

GAVI/14/519/ar/kd

Honourable Federal Minister of Health
Professor C. O. Onyebuchi Chukwu
Federal Ministry of Health
New Federal Secretariat Complex
Abuja
Nigeria

October 17, 2014

Honourable Minister,

**Letter of Understanding on the Principles regarding the GAVI Cash Program
Audit 2011-2013**

The Government of Nigeria (GoN) and Gavi, the Vaccine Alliance, are committed to saving children's lives through immunisation and have been working in partnership to improve routine immunisation and introduce new vaccines since 2000.

The GoN and Gavi have together carefully reviewed the findings of GAVI's cash program audit (CPA), which began in November 2013 and covered financial grants disbursed in the period 2011 to 2013. Select areas of support were subject to detailed examination.

The CPA had the following objectives:

- To validate that expenditures made under the Gavi grants were in accordance with the mutually-agreed commitments, and were properly documented;
- To gain assurance that the systems, processes and controls at the executing entities - the Federal Ministry of Health, NPHCDA, and states - were adequate to ensure that Gavi funds could be channelled securely, while identifying opportunities to strengthen these institutions.

This statement was agreed upon before the completion of the audit. In the meantime, the Government of Nigeria and Gavi have agreed on the following:

- There have been systemic weaknesses in financial controls which may have led to the inappropriate use of funds.

- An external full-scale audit will be undertaken to examine pre-2011 expenditures not covered in the scope of this CPA as well as to further validate certain items raised by the Ministry of Health in the current CPA.
- The GoN agrees on the principle to reimburse Gavi for any amounts identified as inappropriately used at the conclusion of the current CPA.
- The Ministry of Health is committed to transparency and accountability in the use of public resources, and adherence to the Country's Procurement laws and Financial Regulations, breach of which will attract appropriate sanctions.

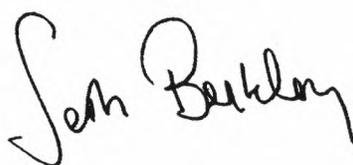
In response to the CPA, the Ministry of Health and NPHCDA have introduced a number of measures to immediately enhance the transparency and accountability of systems. These include: the upgrading of the Internal Audit Unit to a department empowered to undertake "physical verification;" the introduction of routine checks to validate that purchased assets have been delivered and installed appropriately across the country; and the compilation of a fixed asset register. These measures will help address some of the systemic weaknesses identified in the CPA.

The Ministry of Health and Gavi appreciate the role of partners, particularly UNICEF and WHO, in channelling Gavi funds during the transitional period while the executing entities are strengthening their capabilities. For the longer term, the appointment of a fiduciary agent was agreed to oversee the financial management of GAVI's grants at both federal and state levels. This appointment will also support the enhancement of executing entities' capacities to strengthen systems of transparency and accountability.

The way forward agreed by the Ministry of Health and Gavi underlines our common commitment to saving children's lives through an effective immunisation program. Gavi is committed to continue to support Nigeria in sustaining the achievements made in its vaccination programmes, and to support the efforts to eradicate polio on which much has already been achieved.

Agreed on behalf of Gavi, The Vaccine Alliance

Signature
17 October, 2014
Dr Seth Berkley
Chief Executive Officer
GAVI, The Vaccine Alliance



Agreed on behalf of The Government of Nigeria

Signature
17 October, 2014
Professor C. O. Onyebuchi Chukwu
Federal Minister of Health
Federal Ministry of Health, Nigeria