stores.

At the national and subnational levels, several tools were in use for keeping stock records. EPICORE-9, an enterprise resource planning software, was used by the MSD as its inventory management system. Manual stock ledgers were maintained across the subnational level, excluding the MSD and IVD. Stock Management Tool (SMT) was in use at the IVD and subnational level, and depending on the location, the SMT was either a Microsoft Excel or web-based version. The web version was used by the IVD to monitor the stocks at the RVS and to prepare a vaccine distribution schedule. Data Management Tool (DVDMT) was in use at the districts in addition to the SMT. Manually reported tally sheets were used at the Health facility level.

To harmonise vaccine records, the MOH with the support of partners, launched the Vaccine Information Management System and Better Immunisation Data initiatives that were in progress at the time of the audit.

An Effective Vaccine Management Assessment (EVMA) was conducted in May/June 2015. The MOH and partners developed an EVMA improvement plan and its implementation is in progress.

4.1.1 Unreliable vaccine stock records and non-compliance with the principle of Earliest Expiry First Out (EEFO)

A Vaccine Guide providing a set of guidelines for vaccine supply management was developed by the IVD and distributed to the subnational level. The Guide was based on WHO guidance for Effective Vaccine Store Management, and covers: the maintenance of stock records; the conduct of stock counts; EEFO compliance; the maintenance of appropriate stock levels; and the storage and handling of vaccines. However, at the sites visited by the Audit Team several provisions of this Vaccine Guide were not applied as described following.

4.1.1.a Discrepancies in the quantities of the vaccines issued and received

Article 34 of the Vaccines Guide requires that each vaccine store captures stock movements in an accurate, complete and timely manner. However, the Audit Team observed material discrepancies between the quantities issued and those received at the various levels within the vaccine supply system. The table

below provides a summary of the stores/facilities where the doses/ vials[9] recorded by the sending and receiving store/facility differed by more than 50%.

Table 4: Variation of more than 50% between the quantities issued and quantities received

Level	Total entities visited	Entities with discrepancy over 50%
Regional Vaccine Store	12	8 (67%)
Districts Vaccine Store	47	35 (74%)
Health Facility	95	56 (58%)
Total	154	99 (63%)

4.1.1.b Discrepancies in the actual stocks and the running balances in the stock ledgers

Article 40 of the Vaccines Guide requires stock counts to be performed every month by staff with adequate knowledge of the procedures. Any discrepancies between the stock count results and the stock records are to be investigated and reconciled.

The Audit Team, at the time of the visit, noted material differences, of more than 100% in quantity between the vaccine ledgers and physical stock. The stock ledgers were either understated or overstated mainly because the stock records were not updated, often for periods longer than two months. The staff at the vaccine stores were unable to reconcile the physical stock to the vaccine records because these records were either incomplete or inaccurate.

The number of stores/facilities where records for the listed vaccines did not reconcile to the physical quantities is tabulated in Table 5. Table 14 in Annex 5 lists the sites where variances between physical stocks and running balances per manual stock records were higher than 100%.

Table 5: Occurrence of discrepancies across the vaccine supply chain

	MR	PCV	Penta	HPV	Rota
Regions (total visited 12)					
Occurrence	4	9	6	-	9
Districts (total visited 47)					
Occurrence	13	24	20	1	23
Health Facilities (total visited 95)					
Occurrence	11	33	21	1	36

4.1.1.c Incomplete vaccine records leading to non-compliance with EEFO

Details pertaining to the vaccines such as batch numbers, Vaccine Vial Monitoring (VVM) status, and expiry dates were not included in the stock records at the district stores and health facilities visited by the Audit Team. In consequence, the vaccines were distributed without consideration for the Earliest Expiry First Out (EEFO) principle. For instance at many of the vaccine stores, batches with later expiry had been issued and those with earlier expiry dates were still in storage. The failure to comply with EEFO in the issuance of vaccines was observed at 2 Regional Vaccine Stores, 10 District Vaccine Stores and 23 Health Facilities. See

[9] Recording unit for vaccines at the MSD was in “vials” and at subnational levels in “doses”.

Table 15 in Annex 5 for the list of entities visited by the Audit team which did not comply with EEFO in issuance of the vaccines.

4.1.1.d Vaccine stock-outs

Articles 38 and 39 of the Vaccines Guide provide requirements for establishing and maintaining adequate stocks at all times at national and subnational levels. However from review of the manual stock records, the Audit Team observed several instances of prolonged stock-out of vaccines at Regional Vaccine Stores (RVS), District Vaccine Stores (DVS) and Health Facilitates (HF).

Given that the stock records were not properly maintained, the Audit Team was unable to determine whether an actual stock-out resulted or not i.e., that there were no vaccines in the stores during the periods for which the records indicated zero stock balance.

As explained by the IVD, the stock-outs may have been caused by seasonal influx especially in pastoralist communities such as Arusha, Kilimanjaro and Pwani regions, leading to higher demand of vaccines than planned.

Table 6: Occurrence and duration of stock-outs across all levels as reported in manual stock records.

Level	Stock-out period and occurrence					
	< 1 week	2 weeks	3 Weeks	4 weeks	> 1 months	Total
Regions	2	2	1	1	4	**10**
Districts	26	19	15	5	28	**93**
Health Facilities	153	80	50	33	56	**372**

4.1.1.e Unsatisfactory reporting and monitoring of vaccine wastages

Articles 57 and 59 of Vaccine Guide require that the daily wastage figure is computed by taking the difference between the vials opened (per manual ledger) and the number of children vaccinated (per tally sheets). However practitioners at Health Facilities (HF) that were visited by the Audit Team did not record vaccine wastage on a daily basis. Instead, the monthly summary reports contained wastage figures that could not be traced to a source document. Therefore, the Audit Team could not verify that the vaccine wastage reported figure was derived from actual data generated at the time when vaccination occurred, as the Guide requires.

Cause

There was a lack of skills and weak implementation of vaccine management guidelines among the health workers at the Health Facilities who were responsible for recording and maintaining stock records for the vaccines, syringes and safety boxes.

In addition, the vaccine control book, which was used to record movement of vaccines from the fridge for vaccination, did not have a column to record wastage. The vaccines removed from the fridge were therefore recorded in the control book as utilised regardless of whether they were wasted or not.

Risk/ Effect

Absence of reliable vaccine stock records compromises the ability to allocate, deliver and reconcile the vaccines throughout the supply chain. The effects of unreliable data may manifest in vaccine stock-outs and non-compliance with EEFO requirements.

Recommendation 1 – Critical

The Ministry of Health should ensure that officers responsible for vaccine storage and handling at regional, district and health facilities are trained and mentored in the following requirements of the Vaccine Guide:

- Timely recording of vaccine movements is supported by stock issuance vouchers which cross-reference with the signed confirmation of receipt;
- Regular physical stock count procedures are undertaken which incorporate: independent oversight; follow-up and documentation of any differences in stock against record; and appropriate authorisation of any write-offs by senior management;
- Across the supply chain, ensure that critical details in the stock records are maintained to ensure compliance with EEFO, namely vaccines expiry date and batch numbers;
- Issue vaccines in strict compliance with the EEFO principle, with exceptions only for vaccines with adverse indicators on their Vaccine Vial Monitor.

Recommendation 2 – Essential

The MOH should ensure that vaccine control books at the Health Facilities have appropriate formats for recording vaccines wastage, vaccines used, and the persons vaccinated.

Management response
See Annex 8 for management response and action plan as at 13 July 2017.

4.1.2 Vaccine stock records were maintained across multiple tools and did not provide a comprehensive status of the stocks held

Stock records for the Gavi-funded vaccines were maintained across separate and discrete tools. At the time of the audit, no single tool was able to capture and provide comprehensive information on the vaccine stocks.

Over the years, different development partners provided or funded various tools without leveraging on existing ones. While some of these tools were dedicated solely to vaccine management, others were designed to capture comprehensive data as part of the national Health Management Information Systems (HMIS). The table below lists various data reporting tools and the levels at which they are used within the health care system.

Table 7: Tools/ system used for maintain vaccine stock records.

#	Stock recording tool/ system	User
1	Epicor 9	MSD
2	Manual ledger	All levels (excluding MSD and IVD)
3	SMT Microsoft Excel – supported by UNICEF	Central, Regional, and District levels
4	SMT Web – supported by CHAI	National, Regional, and District levels
5	DVDMT supported by the WHO	National, Regional, and District levels
6	Vaccine Information Management System	Regional – currently being piloted in 7 regions
7	Tally sheets	Health facilities

The web-based SMT used by the IVD was not able to provide running balances of the vaccines at the Central Vaccine Store. For the stock balances, the IVD relied on Medical Store Department's (MSD) records. The primary vaccine record keeping tool of the Tanzania MOH was a manual ledger. In addition to maintaining manual ledgers, District and Regional Vaccine stores were required to update the same information in three more tools: (i) Microsoft Excel-based SMT; (ii) Web based SMT, and (iii) DVDMT. The

DVDMT records programme performance in addition to vaccine stock data. Using the web-based SMT the IVD at the centre can view the vaccine stock balances across regions and district stores. However the IVD could not access the Epicor 9 system to obtain a real time record of vaccine stocks and supplies at the central level. Further, irrespective of the type of stock recording tool, there was no process to validate data across the tools to ensure that it was accurate, consistent and complete.

These various tools require a substantial amount of time to update leaving little time for the review of the completeness and accuracy of the data entered. In addition, these multiple tools create a significant burden on the already stretched staff at the subnational level.

Nevertheless, the Audit Team recognises ongoing efforts to strengthen the vaccine logistic tools in Tanzania. John Snow, Inc., Clinton Health Access Initiative and PATH with funding from the Bill and Melinda Gates Foundation and United States Agency for International Development (USAID) are jointly developing a web-based Vaccine Information Management System (VIMS). It is envisaged that the VIMS will strengthen data collection and use at district and national levels. VIMS is intended to provide, at all levels, information regarding: vaccine expiry and batch numbers; location and condition of cold chain assets; immunisation data; and vaccine wastage data. As at June 2016, seven regions, including their districts and health facilities, had been trained on the use of VIMS. Following the preliminary testing, the system is to be scaled up in all the regions of Tanzania. VIMS is intended to replace current reporting tools such as DVD-MT/SMT, IVD monthly forms and multiple tally sheets, and hence reduce the reporting burden for the districts and health facilities.

Better Immunisation Data (BID) another initiative led by PATH, is also underway in Arusha region. This initiative intends to address the problems of: incomplete or delayed reporting; inaccurate target population data; vaccine drop-outs tracing; a lack of unique identifiers for infants; visibility of the stocks data at district and facility levels; multiple and disintegrated data collection forms and tools; supply and logistics management; and inadequate capacity to manage data at all levels of the health system. BID is testing multiple solutions, mainly electronic immunisation registry with supply chain information, automated simplified report generation, barcodes on child health cards and vaccine supplies, targeted supportive supervision for health workers, and peer support networks.

The Audit Team commends the initiatives taken by the MOH and the development partners to address the weaknesses in the data reporting processes and tools. Upon successful testing and availability of resources, both the initiatives are planned for a nationwide scale-up. Both VIMS and BID initiatives are partly supported with funds from Gavi's Health System Strengthening grant. These initiatives are intended to be integrated into one electronic immunisation system.

The other forthcoming event that will affect the vaccine management, including the vaccine stock records, is the reassignment of vaccine storage, handling and distribution functions from the MSD to IVD. The situation presents both opportunity and challenge for the IVD. It will be an opportunity to harmonise stock management practices across the country as well as establish a central control over vaccine records. However, the situation also represents as a challenge because it will require in-depth planning, political commitment, co-ordination amongst in-country partners, and funding. See section 4.4.4 for details.

Cause

Over the years different tools were introduced in different regions on a piecemeal basis. New tools were introduced without assessing the scalability of the existing tools or leveraging on them. Selection of the tools were largely depended on the preference of the development partners who funded them.

Risks / Effect

The absence of streamlined data reporting processes and tools poses the following risks:

- Lack of complete visibility of the stock data across the country;
- Disproportionate efforts invested in maintaining multiple tools with an additional burden on the already overstretched resources available to manage immunisation program particularly at the regional level;
- Increased possibility of errors due to the use of different data recording practices and tools;
- Questionable data integrity due to absence of data ownership and absence of validation of data across the different tools.

Recommendation 3 – Essential

The MOH is recommended to prioritise scaling up of the ongoing initiatives of VIMS and BIDS which aim to streamline data reporting processes and tools. However, prior to scale-up, the MOH must achieve the following:

- Assess the effectiveness and sustainability of VIMS and BID at pilot regions;
- Harmonise the efforts of the various initiatives that are currently underway to enhance vaccine logistic management;
- Prepare a comprehensive costed plan including timeline for system roll out, training, and data migration;
- Identify the funding source and obtain commitments;
- Revise the existing Standard Operating Procedure (SOP) for vaccine management to incorporate new process vis-à-vis the new system.

Management response
See Annex 8 for management response and action plan as at 13 July 2017.

4.1.3 Vaccines exposed to temperatures outside of recommended range, cold chain equipment not regularly maintained and repaired, and inadequate storage space for vaccine and immunisation materials

At some Health Facilities and District Vaccines Stores, visited by the Audit Team, the vaccines were exposed to temperatures outside of the WHO recommended range, and temperature monitoring sheets for the vaccines were either inaccurate or not utilised. According to District Vaccine and Immunisation Officer (DIVO) and health workers at Health Facilities, the absence of regular maintenance and timely repair of the cold chain equipment (mostly fridges) was one of the reasons for not being able to store the vaccines within the recommended temperature range. At the newly created districts, visited by the Audit Team, space for vaccine storage was either unavailable or insufficient. The vaccines were temporarily stored at hospitals which were often at a location far from the district facilities.

4.1.3.a Vaccines exposed to adverse temperatures and weaknesses in temperature monitoring

The MOH's Vaccine guide requires that vaccines are stored within a temperature range of +2°C to +8°C. To monitor this critical range, the store in-charge is required to plot temperature readings from the Electronic Data Logger (EDL) on to a monitoring chart at least twice a day.

For the purpose of temperature monitoring, two types of thermometers, with Liquid Crystal Displays (LCD), were used at the RVS, DVS and HF. The EDL, one of the two thermometers, was capable of continuously monitoring and recording temperature variations for at least 12 months or for the duration the in-built

battery supplied power. The EDL also includes an alarm to notify a breach of the recommended temperature range. Freeze Tag, the other type of thermometer, did not monitor the temperatures continuously but was capable of changing its display to “alarm” if exposed to temperatures below 0°C for longer than one hour. At most of the locations visited by the Audit Team, fridges storing vaccines were fitted with the EDL.

At health facilities visited by the Audit Team, there were inconsistencies between the temperatures recorded in the monitoring charts and the EDL. In some cases, the temperature per monitoring chart was different from that per the EDL, i.e. the charts were either not plotted or were plotted with a straight line which did not correspond to the temperature recorded in the EDL for that day. This was observed at Arusha (Longido DVS), Kilimanjaro (Moshi DC DVS and Neema RCH), Mbeya (Kyela DVS, Ndaga HF, Kyimo HF, Rungwe DVS, Itope HF, Ipinda HF and Mbeya city DVS) and Morogoro regions (Morogoro DC DVS, Kisawasawa HF, Signal dispensary and Fulwe dispensary).

Review of the EDL also revealed instances of temperatures outside of the recommended range. In addition, some fridges/ cold room did not have EDL/Freeze Tags. There were also instances where officers were unable to provide the temperature logs for several months of 2016. As stores didn't maintained records on vaccine wastage, the Audit Team was unable to quantity the loss as a result of the failure to maintain cold chain.

Table 8: Instances of vaccines being exposed to temperature outside recommended range.

Exposure to temperature under +2°C		
Facility	**Date**	**Temperature**
Itope Health Facility	23-Oct-16	-0.7°C
	24-Oct-16	-0.6°C
Kazaroho Health Facility	28-Oct-16	-0.2°C
	29-Oct-16	-0.3°C
Exposure to temperature above +8°C		
Facility	**Date**	**Temperature**
Usunga Health Facility	12-Sep-16	26.5°C
	13-Sep-16	26.8°C
	24-Oct-16	26.5°C
	25-Oct-16	27.1°C
	26-Oct-16	27.1°C
	27-Oct-16	27.3°C
Kazaroho Health Facility	18-Oct-16	27.6°C
Exposure to temperature above +8°C (continued)		
Facility	**Date**	**Temperature**
Igwisi Health Facility	19-Sep-16	28.1°C
Muheza District Vaccine Store	25-Oct-16	29.3°C
	27-Oct-16	29.6°C
	26-Oct-16	29.7°C
Itope Health Facility	02-Nov-16	32.2°C

Cause

The failure to accurately record temperature readings on the monitoring logs was due to insufficient skills, weak implementation of vaccine management guidelines and ineffective support supervision. The high turnover of the health workers also contributed to the situation whereby unskilled/ untrained staff had to be brought in and made responsible for temperature monitoring.

Risk/ Effect

Failure to store vaccines within the recommended temperature range could reduce vaccine potency, resulting in inadequate immune responses in patients and poor protection against diseases.

It is essential to monitor and record the temperature of vaccines throughout the supply chain. This is the only way to prove that vaccines have been kept at the right temperature during storage and transport. Temperature monitoring would also help to identify problems with cold chain equipment as they arise.

Recommendation 4 – **Critical**

To mitigate the risk of temperature monitoring at the vaccine stores by unskilled staff, the MOH is recommended to develop a mechanism which will inform the IVD in a timely manner about turnover in the key personnel such as the DIVO, Store Manager, and Cold Chain Specialist. This information should be used by the IVD to find an appropriate response to develop the required skills, such as through training. The IVD is also encouraged to consider various alternatives such as targeted mentoring, support supervision, a crash course or refresher course during the monitoring visits, or adjusting the frequency of the planned training to meet the identified needs.

Management response
See Annex 8 for management response and action plan as at 13 July 2017.

4.1.3.b Ineffective mechanism for cold chain maintenance and repair

The MOH's Vaccines Guide requires regular preventive maintenance for the cold chain equipment as well as emergency repairs in the event of breakdown of the fridges and freezers.

The Audit Team observed instances where the fridges were out of order for a prolonged period and had not been repaired by the cold chain technicians. Further, equipment repair/maintenance logs were not available, therefore it was not possible to determine how long the equipment had not been operational.

At the sites visited, the Audit Team found a number of fridges which were not in use because of the mechanical problems: Chunya District Vaccine Store (DVS) – nine fridges; Lgunga DVS – eight fridges; and one fridge at each location in Lindi Municipal Council DVS, Kaliua DVS, Rungwe DVS, Kilombero DVS, Kisawasawa Dispensary and Bwejuu Health Facility.

Although at some locations there was evidence of cold chain maintenance, it was not carried out in a regular manner but only after the breakdown had occurred. Except for Mbeya region, vaccine stores did not keep maintenance schedules. Regions and districts paid for the repairs out of their own funds.

Cause

Officers in charge at the facilities visited informed the Audit Team that they did not have funds to purchase spare parts or enable technicians to travel to the locations with equipment that required maintenance.

This in turn led to vaccines being stored in defective fridges, erratic electricity supply, and an absence of power back-up units.

Another reason proposed by the officers at the subnational level and also observed by the Audit Team was a lack of storage space for the cold chain equipment. Due to the lack of space, the refrigerators were stacked against the walls leaving no room for air circulation. According to the officers, this constricted spacing caused fridges to over-heat and ultimately malfunction.

Risk/ Effect

Frequent breakdown in cold chain equipment is likely to result in deteriorated vaccine potency and wastage. The routine preventive maintenance procedures as recommended by the equipment manufacturers must be observed in order to reduce the “down time” on the equipment. In addition, preventive maintenance helps prevent the inconvenience and expenses associated with equipment failure.

Recommendation 5 – Essential

- The MOH is recommended to strengthen its existing plan for cold chain maintenance by: including cost component, identifying source of funds to cover the costed plan, and by enforcing, at the subnational level, maintenance plans for cold chain equipment including preventive and corrective maintenance. The MOH should include funding, in the state budget, to fund cold chain maintenance activities.
- In the meantime in 2017, the IVD, in discussion with Gavi Country Programmes, has allocated some funds from the existing Health System Strengthening grant to address immediate needs of replacing and repairing cold chain equipment. In addition, the IVD has submitted a proposal for a Cold Chain Equipment Optimisation Platform (CCEOP) grant in June 2017. The CCEOP funds is intended to replace worn out and aged cold chain equipment with upgraded kit. This is likely to address the contemporary challenge of repairing and maintaining the equipment.

Management response
See Annex 8 for management response and action plan as at 13 July 2017.

4.1.3.c Inadequate storage capacity in the newly created districts

The MOH’s Vaccine Guide requires that storage space is of reasonable size in order to accommodate the cold chain equipment including fridges, freezers, vaccine carriers, cold boxes, and syringes.

The Audit Team observed that the storage capacity at some of the districts and the health facilities were insufficient. Particularly, the districts and Health Facilities which were newly created in 2016 lacked cold chain infrastructure of their own and therefore the vaccines and dry goods (syringes and safety boxes) were stored under temporary arrangements within hospitals which were far from the District Vaccines Stores. According to MoH policy, for efficient control as well as proper storage, a district should host a vaccine store.

Specific instances noted were:

- Mvomero, a newly created district, had neither a facility nor a district hospital to host the vaccine store. The DIVO had to cover long distances to deliver vaccines to the health facilities;

- Kilombero, a newly created district, did not have infrastructure to host a district vaccine store. Therefore, the vaccines were stored at a long way away;
- Mvuha, a newly created headquarters for Morogoro District Council did not have infrastructure to host the district vaccine. Therefore the facility of the regional hospital was being used to store the vaccines.

Cause

Shortage of funds for construction of adequate storage facilities and purchase of cold chain equipment at the newly created districts or displacement of district headquarters to locations without the requisite infrastructure and equipment for vaccine stores.

Risk/Effect

Storing the vaccines and the dry goods far away from the designated district headquarters and from the health facilities compromises the ability to provide vaccines timely, efficiently and economically. To ensure a sustainable immunisation programme, the health departments at the regions and the districts should have a permanent cold chain capacity under their control which is capable of scaling up or down depending on the need.

Recommendation 6 – Essential

The MOH should prioritise development of the infrastructure and storage capacity for storage of the vaccines at the newly created districts. The MOH should commence with an assessment of the sufficiency and appropriateness of the storage at the newly created districts. Following this assessment, a time-bound and costed plan should be developed and implemented to address the storage gaps.

Management response
See Annex 8 for management response and action plan as at 13 July 2017.

4.2. Financial Management and Expenditure Control

Introduction

Financial management arrangements for Gavi grants are governed by the Aide Memoire signed between the Government of Tanzania and Gavi in July 2013. The Aide Memoire required Gavi funds to be managed within government systems and reported in accordance with the government accounting regulations. The Aide Memoire further required that the MOH and regions[10] put in place a Memorandum of Understanding (MoU) granting the latter a status of sub-implementer or sub-contractor for Gavi supported activities. The MoU was expected to provide guidelines for accounting and reporting of the funds disbursed and used.

However, at the time of the audit, accounting records for the Gavi grants were not prepared in accordance with the national regulations. In the absence of proper books of account, the disbursements made to the regions were justified by documents supporting expenditures such as vendor receipts and lists signed off by the participants acknowledging the payment of allowances. Further, the MoU between the MOH and LGAs was not in place and Gavi funds were disbursed to the regions using a channel other than the established process/ systems[11] of the government.

4.2.1 A significant portion of the subnational expenditures were unsupported, ineligible or supported with irregular documents

Section 20 of the Partnership Framework Agreement (PFA) requires the MOH to maintain proper supporting documents for all expenses relating to the use or application of funds in a manner sufficient to permit GAVI to verify such expenses. The same section also stipulates that the Government shall put in place safeguards to ensure that there is no misuse or waste of, or corrupt, illegal or fraudulent activities involving the funds and vaccines and related supplies.

The Audit Team identified that a significant portion of the expenditures: were supported with irregular documents or were missing key supporting documents. The Audit Team also identified some expenditures that were ineligible. The total amount questioned by the Audit Team is USD 1.15 million. A total of 41% of the expenditures reported by the MOH for the period Jan 2014 to June 2016 was audited, of which 16% was questioned by the Audit Team. See Table 18 in Annex 6 for details.

The Audit Team has noted the existence of an Annual General Report[12] on the financial statements of the central government for the financial year ended June 2016, posted by the National Audit Office (NAO) of Tanzania on its website. The report is dated March 2017 which is subsequent to the completion of Gavi audit fieldwork and comprises a special audit report on Gavi-funded Measles Rubella campaign for the financial year 2014.[13]

The control lapses in this report are consistent with those in the NAO's report. In addition, the NAO, in page 302 which states, "From the special audits, major weaknesses were observed in the internal control system. Cases of fraudulent and corruptive nature in the areas of procurement, imprest management and general operations of the grant were reported."

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[10] Local Government Authority (LGA) in the mainland and two zonal areas in Zanzibar.
[11] The Government of Tanzania uses EPICOR-9, an enterprise resource planning tool, as its accounting system.
[12] This is a different report than the report issued by the National Audit Office of Tanzania for Gavi-funded programs for the period Jan 2014 – June 2015 which is discussed in the section 4.4.1 of this report.
[13] http://www.nao.go.tz/financial-year-201516/, accessed 3 May 2017.

Table 9: A summary of questioned expenditures

Expenditure category	TZS	USD
Irregular expenditure	1,025,156,795	640,723
Unsupported expenditure	711,204,233	444,503
Ineligible expenditure	101,511,904	63,445
Total	**1,837,872,932**	**1,148,671**

4.2.1.a Expenditures supported with irregular documents

From the expenditure sample tested by the Audit Team, it was concluded that USD 640,723 (TZS 1,025,156,795) was supported with irregular documents.

Table 10: Breakdown of irregular expenditures by type

Expenditure category	TZS	USD
Allowances *[per diem and transportation]*	932,719,940	582,950
Fuel *[during MR campaign]*	75,086,335	46,929
Conference *[meals and stationaries]*	17,350,520	10,844
Total	**1,025,156,795**	**640,723**

4.2.1.b Expenditures without supporting documents

From the total expenditure sample tested by the Audit Team, USD 444,503 (TZS 711,204,233) was found to be unsupported. The shortcomings observed with these expenditures included:

- Expenditures either completely unsupported or missing key documents such as vendor receipts/invoices, per diem payment sheets and motor vehicle logbooks;
- Portion of the funds advanced to the regions were neither supported nor refunded to the MOH;
- Expenditures reported by the regions, with supporting documents such as vendor receipts/invoices, per diem payment sheets, short of the reported amounts;
- Supporting documents that did not contain basic description such as date, name of the budgeted event, location. These supporting documents could not be linked back to the budget (micro-plan). The MOH accountants responsible for the regions were also unable to explain to which budget line (events) the supporting documents related.

Table 11: Breakdown of unsupported expenditures by type

Expenditure category	TZS	USD
Allowances *[per diem and transportation]*	194,323,160	121,452
Fuel *[during MR campaign]*	269,865,486	168,666
Conference *[meals and stationaries]*	28,307,400	17,692
Repairs *[vehicles & cold chain equipment]*	990,000	619
Unspent funds not retired or refunded	13,242,783	8,277
Missing support documentation	204,475,404	127,797
Total	**711,204,233**	**444,503**

4.2.1.c Ineligible expenditures

From the expenditure sample tested by the Audit Team, USD 63,445 (TZS 101,511,904) was found to be ineligible. These expenditures should not have been paid using Gavi grants because they were not budgeted for in micro-plans for the MR campaign and were not related to the Gavi-funded programme activities.

In addition to these ineligible expenditures, a total of USD 11,122 (TZS 17,794,697) of Gavi funds were used for payment of Value Added Tax (VAT). The partnership Framework Agreement, signed between Gavi and the Government of Tanzania in July 2013, requires the government to make reasonable efforts to set up appropriate mechanism to exempt from duties and taxes all purchases made locally and internationally with GAVI funds. The Audit Team did not find any evidence of such efforts by the MOH. However, the payment of VAT is not included in the expenditures questioned by the Audit Team.

Table 12: Breakdown of ineligible expenditures, excluding VAT payments, by type

Expenditure category	TZS	USD
Allowances *[per diem and transportation]*	11,417,000	7,136
Fuel *[during MR campaign]*	37,923,904	23,702
Conference *[meals and stationaries]*	44,875,000	28,047
Repairs *[vehicles & cold chain equipment]*	7,296,000	4,560
Total	**101,511,904**	**63,445**

<u>Gavi funds managed outside the existing governmental financial system</u> - To conduct immunisation activities at the region and district levels, the IVD transferred funds to the regions to bank accounts as recommended by the Regional Medical Officers (RMO). The bank accounts recommenced by the RMOs often related to other donor funded projects such as leprosy (Arusha region), tuberculosis (Lindi region) and Unguja hospital (Zanzibar). The use of Gavi funds disbursed to regions was not in accordance with the Aide Memoire which required the funds to be disbursed to sub-national government treasury offices.

Subsequent to the disbursements, the MOH sent its accountants to the regions to oversee implementation of the activities and facilitate the payments. The MOH assigned an accountant to each region. According to the MOH accountants, they were jointly responsible with the Regional Medical Officers (RMO) for withdrawing the funds at the regions and further disbursement to the districts. Upon implementation of the activities the MOH Accountants were required to bring the accountability (supporting documents) to the MOH in Dar-es-Salaam and submit them to the Examination Section of the Ministry of Health for examination. Thereafter, the accountability for advances and related supporting documents were sent to the IVD for further review and to update the advance register. The advance register was maintained in a Microsoft Excel sheet which listed amounts disbursed to the regions and subsequent accountability documents provided by the regions.

Cause

The Audit Team concludes that the Gavi funds disbursed to the subnational level was not subject to the financial controls, oversight mechanisms and various other requirements that were built into the national financial system. The expenditures were not subject to review and verification at the subnational level prior to MOH's review in Dar es Salaam. There were no accounting records maintained at the subnational

level for Gavi grants. The expenditures at the subnational level were also not included in the regular annual audit conducted by the regional Audit Offices

Weakness in the review of the subnational expenditures - The MOH accountants were dispatched to the regions without sufficient guidelines regarding what they were supposed to do and what deliverables were expected from them. In addition, there was no definition of responsibilities for the district accountants and the MOH accountants with regards to effecting payments, and preparing accountability and reports. In some districts visited by the Audit Team, the accountants had been involved in campaign implementation and could therefore provide explanations for audit queries. In other districts, accountants could not respond to queries explaining that they were not involved in effecting the payments.

The MOH accountants returned the supporting documentation from regions to the IVD in Dar es Salaam without properly validating their completeness. Approximately 90% of the expenditure of the MR campaign was incurred at provincial and district levels with supporting documents sent to the MOH/IVD in Harare to account for funds advanced. However the supporting documents were not always complete and many districts did not provide participant enrolment forms, daily attendance registers, third party invoices, and training reports. In addition, some of the subnational expenditures, reviewed by the Audit Team, were supported with irregular documents. Hence, the Audit Team was unable to quantify the appropriateness of expenditure incurred on the basis of documents made available at the central level.

According to the MOH and IVD representatives, expenditure and supporting documentation were reviewed by (i) the MOH Accountant responsible for each region, (ii) the IVD Accountant, and (iii) the MOH Chief Examiner section. However, the only evidence of review seen by the Audit Team was by the Chief Examiner's Section. The multiple layers of review, as described by the MOH, failed to detect anomalies in the subnational expenditures.

The Audit Team concludes that the centralised review of the supporting documents for the regional expenditures was ineffective. This is because the MOH, at the central level, does not have an adequate number of staff to review a large volume of supporting documents which are usually generated during the nationwide campaigns. Without proper review, the MOH was not able to enforce strict accountability and reporting standards.

Poor filing and quality of supporting documents - The supporting documents made available at the IVD were not properly filed to enable easy retrieval and review. Supporting documents such as training attendance sheets, allowance payment sheets and motor vehicle log books were haphazardly filed. The filing neither followed the sequence of the activities per the budgeted workplan nor the date order in which the programme activities had occurred. Due to the absence of guidelines regarding expenditure review and filing, the quality of supporting documents was unsatisfactory and inconsistent across the regions.

Absence of processes to ensure that the funds were used according to the approved budget – Prior to the disbursement of the funds to the regions, the IVD prepared a detailed budget for each grant and for each region. However, the MOH did not prepare reports including an analysis of budget versus actual expenditure for the funds disbursed to the regions. In the absence of these reports, the IVD did not monitor the use of funds against budgets to ensure that the expenditures related to the items in the approved programme work plan.

After the implementation of activities, the IVD Accountant prepared a financial report on the basis of cash disbursed to regions and the associated detailed budget. However, the Audit Team noted that in 7 out of 12 regions visited, budgets were reallocated by the regions without approval or informing the IVD. The concerned regions were Zanzibar (two districts), Arusha (three districts), Lindi (three districts), Mbeya (one district), Morogoro (one district), Mwanza (two districts) and Tabora (three districts). Hence, there were no processes in place to ensure that the activities carried out corresponded to the approved budget or the workplan.

Risk/ Effect

The Audit team could not obtain assurance that the reported expenditures were used in accordance with the terms of the Partnership Framework Agreement, the Aide-memoire and the Transparency and Accountability Policy. Hence, the Audit Team is questioning the amount of USD 1.15 million.

Recommendation 7 – Critical

The central level MOH should:

- Ensure that annual programmes and schedules disbursements pertaining to Gavi funds are accurately reflected in the annual budget of the Government of Tanzania;
- Expenditure is reported, on a regular basis, to Gavi against the approved budget after being reviewed and approved by a senior management of the MOH;
- Ensure that the expenditures related to Gavi grants are subject to periodic and timely review by the MOH's Chief Examiner section and Internal Audit function.

Also, for national and sub-national level, the Government of Tanzania should:

- Manage Gavi grants, which are disbursed to the regions, either within the existing government accounting/financial system or enter into a MoU with the regions, through PMO-RALG, which would provide a framework for management of the Gavi funds;
- Ensure complete and accurate books of account including ledgers, and cash books are maintained and clearly referenced to relevant supporting documents and justifications;
- Provide clear guidelines for expenditures related to allowances and incentives are supported by receipts signed by the recipients and show the amount of funds received. The payment must be supported further by identity card, designation, duty station and contact details, e.g. mobile number of the recipients;

Management response
See Annex 8 for management response and action plan as at 13 July 2017.

4.2.2 Accounting practices did not meet Generally Accepted Accounting Principles as required by Tanzania's Public Finance Act

Section 5 of the Aide Memoir signed between Gavi and the Government of Tanzania in June 2013 requires that the funding provided by Gavi should be managed using government systems. Section 25 of Tanzania's Public Finance Act (2001) requires the preparation of accounts and reports within six months of financial year-end in accordance with Generally Accepted Accounting Principles (GAAP). In order to meet the requirements of GAAP and the Aide Memoire, the MOH was required to maintain, at a minimum, up to date cash books, accounting ledgers and bank reconciliation statements. The Aide Memoire further

required the MOH to present an annual work plan to the HSCC/ICC clearly showing activities and detailed line item budgets. Subsequent financial reporting and monitoring should have been done on the basis of the work plan.

At the central level, to meet Gavi's reporting requirement, the recipients of Gavi grants, as a minimum, are required to maintain books of account using systems of double entry accounting. Any subsequent financial reporting should be done on the basis of the books of account. Books of account are necessary to be able to track expenditures and report by cost category or budgeted activity.

4.2.2.a No books of accounts

The Audit Team observed that the IVD, at the national level, did not maintain books of account for Gavi grants. Disbursements to subnational level were recorded in a Microsoft Excel worksheet maintained at the IVD.

At the subnational level, the Aide Memoire required Gavi grants to be disbursed to the regions and Zanzibar into the subnational government Treasury offices. To ensure that Local Government/sub implementers understood and are able to implement the programme, Memoranda of Understanding (MOU) were to be signed with the LGAs and sub-implementers before funds were disbursed to them. The MOU had to include guidelines for accounting and reporting for funds disbursed by the MOH.

Once the funds were received at the regional level, they were either disbursed to districts or expensed immediately after withdrawing from the regional bank accounts. At the subnational level, Gavi funds were not entered into the Local Government Authority's (LGA) accounting books and as a consequence, accounting records such as cash books and ledgers were not in place.

4.2.2.b Inaccurate financial reporting

The IVD recorded the funds transferred to the regions in a Microsoft Excel cashbook and not in the Government accounting system. In conformance with GAAP, expenses should be recorded only when they are incurred, and not when cash is transferred from one bank account to another. The financial statements submitted by the IVD for external audit as well as to Gavi reported the cash transfers to the regions as expenses, instead of recognising these payments as advances. In addition this accounting practice at the IVD did not record expenses against account and budget codes, a practice required to ensure accurate financial reporting. Inter-grant borrowings were not recorded in the Microsoft Excel cashbook leading to the grant balances being incorrectly reported to Gavi.

Further, the IVD hadn't established a policy regarding an exchange rate for the conversion of the Tanzanian Shilling (TZS) into US Dollars (USD). During the period under audit, the IVD had used three different methods for conversion in the financial reports provided to Gavi.

4.2.2.c Risk of errors and no backup

The use of Microsoft Excel as an accounting tool has several shortcoming including: (i) data can be easily be corrupted through accidental changes/ deletion; (ii) manual data entry process could lead to mistakes that are hard to detect; (iii) it does not offer an audit trail to show how records have changed, and (iv) it does not provide real-time financial data for decision making. The cashbook that was maintained in Microsoft Excel was not protected with a password nor backed up. This increased the risk of disrupting the financial operation of the IVD in the event that files or accountant's computer were to be damaged or lost.

Cause

Gavi funds were not managed and recorded in the existing accounting system of the government or any other accounting tools with appropriate controls, and non-compliance with Gavi's financial management requirements as stipulated in the Aide Memoire.

Risk/ Effect

Inaccurate financial reporting, errors in financial reporting and loss of financial data.

Recommendation 8 – Critical

The MOH should evaluate alternatives suggested below and provide Gavi's Country Support Team with a time-bound and costed plan for the implementation of an appropriate accounting system:

- Discuss with the Ministry of Finance the extension of the use of the accounting system that is being used by the Government.
- Explore with other units within the MOH that manage funds from donors such as the Global Fund and assess if their accounting systems could be customised to manage and report Gavi grants.

Management response
See Annex 8 for management response and action plan as at 13 July 2017.

4.3. Procurement and Asset Management

Introduction

The Aide Memoire, signed between the MOH and Gavi in July 2013, establishes the terms and conditions for procurement undertaken by the MOH involving Gavi funds. The Aide Memoire required the MOH to contract out procurement services to UNICEF country office in Dar es Salaam. A Memorandum of Understanding (MoU) between the MOH and UNICEF was signed in May 2005, under which UNICEF provided procurement services for standard and non-standard supplies[14]. Therefore, in addition to the vaccines procured under the co-financing obligation, the MOH purchased a majority of the non-vaccine items such as motor vehicles and cold chain equipment through UNICEF. Procurement undertaken by UNICEF was excluded from the audit scope.

Per the Aide Memoire, the goods and services that are financed by Gavi funds but not procured by UNICEF are to be procured by the MOH in compliance with guidelines issued by the Public Procurement Authority of Tanzania. The procurements undertaken directly by the MOH were reviewed by the Audit Team which identified non-compliance with the national Public Procurement Regulations 2013 (PPR).

In addition, the Audit Team, during its visit to the subnational level, verified the existence and management of the assets procured via UNICEF. Throughout 2015, the MOH, through UNICEF, procured vehicles (58 units), motorcycles (40 units), refrigerators (311 units), bicycles (1,000 units), cold boxes (161 units), and vaccine carriers (1,200 units). The procured items were delivered to the MSD in Dar es Salaam and then distributed to the regions, districts, health facilities following an allocation list that the MOH provided to the MSD.

The Audit Team was able to trace all the assets at the sites visited during the audit. However, the asset management practices were found to be ineffective and did not comply with the national Public Finance Regulations.

4.3.1 Majority of the procurements undertaken by the MOH were questionable

The total value of the procurement undertaken by the MOH was USD 446,581 (TZS 715 million), of which USD 304,083 (TZS 487 million) or 68% related to printing, stationaries and promotional materials (t-shirts and caps). The Audit Team reviewed USD 234,445 (TZS 375,112,200) or 77% of the procurement related to printing, stationaries and promotional materials and found that 95% or USD 223,277 (TZS 357,243,000) to be questionable. The sample for the procurement reviewed by the Audit Team comprised of 10 transactions.

The Audit Team concluded that the procurements reviewed did not comply with the PPR for reasons including: irregular supplier shortlisting; insufficient tender information; inappropriate tender splitting; missing vendor selection documents; and questions over whether goods were properly delivered. As a result, procurement process at the MOH did not assure best value for money. The Audit Team classified

[14] Standard Supplies are supplies for which the specification is recommended by UNICEF and that are listed in UNICEF supply catalogue. Non-Standard Supplies means Supplies that are not listed in UNICEF Supply catalogue.

USD 208,872 (TZS 334,195,000) as irregular and USD 14,405 (TZS 23,048,000) as unsupported. See Table 18 in Annex 7 for details.

Further, the Audit Team obtained quotations from two reputed printing suppliers in Tanzania for four[15] different procurements for similar items as those procured by the MOH and compared Price Per Unit (PPU). Comparison with the existing market price[16] revealed that PPU paid by the MOH were 50% to 90% higher than those obtained by the Audit Team. The same four procurements were also found to have non-competitively selected the suppliers. As per the auditor's analysis, the total amount potentially overpaid was USD 64,629.06 (TZS 103,406,500). For details, see

[15] Procurements paid by cheque number 376357, 10236, 10240 and 10234.
[16] Quotation with highest PPU was used by the Audit Team for comparison.

Table 19 in Annex 7.

Cause

Non-compliance with the national procurement regulations and Gavi's financial management requirements as stated in the Aide Memoire.

Risk/ Effect

The use of restricted tendering without meeting the criteria prescribed by the Procurement Act risks exclusion of qualified vendors that may be willing to offer more competitive pricing and/or enhanced quality.

The frequent use of restricted tendering along with the fact that the same set of vendors were repeatedly invited to bid and contracted, presents a risk that selected vendors may have been favoured, undermining competition.

A failure to comply with the PPR pronouncements that seek to ensure competition and transparency, brings into question whether the MOH obtained value for money in the procurements.

Recommendation 9 – Critical

For the future procurements, the MOH should comply with the applicable terms and conditions of the Partnership Framework Agreement and Aide-memoire with Gavi and with the national procurement regulations. Particularly:

- Goods of an homogeneous nature should be bundled and procured in a single procurement process as required by the PPR;
- The MOH should undertake a formal process to shortlist prequalified suppliers in accordance with the procedures stipulated in the PPR;
- The MOH should maintain a bid/quotation register with information such as physical address, postal address, telephone, email and website for all the bidding suppliers;
- Good delivered by the suppliers should only be accepted after a competitive supplier selection process and a duly signed contract. The terms and conditions for delivery, including the place of delivery must be clearly stipulated in a contract. The MOH should also maintain evidence of goods received by the receiving officer and user department;
- For every procurement conducted, the MOH should maintain a complete file, including but not limited to the: purchase requisition; supplier selection process; approval of the supplier selected by the relevant committee; award notification letter; signed contract; purchase order; delivery notes; confirmation of goods receipt by the user entity; supplier invoice; evidence of payment; and payment receipt confirmation by suppliers.

Management response
See Annex 8 for management response and action plan as at 13 July 2017.

4.3.2 Unsatisfactory management of fixed assets at the subnational level

On a sample basis, the Audit Team reviewed the delivery and existence of these assets at all levels.

From the Audit Team's review of asset management in 12 regions and 47 districts, the following shortcomings were noted:

- Fixed asset registers were not maintained in 5 regions and 20 districts. Tanzania's Public Finance Regulations require that every asset is recorded in a ledger;
- Assets were not tagged with identification codes in 9 regions and 35 districts;
- Bicycles were not distributed for over 12 months in 4 regions and 12 districts;
- Per the national policy, movement of motor vehicles is required to be captured in logbooks, however, motor vehicle logbooks were not maintained in 11 regions;
- High value assets such as motor vehicles and motor cycles were not insured in 39 districts. Gavi's Partnership Framework Agreement requires that Gavi-funded programme assets are insured where insurance cover exists at a reasonable cost.

Cause

Gavi-funded fixed assets were not managed according to the national regulations. The MOH and LGAs did not enforce controls over the use and maintenance of the fixed assets that were procured with Gavi funds.

Risk/ Effect

Programme assets may be used for unintended purposes; and loss of or damage to the assets may not be timely identified.

Recommendation 10 – Essential

The MOH should insure high value assets funded by Gavi grants where insurance is available at reasonable costs.

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

The MOH should ensure that the assets are routinely updated at the subnational level by establishing a mechanism for the regions to submit their fixed asset register to the MOH on a semi-annual basis for validation.

Management response
See Annex 8 for management response and action plan as at 13 July 2017.

4.4. In-country Grant Oversight and Institutional Arrangements

Introduction

One of the six core components of Gavi's business model is the principle of empowering developing countries to take the lead in applying for support, managing development grants and, ultimately, financing their own immunisation programmes. In addition to Ministries of Health, Gavi relies on the support of its partners and in-country oversight mechanisms to monitor compliance with Gavi's Transparency and Accountability Policy. This policy requires that Gavi Support at country level is managed in a transparent and accountable manner through systems that include appropriate oversight mechanisms.

Within this context, it is essential that there is an effective framework in place to provide sufficient, continuous and reliable assurance to Gavi on the stewardship and management of the Gavi support. At the country level, Gavi obtains the assurance of proper use of funds from External Auditors, Internal Auditors and the Inter-agency Coordinating Committee (ICC). Given the importance of the oversight role played by these entities, the Audit Team reviewed their operational effectiveness.

4.4.1 External audit performance, in relation to Gavi grants, was unsatisfactory

4.4.1.a Significant delay in submission of external audit reports

The PFA signed between Gavi and the Government of Tanzania requires an external audit report for VIG and operational campaign cash grants exceeding USD 250,000 within a reporting year. For all other cash grants, unless otherwise specified, the Government is required to submit to GAVI audit reports of the accounts holding the GAVI funds within one year of the close of each financial year. During the period January 2014 – June 2016, Gavi disbursed six different cash grants, out of which five required an external audit report, see Table 3. According to the Aide Memoire, audit reports are to be provided to Gavi no later than six months after end of the financial year.

The Aide Memoire, signed between the MOH and Gavi in July 2013, required the MOH to appoint a private sector audit firm to conduct an external audit of the Gavi grants for first two years, i.e. for 2014 and 2015 following which the National Audit Office of Tanzania (NAOT) was expected to assume the responsibility for external audits.

In August 2015, Gavi carried out a follow-up review of the progress made on financial management requirements stipulated in the Aide Memoire. The review found that the external audit for cash grants disbursed in 2014 had not commenced. Based on the recommendation of the review team, in September 2015, Gavi waived the requirement of using a private auditor and expressed no objection in having Gavi grants audited by the NAOT. To expedite fulfilment of the requirements in the Aide Memoire and to align with the country's fiscal cycle, NAOT was requested to conduct audits for two periods i.e. January to December 2014 and January to June 2015.

The two external audit reports were submitted to Gavi in November 2016, a delay of 11 months.

4.4.1.b Audited financial statements contained errors and did not meet Gavi's requirement

The external audit report of the Gavi-funded programmes in Tanzania had the following shortcomings:

- The income and expenditure statements include large amounts of transfers to the regions which were as expenditure. This is not a correct accounting treatment. Cash transfers should be treated as advances, they should either be liquidated appropriately or else they must be treated as cash transfers and not charged as expenditures;
- The audited financial statements did not provide a comparison of the actual expenditures against the approved budget categories. In consequence, a reader of the audit report would not obtain insights on the budgetary controls to achieve assurance that funds were used only for approved activities;
- The audited financial statements did not include inter-grant transfers which resulted in the reported fund balances across the grants being inaccurate;

- The audited financial statements included several incorrect figures such as grant income, bank balances, and the calculation of FOREX gains which were not identified in the audit report;
- The audited financial statements did not include all the accounting policies used in their preparation, a requirement of the international standards on auditing. For example, there was no policy on fixed assets.

Cause

A failure by the MOH to present the NAOT with a set of financial statements that met the fundamental qualitative attributes of relevance[17] and faithful representation[18] may have impaired their auditability.

Risk/ Effect

Since audit reports are a prerequisite and a trigger for Gavi to disburse funds, delays in their submission could result in interruption of cash transfers to the country.

Recommendation 11 – Essential

It is recommended that the MOH, in consultation with Gavi's Country Programme Team, engages with NAOT to discuss the shortcoming in the audit reports submitted to Gavi. Further, the MOH should reconfirm NAOT's commitment to perform future audits in conformance with Gavi's audit guidelines[19].

Management response
See Annex 8 for management response and action plan as at 13 July 2017.

4.4.2 Internal Audit function at the MOH needs to increase coverage of Gavi supported programmes

The MOH's Internal Audit (IA) function reports administratively to the Permanent Secretary of the MOH and functionally to the audit committee of the MOH as well as the Internal Auditor General (IAG). Following the Chief Auditor General's recommendation, in 2010, the IA function was strengthened by establishing a division led by the AG, under the Ministry of Finance. The IAG is appointed by the President of Tanzania.

The mandate for the IA functions across the government departments in Tanzania is provided in the Public Finance Act 2001. The IA staff are recruited and appointed by the Public Servant Service Management, a department under the President's office.

[17] The information must be **relevant** to the needs of the users, which is the case when the information influences the economic decisions of users i.e. MOH and Gavi.
[18] **Faithful representation** requires the financial information to be true and fair and free from misstatement.
[19] http://www.gavi.org/library/gavi-documents/guidelines-and-forms/guidelines-on-financial-audits-for-gavi-cash-based-support/

As a consequence of insufficient funds, the IA review of Gavi-funded programmes was limited. At the time of completion of the audit field work in February 2017, the IA had performed one review of the Gavi-funded activities for the period Jan 2014 – Mar 2015. The period included the Measles Rubella Campaign which was the largest (USD 13 million) Gavi grant in Tanzania. This IA report revealed several shortcoming, however its coverage was limited to 9 regions out of 30 due to resource constraints.

An effective and well-resourced IA department would provide the MOH management with information on effectiveness of risk management, controls as well as governance. The overall control environment and accountability of funds is likely to improve if there is an increased the IA coverage of the Gavi-funded activities and the IA recommendations are timely implemented by the MOH.

Cause

Insufficient funding and shortage of staff for the IA function limits their coverage of the MOH's immunisation programme.

Risk/ Effect

The Gavi-funded immunisation programme in Tanzania does not have an effective mechanism to manage and control risks, particularly in regards to the use of Gavi funds at the subnational level. Therefore a lack of or insufficient IA oversight is likely to compromise the MOH's ability to identify control weaknesses and detect misuse of funds on a timely basis.

Recommendation 12 – Essential

The MOH should increase the involvement of its IA function in relation to Gavi-funded programmes. The IA function should be involved in the programme lifecycle to identify and agree on the audits, spot reviews and advisory roles to support the MOH management. The MOH should explore including the cost of IA activities and related costs in proposals submitted to Gavi. The MOH is encouraged to explore, in discussion with Gavi Country Programmes the possibility of funding the IA workplan from savings within the existing Gavi HSS grant.

Management response
See Annex 8 for management response and action plan as at 13 July 2017.

4.4.3 Need to strengthen the oversight role and Terms of Reference of the Inter-agency Coordinating Committee (ICC)

The Audit Team recognises improvement in the composition and function of the Inter-agency Coordinating Committee over the past years. Per the 80th ICC meeting minutes of May 2016, the committee had a total of 22 members, represented by development partners from seven different agencies, various units within the MOH, and the Ministry of Finance. The ICC also appeared to have a well-functioning secretariat consisting of the MOH, UNICEF, WHO, CHAI and JSI.

Nevertheless, the Audit Team identified areas that could be further strengthened to improve effectiveness, as described below:

4.4.3.a Terms of reference for the ICC

A concept paper developed by the WHO prior to 2014 provided an outline for the ICC. However, the existing concept note does not articulate roles and responsibilities of the committee with regards to oversight activities, revision to programme work plans, monitoring implementation of recommendations arising from audit/ review of immunisation programmes. Given that the ICC membership and its oversight roles have grown over the past three years, there is a need to develop more detailed guidelines which reflect the present-day environment affecting the immunisation programme in the country. In the absence of clearly defined roles of the committee members, there appears to be ambiguity among different stakeholders on the nature and extent of the ICC oversight.

The concept should also be improved to provide a high level framework for co-ordination with other relevant bodies working in the health sector such as Zanzibar ICC, newly instituted National Immunisation Technical Advisory Group (NITAG) and the Country Coordinating Mechanism (CCM).

4.4.3.b Participation of regional representatives

Review of the ICC minutes revealed that regional representative (Regional Medical Officer and/or District Medical Officer) from the mainland did not attend the ICC meetings regularly. In total of ten ICC meetings held from May 2014 to May 2016, the regional representative were present only in three meetings.

4.4.3.c Representation of Zanzibar in the ICC

Participation of Zanzibar in the ICC discontinued after the first two meetings in 2014. There were no alternative ICC arrangements for Zanzibar since then.

According to a representative from Zanzibar MOH, a separate ICC for Zanzibar was established but has been inactive for some time. This was largely due to high staff turnover in the MOH and the absence of an effective secretariat to facilitate and coordinate meetings. Frequent absenteeism resulted in insufficient quorum and also affected the motivation of the members.

The Audit Team recognizes that the autonomous status and a separate Ministry of Health in Zanzibar poses obstacles for a straightforward participation in the existing ICC which is chaired by a minister of the mainland MOH. However, there is a clear need to involve a representative from the MOH Zanzibar in the ICC deliberations for the benefit of their immunisation programmes.

4.4.3.d Agenda setting for the ICC meetings

Review of the ICC minutes revealed that the ICC did not have a standing agenda for the meetings but adopted a free format. Therefore, key matters such as the utilisation of the HSS budget, and the follow up on recommendations from the various reviews did not feature consistently in the meetings. Some of the ICC members also stated that the meeting agenda was not shared early enough before the planned meetings which limited the ability of the members to prepare well for the meetings.

Cause

The ICC has not evolved at a sufficient pace to be able to meet its oversight responsibilities within the context of increased investment and challenges associated with the introduction of new vaccines and new funding opportunities such as Cold Chain Equipment Optimisation Platform.

Risk/ Effect

The absence of a robust in-country oversight mechanism with regards to financial management and vaccine supply management aspects of the immunisation program may not be able to avoid adverse occurrences as those included in this report.

Recommendation 13 – Essential

It is recommended that, the MOH in its capacity as a chair of the ICC, enhances the ICC roles by developing a detailed guideline that provides a framework for the operation of ICC. The guidelines should cover the following:

- Core functions of the ICC;
- Annual oversight activities such as milestone reviews of VIMS rollout, vaccine stock data review, progress on the implementation of workplan, and field visits.
- A mechanism for follow up on recommendations from EPI review, External Audit, Internal Audit, Joint Appraisal, EVM, and Gavi Programme audit;
- Implementation and tracking of the ICC recommendations;
- Membership procedures for joining and leaving the committee;
- Regional and Zanzibar representation/ coordination;
- A coordination framework with NITAG and other similar mechanisms such as the Global Fund's County Coordinating Mechanism (CCM);
- A process for developing agenda prior to the meetings.

Management response
See Annex 8 for management response and action plan as at 13 July 2017.

4.4.4 A need for a comprehensive plan in repositioning of vaccine storage, handling and distribution at the IVD

The MSD is a government parastatal entity which was mandated with customs clearance, storage and distribution of the vaccines to the regional stores. The MSD provided these services for a fee, which according to the IVD, was unreasonably high. The MSD's service fee was calculated at 20% of the shipment value.

According to the IVD, the high service cost had significantly increased cost per immunised child making it unsustainable in the context of increasing vaccine volumes and with the introduction of newer vaccines in Tanzania's immunisation programmes. The Audit Team was informed that over the years, the MSD had accumulated significant service charges which remained unpaid by the MOH at the time of the audit. The unpaid MSD bills were said to have adversely affected the quality of the MSD services. According to the IVD there were: delays in customs clearance of syringes and safety boxes; high staff turnover at the MSD which required the IVD to frequently re-train the MSD staff; and insufficient trucks with cold storage which delayed distribution of the vaccine to the regional vaccine stores.

At the time of the audit, the MOH planned to transfer the functions of storage, handling and distribution of the vaccine and related supplies from the MSD to IVD. To this effect, various in-country partners were providing support by way of studies such as cost-benefit analysis. However, the Audit Team noted that this significant project lacked a comprehensive plan. Some critical

considerations were missing, such as: milestones and timelines; cost and source of funds; allocation of responsibilities amongst the in-country partners; and a steering committee to support, guide and provide oversight of progress.

The Joint Appraisal report of July 2015 recommended the MOH to fast track ICC recommendations for the assumption of the function of storage handling and distribution of vaccine by the IVD. Similarly, a memorandum issued by the MOH to the MSD in September 2015 instructing transfer of cold chain assets to the IVD within four months was not yet acted upon at the time of the audit in February 2017.

Risk/ Effect

Managing an effective central vaccine stores requires consideration of various sub-activities such as infrastructure, cold chain equipment, cold chain maintenance, transportation vehicles with cooling system, security, stock data management, funds for running costs, electricity and power back up, and staff training. In the absence of a well-defined roadmap for the transition, it is likely to result in suboptimal preparation and ultimately jeopardise the vaccine supply chain across the country.

Recommendation 14 – Critical

It is recommended that the MOH, in consultation with in-country development partners, develops a comprehensive plan which addresses the key components such as: description of the activities to be undertaken (covering infrastructure, human resources, transportation, insurance of the store); pre-agreed milestones; required funds and sources; allocation of responsibilities amongst the partners; and a steering committee for an end-to-end project oversight.

Management response
See Annex 8 for management response and action plan as at 13 July 2017.

5. Annexes

Annex 1: Definitions of audit ratings and prioritisations

A. Audit ratings

The Gavi Programme Audit Team's assessment is limited to the specific audit areas under the purview and control of the primary implementing partner administrating and directing the programme of immunisation. The three audit ratings are as follows:

- **Satisfactory –** Internal controls and risk management practices were adequately established and functioning well. No high-risk areas were identified. Overall, the entity's objectives are likely to be achieved.
- **Partially Satisfactory –** Internal controls and risk management practices were generally established and functioning, but needed improvement. One or more high- and medium-risk areas were identified that may impact on the achievement of the entity's objectives.
- **Unsatisfactory –** Internal controls and risk management practices were either not established or not functioning well. The majority of issues identified were high risk. Hence, the overall entity's objectives are not likely to be achieved.

B. Prioritisation of recommendations

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

Annex 2: Classification of expenditures questioned by Audit

Adequately supported – Expenditures validated on the basis of convincing evidence (evidence which is sufficient, adequate, relevant and reliable) obtained by the auditors during the carrying out of their mission on the ground.

Inadequately supported – This covers two sub-categories of expenditure as explained below:

a. Purchases - This is expenditure for which one or more of the essential items of documentary evidence required by the country's regulations on procurement are missing such as procurement plan, tender committee review, request for quotation, invoice, contract, purchase order, delivery note for goods and equipment, pro-forma invoice, the final invoice, etc.;

b. Programme activity - This is expenditure where essential documentation justifying the payment is missing. This includes but is not limited to travel without a travel authorisation, lack of a technical report or an activity report showing completion of the task, signed list by participants. Lack of the same documents to support liquidation of advances/floats given for meetings/trainings/workshops etc.

Irregular Expenditure – This includes any deliberate or unintentional act of commission or omission relating to:

a. The use or presentation of documents which are inaccurate, incomplete/falsified/inconsistent resulting in the undue use or payment of GAVI funds for activities, or the undue, withholding of monies from funds granted by GAVI;

b. The embezzlement or misappropriation of funds to purposes other than those for which they were granted.

Ineligible expenditures – Expenditure which does not comply with the country's programme/grant proposal approved by GAVI or with the intended purpose and relevant approved work plans and budgets

Ineligible expenditure – Expenditure for which no supporting documentation and no compelling proof has been provided.

Annex 3: Audit procedures and reporting

Audit procedures

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

The procedures included:

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

Reporting

The audit findings were discussed with the senior management team of the Ministry of Health, Community Development, Gender, Elderly and Children of Tanzania on 17 November 2016 and 10 February 2017.

Annex 4: Locations visited by the Audit Team

Table 13: List of locations visited by the Audit Team

Regional Vaccine Store	District Vaccine Store	Health Facility
Dar es Salaam	Kinondoni	Kijitonyama HC
		Marie Stoppes HC
	Temeke	Round table HF
		KKKT Mtoni dispensary
	Ilala	Bugurunu HC
		Sunshine Muslim Volunteers HC
Zanzibar - Unguja	Kaskazini B	Kitope HC
		Kiomba Mvua HC
	Kusini	Muyuni HC
		Byejuu HC
Zanzibar - Pemba	Micheweni	Msuka PHCU
		Konde PHCU
		Kifundi PHCU
	Mkoani	RCH Clinic Mkoani
		Kengeza Clinic
Pwani Region	Kibaha TC	Mkoani Dispensary
		Kongowe Health Facility
	Mkuranga District	Mkuranga Dispensary
		Lukanga Dispensary
	Kibaha DC	Mlandizi Dispensary
		Gwata health centre
	Kisarawe	Kisarawe Hospital
		Masanganya Dispensary
Tabora	Kaliua	Igwisi
		Kazaroho
	Igunga	Nkinga
		Ndembezi
	Sikongwe	Usunga
		Igigwa
	Tabora MC	Uyuwi
		Isevya
Tanga	Muheza District	Mkanyangeni
		Ubwari
	Tanga City	Ngamiani
		Mikanjuni
	Korogwe	Mombo
		Bungu
	Handeni	Mkata
		Komkonga
Mwanza Region	Magu	Lugeye Dispensary
		Kisesa Dispensary
	Nyamagana	Nyakahoja Dispensary
		Mbugani Dispensary
	Kwimba	Ngumo health centre
		Nyamilama health centre
	Misungwi	Mwanangwa Dispensary
		Ukiriguru Dispensary
Morogoro	Mvomero	Dakawa
		Mvomero
	Kilombero	Signal
		Kisawasawa
	Morogoro Municipality	Uhuru
		Sabasaba
	Morogoro District	Dhuluma
		Fulwe
Lindi	Lindi Municipal Council	Town HF
		Sokoine Hospital
	Lindi District Council	Mahumbika HF
		Nyangao HF
	Nachingwea District Council	Nachingwea HF
		Mwenge HF
	Ruangwa District Council	Nkowe HF
		Ruangwa hospital
Dodoma	Chamwino District Council	Mlowe Barabarani
		Buigiri HC
	Bahi District Council	Mudemo HF
		Ibihwa HC
	Mpwapwa District Council	Mbori Dispensary
		Mwanakianga HC
	Dodoma Municipal Council	Kikuyu HC
		Makole Dispensary
Mbeya	Kyela	Ipinda
		Itope
	Rungwe	Kyimo
		Ndaga
	Chunya	Mapogoro
		Mbugani
	Mbeya City	Rwanda
		Isyesye
Kilimanjaro	Hai District Council	Kilimanjaro International Airport
		KIA HF
	Moshi District Council	Kilemapofu HF
		Kindi RC HF
	Rombo District Council	Kitasha HF
		Mkuu HF
	Mwanga District Council	Mwanga HC
		Neema RC HF
Arusha	Arusha City Council	St. Elizabeth HF
		Kaloleni HF
	Meru District Council	Lumen HF
		Usa River HF
	Monduli District Council	Olarash HF
		Monduli Hospital
	Longido District Council	Mundarara HF
		Longido HF

Annex 5: Tables related to the audit findings in vaccine management

Table 14: Instances of large variances (i.e. over 100%) between the physical stock counts and running stock balances in the manual stock records.

Entity	Vaccine	% Variance	Attributing factors
Kinondoni Regional Vaccine Store	PCV - 13	-100%	Stocks receipts not updated, i.e. stock ledger understated
	Penta	-100%	
	Rota	-100%	
Mvomero District Vaccine Store	MR	-100%	
	Rota	3116%	Stocks issues not updated, i.e. stock ledger overstated
Mbeya Regional Vaccine Store	MR	-100%	Stocks receipts not updated, i.e. stock ledger understated
Mwanga District Vaccine Store	MR	-152%	
Moshi District Vaccine Store	MR	1000%	Stocks issues not updated, i.e. stock ledger overstated
Chamwino District Vaccine Store	Rota	210%	
Neema Reproductive and Child Health	PENTA	-100%	Stocks receipts not updated, i.e. stock ledger understated
	MR	-100%	
	Rota	-100%	
	PCV - 13	-100%	

Table 15: Entities visited by the Audit Team which did not comply with EEFO in issuance of the vaccines.

Region	RVS	DVS	HF
Zanzibar		2	
Dar es salaam	2		
Mbeya		1	5
Kilimanjaro		4	
Mwanza		1	
Tabora		1	3
Tanga		1	4
Arusha			4
Lindi			5
Pwani			2

Annex 6: Tables related to the questioned cost by the Audit Team

Table 16: Breakdown of the questioned cost by Region and expenditure type

Region	Expenditure category	Irregular	Unsupported	Ineligible	Total
Dar es Salaam	Allowances	326,705,000	-	-	326,705,000
	Fuel	47,462,925	2,900,000	-	50,362,925
	Conference	-	5,597,400	-	5,597,400
	Non-refunded balances	-	13,242,783	-	13,242,783
	Sub-total	374,167,925	21,740,183	-	395,908,108
Zanzibar	Allowances	2,540,000	-	-	2,540,000
	Fuel	2,170,000	117,417,260	-	119,587,260
	Sub-total	4,710,000	117,417,260	-	122,127,260
Kilimanjaro	Allowances	87,005,840	125,829,060		212,834,900
	Fuel	-	23,253,502	12,963,904	36,217,406
	Conference	4,680,000	22,610,000	43,250,000	70,540,000
	Missing supporting documents	-	81,047,128	-	81,047,128
	Sub-total	91,685,840	252,739,690	56,213,904	400,639,434
Dodoma	Allowances	3,735,000	3,140,000	280,000	7,155,000
	Fuel	-	1,750,000	2,960,000	4,710,000
	Missing supporting documents	-	3,422,350	-	3,422,350
	Sub-total	3,735,000	8,312,350	3,240,000	15,287,350
Morogoro	Allowances	98,588,000	160,000	2,512,000	101,260,000
	Fuel	1,000,000	23,566,221	-	24,566,221
	Repairs	-	-	2,972,000	2,972,000
	Missing supporting documents	-	9,539,760	-	9,539,760
	Sub-total	99,588,000	33,265,981	5,484,000	138,337,981
Mbeya	Allowances	126,714,000	2,105,000	-	128,819,000
	Fuel	1,535,100	28,907,836	-	30,442,936
	Conference	6,005,000	-	-	6,005,000
	Missing supporting documents	-	99,435,120	-	99,435,120
	Repairs	-	-	677,000	677,000
	Sub-total	134,254,100	130,447,956	677,000	265,379,056
Tanga	Allowances	147,635,000	7,585,000	-	155,220,000
	Fuel	1,207,702	10,769,450	22,000,000	33,977,152
	Conference	1,961,520		-	1,961,520
	Sub-total	150,804,222	18,354,450	22,000,000	191,158,672
Tabora	Allowances	102,724,600	1,033,600	-	103,758,200
	Fuel	21,321,940	-	--	21,321,940
	Conference	-	-	1,400,000	1,400,000
	Sub-total	124,046,540	1,033,600	1,400,000	126,480,140
Mwanza	Allowances	4,035,000	10,812,500	-	14,847,500
	Fuel	388,668	10,649,611	-	11,038,279
	Conference	1,090,000	-	-	1,090,000
	Missing supporting documents	-	11,031,046	-	11,031,046
	Repairs	-	990,000	-	990,000
	Sub-total	5,513,668	33,483,157	-	38,996,825
Pwani	Allowances	14,127,500	34,405,000	5,655,000	54,187,500
	Fuel	-	30,541,369	-	30,541,369
	Conference	1,365,000	100,000	-	1,465,000
	Sub-total	15,492,500	65,046,369	5,655,000	86,193,869
Arusha	Allowances	12,550,000	8,253,000	1,830,000	22,633,000
	Fuel	-	19,220,700	-	19,220,700
	Repairs	-	-	3,647,000	3,647,000
	Sub-total	12,550,000	27,473,700	5,477,000	45,500,700
Lindi	Allowances	6,360,000	1,000,000	1,140,000	8,500,000

Region	Expenditure category	Irregular	Unsupported	Ineligible	Total
	Fuel	-	889,537	-	889,537
	Conference	2,249,000	-	225,000	2,474,000
	Sub-total	8,609,000	1,889,537	1,365,000	11,863,537
Total in TZS		**1,025,156,795**	**711,204,233**	**101,511,904**	**1,837,872,932**
	Exchange rate	1,600	1,600	1,600	1,600
Total in USD		**640,723**	**444,503**	**63,445**	**1,148,671**

Table 17: Record of audit working papers regarding questioned cost shared with the MOH/IVD.

Location and mode of sharing	Timing	Format
At regional level during the audit exit meeting in all the 12 regions sampled for the audit	October & November 2016	Audit exit minutes
At the IVD during the debriefing sessions with the IVD Accountant and MoH Accountant for each region sampled during the audit	(i) October & November 2016, and (ii) February 2017	(i) Audit exit minutes, (ii) summary of the questioned costs in Microsoft Excel and (iii) details of the questioned costs showing the payment voucher, payee, date and amount paid in Microsoft Excel

Annex 7- Tables for Procurement related findings

Table 18: Procurement related audit findings by transaction

<table>
<tr><th>Transaction details</th><th>Amount</th><th>Irregular</th><th>Unsupported</th><th>Audit observation</th></tr>
<tr><td>Item: Tally Sheets
Cheque n°: 10240
Payment Date: 12 Feb 2015
Supplier: M&C</td><td>105,000,000</td><td>105,000,000</td><td>-</td><td rowspan="9"><u>Non-transparent selection of suppliers</u>
Applicable to the procurements paid by cheque n°: 10240, 10236, 10235, 10239 & 10234

<u>Indication of split procurement, violation of Section 163 (2)</u>
Applicable to the procurements paid by Cheque n°: 10240, 10236, 10235

<u>Questionable delivery</u>
Applicable to the procurements paid by Cheque n°: 10236, 10240, 10239 and 376357

<u>Supporting documents not available</u>
Applicable to the procurements paid by Cheque n°: 376357 & 376368</td></tr>
<tr><td>Item: Council Summary Forms
Cheque n°: 10236
Payment Date: 19 Dec 2014
Supplier: M&C</td><td>25,750,000</td><td>25,750,000</td><td>-</td></tr>
<tr><td>Item: Guideline Books
Cheque n°: 10235
Payment Date: 19 Dec 2014
Supplier: M&C</td><td>117,600,000</td><td>117,600,000</td><td>-</td></tr>
<tr><td>Item: T-shirts & caps
Cheque n°: 10239
Payment Date: 12 Feb 2015
Supplier: BTL</td><td>37,465,000</td><td>37,465,000</td><td>-</td></tr>
<tr><td>Item: Posters and leaflets
Cheque n°: 10234
Payment Date: 19 Dec 2014
Supplier: BTL</td><td>48,380,000</td><td>48,380,000</td><td>-</td></tr>
<tr><td>Item: MR Guideline Books
Cheque n°: 376357
Payment Date: 04 Aug 2015
Supplier: M&C</td><td>17,048,000</td><td>-</td><td>17,048,000</td></tr>
<tr><td>Item: Vehicle wheel cover prints for IVD anniversary
Cheque n°: 376368
Payment Date: 07 Sep 2015
Supplier: unknown</td><td>6,000,000</td><td>-</td><td>6,000,000</td></tr>
<tr><td>Total TZS</td><td>357,243,000</td><td>334,195,000</td><td>23,048,000</td></tr>
<tr><td>Total USD</td><td>223,277</td><td>208,872</td><td>14,405</td></tr>
</table>

Table 19: Comparison of prices paid by the MOH with prices obtained from market survey conducted by the Audit Team

Transaction description	Details of goods procured	Quantity	PPU Paid by MOH	Total Paid by MOH [A]	PPU Market survey	Total Market Survey [B]	Overpayment [A-B]
Cheque n°: 376357 Payment Date: 04 Aug 2015 Supplier: M&C	MR Guideline Books						
	Mwongozo wa Uanzishaji wa Chanjo ya Surua Rubella	15,600	680	10,608,000	335	5,226,000	5,382,000
	A guide to introducing Measles Rubella	3,500	920	3,220,000	335	1,172,500	2,047,500
	Mwongozo wa Chanjo ya Kuzuia Saratani ya mlango wa Kazazi (HPV)	3,500	920	3,220,000	268	938,000	2,282,000
	Total			17,048,000		7,336,500	9,711,500
Cheque n°: 10236 Payment Date: 19 Dec 2014 Supplier: M&C	a) Printed Council Summary Forms						
	(i) MR Forms	1,000	350	350,000	67	67,000	283,000
	(ii) Invermectine Forms	1,000	350	350,000	67	67,000	283,000
	(iii) Albendazole Forms	1,000	350	350,000	67	67,000	283,000
	(iv) Vitamin A Forms	1,000	350	350,000	67	67,000	283,000
	(v) Mebendazole Forms	1,000	350	350,000	67	67,000	283,000
	b) Printed Daily Summary Forms						
	(i) MR Forms	15,000	200	3,000,000	67	1,005,000	1,995,000
	(ii) Invermectine Forms	15,000	200	3,000,000	67	1,005,000	1,995,000
	(iii) Albendazole Forms	15,000	200	3,000,000	67	1,005,000	1,995,000
	(iv) Vitamin A Forms	15,000	200	3,000,000	67	1,005,000	1,995,000
	(v) Mebendazole Forms	15,000	200	3,000,000	67	1,005,000	1,995,000
	c) Printed AEFI Case Investigation Forms	45,000	200	9,000,000	67	3,015,000	5,985,000
	Total			25,750,000		8,375,000	17,375,000

Table 20 continued …

Transaction description	Details of goods procured	Quantity	PPU Paid by MOH	Total Paid by MOH [A]	PPU Market survey	Total Market Survey [B]	Overpayment [A-B]
Cheque n°: 10240 Payment Date: 12 Feb 2015 Supplier: M&C	Printed & bound Tally Sheet forms (Booklet)						
	(i) MR Forms - Book/50	140,000	150	21,000,000	67	9,380,000	11,620,000
	(ii) Invermectine Forms- Book/50	140,000	150	21,000,000	67	9,380,000	11,620,000
	(iii) Albendazole Forms- Book/50	140,000	150	21,000,000	67	9,380,000	11,620,000
	(iv) Vitamin A Forms- Book/50	140,000	150	21,000,000	67	9,380,000	11,620,000
	(v) Mebendazole Forms- Book/50	140,000	150	21,000,000	67	9,380,000	11,620,000
	Total			105,000,000		46,900,000	58,100,000
Cheque n°: 10234 Payment Date: 19 Dec 2014 Supplier: BTL	Posters and leaf lets						
	Leaflets Brochures (A4, 2 Sides, Full colour printing)	100,000	230	23,000,000	67	6,700,000	16,300,000
	Posters (A3, full colour, 170gsm glossy)	60,000	300	18,000,000	268	16,080,000	1,920,000
	Total			41,000,000		22,780,000	18,220,000
TOTAL TZS				**188,798,000**		**85,391,500**	**103,406,500**
TOTAL USD				**117,999**		**53,370**	**64,629**

Annex 8: Management comments and action plan as at 13 July 2017

Audit Recommendation	Management Response
Recommendation 1 – Critical The Ministry of Health should ensure that officers responsible for vaccine storage and handling at regional, district and health facilities comply with the following requirement of the Vaccine Guide: • Timely recording of vaccine movements is supported by stock issuance vouchers which cross-reference with the signed confirmation of receipt; • Regular physical stock count procedures are undertaken which incorporate: independent oversight; follow-up and documentation of any differences in stock against record; and appropriate authorisation of any write-offs by senior management; • Across the supply chain, ensure that critical details in the stock records are maintained to ensure compliance with EEFO, namely vaccines expiry date and batch numbers; • Issue vaccines in strict compliance with the EEFO principle, with exceptions only for vaccines with adverse indicators on their Vaccine Vial Monitor.	The Management of the Ministry agrees with the audit recommendation and will introduce the following measures in cooperation with other immunization partners in the country: • Roll out of the VIMS has started in 17 regions. Lessons learnt will be used to complete country wide rollout using GAVI HSS funds. Implementation of VIMS to remaining 12 regions will depend on availability of funds through GAVI's HSS grant. Ministry will also start mobilization of resources through the ICC. VIMS is expected to address majority of the issues related to vaccine management, including accurate stock balances and temperature monitoring; • Standard Operation Procedures for vaccine management are being reviewed. Plans are underway to conduct a refresher training in August 2017 for all health workers at Primary Health Care level using HSS funds; • The Management of the Ministry has issued instructions to all health facilities to update inventory for of vaccine and vaccine related materials and equipment on a monthly basis and submit a monthly report to the relevant district offices; and • Standard operation procedure and guideline for EEFO will be re-issued to the DIVOs to ensure compliance with its principles. Completion date: The Ministry commits to implement the recommendation within the timeframe of June 2017 - Jan 2018.
Recommendation 2 – Essential The MOH should ensure that vaccine control books at the Health Facilities have appropriate formats for recording vaccines wastage, vaccines used, and the persons vaccinated.	The Management of the Ministry agrees with the recommendation. The Management will revise ledger books used at the Health Facility level and ensure that vaccine control books have appropriate formats, available and adequately used. Completion date: The Ministry commits to implement the recommendation in collaboration with PMOLARG within the timeframe of June 2017 - Jan 2018.
Recommendation 3 – Essential The MOH is recommended to prioritise scaling up of the ongoing initiatives of VIMS and BIDS which aim to streamline data reporting processes and tools. However, prior to scale-up, the MOH must achieve the following: • Assess the effectiveness and sustainability of VIMS and BID at pilot regions; • Harmonise the efforts of the various initiatives that are currently underway to enhance vaccine logistic management; • Prepare a comprehensive costed plan including timeline for system roll out, training, and data migration; • Identify the funding source and obtain commitments; • Revise the existing Standard Operating Procedure (SOP) for vaccine management to incorporate new process vis-à-vis the new system.	The Management of the Ministry agrees with the recommendation. MOH has prioritized scale up of VIMS. As of May 2017 the system is implemented in 17 regions out of 28. In addition, the IVD and ICT department of MOH will introduce the following measures: • The Ministry under Information and Communication Technology (ICT) department conducted a field visit in Arusha, the pilot region for BID initiative, to assess the effectiveness and sustainability of the VIMS and BID systems. For sustainability of the system, electronic Logistics Management Information System (eLMIS) is integrated into the VIMS. The Ministry through eHealth strategy objective six, discourages establishment of parallel systems. • Meetings were conducted to harmonize the efforts between stakeholders and it was agreed that, BID, m-vaccination, and VIMS to import data to DHIS2. • Comprehensive costed plan for the VIMS rollout is already developed and the funds are committed from Gavi (HSS), JSI, CHAI and PATH. • The Ministry will review and revise the existing SOPs for vaccine management to incorporate VIMS.

Audit Recommendation	Management Response
	Completion date: The Ministry commits to implement the recommendation within the timeframe of June - December 2017.
Recommendation 4 – Critical To mitigate the risk of temperature monitoring at the vaccine stores by unskilled staff, the MOH is recommended to develop a mechanism which will inform the IVD in a timely manner about turnover in the key personnel such as the DIVO, Store Manager, and Cold Chain Specialist. This information should be used by the IVD to find an appropriate response to develop the required skills, such as through training. The IVD is also encouraged to consider various alternatives such as targeted mentoring, support supervision, a crash course or refresher course during the monitoring visits, or adjusting the frequency of the planned training to meet the identified needs.	The Management of the Ministry agrees with the recommendation. The management of human resource at regional, district and facility level is under President's Office Regional Administration and Local Government Authority (PORALG) and therefore the IVD/MOH will communicate with PORALG to ensure unnecessary reallocation of skilled staff is avoided and whenever there is a turnover, information is immediately shared with Ministry of Health so that appropriate training or mentorship is conducted. The Ministry has already developed training guidelines on immunization, and refresher training, supportive supervision are indicated in annual plan 2017/2018. Completion date: The Ministry commits to implement the recommendation by December 2017.
Recommendation 5 – Essential • The IVD, in discussion with Gavi Country Programmes, has allocated some funds from the existing Health System Strengthening grant to address immediate needs of replacing and repairing cold chain equipment. In addition, the IVD has submitted a proposal for a Cold Chain Equipment Optimisation Platform (CCEOP) grant in June 2017. The CCEOP funds is intended to replace worn out and aged cold chain equipment with upgraded kit. This is likely to address the contemporary challenge of repairing and maintaining the equipment. • In the meantime, the MOH is recommended to strengthen its existing plan for cold chain maintenance by: including cost component, identifying source of funds to cover the costed plan, and by enforcing, at the subnational level, maintenance plans for cold chain equipment including preventive and corrective maintenance.	The Management of the Ministry agrees with the recommendation. Tanzania has submitted the Cold Chain Expansion Optimization Plan (CCEOP) proposal which took consideration for storage capacity needs for the newly created districts. The Ministry has revised and costed the existing Cold chain maintenance plan and will reinforce its implementation at sub-national level through the annual Comprehensive Council Health Plan. Ministry in collaboration with partners is currently building capacity of regional and district Cold Chain technicians on maintenance and repair. Completion date: The Ministry commits to implement the recommendation by March 2018.
Recommendation 6 – Essential The MOH should prioritise development of the infrastructure and storage capacity for storage of the vaccines at the newly created districts. The MOH should commence with an assessment of the sufficiency and appropriateness of the storage at the newly created districts. Following this assessment, a time-bound and costed plan should be developed and implemented to address the storage gaps. The resources required for this	The Management of the Ministry agrees with the recommendation. The recent assessment of cold chain capacity of the newly created districts conducted by the Ministry of Health has identified the storage capacity gap. The Tanzania CCEOP application took into consideration the storage capacity needs for the newly created districts. The MoH has provided a generic sketch map for construction of vaccine stores (DVS). The MoH is advocating planning of construction of DVS in Comprehensive Council Health Plan (CCHP) by the respective

Audit Recommendation	Management Response
purposes could be sought in the application for Gavi's CCEOP grant.	councils. However, the development of infrastructure at the regional level is under the mandate of PMORALG. Completion date: The Ministry commits to implement the recommendation by December 2017.
Recommendation 7 – Critical To mitigate the future risk of Gavi funds being mismanaged, the MOH is recommended to: • Manage Gavi grants, which are disbursed to the regions, either within the existing government accounting/financial system or enter into a MoU with the regions, through PMO-RALG, which would provide a framework for management of the Gavi funds; • Ensure complete and accurate books of account including ledgers, and cash books are maintained and clearly referenced to relevant supporting documents and justifications; • In particular ensure that, expenditures related to allowances and incentives are supported by receipts signed by the recipients and show the amount of funds received. The payment must be supported further by identity card, designation, duty station and contact details, e.g. mobile number of the recipients; • Ensure that annual programmes and schedules disbursements pertaining to Gavi funds are accurately reflected in the annual budget of the Government of Tanzania; • Expenditure is reported, on a regular basis, to Gavi against the approved budget after being reviewed and approved by a senior management of the MOH; • Ensure that the expenditures related to Gavi grants are subject to periodic and timely review by the MOH's Chief Examiner section and Internal Audit function.	The Management of the Ministry agrees with the recommendation. Funds from GAVI and all other donor funds are disbursed by Ministry of Finance to Ministry of Health and it is the responsibility of the Ministry of Health to manage and be accountable for. PMORALG has recently established a department of Health under its wing, which will be responsible for handling all cross cutting issues related to PMORALG and Ministry of Health. In response, the Ministry of Health has taken or proposes to take the following measures: • The Ministry has closed all The TB accounts at regional level and now disbursement of funds to region is done through sub-treasury account which will be administered by the Regional Administrative Officer. • The management of ministry of Health will issue/ provide guidelines on management of GAVI funds disbursed to region using the government accounting system. The ministry will develop guideline to be used by region and districts for the management of Gavi funds. • Government accounting guidelines will be developed in line with International standards, Government circulars, proposed agreements, financial regulation and other internal memo and directives. • Account Books for Gavi funded programmes have been rearranged and completed. Cash books are now maintained and balanced. Ledgers have been updated and maintained with clear relevant reference supporting documents. • Gavi funds will be reflected accurately in an annual budget of the Government of Tanzania through Ministry of Finance. In order to ensure disbursements are according to the annual plan and schedules, Ministry will frequently ensure that once funds are disbursed from Gavi, follow up to Bank of Tanzania and Ministry of Finance will be done immediately by official writing communication and a copy it will be sent to Gavi. • The Ministry of Health is expecting to introduce format which will be used for sharing information with Gavi. This Format will include all relevant information's including: Budgets; Funds received; and Expenditures. Period of reporting is proposed to be quarterly. • In order to ensure accuracy, and as a step towards achieving and improving good governance, transparency and accountability, in the management of Gavi grants, Ministry will ensure that the annual audit plans of the Office of Internal Audit, include periodic and timely reviews of the Gavi grants, this will be in line with the duty of pre-examination activity of the Examination section to test and check reliability of documents. In doing so Ministry is planning to request Gavi to provide budget for the internal audit and pre examinations of Gavi documents. • In view of the audit observation regarding expenditure supported by irregular documents, expenditure without supporting documents and in eligible expenditure, the Government has taken the active action through internal control systems under various

Audit Recommendation	Management Response
	government institutions to address those anomalies for further action. In addition the following Internal Controls have been taken: • To avoid double payments the management has started to use direct payment to person accounts of the participants registered for each approved activity in relation to salary scale. • The management will strengthen the role of Internal Auditing to ensure all irregularities in financial control such as Inconsistent signature across multiple documents for the same individual, Similar signature style for all individuals on attendance and payment sheets, identical handwriting on documents belonging to different districts etc. are taken into actions according to government rules and regulations. • For strengthening the financial control the Permanent Secretary has re - issued a financial circular with reference numberCA.4/209/01`A`/20 to ensure accountability and responsibilities. The Circular covers the following areas. – Objectives and outcome of the activity – Place and date of the activity indicating region, council and venue. – List of participants expected to be involved in the activity with their names, work station, salary scale and contact details. – Use of vehicle logbooks – All retired receipts should be electronic (Electronic Fiscal Device (EFD)). – Requesting for release of funds will require a concept note on the nature of activity including objectives, key participants and expected output – All procurements related to expected activities including stationaries, t-shirts etc. with funds not exceeding 5 million Tsh. must be purchased at the ministerial level and will follow government procurement procedures – All participants must provide a confirmation of their participation prior to the activity approved by the PO- LARG – Date of start and completion of the activity must be indicated – In case the vehicle requires maintenance, all maintenance must be conducted at place authorised and approved by Government Authority. – All activities done at sub national level, should be verified and approved by PO-LARG authority Completion date: Implementation started in June 2017, to be completed in June 2018.
Recommendation 8 – Critical The MOH should evaluate alternatives suggested below and provide Gavi's Country Support Team with a time-bound and costed plan for the implementation of an appropriate accounting system: • Discuss with the Ministry of Finance the extension of the use of the accounting system that is being used by the Government.	The Management of the Ministry agrees with the recommendation. The Ministry initiated a process to install a standalone accounting and reporting system to manage all funds being disbursed through the main government payment system, i.e. Integrated Financial Management Information System (IFMIS). However due to limit funding, the process did not materialize. Currently the government through the funding from the Global Fund is in a process of installing an accounting and reporting system that will be used to manage funds not being disbursed through the IFMIS. Global fund has already allocated fund for this plan. Initially the system will be used for the

Audit Recommendation	Management Response
• Explore with other units within the MOH that manage funds from donors such as the Global Fund and assess if their accounting systems could be customised to manage and report Gavi grants.	Global Fund financed programs and later expected to be scaled up for all Ministry's donor funded project and programs. Ministry of Health sees this as an opportunity to enable GAVI funding to be merged with this new standalone accounting and reporting system thus is expecting to consult GAVI and if this plan will be accepted, GAVI will be requested to assist with funds for this purpose. Completion date: The Ministry commits to implement the recommendation by December 2018.
Recommendation 9 – Critical For the future procurements, the MOH should comply with the applicable terms and conditions of the Partnership Framework Agreement and Aide-memoire with Gavi and with the national procurement regulations. Particularly: • Goods of an homogeneous nature should be bundled and procured in a single procurement process as required by the PPR; • The MOH should undertake a formal process to shortlist prequalified suppliers in accordance with the procedures stipulated in the PPR; • The MOH should maintain a bid/quotation register with information such as physical address, postal address, telephone, email and website for all the bidding suppliers; • Good delivered by the suppliers should only be accepted after a competitive supplier selection process and a duly signed contract. The terms and conditions for delivery, including the place of delivery must be clearly stipulated in a contract. The MOH should also maintain evidence of goods received by the receiving officer and user department; • For every procurement conducted, the MOH should maintain a complete file, including but not limited to the: purchase requisition; supplier selection process; approval of the supplier selected by the relevant committee; award notification letter; signed contract; purchase order; delivery notes; confirmation of goods receipt by the user entity; supplier invoice; evidence of payment; and payment receipt confirmation by suppliers.	The Management of the Ministry agrees with the recommendation. The Ministry will comply with applicable terms and conditions of the Partnership Framework Agreement and Aide-mémoire with Gavi in line with the national procurement regulations. Management of the Ministry is required to comply with the National PPA and PPRA guidelines. Completion date: The Ministry commits to implement the recommendation by June 2018.
Recommendation 10 – Essential The MOH should insure high value assets funded by Gavi grants where insurance is available at reasonable costs.	The Management of the Ministry agrees with the recommendation. Ministry of Health maintains an Asset Register which include detail narratives as recommended by the Ministry of Finance. This register comprises of all assets owned by Ministry including those under its subsidiary departments and programmes. The detailed information include: (i) Codification, (ii) Descriptions, (iii) Type of asset, (iv) Year of

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In addition, the MOH should maintain an updated register of all assets procured using Gavi support. The asset register should include: (i) description; (ii) serial number; (iii) date of purchase; (iv) insurance coverage; (v) warranty information; (vi) location; (vii) condition; and (viii) date of last inspection. The MOH should ensure that the assets are routinely updated at the subnational level by establishing a mechanism for the regions to submit their fixed asset register to the MOH on a semi-annual basis for validation.	acquisition; (v) Location, (vi) Ownership, (vii) Quantity; (viii) Condition; (ix) Initial Cost; (x) Accumulated Cost; (xi) Impairment Loss, Disposal; (xii) Net Book Value;(xiii) Store Ledger number; and (xiv) Source of Funds. The information in this asset register is part of information in the Ministry's Financial statements and their respective departments and programmes. Total amount of asset owned by the Ministry is then consolidated in the National asset register owned by Ministry of Finance. Ministry will continue to manage asset register in line with Gavi memorandum report of asset. Assets register will continue to be updated accordingly. However government assets have no Insurance cover, and so in this regards, if, Gavi requested Insurance for its assets, then funds should be provided from the grant budget. According to IPSAS 17, where benefit of Asset is recognized, is when the asset is required to be recorded in the register. Most Gavi assets are used at LGA level therefore we will use existing framework to ensure implementation of records. In order to strengthen asset management at the subnational level as well as insurance for assets the management will formally write a letter to PO-RALG to ensure all assets purchased by Gavi are properly recorded, insured and managed. Moreover, PO-RALG should allocate adequate fund for assets maintenance in their Council Comprehensive Health Plans (CCHP) budgets. Completion date: The Ministry commits to implement the recommendation by June 2018.
Recommendation 11 – Essential It is recommended that the MOH, in consultation with Gavi's Country Programme Team, engages with NAOT to discuss the shortcoming in the audit reports submitted to Gavi. Further, the MOH should reconfirm NAOT's commitment to perform future audits in conformance with Gavi's audit guidelines.	The Management of the Ministry agrees with the recommendation. Government of Tanzania through Ministry of Finance adopted a five years transition period before becoming fully compliant to IPSAS Accrual basis of accounting in 2017. Previously Gavi Programme used to prepare financial statements according to the closure of financial year accounting circular provided by the Ministry of Finance each year. The aim was to enable MOF to be able to consolidate all financial statements based on the format issued by Ministry of Finance. During Audit of 2016 Gavi country Team discussed with MOH & NAOT and it was recommended that financial statements should be prepared in conformance with Gavi audit guidelines. Completion date: The Ministry commits to implement the recommendation by December 2018.
Recommendation 12 – Essential The MOH should increase the involvement of its IA function in relation to Gavi-funded programmes. The IA function should be involved in the programme lifecycle to identify and agree on the audits, spot reviews and	The Management of the Ministry agrees with the recommendation. The Ministry will ensure that the annual audit plan of the Office of Internal Audit, includes periodic and timely reviews of the Gavi grants, this will be in line with the duty of pre examination activity of the Examination section to test and check reliability of documents.

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advisory roles to support the MOH management. The IA activities and related costs may be included in the proposals submitted to Gavi. The MOH is encouraged to explore, in discussion with Gavi Country Programmes the possibility of funding the IA workplan from savings within the existing Gavi HSS grant.	Ministry will discuss with Gavi country programmes about the possibility of funding the activities of the IA work plan from savings from the existing Gavi HSS grant. Completion date: The Ministry commits to implement the recommendation by December 2017.
Recommendation 13 – Essential It is recommended that, the MOH in its capacity as a chair of the ICC, enhances the ICC roles by developing a detailed guideline that provides a framework for the operation of ICC. The guidelines should cover the following: • Core functions of the ICC; • Annual oversight activities such as milestone reviews of VIMS rollout, vaccine stock data review, progress on the implementation of workplan, and field visits. • A mechanism for follow up on recommendations from EPI review, External Audit, Internal Audit, Joint Appraisal, EVM, and Gavi Programme audit; • Implementation and tracking of the ICC recommendations; • Membership procedures for joining and leaving the committee; • Regional and Zanzibar representation/ coordination; • A coordination framework with NITAG and other similar mechanisms such as the Global Fund's County Coordinating Mechanism (CCM); • A process for developing agenda prior to the meetings.	The Management of the Ministry agrees with the recommendation. The Ministry will develop guidelines for operation of ICC, with inclusion of all areas mentioned. Terms of reference (TOR) are available and will be provided to each member. The Ministry will develop a mechanism to ensure that progress of implementation of all recommendations from EPI review, EVMA, Joint appraisal or Gavi Audit are shared with ICC members. Currently, recommendations are included in the IVD annual plan activities and progress of implementation presented to ICC. The Management of the Ministry agrees with the recommendation. The Ministry of health is not a Union matter, Tanzania Mainland and Zanzibar have their own ICC, though in special meetings like EPI Review, representatives from Zanzibar do participate. Agendas are normally developed and shared to members before the meetings. Completion date: The Ministry commits to implement the recommendation by June 2018.
Recommendation 14 – Critical It is recommended that the MOH, in consultation with in-country development partners, develops a comprehensive plan which addresses the key components such as: description of the activities to be undertaken (covering infrastructure, human resources, transportation, insurance of the store); pre-agreed milestones; required funds and sources; allocation of responsibilities amongst the partners; and a steering committee for an end-to-end project oversight.	The Management of the Ministry agrees with the recommendation. The Ministry in collaboration with in-country immunization development partners have finalised a comprehensive roadmap for handover of vaccine management responsibilities from MSD to IVD. The roadmap includes details of the activities to be conducted, costs associated and its sources, role of the steering committee, human resources requirement, refrigerated and non-refrigerated vehicles needed, analysis of operational costs after shifting and sustainability plan. Completion date: The Ministry commits to implement the recommendation by December 2018.