



**SOLOMON ISLANDS GOVERNMENT**

# **OFFICE OF THE AUDITOR GENERAL**

## **PERFORMANCE AUDIT REPORT ON PREVENTING CORRUPTION THROUGH EFFECTIVE INSTITUTIONAL FRAMEWORK AT THE NATIONAL LEVEL AND IN THE MANAGEMENT AND DISTRIBUTION OF MEDICAL SUPPLIES**

Auditor General  
Office of the Auditor General  
P O BOX G18, Honiara

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## Foreword from the Auditor-General

### Mr Speaker

#### National Parliament of Solomon Islands

I have the pleasure Sir, in presenting this performance audit report on the National Anti-corruption Framework and Management and Distribution of Medical Supplies as required by Section 108 (4) of the Constitution.

### The Audit

The Audit of management and distribution of medical supplies was conducted at the National Medical Stores (NMS) and Clinics under the Provincial Health Services within the Ministry of Health and Medical Services (MHMS) while the audit of the national framework for anti-corruption was done at the national government level.

The audit fieldwork was carried out from February 2018 to June 2018.

The audit considered the importance of effective management of medical supplies and efficient distribution system with proper guidelines and policies in place to prevent corrupt practices that will not enable the Ministry to achieve its objective. And this is to make sure whole of Solomon Islands is accessible to medical services that are fully functioning with medical supplies. This will in turn meet the medical needs of different stakeholders.

I acknowledge the MHMS through the NMS for their great effort in the management and distributions of medical supplies to reach the whole country. The Ministry through the NMS still needs to address the shortcomings in the various Health Acts that are due for review and strengthen internal control concerns identified in the main body of the report.

I have made recommendations if implemented can improve the internal management of medical supplies, improve the system of distributions and eliminate environmental risks observed during the audit. Policies that are supported by updated legislation can be effective in achieving their goals and objectives.

### Acknowledgement

I would like to acknowledge the Permanent Secretary for MHMS, Director Policy and staff, NMS staff for providing valuable official information and records to the audit team and Second Level Medical Stores (SLMS) staff and the nurses at their respective clinics and Health Centres for their great assistance during our field work.

I would like to thank my performance audit team for their commitment including their willingness to travel around various clinics that we conducted this audit on and for their time and effort in interviewing the key Ministry officials, NMS staff, staff at the SLMS and nurses to collect necessary information.

I thank IDI, PASAI and other Supreme Audit Institutions for technical and financial support for the audit.



Peter Lokay  
Auditor-General

31 December 2018

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## Acronyms

Acronym	Detail
ACA	Anti-Corruption Agencies
CTB	Central Tender Board
DDAs	Dangerous Drugs of Additions
DFAT	Department of Foreign Affairs and Trade Australia
FI	Financial Instructions
GO	General Orders
ICTSU	Information and Communication Technology Support Unit
IDI	INTOSAI Development Initiative
INTOSAI	International Organization of Supreme Audit Institutions
LCC	Leadership Code Commission
MHMS	Ministry of Health and Medical Services
MOA	Memorandum of Agreement
MoFT	Ministry of Finance and Treasury
MTB	Ministerial Tender Board
NACS	National Anti-Corruption Strategy
NMS	National Medical Stores
OAG	Office of the Auditor-General
OBM	Out Boat Motor
PASAI	Pacific Associations of Supreme Audit Institutions
RDP	Role Delineation Policy
SLMS	Second Level Medical Stores
SIG	Solomon Islands Government
SINU	Solomon Islands National University
SOP	Standard Operating Procedures
SoS	Scheme of Services
TA	Technical Advisor
TGA	Therapeutic Goods Administration
UNCAC	United Nations Convention Against Corruption
UPNG	University of Papua New Guinea

## Executive summary

The auditing of the institutional framework and measures in place to prevent corrupt practices at the national and health sector level for good management and distribution of medical supplies is part of the Solomon Islands Performance Audit program.

We conducted this audit pursuant to the provisions of section 108 of the constitution, section 35 (1) (d), 35 (1) (e) and 39 (3) of the Public Finance and Audit Act [Cap 120], and in accordance with the *International Standards of Supreme Audit institutions (ISSAIs)*

The objective of the audit was to ‘asses the Anti-corruption framework at the national level and to verify whether the medical supplies are managed effectively, efficiently and economically at all levels within the health sector’.

I have made recommendations to improve the system used and measures that will guide the management and distributions of the medical supplies so that all supplies are managed properly, well-regulated and fairly distributed effectively, efficiently and economically to have greater impact for the better health of our people. I further recommend that the recommendations are implemented to enhance management, coordination and distribution of the medical supplies.

## Recommendations and agency response

#	Recommendations	Agency Responses
1	OAG <b>recommends</b> that the Ministry progress, as a matter of high priority, the initiative to appoint a legal person to carry out consultation to revise the Act to assist the Ministry to meet its current and newly obligations and developments	The WHO Office provides technical services to the MHMS. At present, there are two WHO legal officers who are available to assist the MHMS in this area
2	<p>OAG <b>recommends</b> that the;</p> <ul style="list-style-type: none"> <li>Ministry train and certify pool of nurses to become registered pharmacist and from that pool of registered pharmacist are nurses to be selected to station in all registered clinics in the Country;</li> <li>Ministry to review and revise the Act to get the maximum publicity to reflect the current situations; and</li> <li>Ministry to include in its budget the yearly planned inspection programme.</li> </ul>	<p>Pharmacy is a specialised four year overseas degree with a one year internship. It is not practical to train 300 new pharmacists so there can be one in each clinic. It would be more practical for nurses to have a ‘dispensing and medicines management’ short course in their degree to accredit them to dispense medicines and ensure the law is update to reflect a realistic arrangement.</p> <p>A pharmacist is a specialised person who is not required to have a dispensing competency but possesses a lot more specialised knowledge and skills. Consequently, it would be a waste of resources to train a pharmacist for four years with one year internship before registering as a pharmacist in the Solomon Islands and posting them in clinics. In the Solomon Islands, a nurse who diagnoses and dispenses in the provinces does so under the authority of the Director of the Provincial Health &amp; Medical Services who is responsible for the diagnosis and dispensing and who, therefore, will be held accountable and answerable. In this connection, the health Act needs to be reviewed if it is cater for this practice. It needs to be pointed out that it is not practical to have a pharmacist in all clinics as it will be very expensive and that the services of a pharmacist would be under-utilised operating at the level of a clinic. The MHMS needs to review the curriculum of nurses at SINU so as to ensure that these competencies are addressed.</p> <p>The review of the MHMS Acts of Parliament is an ongoing one.</p> <p>The recommendation to include in the MHMS annual budget for the planned inspection program can be accommodated provided that additional</p>

		<p>pharmacists can be absorbed into the Establishment so that this needs the understanding of the MPS which is the employing Ministry as well as the MoFT which is responsible for the annual allocation of the budget ceiling.</p> <p>Pharmacists are trained mostly in Fiji and UPNG and undergo a one year internship program before they are registered as Pharmacists under the Pharmacy Practitioners Act 1997. Pharmacy officers or Pharmacy Assistants graduate with a certificate after undergoing a two years on-the-job training within Pharmacy Division (NRH) and a six month probationary period. They are also registered under the Pharmacy Practitioners Act 1997.</p> <p>Under the current arrangement by MHMS, nurses stationed at remote clinics can dispense medicines and their actions will be the responsibility of the Provincial Health Director. Non Pharmacists (i.e. Pharmacy assistants) dispense medicines under the responsibility of the Director of Pharmacy.</p> <p>Regulatory affairs Unit within Pharmacy Division is responsible for inspections. There needs to be an increase in budget to cater for inspections across all the Provinces.</p>
3	OAG <b>recommends</b> that the Ministry establishes policies and regulations on conflict of interest, receiving and giving of gifts and benefits.	<p>SIG procurement guidelines have tried to address these risks. There are provisions in the Procurement and Contract Administration Manual, FIs, GO, LCC Act and the SIG Code of Conduct that directly or indirectly addresses the issue of conflict of interest. The Procurement and Contract Administration Manual and FL, for instance, address fraud and corruption relating to the receipt of good and conflict of interest in so far as procurement is concerned. This is enforced through compliance with legal framework. The Ministry thrive to be compliant with these legal instruments already in place. Having said this, however, the MHMS is mindful to put additional internal control measures in place to counter potential conflict of interests that may arise.</p> <p>It is anticipated that the Whistle-blowers Protection Bill, once implemented, would also assist in addressing the issue of conflict of interest, etc.</p> <p>The MHMS currently administers three Schemes of</p>

		<p>Services (SoS) for the doctors, paramedics and the nurses which spell out the terms and conditions of employment of their members. In this regard, the assistance of the MPS which is the employing Ministry would be required to address these risks associated with the SoSs.</p> <p>On the issue of membership of decision making Committees, the MHMS takes note in ensuring that the TORs of the Committees are designed in such a way to address these risks.</p>
4	<p>OAG <b>recommends</b> that the:</p> <ul style="list-style-type: none"> <li>• NMS retain and maintain copies of contract documents for verification and reference purposes; and</li> <li>• Ministry to cater for a laboratory and training of local expertise in its strategic plan for the proposed new Hospital.</li> </ul>	<p>The Procurement Unit within the MHMS is the central MHMS agent responsible for the Ministry's procurement and contract management. Contracts, therefore, are kept by the Procurement Unit and copies held by the NMS for verification, reference purposes and compliance check.</p> <p>The new procurement process for drugs and dressing was presented to MTB and needs to be signed off by Senior Executive. This shows responsibilities throughout the drugs supply chain process. The responsibility for processing of contracts rest with the Procurement Unit. Procurement Unit is working on improving its record keeping and filing system for all procurements above SBD 100,000.00</p> <p>The recommendation to cater for a laboratory and training of local expertise is not practical for Solomon Islands because it takes a high level of expertise and specialist equipment (e.g. spectrometer) to test the quality of medicines. Solomon Islands now has an arrangement with Therapeutic Goods Administration to test a number of medicines each year. This arrangement is more sustainable. If more medicines were to be tested it would still be more efficient to pay for TGA or another specialised established laboratory to test our medicines than to test our own.</p> <p>Currently the MOA with DFAT engaging Therapeutic Goods Administration of Australia for tests on key selected medicines is ongoing. We have received results for the first round of testing and our medicines have all passed the tests. We recommend looking at engaging Minilabs that are less expensive and can be used in the field for testing of suspected products.</p>
5	OAG <b>recommends</b> that the;	The NMS is responsible for the supply, storage and

	<ul style="list-style-type: none"> <li>• NMS prioritised the revision and finalisation of new National Distribution Plan to ensure that Medical supplies are distributed effectively and on timely basis</li> <li>• A distribution policy is established to cater for provisions of supplies to private entities and a condition for large private pharmacies to be part of the procurement process when it comes to procuring of medical supplies.</li> </ul>	<p>primary distribution of all drugs and medical supplies in the Solomon Islands and it does so through a network of SLMS operated by the National Pharmacy Division in strategic locations throughout the provinces. The 'secondary' distribution from these SLMS to the primary healthcare facilities or clinics is undertaken by the provincial pharmacy officers who distribute supplies to clinics every two months according to a schedule distributed to the clinics at the start of each year. It needs to be pointed out, however, that the current system of distribution described is largely ad-hoc in that it relies almost entirely on the level of provincial grant funding for each province to facilitate and the individual efforts of communities. Consequently, the timely delivery of supplies to under-resourced is often delayed because of problems relating to insufficient fuel, availability of transportation and other logistics difficulties. In the regard, the National Distribution Plan seeks to address these disparities by establishing a system of distribution that will be provincially managed.</p> <p>Distribution is a challenge in Solomon Islands and having a fixed distribution plan will be a real challenge. The distribution plan should address the different shipping routes, storage capacities, access to transport infrastructure such as wharfs, order schedules. One of the key issues is the need for each SLMS to have either a vehicle or OBM depending on the geographical set up and infrastructure available. This is part of the distribution plan.</p>
6	<p>OAG <b>recommends</b> that the National Medical Store Management comply with Standard Operating Procedure 2012 by training of current staff to deal with shipping matters.</p>	<p>The recommendation to have a policy on the sale and distribution of supplies to the private sector is very important. This policy needs to include the FBOs, and the private health facilities which have MOAs with the MHMS to cover the services prescribed by the RDP. Furthermore, this policy is important in order to pave the way forward in establishing the public/private mix matrix in in the provision of healthcare services in regards to the availability of medicines and medical supplies in these sectors.</p> <p>In order for the NMS to engage with the private pharmacies or supplies in the procurement process, these private entities must be processed through the pre-qualification process for approval involving the MTB and the CTB. It is only after CTB approval that these private pharmacies can be categorised or included in the MHMS pre-qualified suppliers list for</p>

		<p>the NMS.</p> <p>A policy has been drawn for discussion and is currently being reviewed by the Division - "Policy for the Sale of medicines and Medical Supplies". This policy should supplement the National Medicines Policy which also covers areas of distribution to private sector.</p> <p>Private Pharmacies that have been prequalified through the NMS PQ Process are for inclusion into the Medical Supplies and Medicines annual tender exercise and other procurement activities facilitated by NMS.</p>
7	<p>The audit <b>recommends</b> that the SLMS and the Clinics must comply with the SOP 2012 in executing the receiving procedure to ensure right quantity and correct medical supplies are received.</p>	<p>As mentioned above, the cargo receipt document has been reviewed to ensure that the recording of the medical supplies during transit or shipment is well documented and filed. Continuous education and awareness will definitely be a routine process in the NMS not only for understanding and compliance to the SOP 2012 but also for upskilling and knowledge as well as for capacity building.</p>
8	<p>OAG <b>recommends</b> that the;</p> <ul style="list-style-type: none"> <li>• NMS to develop an alternative back up system to cater for any break down of M-supply in the course of operation; and</li> <li>• Ministry provides inventory training for pharmacy officers at the SLMS to be effective and self-sufficient.</li> </ul>	<p>There is back up of mSupply to a cloud server and this is reliable. mSupply mobile has been adapted to be more sustainable and not prone to break down. Running a parallel paper system is not practical.</p> <p>The mSupply software has a very strong back up process and procedure. Its back up is done by the ICTSU and also by the Sustainable Solution through the cloud server. There are two tiers to the use of the software. At the national level, it is effective and efficient as all technology we are using and developing our system and process to use. Back up support comes from the ICTSU and the Sustainable Solution. At the SLMS, we operate mSupply MOBILE version. This tier records stocktakes, and ordering receipts and issues to customers which are the clinics and wards. The system records all issues that the SLMS supplies but as with all computer software is the fact that if you put in garbage you will only get garbage out. This implies that officers managing these systems at the national and the SLMS need to be well trained and skilful.</p> <p>The current situation is that we have a TA who is already on the ground installing the mSupply mobile tablets in HCC clinics and will eventually cover the whole country in 2019. This is a 1-year program sponsored by DFAT. In this regard, training will be crucial for our staff. In stock management, if you</p>

		<p>have two parallel system then one will definitely fail or even both and that financial management to give up will be expensive.</p> <p>The TA will be on the ground for one year in 2019 and will be providing the training on the mSupply mobile system. CE will be an ongoing activity for the upskilling and capacity building of staff on stock management. The upgrading of the pharmacy officers course to Diploma in Pharmacy practice at SINU has taken into account the competencies of supply chain management more seriously and the graduands of the course should be well versed with inventory and supply chain management.</p> <p>Pharmacy officer certificate course has been ongoing to more than 20 years and basically address supply chain issues including inventory management both with mSupply and manually stock management activities in the provinces. The upgrade to Diploma will further their knowledge and skills level in management both the distribution and stock in mSupply and the general management level needed for sustaining the operations at the periphery and national level..</p>
9	<p>OAG <b>recommends</b> that the SLMS collaborate with other departments within the hospital to draw up a simple distribution plan for the health centres and clinics based on cost sharing of resources</p>	<p>With RDP emphasis to move resources to provincial management, the NMS has been working and meeting with the SLMS staff and the Directors of Provincial Medical Services during the budget planning so that freight and distribution budget line is adequately budgeted for and managed efficiently at the provincial level and the SLMS. The distribution plan should enlighten the provincial staff both SLMS and Provincial Health Service management to be aware of the different routes for each clinic.</p> <p>The current distribution plan needs to be updated to cater for the changes in shipping routes and shipping companies and OBM supplied routes. It will be costed to see what the shared resources will be like in the light of the current budgets for provinces and NMS. The RDP also clarifies the responsibility lines for National Provinces in regards to distribution.</p>
10	<p>OAG <b>recommends</b> that the;</p> <ul style="list-style-type: none"> <li>• NMS and SLMS must coordinates a partnership plan with other Health departments for cost effective and efficiency</li> </ul>	<p>Infrastructure capacity and development both at the national and provincial level is a big challenge. Given the fact that RDP has now been approved, appropriate infrastructure development should be a component of the implementation framework of the RDP. Then for the SLMS and clinics adequate</p>

	<p>of those program trips, to resolve the issue of timely distribution of medical supplies to clinics.</p> <ul style="list-style-type: none"> <li>NMS and SLMS install proper standard storage facilities in the clinics to ensure the quality and quantity of medical supplies are maintained.</li> </ul>	<p>storage space can be made known to the process. The SLMS developed by National Pharmacy Division, space is the key component of the drawings.</p> <p>The advocacy for integrated use of resources has been an ongoing call, however it seems not too practical and comes down to the different people managing the programs. Hence the call for SLMS's to have transport infrastructure that will solely be used for distribution, recalls and expiry monitoring and disposal.</p> <p>Health Facility storage is being addressed through the RDP, the standards of storage are entailed in the Pharmacy Standards.</p>
11	<p>OAG <b>recommends</b> that the;</p> <ul style="list-style-type: none"> <li>NMS management impose controls on the access to the NMS warehouse by introducing access code card for all NMS staff and all unauthorised persons to be restricted from entering the NMS main bulk storage area except for authorised staff only.</li> <li>The Management review the setup of the warehouse for customers' services counters, so they have points of enquiry and collection of their supplies. This is to minimize self-service within the storage facility.</li> </ul>	<p>This recommendation is well taken note of. When the NMS was built it was designed as an envelope building with a storage area. The NMS was not designed against any warehousing workflow or storage plan. Therefore, there is continuous improvement or re-adjustment made by the NMS to cater for the workflow needs, increase in staff numbers, and new roles and responsibilities undertaken by the NMS. These adjustments and improvements also take place against the budget provision each year</p> <p>Currently there is no space for proper storage and other necessary amenities that staff need to meet standard OHS (Occupational Health &amp; Safety). NMS therefore needs an additional building or office to free up space for proper workflow arrangements and security.</p>
12	<p>OAG <b>recommends</b> that the;</p> <ul style="list-style-type: none"> <li>Ministry to monitor and evaluate the provincial hospitals and clinics facilities, allocate sufficient resources to maintain the standard of storage facilities; and</li> </ul>	<p>This recommendation is well taken note of. The RDP should also set light to the new standards against the needs. For the SLMS, there is a standard guideline on storage space and equipment to be stored and, therefore, will be used during the infrastructure development at that level.</p> <p>NMS has a Quality Assurance Pharmacist, part of</p>

	<ul style="list-style-type: none"> <li>Ministry to emphasis on building approved structure for clinics and appropriate storage base.</li> </ul>	QA role is to look at processes within NMS and specifically will be responsible for the different checks in incoming goods, quarantining of suspected products and verifying the stock checks.
13	<p>OAG <b>recommends</b> that the;</p> <ul style="list-style-type: none"> <li>Ministry to ensure independent verifiers are there to ensure the stocktake is done according to the procedures; and</li> <li>Ministry to maintain backup of M-supply off site to cater for any breakdown of M-supply inventory system.</li> </ul>	<p>This recommendation is taken note of. Independent verifiers are welcome to be part of the process and that the MHMS need to advice on the appropriate independent verifiers.</p> <p>NMS has a Quality Assurance Pharmacist, part of QA role is to look at processes within NMS and specifically will be responsible for the different checks in incoming goods, quarantining of suspected products and verifying the stock checks.</p>
14	<p>OAG <b>recommends</b> that the;</p> <ul style="list-style-type: none"> <li>Ministry build appropriate storage facilities to meet minimum storage standards.</li> <li>Ministry to consider developing a plan for a new NMS warehouse.</li> </ul>	The recommendation is well taken note of. In 2016 the National Pharmacy Division has submitted a business case for building a new NMS warehouse with appropriate storage space and also to cater for the facilities which will manage its operation. The business case, unfortunately, was shelved due to lack of funding. The present NMS warehouse was built in 1996 and only has 15 years life span. It has now gone beyond its life span so that there is no longer enough space for proper storage and stock management. The two issues that need to be resolved are land and funding.
15	<p>OAG <b>recommends</b> that;</p> <ul style="list-style-type: none"> <li>The NMS management to work on procedures so that all door locks are replaced as soon as possible;</li> <li>Work on the structure of the building so that only authorised section within the organisation have access to the bulk store room;</li> <li>Limit the number of custodians of keys to only four (can refer to the organizational structure), the Manager and the</li> </ul>	<p>This recommendation is taken note of. Independent verifiers are welcome to be part of the process and that the MHMS need to advice on the appropriate independent verifiers.</p> <p>NMS has a Quality Assurance Pharmacist, part of QA role is to look at processes within NMS and specifically will be responsible for the different checks in incoming goods, quarantining of suspected products and verifying the stock checks.</p>

	<p>three Coordinators for the three sections;</p> <ul style="list-style-type: none"> <li>• Visitors and clients including Doctors or Nurses must be escorted around the premises; and</li> <li>• The ministry should make sure that delivery dockets are used which can be reconciled back to the original order.</li> </ul>	
16	<p><b>OAG recommends that the;</b></p> <ul style="list-style-type: none"> <li>• NMS management to ensure expired stock register is established or be created within the current mSupply inventory system and</li> <li>• NMS management to ensure the registered expired return drugs received from customers are recorded in the mSupply inventory system.</li> </ul>	<p>The recommendation is well taken note of. At different level appropriate registers and process and procedure to be developed to capture expired medicines accordingly.</p> <p>The advocacy for integrated use of resources has been an ongoing call, however it seems not too practical and comes down to the different people managing the programs. Hence the call for SLMS's to have transport infrastructure that will solely be used for distribution, recalls and expiry monitoring and disposal.</p> <p>Health Facility storage is being addressed through the RDP, the standards of storage are entailed in the Pharmacy Standards.</p>
17	<p><b>OAG recommends that the;</b></p> <ul style="list-style-type: none"> <li>• NMS through the Ministry to purchase the incinerator;</li> <li>• MHMS negotiate with MOFT, MDPAC for funding to fund the project</li> <li>• Negotiate with the Ministry of Lands, HCC etc to allocate land for the incinerator and</li> <li>• Produce a business case for the above (project proposal)</li> </ul>	<p>The recommendation is well taken note of. NMS will do a business case and liaise with appropriate offices within the MHMS to see the possibility of purchasing an incinerator for NMS and its location.</p> <p>NMS has included the disposal of expiry medicines issue with the current business case for a new land warehouse. Encapsulation is one of the acceptable methods for disposal of expiry medicines and poisons and that requires building sealed compartments underground.</p>
18	<p><b>OAG recommends that the;</b></p>	<p>The recommendation is well taken note of. NMS</p>

	<ul style="list-style-type: none"><li>• Ministry to do a feasibility study to establish a proposal for building of incinerators in SLMS proper locations; and</li><li>• Ministry to identify alternative means of disposing medicines in the rural areas, example is the proper concrete tanks for expired medicines.</li></ul>	again to liaise with donor partners and MHMS to look at budget plans and proposal for these activities.
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## 1. Introduction

The Performance Audit on the SAI fighting Corruption is an audit conducted by Solomon Islands Office of the Auditor General (OAG) in conjunction with three Pacific Associations of Supreme Audit Institutions (PASAI) and seven Asian Organization of Supreme Audit Institutions (ASOSAI) initiated and facilitated by the INTOSAI Development Initiative (IDI). INTOSAI is the International Organization of Supreme Audit Institutions of which OAG is a member.

The overall topic cover the institutional frameworks at the National Government level and measures in place to prevent corrupt practices at the sector level and for this audit will be the Ministry of Health and Medical Services (MHMS), specifically with in the National Pharmacy Services Division and National Medical Stores.

The Ministry of Health and Medical Services was established as the Central actor in the Health system. The Ministry acts as the funder, regulator and provider of almost all health services that will enable citizens to have access to highest quality Health.

The vision of the Ministry, as stated in its 2016-2020 National Health Strategic Plan:

*“The people of Solomon Islands will be Healthy, Happy, and productive!”*

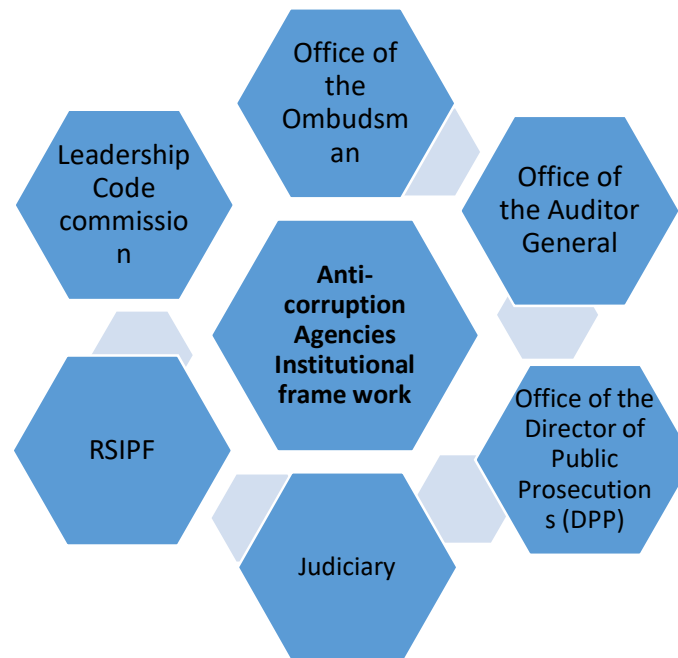
The vision also goes beyond fighting diseases and intends to contribute well to the wellbeing of everybody. Happiness is more than a smile, it is people who are content, fulfilled and have the freedom- productivity more than making money- but people who are self-reliant and live a sustainable way and able to contribute to the society.

The National Medical Stores is responsible for the management, supply, storage and primary distribution of all medicines and medical suppliers within Solomon Islands. The National Medical Stores then distributes supplies throughout the country through a network of Second Level Medical stores, which is operated by the National Pharmacy Services Division in strategic locations throughout the provinces.

From the second level stores, the Pharmacy Services Division then coordinates the distribution of medical suppliers to Area Health Centres (AHC), Rural Health Clinics (RHC) and Nurse Aide Posts (NAP) now called Community Health Centres (CHCs).

This performance Audit of SAI fighting corruption was undertaken by Performance Audit team as part of its audit program and it will mainly focus on the institutional framework and measures in place to prevent corrupt practices at the National and Health sector for good management and distribution of Medical supplies within the National Medical Stores Division.

The institutional framework for fighting corruption covers the establishment of institutions for (1) fighting corruption, (b) promoting anti-corruption activities, and (c) enhancing the cooperation and integration among different institutions. These institutions include Office of the Auditor General (OAG), Anti-Corruption Agencies (ACA), and other agencies that promote anti-corruption activities, detect corruption and prosecute perpetrators of corruption. Therefore, the institutional framework for fighting corruption shows that these agencies should work together with policies, processes, and procedures used by single or multiple agencies. A diagrammatical overview of Ant-Corruption Agencies in Solomon Islands is in figure 1 below.

**Figure 1 that represented the Overview of Anti-corruption in Solomon Islands****Figure 1: Overview of anti-corruption agencies****From figure 1: Overview of anti-corruption agencies**

**Leadership Code Commission: (LCC)**, the Office of the Leadership Code is in charge of implementing the leadership code and investigates misconduct involving Members of Parliament and public servants. Once an investigation is conducted and evidence of misconduct found, they refer the matter to DPP and they can proceed with legal charges. LCC also impose fines on those found breaching LC Act.

LCC enforce the leadership code which was contained in the Constitution and the Leadership code (further provisions Act 1999) in which investigations comes in, keeping and maintaining a register of Leaders interest and assisting leaders to comply with their duties and responsibilities under the Leadership code.

Although LCC had been doing a great effort in fighting corruption, there are challenges that also needs to be address that will enable the Commission fully execute its mandate. During the interview with the chairman- he express the challenges that includes- human resources, the current manpower requires technical skills, relevant knowledge and skills to bank on different, technical aspect of their work. This also leads to the commission's budget have been underspent every year because there is little manpower available to carry out their planned activities resulting in their budget bids always reduced in financial figure annually.

The other issue is the unattractive condition of service to attract qualified and competent candidate to apply through the recruitment process, thus leaving senior positions vacant. And most importantly is the Legislative constraint the commission can only do what is provided

for within its legal framework. Some of the areas that can be considered and adopted to enhance the work of the commission are not captured in the current legal framework.

**Office of the Ombudsman:** is a constitutional office reporting to the parliament. They are responsible for investigating public complaints of government maladministration. Although the office of the Ombudsman has been carrying out their work, there are challenges that hinder the office to fully exercise their power to address all the complaints they receive.

During the interview with the Ombudsman one of the disadvantages highlighted is the narrow scope of the Ombudsman Act, which only deals with matters raised against government institutions. For example the Ombudsman is not mandated to investigate complains raised against church education authorities. This is something that can be considered on a high level decision making through the review of the Ombudsman Act if the office would like to expand their legal coverage to cater for and on such situations.

The other challenge is the technical skills and resources required to train their staff, capacity building and to strengthen areas that need improvement. Given their budget figure, there is not much that can be done as it doesn't increase to assist them with the finances to recruit staff, technically trained and addressing their capacity needs to fully carryout their mandate. This needs to be considered in order to effectively carry out the roles and duties under the Ombudsman office.

**The Auditor General:** the Auditor General is appointed by Governor General. The office is responsible for auditing and reporting governments' accounts of Solomon Islands, of all the Ministries, offices, courts and authorities of the government, Honiara city and of all provincial governments.

However there are challenges that hinders OAG to fully carry out its mandate, and that is the lack of resources (financial, human and other resources) capacity issues such as skills with in the Office as well as within the audited entities, lack of production of financial statements on a timely basis by audit entities, some of the stakeholders not fully aware of the mandate of OAG.

Although lack of sufficient resources the office has recruited audit staff members, internally trained and the office have produced several audit reports annually, reflecting the office's independence in providing audit checks. However the major issue again is the audited entities including governments are very slow in responding to and implementing the recommendations and addressing the findings. They agreed with the findings and recommendations but do not act on the findings to resolve them.

**Office of the Director of Public Prosecution:** The DPP is in charge of prosecuting all those charge with criminal offences including public officials for breaches of the criminal law including corruption.

**The Royal Solomon Islands Police Force:** Solomon Islands has no specific anti-corruption agency. The police force has an anti-corruption unit within the Criminal Investigation Department responsible for investigating corruption activities and allegations. Director of

Public Prosecutions has the sole authority to prosecute corruption charges. It is noted that the hindrances to full power to investigate corruptions is lack of technical capacity and resources<sup>1</sup>

**Judiciary:** The Judiciary in practice is independent of the executive. Lack of resources also hinders the conduct of fair and timely trials<sup>2</sup>

**Summary:** the review noted that there are similar challenges identified in all the accountability institutions that hinder them to fully implement their mandate. This means that the Anti-corruption Agencies (ACA) lack resources in many forms, technical skills to undertake technical aspect of their roles and to perform their work in the fight against corruption at their own jurisdiction. ACA need to be fully recognised and resourced in order to fully perform their mandate. Despite these challenges the agencies have performed reasonably well.

### **Anti-corruption Agency Collaboration**

The ACAs with other agencies collaborated under the Integrity Group Forum (IGF) prior to the establishment of the Anti-corruption Strategy. The IGF coordinates with these institutions to collaborate and work together in terms of updating each other and information sharing. The aim of the IGF is to collectively share information and discuss ways of assisting each other to find solutions on different issues raised without encroaching into each other's mandate.

The launched of the Solomon Islands National Anti-corruption Strategy (SINACT) in the 9<sup>th</sup> of December 2016 strongly emphasised the position of IGF as a platform for different ACA to collaborate in fighting corruption.

The goal of the strategy is to reduce the opportunities for and incidence of corruption in Solomon Islands. Implementation of the strategy will be by means of an Action Plan which will provide a coordinated approach in the fight against corruption. However, in order to implement this action plan, government is also required to address the identified challenges encountered by the ACA and to ensure that they have the necessary resources and capacity to carry out their respective mandates and responsibilities on the fight against corruption and promote transparency and accountability in all its form.

As part of this fight, an Investigation Agency Taskforce known as JANUS was created with coordination provided by RSIPF and Ministry of Finance and Treasury (MOFT). This targets corrupt practices in government finances especially in procurement, revenue collection and government expenditure.

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<sup>1</sup> [www.U4.no](http://www.U4.no)

<sup>2</sup> Freedom house 2016.

## 2. Audit objective and audit questions

The objective of this audit is;

*“To assess the Anti-corruption framework at the national level and to verify whether the Medical supplies are managed effectively, efficiently and economically at all levels within the health sector”.*

To achieve this we assessed the following audit questions;

1. To what extent did the Government comply with the United Nations Convention against corruption (UNCAC)?
2. Are the Medical supplies managed in accordance with relevant, national health legislation, approved regulations, procedures and systems to prevent unethical practices and wastages?
3. Is the Management of supplies’ distribution system effective and efficient for the National distribution of Medical supplies from the National Medical stores to the Clinic level at the Provinces?
4. Do the Medical supplies storage rooms at the National Medical store (NMS), second level store and clinics properly managed and safe guided to prevent damages or loss, or misappropriation?
5. Is the disposal procedure followed when disposing expired, damage or excess medical stocks and with a well- established disposal equipment and facilities for safety of staff, public and the environment?

## 3. Audit scope

The scope of the audit is focused on the institutional framework and measures in place to prevent corrupt practices at the national and health sector level for good management and distribution of medical supplies. The audit team has identified the audit areas as follows;

- The national institutional framework, procedures and systems in place that should strengthen the robustness of the health sector to prevent corrupt practices.
- The management and coordination of stock distribution system from National Medical Stores (NMS) to second level stores and clinics. The audit focused on two second level medical stores and twelve clinics.
- The audit assessed the storage facilities at the NMS, second level medical stores and clinics (Area Health Centre, Rural Health clinics and Community Health Centres).
- Disposals are managed in accordance with procedures and well established standard disposal equipment and facilities are used.

We tested these areas through the established criteria to verify how these areas being managed to contribute to strengthening the capacity at which the established frameworks being utilised to contribute to a corrupt free system and procedures that Solomon Islands can have assessable and availability of medical health services. The audit covered the period 2015-2017.

## 4. Methodology

This performance audit is conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI 3000/3100). This standard requires that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objective.

- The audit will be carried out by obtaining and reviewing relevant policy documents, files, records, contract agreements, financial records and analysis on other stock management related data;
- It will also include physical and site verification of facilities and standard requirements, testing of processes performed and equipment currently in use;
- There will be interview and discussion sessions with NMS manager, pharmacist, second level store manager, clinic supervisor, security guards, officers involve in the stock management and distribution; and
- The questionnaires will be used for their responses as well as feedback on some specific criteria from officers on the current process.

We believe that the evidence obtained will provide a reasonable basis for our findings, conclusions and recommendations based on our objective.

### Limitations of the Audit

This report has been prepared based on the analysis of available documentations, legal documents, standards and procedures, responses from the audit questionnaires, interviews and direct observations despite of limited resources (human resources, data available/completeness and expertise on different areas of the audit) and having adequate knowledge on the subject matter.

## 5. Audit criteria and their sources

Audit Criteria	Sources
Criteria1. There is an Anti-Corruption Legislation in place which coordinates effort in fighting corruption	National Anti-corruption Strategy.
Criteria 2. There is an updated overarching frame work at the national Health sector level to cater for current changes within the Ministry.	UNCAC
Criteria 3. The health sector has clear and updated established Acts, standards and regulations on conflict of interest, handling of whistle blowers and restricted information and accepting of gift.	Good Practice.
Criteria 4. The standard receiving procedures and inspection process is documented, defined and uses a common form. Inventory records (paper/electronics) are updated as soon as	Standard Operating Procedure 2012 (SOP 2012)

the product is received.	
Criteria 5. The Ministry of Health and Medical stores get medical suppliers from reputable and certified (WHO) pharmacies	Standard Operating Procedure 2012 (SOP 2012)
Criteria 6. There is a clear and updated National Distribution Plan	Standard Operating Procedure (SOP 2012)
Criteria 7. Approved shippers are certified by National Medical Store shipping officers.	Good Practice (Objective focus)
Criteria 8. Proof of delivery document are properly utilised and executed.	Standard Operating Procedure (SOP 2012)
Criteria 9. There is an updated system for tracking distributed medical supplies from NMS to the second level, clinic and is functioning well.	Standard Operating Procedure (SOP 2012)
Criteria 10. Second level stores are effective, efficient and economical in the distribution of medical supplies to the clinic in a timely manner.	Standard Operating Procedure 2012 (SOP 2012) and Solomon Islands National Medicines Policy
Criteria 11. Clinic are well stock with Medical supplies on a timely basis and managed well for rural people access.	Good Practice.
Criteria 12. There was a clear segregation of duties on access to storage and records	Good Practice
Criteria 13. Standard storage procedures are well documented, communicated to all relevant staffs.	Good practice
Criteria 14. There is a single application for tracking all the commodities in stock.	Standard Operating Procedure (SOP 2012)
Criteria 15. Inventory counts are conducted by a team, one person counts, the second reconcile to records and conducted monthly.	Standard Operating Procedure (SOP 2012)
Criteria 16. A stock room has sufficient space for all product with a well-developed plan to check and maintain facilities and cleanliness. The commodities in the storage area are well labelled to prevent mix up, damage and loss.	Standard Operating Procedure. (SOP 2012)
Criteria 17. There are precaution taken to prevent unauthorised access to storage, including double lock, with independent control keys, camera monitoring 24 hours, barred window and doors, limited access to authorised personnel only, monitoring of entrances and exits and escort requirement	Standard Operation Procedure. (SOP 2012)

<b>Criteria 18. All expired and unwanted dangerous drugs are returned, verified by authorised officers, registered and clearly label for destruction on a timely manner (6 month)</b>	Standard Operating Procedure (SOP 2012)
<b>Criteria 19. There is an effective and appropriate method of disposal in well-established equipment and facilities</b>	Standing Operating (SOP 2012.
<b>Criteria 20. All second level medical stores returned expired and damage medical supplies to the NMS for verification and authorised officer properly sign off for disposal</b>	Standard Operating Procedure (SOP 2012

## **6. Audit findings and observations**

### **6.1 The collaboration of anti-corruption agencies is inadequate.**

Audit Question 1. To what extent did the Government comply with the United Nations Convention against corruption (UNCAC)?

#### **Criteria 1: There is an anti-corruption legislation in place which coordinates efforts in fighting corruption? (UNCAC)**

The Anti-corruption frame work in Solomon Islands is in place where different agencies with their mandate have structured into different anti-corruption legislation and policy. Solomon Islands established a steering committee, led by Office of the Prime Minister including public sector, civil society and private sector representatives to coordinate the over sight of the National Anti-corruption Strategy (NACS). This anti-corruption strategy add new component to the country's anti-corruption framework. NACS has five priorities and will address recommendation of the first implementation review of the mandatory provisions within the Convention.

The United Nations Convention against corruption came into force in December 2005. It covers wide range of corruption offences and the UNCAC provisions obligate parties to take a number of public and private anti-corruption measures which includes establishing anti-corruption bodies and enhancing transparency and accountability to ensure public services are subject to safeguards that promote transparency and efficiency in all its activities and functions.

It is noted that the Anti-corruption legislation was a needed legal instrument to showcase the government's commitment to earnest fight against corruption and it has been the huge public outcry for the government also to do something tangible, effective and comprehensive enough to fight against corruption nationwide.

The anti-corruption legislation is now enacted in August 2018, but yet to be implemented. The Anti-corruption legislation will be a legal instrument to fight corruption adequately and apply to both the actions of public officers, individuals and private sector organizations with their interaction with public officers.

The Whistle-blowers Protection legislation also passed in August 2018 that aims to enable whistle-blowers to report corrupt activities without fear but yet to be implemented. This will be for safeguarding and promoting of integrity, accountability and transparency within both private and public sector.

There is also the new Ombudsman Act that section 13 (2) of the Act allows complaints to be made orally, that replaces section 8 of the previous Act that complaints only mandated to be made in writing. This amendment has given the opportunity for the illiterate to access the anti-corruption framework within the country.

Penal code (section 91, 258, and 374) provide corruption offences. The penal code confined on Conflict of interest and Misconduct which is the code of conduct, the anti-corruption legislation creates new offences of bribery and abuse of office, this can tag in areas that penal code doesn't express well on corruption.

There is no central law reform process but each Ministry can initiate a review under its purview. The office of the Ombudsman (the Ombudsman) has the authority to review the adequacy of administration and mechanisms<sup>3</sup>.

Solomon Islands has no single anti-corruption agency that fully coordinates the anti-corruption agencies (ACAs) to fight corruption, all the ACAs has work together under their legal mandate to fight against corruption through their work. However the new Anti-corruption legislation seeks to establish the Solomon Islands Independent commission against corruption.

Currently, the Anti- corruption investigation unit within the Royal Solomon Islands Police force (RSIPF) leads all anti-corruption investigations. The leadership code commission (LCC) investigates claims of misconduct of public officials, including conflicts of interest, non-disclosure of assets and misuse of the official information. The Ombudsman is tasked with investigating claims of Maladministration of public offices within the country and both LCC and the Ombudsman may also initiate investigations at their own initiative. The office of the Auditor General is responsible for auditing the public accounts.

At the national level public sector implement measures for prevention of corruption through the code of conduct for public officials, the Public Service Commission appoints public official, including their confirmation, removal and disciplinary control. This is to make sure recruitment processes are merit based, transparent and accountable to the Public Service Commission regulations.

The coordination of the anti-corruption agencies take place through the government integrity group forum (IGF). This is purposely to improve accountability and promoting integrity for public officials. This committee is for combating corruption through strategized, effective and efficient collaborative approach to the prevention of corruption and the forum is led by Ombudsman.

Solomon Islands according to the review group report also participate in regional initiatives and organization that assist in the prevention of corruption, including the ADB/OECD Anti-corruption initiatives; Asia Pacific Group Laundering; Extractive Industries Transparency Initiative; the Pacific Islands legal Officers' network; Pacific Islands Forum Secretariat; Pacific Association of Financial Intelligence Units; Pacific Prosecutors Association; Secretariat of the Pacific community; and the Pacific Association of Supreme Audit Institutions.

Solomon Islands is also a member of the Asia/Pacific Group (APG) on Money Laundering. This is a self-evaluation of anti-money laundering and counter-terrorist financing measures which was conducted in 2016<sup>4</sup>.

The anti-corruption framework was supported by these anti-corruption legislations and policies reforms. ACAs are also working on fighting corruption through their legal mandate within the anti-corruption framework to prevent and fight corruption in all its form, in order to fully implement this action, government is also required to address the identified challenges encountered by the ACA and to ensure that they have the necessary resources,

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<sup>3</sup> <http://devpolicy.org>

<sup>4</sup> <http://devpolicy.org>

capacity and political will power to carry out their respective mandates and responsibilities on the fight against corruption and promote transparency and accountability in all its form.

## **6.2 Lack of prioritising the review of the Acts/Regulation.**

Audit question 2. Are the Medical supplies managed in accordance with relevant, national health legislation, approved regulations, procedures and systems to prevent unethical practices and wastages?

### **Criteria 2: There is an updated overarching framework at the National Health sector level to cater for current changes within the Ministry.**

Solomon Islands Ministry of Health and Medical Services co-ordinates the management of health and medical services within the Solomon Islands.

The National Medical Stores (NMS) division is part of the Ministry of Health and Medical Services, operating under the Health Services Act (Cap 100). Related legislation includes, Dangerous Drugs Act (Cap 98), Environmental Health Act (Cap 99); Health Workers Act (Cap 101); Medical and Dental Practitioners Act (Cap 102); Nursing Council Act (Cap104) and Pharmacy and Poisons Act (Cap 105).

OAG looked at the framework that the NMS, within the MHMS operating under which is the Health Services Act (1996 Edition) as well as the Pharmacy and Poisons Act. Such a framework should give effect to the clear operation of the Ministry and reflect the updated changes within the Health Services to provide efficient, availability, accessibility and corrupt free health services across the nation.

The Health Service Act (Cap 100) is an Act to make provision for the proper administration of health services relating to Hospitals, personal health, other health services and for the establishment of rules, and regulations by the MHMS, for the effective carrying out of these important services within the Country. It also contains several principles that the responsible Minister must have regard to when exercising powers under this Act. The Act also establishes a Health Advisory Committee to advise the Minister concerning the operation and development of the Health and Medical services of Solomon Islands.

OAG noted that the Act is a key component of the decision making authority and legal framework for Solomon Islands health and medical services operations and development. However the Act is very much due for a comprehensive review, it is 20 years old this year 2018 since the last revision of the Act in 1996. The review is important to take into account the current important changes within the operations and development of the health services. Changes such as the fees schedules stipulated in the Act, as the management consider amending those fees it should be also reflected in the Act. The other one is the new Role Delineation Policy which was established, and focuses on the health services in all different zones despite its geographical locations that also need to be regulated by an Act, to be effective. Thus it also needs to be reflected in the revised Act.

The Ministry advised and agreed that the Act is due for a review but, there is no legal person within the Ministry to spearhead the review of the Act. The Ministry's plan is to engage

someone that has been working as a volunteer legal advisor to come back after six month (March 2018) to work on reviewing the Act.

The Ministry is also vocal on the current Health Advisory Committee, with an intended advisory role to the Minister, but is not currently reflecting its operation. Its role in advising the Minister has been also considered as part of the review of the Health Services Act (Cap 105).

The lack of prioritising the review of the Act means the changes within the operation of the Ministry may not be captured or reflected in the Act to put emphasis on its implementation.

OAG **recommends** that the Ministry progress, as a matter of high priority, the initiative to appoint a legal person to carry out consultation to revise the Act to assist the Ministry to meet its current and new obligations and developments.

**Management Response:**

The WHO Office provides technical services to the MHMS. At present, there are 2 WHO legal officers who are available to assist the MHMS in this area.

**The Pharmacy and Poisons Act 1987**

The National Medical Stores operates under the Pharmacy and Poisons Act; this is an Act to control the practice of Pharmacy, the sale and distribution of poisons. The Act constituted an authority to be called the 'Pharmacy and Poisons Board'. The board shall be a body corporate with perpetual succession and a common seal and shall be capable of suing and being sued.

While interviewing and discussion with the Director and reviewing the Act, OAG noted that there are some contradictions with what was actually stated in the Act compared to what was actually practiced under the Conduct of business as Pharmacists. For instance the Pharmacy and Poisons Act states that 'Only pharmacists to dispense' "no person other than a registered pharmacist or assistant to a registered pharmacist, under immediate and personal supervision and control of a registered pharmacist, shall dispense or compound, for fee or reward, any drug or medicine".

It has been identified that there are medical practitioners at the private clinics that prescribe and dispense medicines/drugs, nurses at the clinics dispense medicines to patients and the retail shops also dispense medicines such as Panadol/paracetamol in which they are not qualified to do under this Act.

This happens because there was no investigation monitoring on the imported drugs by wholesalers and on this private clinics to make sure they have been abide by the laws that governs their existence. The lack of such monitoring allows unverified drugs into the country and sold to the public by uncertified personal which contradict what is required in the current Act.

During the Audit, there is a proposed investigation monitoring confirmed by Director NMS but is on planning stage. The aim of the investigation monitoring is to track down wholesaler shop owner's importation of drugs that are not verified to be safe for consumption.

Thus there is a continuous conflict on the quality of medications dispensed from those private clinics because, as much as they would like to maintain the standard and quality of medication, being profit oriented, medication dispensation may not be based on the quality but on availability of what they have in stock; thus patient may be at risk. Shop owners continue to illegally sale medication and nurses in the various clinics under that Act are not qualified to dispense medication, it is an issue to consider in the revised Act.

**OAG recommends** that the;

- Ministry train and certify pool of nurses to become registered pharmacist and from that pool of registered pharmacist are nurses to be selected to station in all registered clinics in the Country;
- Ministry to review and revise the Act to get the maximum publicity to reflect the current situations; and
- Ministry to include in its budget the yearly planned inspection programme.

**Management Response:**

Pharmacy is a specialised 4 year overseas degree with a 1 year internship. It is not practical to train 300 new pharmacists so there can be one in each clinic. It would be more practical for nurses to have a 'dispensing and medicines management' short course in their degree to accredit them to dispense medicines and ensure the law is update to reflect a realistic arrangement.

A pharmacist is a specialised person who not is required to have a dispensing competency but possesses a lot more specialised knowledge and skills. Consequently, it would be a waste of resources to train a pharmacist for 4 years with one year internship before registering as a pharmacist in the Solomon Islands and posting them in clinics. In the Solomon Islands, a nurse who diagnoses and dispenses in the provinces does so under the authority of the Director of the Provincial Health & Medical Services who is responsible for the diagnosis and dispensing and who, therefore, will be held accountable and answerable. In this connection, the health Act needs to be reviewed if it is cater for this practice. It needs to be pointed out that it is not practical to have a pharmacist in all clinics as it will be very expensive and that the services of a pharmacist would be under-utilised operating at the level of a clinic. The MHMS needs to review the curriculum of nurses at SINU so as to ensure that these competencies are addressed.

The review of the MHMS Acts of Parliament is an ongoing one.

The recommendation to include in the MHMS annual budget for the planned inspection program can be accommodated provided that additional pharmacists can be absorbed into the Establishment so that this needs the understanding of the Ministry of Public Service which is

the employing Ministry as well as the Ministry of Finance which is responsible for the annual allocation of the budget ceiling.

Pharmacists are trained mostly in Fiji and UPNG and undergo a one year internship program before they are registered as Pharmacists under the Pharmacy Practitioners Act 1997. Pharmacy officers or Pharmacy Assistants graduate with a certificate after undergoing a 2 years on-the-job training within Pharmacy Division (NRH) and a 6 month probationary period. They are also registered under the Pharmacy Practitioners Act 1997.

Under the current arrangement by MHMS, nurses stationed at remote clinics can dispense medicines and their actions will be the responsibility of the Provincial Health Director. Non Pharmacists (i.e. Pharmacy assistants) dispense medicines under the responsibility of the Director of Pharmacy.

Regulatory affairs Unit within Pharmacy Division is responsible for inspections. There needs to be an increase in budget to cater for inspections across all the Provinces.

**Criteria 3: The Health sector has clear and updated established Acts, standards and regulations on conflict of interest, handling of whistle blowers and restricted information and accepting of gifts.**

Ministry of Health and Medical Services operates under the Health Services Act and other related regulations. The First chapter of this report noted these regulations. During the Audit OAG checked to see if the Ministry of Health and Medical Services have any established regulations or code of conduct formulated by the Ministry that specifically cover policy and procedures in managing conflict of interest, handling of whistle blowers and accepting of gifts. This is to protect the integrity of the Public Health services system and staff.

This is purposely to give a clear road map that all affairs of the Ministry are conducted in a manner that is free of actual and perceived conflict of interest and maintains trust of the whole Solomon Islands health services provider, health service officers act with integrity and adhere to highest ethical standards, so members can identify actual and apparent conflicts of interest and this can be properly managed in keeping with the law and best practices.

The Whistle-blowers Protection Bill was passed by Parliament on 21 August 2018 but has yet to be implemented. The objective of the Act is to:

*“protect persons making public interest disclosures from liability and victimisation, and for related purposes”.*

However, there is still no specific legislation/policy on conflict of interest or banning the acceptance of any form of gifts; including within the National Medical Stores (NMS), decision making bodies or every revenue collection points within the Ministry.

OAG noted during the Audit that there were no regulations on this within the Ministry level however they adhere to the Public Service Regulations on code of ethics and conducts. The Ministry refer to the General Order, Solomon Islands Public Service instructions. Under this

General Order the Public Service Commission can supersede what was provided before under 'GO'-when justice is denied for a public officer. The Public Service Code of Conduct provides a minimum standard of conduct and work performance for public officers.

These General Order-Solomon Islands Public Service and Code of conducts to create ethical culture, supporting the visions and missions of the Government of Solomon Islands, established minimum standards of behaviour required by all public officials and act as a guide for ethical decision making. This applies to all public officers whether permanent, temporary, full time, part-time or casual. This code applies at all times in the workplace, during training/conferences and other events in country and overseas.

OAG further noted that even on the existence of the above policies, the audit indicates that it depends on the management to effectively apply them in different situations and how well the staff understand the procedures in identifying conflicts of interests situations, when it will be considered as one and the process in managing that. OAG noted that in reference to the existing policies the Ministry to expand on that and specifically to establish a clear policy and procedures of the Ministry positions on conflict of interest, gift and benefits.

The lack of clear policy within the Ministry on the conflict of interest may contribute to management failure to effectively identify them and assess them for proper action to be taken in different situations. The lack of staff understanding of the procedures in identifying conflicts of interest in different situations may contribute to unfair decision making. The Ministry is to establish a clear policy and procedures of its positions on conflict of interest, gift and benefits.

The expansion can look at managing conflict of interest on staff administration- a situation where promoting friends/relatives where other staff members are more deserving.

Secondary employment- Being privately employed in a second job where the second position can affect the performance of the duties in the Ministry- situations where using public health resources, including staff to support private works outside the Ministry of Health.

The other thing noted that could be expanded is the membership of association or a professional organization- a situation where being involved in decision making process of the Ministry of Health that could have an effect on the method of operation of an association/professional organization that the staff member is a member. The composition of various medical committees within the Ministry can also be considered. For example is a member of the committee that can benefit to the positive decision of the committee as he/she is also a member.

Also on patient relationship- a situation where a nurse/doctor making recommendations to patient re service providers where the service provider is his/her business associate, instead of providing to them the lists of service providers, or receiving gift in recommending the service provider.

The Ministry of Health and its staff need to be clear on reporting procedures, policy guidelines and aware of red flags to address potential risks on conflict of interest in different situations.

OAG therefore **recommends** that the Ministry establishes policies and regulations on conflict of interest, receiving and giving of gifts and benefits.

**Management Response:**

SIG procurement guidelines have tried to address these risks. There are provisions in the Procurement and Contract Administration Manual, FIs, General Orders, LCC Act and the SIG Code of Conduct that directly or indirectly addresses the issue of conflict interest. The Procurement and Contract Administration Manual and FL, for instance, address fraud and corruption relating to the receipt of good and conflict of interest in so far as procurement is concerned. This is enforced through compliance with legal framework. The Ministry thrive to be compliant with these legal instruments already in place. Having said this, however, the MHMS is mindful to put additional internal control measures in place to counter potential conflict of interests that may arise.

It is anticipated that the Whistle-blowers Protection Bill, once implemented, would also assist in addressing the issue of conflict of interest, etc.

The MHMS currently administers 3 Schemes of Services (SoS) for the doctors, paramedics and the nurses which spell out the terms and conditions of employment of their members. In this regard, the assistance of the Ministry of Public Service (MPS) which is the employing Ministry would be required to address these risks associated with the SoSs.

On the issue of membership of decision making Committees, the MHMS takes note in ensuring that the TORs of the Committees are designed in such a way to address these risks.

**6.3 Lack of sufficient resources**

Audit Question 3. Is the management of medical supplies distribution system effective and efficient for the national distribution of medical supplies from the National Medical stores to the clinic level at the Provinces?

**Criteria 4: The Ministry of Health and Medical stores get Medicines/Medical supplies from reputable and certified (WHO) Pharmacy Companies.**

The audit focus was on the reputation and the quality of medical supplies. The Director of National Medical Stores explains that Solomon Islands is a small country and therefore represents a small portion of payment in the industry as well. The National Medical Stores is responsible for the procurement of medical supplies and the process of selecting Overseas Suppliers through an annual tendering process based on World Health Organisation (WHO) prequalified Suppliers Certification.

The NMS procured medical supplies from the suppliers who procured from the manufacturers who were also certified by the WHO as well. The manufacturers are regulated by the National Regulatory Authority (NRA) who ensures the manufacturers comply with the WHO standards. The National Medical Store procured the medical supplies from overseas

based on the price set by the International Price Indicator. The Pharmacists in the South Pacific Region access a platform where they can discuss and share information of interest relating to supplier's status and quality of medical supplies they sell. The site is called the Quality Information Site.

The Director stated that as the responsible authority for procuring medical supplies into the country, there are certain requirements that must be met by the suppliers. Currently the Solomon Islands Government through the NMS procured medical supplies from the following overseas suppliers;

**Table 1: List of overseas suppliers**

Supplier	Contact Name	Title	Address
Alphamed Pty Ltd	Jasmin The	Sale Manager	3-7 Byrne Street Auburn NSW 20144 AUSTRALIA,
Brocher & Muir Pty Ltd.	David Frish Jamie Soper Kamal Deo	Managing Director Executive Manager – South Pacific Islands Executive Manager – Pharmaceuticals	P O Box 333, North Sydney, NSW, 2059, Australia  Office: Level 9, 76 Berry Street, North Sydney NSW 2060 Australia.
South Austral Pty Ltd	Mukesh Gohil	Director	PO Box 389, Maroubra, NSW 2035, Australia 4 Meadow Way, Banksmeadow, NSW 2019, Australia.
Multichem Exports Ltd	Clay Jones Deirdre Van Wyk	Managing Director Export Co-ordinator	Multichem Export Ltd, 8 Apollo Drive, Mairingi Bay, Private bag 93527, Takapuna, Auckland, New Zealand
Makans Drugs & Pharmaceutical Supply	Jainesh Jatin Kumar	Sales Representative	Makans Ltd, 103 Vitogo Parade, P O Box 20, Lautoka, Fiji Islands.
IDA Foundation	Ambarish Patil Kaustubh Ghag	Regional Manager – Asia Pacific Sales Executive	PO Box 37098 1030 AB Amsterdam, The Netherlands. Office: Slochterweg 35 1027 AA Amsterdam The Netherlands
IMRES BV	Mark Hesseling	International Account Manager	PO Box 214, 8200 AE Lelystad, The Netherlands
EBOS International	Martin Debono	Sales Manager	108 Wrights Road, PO Box 411, Christ church, New Zealand.

Source: Ministry of Health and Medical Services (MHMS: NMS)

The audit was unable to assess the quality of both the suppliers and of medical supplies due to lack of documentations and information. It further noted that the Ministry lack resources to carry out testing of medicines.

Furthermore OAG noted that due to lack of resources, the Ministry is not able to carry out testing of Medicines, but only when there is suspected defects on medicines. Currently the testing is done in Australia and is very costly.

OAG **recommends** that the;

- NMS retain and maintain copies of contract documents for verification and reference purposes; and
- Ministry to cater for a laboratory and training of local expertise in its strategic plan for the proposed new Hospital.

**Management Response:**

The Procurement Unit within the MHMS is the central MHMS agent responsible for the Ministry's procurement and contract management. Contracts, therefore, are kept by the Procurement Unit and copies held by the NMS for verification, reference purposes and compliance check.

The new procurement process for drugs and dressing was presented to MTB and needs to be signed off by Senior Executive. This shows responsibilities throughout the drugs supply chain process. The responsibility for processing of contracts rest with the Procurement Unit. Procurement Unit is working on improving its record keeping and filing system for all procurements above SBD 100,000.00

The recommendation to cater for a laboratory and training of local expertise is not practical for Solomon Islands because it takes a high level of expertise and specialist equipment (e.g. spectrometer) to test the quality of medicines. Solomon Islands now has an arrangement with Therapeutic Goods Administration to test a number of medicines each year. This arrangement is more sustainable. If more medicines were to be tested it would still be more efficient to pay for TGA or another specialised established laboratory to test our medicines than to test our own.

Currently the MOA with DFAT engaging Therapeutic Goods Administration of Australia for tests on key selected medicines is ongoing. We have received results for the first round of testing and our medicines have all passed the tests. We recommend looking at engaging Minilabs that are less expensive and can be used in the field for testing of suspected products.

**Criteria 5: There is a clear and updated National Distribution plan.**

The National Distribution Plan was a pilot project that was on trial in year 2014 to 2016 on the focus plan of the Ministry required to map out the medical supplies distribution schedule and budget according to the distribution that will be from National Medical stores to second level medical stores.

This plan basically focused on the distribution from the National Medical Store and primarily distributes supplies through a network of Second Level Medical Stores operated by the National Pharmacy Service Division throughout the Provinces. The Second Level Medical Stores under the supervision of the Provincial Pharmacy Officers are responsible for the secondary distribution to the health facilities as per their order schedules.

The Warehouse Manager and Stock Control Clerk confirmed to audit that there was a pilot project on the National Distribution Plan in year 2014 to 2016.

However OAG noted during the discussion with the Warehouse Manager that the National distribution plan was not revised and formalized to be adopted after the piloted project was completed.

The challenges encountered:

- It's costly considering the fragmentation of the Islands;
- Calls for tenders from interested pools of bidders were unsuccessful might be due to unattractive package and slow payment process; and
- Irregular shipping schedules, NMS have to wait for next scheduled service and this has contributed to delay in transportation and has affected the timely delivery of the medical supplies to Second Level Medical Stores.

The distribution of Medical Supplies is done on *ad hoc* basis. As a result most of the planned objectives of this National distribution plan were not workable. Since then, they are yet to have an approved and updated National Distribution Plan functioning to carry out the distribution efficiently with available resources/budget. The national distribution plan to be well analysed, consider the lessons learnt and come up with a revised Distribution plan, approved and strengthen.

The lack of proper National Distribution Plan has contributed to poor management of distributions of medical supplies which may resulted in delays in hospitals and clinics receiving much needed supplies on time.

**OAG recommends** that the NMS prioritised the revision and finalisation of new National Distribution Plan to ensure that Medical supplies are distributed effectively and on timely basis

**Management Response:**

The NMS is responsible for the supply, storage and primary distribution of all drugs and medical supplies in the Solomon Islands and it does so through a network of Second Level Medical Stores (SLMS) operated by the National Pharmacy Division in strategic locations throughout the provinces. The 'secondary' distribution from these SLMS to the primary healthcare facilities or clinics is undertaken by the provincial pharmacy officers who distribute supplies to clinics every 2 months according to a schedule distributed to the clinics at the start of each year. It needs to be pointed out, however, that the current system of distribution described is largely ad-hoc in that it relies almost entirely on the level of provincial grant funding for each province to facilitate and the individual efforts of communities. Consequently, the timely delivery of supplies to under-resourced is often delayed because of problems relating to insufficient fuel, availability of transportation and

other logistics difficulties. In the regard, the National Distribution Plan seeks to address these disparities by establishing a system of distribution that will be provincially managed.

Distribution is a challenge in Solomon Islands and having a fixed distribution plan will be a real challenge. The distribution plan should address the different shipping routes, storage capacities, access to transport infrastructure such as wharfs, order schedules. One of the key issues is the need for each SLMS to have either a vehicle or OBM depending on the geographical set up and infrastructure available. This is part of the distribution plan.

**National Medical Stores distribution to Private pharmacies, clinics and Companies without proper distribution Policy.**

OAG further noted during the interview with Director, Manager and staff that NMS also distribute to private pharmacies, clinics and companies under verbal Memorandum of Understanding known as “Public Private Mix” in the late 1990s. Since then the practice continues today without proper review and policy documentation. Annually a total of 33 private pharmacies, companies and clinics procured supplementary supplies from the National Medical stores.

Based on that previous verbal Memorandum NMS continue to sell medical supplies to private pharmacies, purposely to maintain similar treatment of infectious diseases and assist the private sector in providing the service.

However the continues grant of approval by the NMS to private pharmacies, clinics and companies to purchase basic drugs without clear distribution policy to regularise and guide the arrangement contributes to the drug shortage experienced within our public hospitals and clinics because no up to date distribution policy to maintain and have a balance service delivery- it will be uncontrolled in terms of when and how much they are allowed to purchase each year.

OAG **recommends** that a distribution policy is established to cater for provisions of supplies to private entities and a condition for large private pharmacies to be part of the procurement process when it comes to procuring of medical supplies.

**Management Response:**

The recommendation to have a policy on the sale and distribution of supplies to the private sector is very important. This policy needs to include the FBOs, and the private health facilities which have MOAs with the MHMS to cover the services prescribed by the Role Delineation Policy. Furthermore, this policy is important in order to pave the way forward in establishing the public/private mix matrix in in the provision of healthcare services in regards to the availability of medicines and medical supplies in these sectors.

In order for the NMS to engage with the private pharmacies or supplies in the procurement process, these private entities must be processed through the pre-qualification process for approval involving the MTB and the CTB. It is only after CTB approval that these private pharmacies can be categorised or included in the MHMS pre-qualified suppliers list for the NMS.

A policy has been drawn for discussion and is currently being reviewed by the Division - "Policy for the Sale of medicines and Medical Supplies". This policy should supplement the National Medicines Policy which also covers areas of distribution to private sector.

Private Pharmacies that have been prequalified through the NMS PQ Process are for inclusion into the Medical Supplies and Medicines annual tender exercise and other procurement activities facilitated by NMS.

**Criteria 6: Approved shippers are certified by National Medical Store shipping officers.**

The standard operating procedure required that approved shippers are certified by National Medical store shipping officers. The audit checks to see if there are certified approved shippers for distributions of Medical supplies.

However during the audit we noted that NMS does not have a shipping officer position and it only performed by NMS manager. In addition to that there are no certified approved shippers because of unsatisfactory tendering results, the Manager NMS has approved a list of established shippers but does not enter into formal agreement or contract with shippers for the distribution of medical supplies to the Second Level Medical Stores (SLMS). The officer only negotiates with the shippers for the freights and then puts them on board as cargos.

The shipping companies list of rates on their freights used as a guideline and the timely distribution of medical supplies relies on the schedules of the ships that NMS has no control over.

This also happens because instruction was issued by Ministry of Finance and Treasury to stop using chartered ships to distribute the medical supplies as there had been millions of dollars misappropriated with such arrangements.

If distribution of Medical supplies is to be continued on a timely manner it is recommended that the National Distribution Plan be revised, approved and fully functioning as soon as possible.

OAG **recommends** that the National Medical Store Management comply with Standard Operating Procedure 2012 by training of current staff to deal with shipping matters.

**Management Response:**

Shipping companies in the Solomon Islands are all privately owned. There is no standard freight rate across the shipping companies or established by the Marine Division within the MID or the MOFT for use by the public. In short, all freight rates are controlled by each private shipping company. In 2015 the MHMS and the MEHRD with the support from the MID and the MOFT attempted to establish a standard framework for the freight rates but this did fell apart because all the shipping companies refused to operate against a standard freight rate framework. Consequently, the current situation is that the freight rates used by the NMS is the common and same rates used by the general public because of the fact that the NMS does not have any control whatsoever over the shipping freight rates.

Secondly, it will be difficult for a contract to be awarded to a single or a few shipping companies to handle the distribution of medical supplies throughout the country because of the following reasons:

- (1) Not one single company has a routine shipping rote for the whole country and that shipping companies service certain provinces or parts of a province only;
- (2) The NMS supplies against its order schedules on regular intervals to the SLMS so that when an order to a SLMS is ready the NMS ships the medical supplies to the SLMS on the first available boat going to the SLMS or location and this applies to all the supplies going to the SLMSs;
- (3) The NMS does have the facility to pay up at from for freights of the medical supplies to the SLMSs. The supplies must be delivered, and the officer receiving the supplies signs the shipping cargo receipt then invoiced by the shipping company and then the NMS raises the requisition for the payment which will be done by the MOFT. There are many shipping companies demanding upfront payment. In such instances, the NMS cannot ship the supplies then. In this regard, the NMS cargo receipt has been reviewed to make it more efficient in managing the cargo information during shipment.

National Pharmacy has submitted a bid to the HR Department with key posts that need to be in place including a supervisor that looks after the distribution of supplies from NMS to SLMS's and to all facilities including RHC's. A KPI for the post is the timely delivery of medical supplies to health facilities. The submission needs to be considered so that NMS can be able to function fully.

**Criteria 7: Proof of delivery documentation is properly utilized and executed**

The National Medical Stores standard operating procedures fully detailed the process of delivery as follows;

1. Orders placed in dispatch area Shipping Officer informed.
2. Cargo Receipts manually prepared by the shipping Officer. Original and 3 copies issued.
3. Shipping departure times determined by shipping Officer and placed on whiteboard.
4. Cargo sent to wharf to be loaded on ship on day of departure. Large orders sent to shipping warehouse prior to day of departure.
5. Driver checks consignment with shipping clerk or ship Captain and together sign the cargo receipt (one copy to NMS, Original plus two copies to shipping company and one to consignee).
6. On delivery, consignee checks order with ship captain, sign cargo receipt and offloads from ship.
7. Invoice issued by shipping company to NMS to Accounts Officer. Checked against copy of cargo receipt and paid.

The audit noted from the examination of records and physical observations that the distribution of Medical Supplies from the NMS to the SLMS is much effective and that the documents are properly executed as per the process.

It is from the SLMS to the health centres and clinics that is ineffective because clinics send in their order forms fortnightly, after picking the order, forms should be returned with their orders, however during the site visitation and discussion, order forms were held in the SLMS and only supplies were returned. A total of fifteen clinics visited, 100% percent did not

comply with the procedures. For instance, there were clinics where their picking slips were not returned with medical supplies.

Failure to properly execute the delivery documents increase the risk of supplies not reaching the hospitals and clinics. This will result in shortage of supplies before the next order.

The OAG **recommends** that the SLMS and the Clinics must comply with the SOP 2012 in executing the receiving procedure to ensure right quantity and correct medical supplies are received.

**Management Response:**

As mentioned above, the cargo receipt document has been reviewed to ensure that the recording of the medical supplies during transit or shipment is well documented and filed. Continuous education and awareness will definitely be a routine process in the NMS not only for understanding and compliance to the SOP 2012 but also for upskilling and knowledge as well as for capacity building.

**Criteria 8: There is an updated system for tracking distributed medical supplies from NMS to the second level and clinic and is functioning well.**

The NMS can keep track on the distributed Medical Supplies by two alternatives; one is through the Customer Service Department. The Customer Service upon receiving the customer orders and requests; formulated the requests or orders into the proper sheet which is then sent to the Stock Control Clerk to input into the M-Supply System. The M-Supply system caters for updating the stock availability and the copy of the order form is produced and sent to the customer along with the stocks for verification purposes. The NMS uses the M-supply to keep track on the availability of stocks and also for the reorder purposes.

The SLMS were given IPads purposely for keeping track and to update the NMS on the availability of Medical stocks in the SLMS.

The other option is for the NMS to use the packing invoice to ensure that medical supplies sent to the SLMS are received. The process is, the NMS will issue an invoice for the items ordered and a copy is send to SLMS along with the medical supplies. The SLMS will then use the packing invoice to verify against the items received and confirmed with NMS.

The audit noted from the interviews, observations and information gathering that the NMS rely very much on the M- Supply to keep track on the distribution of the medical supplies, but the M- Supply system is prone to breakdown and the IPads are subject to upgrade which means that there will be periods of system offline, that data cannot be tracked and online order through the system will be disrupted. For example, during the beginning of this audit all the IPADS were at the NMS awaiting upgrade so the Munda SLMS was without an IPAD during the Audit.

The M-supply system only records bulk quantities of drugs and not on single stocks on the shelves without bin cards.

Thus the IPADS used at the second level was handy but if it is malfunctioning and no back up computers it will result in slow down of placing order, storing data and not up to date tracking of distributed stocks availability.

M-supply is the only inventory database that enables officers to order supplies, track expiry dates, stock availability and stock running balance.

**OAG recommends that the;**

- NMS to develop an alternative back up system to cater for any break down of M-supply in the course of operation; and
- Ministry provides inventory training for pharmacy officers at the SLMS to be effective and self-sufficient.

**Management Response:**

There is back up of mSupply to a cloud server and this is reliable. mSupply mobile has been adapted to be more sustainable and not prone to break down. Running a parallel paper system is not practical.

The mSupply software has a very strong back up process and procedure. Its back up is done by the ICTSU and also by the Sustainable Solution through the cloud server. There are two tiers to the use of the software. At the national level, it is effective and efficient as all technology we are using and developing our system and process to use. Back up support comes from the ICTSU and the Sustainable Solution. At the SLMS, we operate mSupply MOBILE version. This tier records stocktakes, and ordering receipts and issues to customers which are the clinics and wards. The system records all issues that the SLMS supplies but as with all computer software is the fact that if you put in garbage you will only get garbage out. This implies that officers managing these systems at the national and the SLMS need to be well trained and skilful.

The current situation is that we have a TA who is already on the ground installing the mSupply mobile tablets in HCC clinics and will eventually cover the whole country in 2019. This is a 1-year program sponsored by DFAT. In this regard, training will be crucial for our staff. In stock management, if you have two parallel systems then one will definitely fail or even both and that financial management to give up will be expensive.

The TA will be on the ground for one year in 2019 and will be providing the training on the mSupply mobile system. CE will be an ongoing activity for the upskilling and capacity building of staff on stock management. The upgrading of the pharmacy officers course to Diploma in Pharmacy practice at SINU has taken into account the competencies of supply chain management more seriously and the graduands of the course should be well versed with inventory and supply chain management.

Pharmacy officer certificate course has been ongoing to more than 20 years and basically address supply chain issues including inventory management both with mSupply and manually stock management activities in the provinces. The upgrade to Diploma will further their knowledge and skills level in management both the distribution and stock in mSupply and the general management level needed for sustaining the operations at the periphery and national level.

**Criteria 9: Second Level Stores are effective, efficient and economical in the distribution of Medical Supplies to clinics in a timely manner.**

The SLMS do have Order Schedules which they follow for distribution of medical supplies to the health facilities/clinics under their responsible zones. The Order schedule is done every two months and supplementary orders are done on emergency bases depending on facilities in the health facilities/clinics.

The current arrangement in place is for the SLMS to provide fuel for Health/Clinics based on report provided by them. The distribution of medical supplies to Health /Clinics is based on the order schedules.

The Audit noted that the distribution of medical supplies to the health facilities/clinics from the SLMS Pharmacy department was not consistent, it depended on the availability of resources, and thus Nurses at the clinics had to travel to SLMS to collect their medical supplies.

The planned arrangement was not effective and they could not afford the cost of doing the distribution because of the SLMS lack of proper distribution plan and budget, transport, fuel and human resources. This has made the distribution of medical supplies to health centres and clinics unachievable and ineffective. It leads to delay in distributing medical supplies to the clinics on timely manner. The scattered locations of the health facilities and clinics also contribute to the issue as it is very costly to maintain the service.

The failure of the SLMS to resolve the issue has drag on over the years. Clinics are without medical supplies and some clinics are forced to close and people are meeting their own costs to access health services in nearby hospitals or Honiara.

**OAG recommends** that the SLMS collaborate with other departments within the hospital to draw up a simple distribution plan for the health centres and clinics based on cost sharing of resources.

**Management Response:**

With RDP emphasis to move resources to provincial management, the NMS has been working and meeting with the SLMS staff and the Directors of Provincial Medical Services during the budget planning so that freight and distribution budget line is adequately budgeted for and managed efficiently at the provincial level and the SLMS. The distribution plan should enlighten the provincial staff both SLMS and Provincial Health Service management to be aware of the different routes for each clinic.

The current distribution plan needs to be updated to cater for the changes in shipping routes and shipping companies and OBM supplied routes. It will be costed to see what the shared resources will be like in the light of the current budgets for provinces and NMS. The RDP also clarifies the responsibility lines for National Provinces in regards to distribution.

**Criteria 10: Clinics are well stocked with medical supplies on timely basis, well managed and accessible by people.**

The health centres/Clinics in the rural areas are operated by different authorities, such as the churches but the distribution of medical supplies still depends on the MHMS. The clinics order schedules are done on every two months basis. A stocktake is carried out prior to making the orders. The clinics use registers to keep track of the receiving and issuing of

stock. The stock of medical supplies in the clinics depends on disease outbreak and how well they manage them. Stock cards are kept and the storage rooms properly outlined and labelled.

The audit noted from the examination of records, interviews and observations of fifteen clinics visited that timely distribution of medical supplies from SLMS is dependent on the availability of resources. There is no proper distribution plan to facilitate scheduled runs to clinics.

Most Clinics lack standard storage facilities and space for storage room. The stock pile of expired medical supplies is taking up space.

The distribution of medical supplies on timely basis is not possible due to budget and resources constrain. The facilities are either too old and need replacement, or the clinics are built in such a way it does not cater for a proper storage room. The other factor affecting the clinics is the distribution of non-ordered medical supplies by the SLMS to the clinics. That has also contributed to the increase in stock of surplus medical supplies waiting expiry date for disposal.

The continuous overlook of the issue will result in more delays in distribution of medical supplies to much needed patients on time. The medical supplies could reach the clinics but because of no proper storage the medical supplies could be exposed to unfavourable conditions and thus become a waste of drugs and money.

The audit **recommends** that NMS and SLMS must coordinates a partnership plan with other Health departments for cost effective and efficiency of those program trips, to resolve the issue of timely distribution of medical supplies to clinics.

The audit **recommends** that NMS and SLMS install proper standard storage facilities in the clinics to ensure the quality and quantity of medical supplies are maintained.

#### **Management Response:**

Infrastructure capacity and development both at the national and provincial level is a big challenge. Given the fact that RDP has now been approved, appropriate infrastructure development should be a component of the implementation framework of the RDP. Then for the SLMS and clinics adequate storage space can be made known to the process. The SLMS developed by National Pharmacy Division, space is the key component of the drawings.

The advocacy for integrated use of resources has been an ongoing call, however it seems not too practical and comes down to the different people managing the programs. Hence the call for SLMS's to have transport infrastructure that will solely be used for distribution, recalls and expiry monitoring and disposal.

Health Facility storage is being addressed through the RDP, the standards of storage are entailed in the Pharmacy Standards.

#### **6.4 Lack of proper infrastructure.**

Audit Question 4: Do the Medical supplies store room at the National Medical Stores, second level stores and clinics properly managed and safe guided to prevent damages, loss and misappropriation?

**Criteria 11: There was a clear segregation of duty to access to storage and records.**

National Medical Stores is a department of its own and headed by the Director and Managers. Most of the officers have knowledge of their work and responsibilities guided by the guidelines that they are supposed to adhere to. Segregation of duty is an internal control within the organization intended to prevent fraud, error or mismanagement. Verbal instructions were communicated that the storage warehouse should be constantly monitored and only those authorised officers according to their duty description should access both records and the building.

However OAG noted that records managed by M-Supply-inventory database system were accessed by certain level of staff. During the site observation all the NMS officers plus customers such as Nurses from the clinics and unauthorised persons have access to the storage room during official hours and this could be the case after hours.

The NMS management fail to impose strong restriction that all unauthorised persons to be restricted from entering the NMS warehouse and no access code card.

This issue shows that the management of the NMS at the storage warehouse is not effective in its internal controls on accessibility to the storage warehouse. As the aim of the NMS is to maintain and provide sustainable sufficient medical suppliers equally to all public health services providers, OAG encourages NMS to strictly impose controls on access to the storage area as this is an avenue for unauthorised removal of single packages of drugs from the shelves.

OAG **recommends** that; NMS management impose controls on the access to the NMS warehouse by introducing access code card for all NMS staff and all unauthorised persons to be restricted from entering the NMS main bulk storage area except for authorised staff only.

OAG also **recommends** that the Management review the setup of the warehouse for customers' services counters, so they have points of enquiry and collection of their supplies. This is to minimize self-service within the storage facility.

**Management Response:**

This recommendation is well taken note of. When the NMS was built it was designed as an envelope building with a storage area. The NMS was not designed against any warehousing workflow or storage plan. Therefore, there is continuous improvement or re-adjustment made by the NMS to cater for the workflow needs, increase in staff numbers, and new roles and responsibilities undertaken by the NMS. These adjustments and improvements also take place against the budget provision each year.

Currently there is no space for proper storage and other necessary amenities that staff need to meet standard OHS (Occupational Health & Safety). NMS therefore needs an additional building or office to free up space for proper workflow arrangements and security.

**Criteria 12: The standard storage procedures are well documented, communicated to all relevant staff.**

Is the standard storage procedures well documented, communicated to all relevant staff?

Standard storage procedures are very important procedures to be well understood by all the officers who involve directly in handling medical supplies within the main NMS where all the bulk batch of supplies stored before distributed to different second level medical stores, hospitals, health care centres and clinics.

OAG noted and acknowledge the Ministry effort working together with donor partners/advisors to come up with comprehensive operating procedures which is currently used by the MHMS- National Medical Stores in the management of medical supplies. It is referred to as '*The National Medical Stores Standard Operating Procedures 2012*, approved and signed by the Manager NMS

The SOP 2012 was clear on the standard storage procedure for different medicines, the standard operating procedure was available, Stock Management booklet was established and communicated to the respective officers within the clinics and training was provided. However OAG noted that the proper means of storage depends on the availability of proper infrastructure and not very much understanding the basic standard storage procedures.

The lack of proper infrastructure within the NMS, clinics and hospitals (SLMS) has resulted in the Stocks not being properly stored the way it should be maintained according to the required standard. The storage facilities at the rural clinics were deteriorating and storage facilities were very poor, thus Medicines were exposed to cold, sun light, theft, moths, rats, termites and cockroaches and were all damaged. This indicates that there is no effective process for reporting and coordination of maintenance planning and allocating of budget and resources by responsible provincial authority under the MHMS. This could also mean ignorance of improvement of essential services.

The lack of proper infrastructure has led to medical supplies becoming defective prior to expiry dates, exposed to unfavourable storage conditions and environment (rats, termites and cockroaches).

**OAG recommends that the;**

- Ministry to monitor and evaluate the provincial hospitals and clinics facilities, allocate sufficient resources to maintain the standard of storage facilities; and
- Ministry to emphasis on building approved structure for clinics and appropriate storage base.

**Management Response:**

This recommendation is well taken note of. The RDP should also set light to the new standards against the needs. For the SLMS, there is a standard guideline on storage space and equipment to be stored and, therefore, will be used during the infrastructure development at that level.

NMS has a Quality Assurance Pharmacist, part of QA role is to look at processes within NMS and specifically will be responsible for the different checks in incoming goods, quarantining of suspected products and verifying the stock checks.

**Criteria 13: Inventory counts are conducted by a team, (one person counts, and the second reconciles to records) and are monthly; Inventory counts are conducted monthly.**

The NMS conducts two stocktakes each year. One in the first quarter and the second one is done in the fourth quarter. The aim of the stocktakes is to capture an accurate assessment of the amount of stock in the warehouse at a given time. The first quarter stocktake is used to calculate the quantification for the annual tender and the fourth quarter stocktake is used for quality control purposes, assess the accuracy of the regular stock management techniques and for annual reports to the Ministry and the donor partners.

The NMS uses the M-Supply system to records its stock in and stock out. It captures all the running stocks. The M-Supply system generates a listing which is used for verification of actual physical stock.

However the audit noted from the information gathering through interviews, examination of records and observations that stock counts are conducted by a team of three, one person counts, the other two verify and observe. There was no independent agency to verify and reconcile stocktake record to actual stocks. It was done by NMS staff and after the stocktake the listing is given to the stock control clerk who ensures that adjustments are made to correct any deficiencies. The Manager Stores finalise the stocktake report and authorised to produce reports from the M-supply.

This happen because it has been the practice that it was always the staff that conduct the stock counts, but since we now experiencing shortage of medical supplies, Ministry to fill in those risky gaps to make sure the records are true and correct.

If there is no independent agency present during the inventory counts, there is a great risk of data manipulations which could result in the diversion of stocks for unauthorised purposes.

Audit also noted that the NMS does not keep any hard copies or maintain a manual register for the stocktakes that it conducts as a backup to the M-supply system, to mitigate any faulty or break down in the M-supply database. This can result in losing valuable data and up to date available running stock for distribution. Information for annual tender can be unreliable source for decision making. Reporting time lines are not clear.

The lack of independent verifier increases the risk of stock data being manipulated for one's interest and mismanagement of stock.

**OAG recommends that the;**

- Ministry to ensure independent verifiers are there to ensure the stocktake is done according to the procedures; and
- Ministry to maintain backup of M-supply off site to cater for any breakdown of M-supply inventory system.

**Management Response:**

This recommendation is taken note of. Independent verifiers are welcome to be part of the process and that the MHMS need to advice on the appropriate independent verifiers.

NMS has a Quality Assurance Pharmacist, part of QA role is to look at processes within NMS and specifically will be responsible for the different checks in incoming goods, quarantining of suspected products and verifying the stock checks.

**Criteria 14: The stockroom has sufficient room for all products, with a well-developed plan to check and maintain facility equipment and cleanliness. The commodities in the storage area are labelled to prevent mix up, damage and loss.**

The stockroom at the NMS, SLMS and the clinics were verified to assert the sufficiency of the rooms to accommodate all products as per guidelines and standards for storage.

The NMS is the main storage for the bulk stocks before distribution is done. The building is well secured but audit noted the following through physical observations;

- Insufficient storage room to accommodate the stocks;
- Lack of facility equipment for bulk stock movement (example, fork lifter cannot get inside the building) for packing and proper storage. Outdoor Containers needs repair, no rooms for expired drugs to be packed for disposal;
- Bulk/heavy items are located high on shelves;
- There are offices stationed within the main warehouse, on separate unit, that safety of the workers is questionable;
- The building itself need renovation and expansion to meet the need for proper stock storage;
- The building needs renovation and expansion to cater for the standard stock storage; and
- Expired drugs are not monitored and good stocks exposed to rats, termites and water.

Some but not all of these observation were also at the SLMS and clinics.

The lack of proper development plan for NMS ware house has resulted in the current NMS warehouse capacity can no longer accommodates all stocks.

This happens because the NMS warehouse is too small that the capacity is no long enough to accommodate everything and lack of support for proper development plan for the NMS warehouse.

When that happens stocks are not properly stored and expose to conditions that might have impacts on the Medical supplies and the physical environment of the stores condition may not be conducive for good stock management.

The lack of proper warehouse or storage led to stocks being exposed to unfavourable conditions and thus being damaged and so wasted.

**OAG recommends that the;**

- Ministry build appropriate storage facilities to meet minimum storage standards.
- Ministry to consider developing a plan for a new NMS warehouse.

**Management Response:**

The recommendation is well taken note of. In 2016 the National Pharmacy Division has submitted a business case for building a new NMS warehouse with appropriate storage space and also to cater for the facilities which will manage its operation. The business case, unfortunately, was shelved due to lack of funding. The present NMS warehouse was built in 1996 and only has 15 years life span. It has now gone beyond its life span so that there is no longer enough space for proper storage and stock management. The two issues that need to be resolved are land and funding.

**Criteria 15: There are precautions taken to prevent unauthorized access to storage, including double locks with independently controlled keys, camera monitoring 24 hours per day, barred windows and doors, limiting access to authorized personnel only, monitoring of entrances and exits, and escort requirements.**

This part of the audit addresses the precautions taken to prevent unauthorised access to the main bulk stock, including double locks with limited independently controlled key, camera monitoring 24 hour per day to monitor movement of staff and stock, limited access to authorised personnel only, monitoring of entrances and exits and escort requirements. These measures are practical precautions to unauthorised access to the main bulk stock area. According to the SOP 2012 and good practice this precautions is required to provide security measures on the high valued stock inside the NMS warehouse.

The MHMS under the NMS department, NMS officer strongly focused on the security side of the main storage/warehouse and have strategic plans on having secured facilities to monitor staff and stock movement within and surrounding of the facilities.

However, during the interview and discussion with NMS officer, OAG noted that;

- the warehouse locks and keys were very old need replacements,
- all staff have access to the bulk stock storage room;
- eight out of the 21 staff were custodian of the main warehouse keys, it should be limit to 3-4 custodian only based on the department structure;
- no surveillance camera for monitoring of staff and medical supplies movement 24 hours per day was installed in the building;
- The main entrance gate is manned by contracted security officer;
- Limited escort requirement was practiced and sometimes no supervisors were present during order picking; and
- No security officer accompanied the vehicle transporting stocks for clinics and stock delivery at the ship or point of delivery.

These precautions are considered important but the NMS management is slow to implement them. This shows that the management of the NMS is not effective in its internal controls on precaution measures and its economic impact. The risk of illegal sales of basic drugs by National Medical Stores officers, and easy access of unauthorised personal within the premises to single boxes of medicines could result in shortage of medical supplies depriving the majority of population who depend on rural clinics for health services.

**OAG recommends that the;**

- The NMS management to work on procedures so that all door locks are replaced as soon as possible;
- Work on the structure of the building so that only authorised section within the organisation have access to the bulk store room;
- Limit the number of custodians of keys to only four (can refer to the organizational structure), the Manager and the three Coordinators for the three sections;
- Visitors and clients including Doctors or Nurses must be escorted around the premises; and
- The ministry should make sure that delivery dockets are used which can be reconciled back to the original order.

**Management Response:**

This recommendation is taken note of. Independent verifiers are welcome to be part of the process and that the MHMS need to advice on the appropriate independent verifiers.

NMS has a Quality Assurance Pharmacist, part of QA role is to look at processes within NMS and specifically will be responsible for the different checks in incoming goods, quarantining of suspected products and verifying the stock checks.

**6.5 Non-compliance with the SOP on expired and damage medical stocks**

Audit Question 5: Is the disposal procedures followed when disposing expired, damage or excess medical stocks and with a well -established disposal facilities, for safety of staff, public and environment?

**Criteria 16: All expired medical supplies and unwanted dangerous drugs are returned, verified by authorized officer, registered and clearly labelled for destruction on a timely manner (6 months)**

The national medical stores have mSupply to monitor the movement of stocks within the storage facility and the second level medical stores/pharmacies within the provinces. The expiry dates of medicines can be monitored using the mSupply inventory system and they can be checked during item picking and stocktakes. Thus these are monitored, identified and removed from the stock room and packed for disposal, and registered. For 2015 and 2016 the

audit is unable to quantify the total quantity and amount recorded for disposal, even the mSupply inventory system does not maintain disposal data.

The audit noted that all expired medical supplies that were returned for disposal at the NMS, SLMS and clinics were not properly verified and registered at these focal points. This is because the operating standards guideline and procedures are either unknown or ignored.

It also indicated that there was a budgetary and manpower constraint that the management couldn't maintain as part of its responsibility along the process line. This may result in lack of sufficient data. Registered data of disposed drugs should be part of the tools for data evaluation and analysis consideration during the procurement process requirements procedures and formalities.

Although medical supplies only make up a portion of the state expenditure the value for money is important.

**OAG recommends that the;**

- NMS management to ensure expired stock register is established or be created within the current mSupply inventory system and
- NMS management to ensure the registered expired return drugs received from customers are recorded in the mSupply inventory system

**Management Response:**

The recommendation is well taken note of. At different level appropriate registers and process and procedure to be developed to capture expired medicines accordingly.

The advocacy for integrated use of resources has been an ongoing call, however it seems not too practical and comes down to the different people managing the programs. Hence the call for SLMS's to have transport infrastructure that will solely be used for distribution, recalls and expiry monitoring and disposal.

Health Facility storage is being addressed through the RDP, the standards of storage are entailed in the Pharmacy Standards.

**Criteria 17: There is an effective and appropriate method of disposal in well-established equipment and facilities.**

To ensure that expired and unwanted stocks are disposed of safely and with minimal environmental and human impact. The standard operating procedure outlines different procedure for all Dangerous drugs and separate guidelines for Dangerous Drugs of Addiction (DDAs). There has to be effective and appropriate method of disposal in a well-established equipment and facilities. Some of the clinics and hospital in Honiara return expired drugs to the NMS for disposal.

However the NMS Manager, stock manager and inventory officer confirm during discussion that, there is no operational incinerator for NMS. NMS used to have one located outside the main storage room but because of health hazard reasons it has been moved to the Ranadi

dump site and is not working any more. The replacement of a new incinerator and maintenance is not possible due to budget constraints.

The only disposal method for medication is currently through NRH incinerator but lack capacity. The stock manager indicates that this arrangement is not enough for them. NRH dispose most of their wastes through that facility thus NMS is looking at alternatives including creating slurry of tablets for earth burial covered with concrete, flushing liquids (including DDAs) down the drain (Sink) or burning at the Ranadi dump site.

Due to budget constraints, lack of a suitable land site, Ministry priorities issue, NMS is yet to acquire a high temperature medical incinerator. This means the expired drugs are not properly disposed, as the only alternatives they have including earth burial, flushing liquid down sink and burning them, this can be harmful to the environment, animal might eat up the remains on the ground, fish in the sea and human inhaling through polluted air, buying contaminated fish from fishermen, resulting in harmful and other side effects for people.

OAG **recommends** that the;

- NMS through the Ministry to purchase the incinerator;
- MHMS negotiate with MOFT, MDPAC for funding to fund the project
- Negotiate with the Ministry of Lands, HCC etc to allocate land for the incinerator and
- Produce a business case for the above (project proposal)

**Management Response:**

The recommendation is well taken note of. NMS will do a business case and liaise with appropriate offices within the MHMS to see the possibility of purchasing an incinerator for NMS and its location.

NMS has included the disposal of expiry medicines issue with the current business case for a new land warehouse. Encapsulation is one of the acceptable methods for disposal of expiry medicines and poisons and that requires building sealed compartments underground.

**Criteria 18: All return expired/damaged medical supplies to NMS were verified and signed off for disposal.**

The SOP clearly states that second level medical stores must return expire and damage medicines to the NMS for verification and authorized officer properly sign off for disposal.

OAG checks to see if second level medical stores return expire/damage medicines to NMS. The audit notes during the discussion with inventory clerk and Manager that all the expired drugs from the second level medical stores are not return for disposal to Honiara.

This happens because there is limited budget to meet the cost of freighting them.

Thus the burden is with the SLMS to have them disposed, but there are no incinerator facilities in such locations. This has resulted in expired and damaged stocks occupying spaces that could be used for other useful purposes.

The failure to properly execute the disposal procedures has led to no available data for disposed drugs for management decision making. It could also have some negative impacts on the environment.

OAG **recommends** that the;

- Ministry to do a feasibility study to establish a proposal for building of incinerators in SLMS proper locations; and
- Ministry to identify alternative means of disposing medicines in the rural areas, example is the proper concrete tanks for expired medicines.

**Management Response:**

The recommendation is well taken note of. NMS again to liaise with donor partners and MHMS to look at budget plans and proposal for these activities.

## 7. Overview of clinics

The section records all the major issues identified during the audit process within the clinics. Obviously, not every matter raised was recorded in every clinic but many were similar across the country considering the isolation, geographical locations and fragmentation of the Islands where the clinics are located.

However, all need to be addressed to ensure efficient, availability and accessible of health services within the clinic throughout the nation.

The solutions to these matters should be included in the Guidelines for the Management and coordination Plan of various SLMS and Clinics, in due course, supported by primary regulations/legislation.

**Table 2: Issues identified and potential solutions**

Issues/Matters Identified	Potential Solution
Medical supplies stock take done only prior to next order schedule, but not for the purpose of monthly or quarterly stock checks and records.	Responsible Provincial authority to ensure quarterly stock take must be done and verified for monitoring of the stocks availability. This is to avoid experience of medical supplies shortages.
Failure to establish and maintained records of expired and damaged stocks that were disposed.	The Expired and damaged stocks must be returned for disposal and the Authority to ensure that clinics submit their disposal records to the Second level medical stores as per the SOP 2012.
Failure to fully implement bin card for daily recording of running stocks balance.	It is the SLMS's responsibility to monitor clinics are using bin stock card for the running stock balance. It should be accompanied with each order form made for effectiveness of stock distribution to the clinics.
Lack of resources to meet urgent referral cases	A progress report must be submitted at the end of each financial year for establishment of needs of every clinics to be included in the budget. Management to consider resources needed for the effective and efficient running of any existing clinics.
Lack of guideline resources to assist nurses with their operations, especially on stock management.	Nurses Stock management skills and Guideline resources must be made available so that responsible nurses have better knowledge of what to do on the events of, stock management, disposal, monitoring and quality record keeping.
Clinics lack proper renovated buildings and	Provincial Health Management responsible for the clinics must seriously monitor and report on the much needed renovation of

suitable medicine storage cabinets and facilities for other medical operations.	clinics, operation facilities and medical supplies storage facilities.
Clinics without nurses are closed.	Health Authority should monitor and make sure all clinics are equipped with Nurses. The newly Role Delineation Policy must be regulated by an up dated Health Services Act.
Expired drugs are mixed up with unexpired ones.	All expired drugs -ensure to remove them off the cabinet, recorded, packed, sealed and labelled for disposal. Responsible authority to ensure established <b>approved schedule</b> delivery of supplies to the clinic and pickup of disposed items from the clinics.
Problem with recording of return expire or damage drugs never recorded and sign of officer by responsible officer.	Second level medical stores officer ensure to follow procedure on disposal on return expired/damage drugs. A form must be established so that clinics record the expired/damage supplies, submit with the sealed boxes so that authorise officer check to verify, sign off and seal away for disposal team. The SLMS ensure to record all expire and damage drugs that are sealed for disposal and reports of the disposed items can be analysed for decision making.
Order schedule form never returned with the supplies for verification, as it was queued for data at the Second level medical stores.	Second level Medical stores ensure to upskill the officer, so they can be efficient and effective in their work. Data management on Excel and coordination of tasks with the mobilised form so that forms are rotated accordingly and back up properly by using computers at SLMS.

## 8. Conclusions

Based on our audit findings, we have concluded that the management and distribution of the medical supplies are the vital aspect of having to achieve the Ministry's goals and vision to established a department to manage the distributions of Medical supplies for all Solomon Islands to have access and there is availability of Medical supplies in every hospital and clinic around the Country when we needed them.

Although there has been tremendous job well done by the Ministry (National Medical Stores division) to enable a sustainable on going availability of Medical supplies, there are some outstanding issues that the Ministry still need to address.

The Health Service Act is due for comprehensive review, the consultation and review of the Pharmacy and Poisons Act to regularise the new development of the Ministry and cater for quality and address risky activities practiced with regards to quality and safety of the Public.

The audit was unable to examine documentation to verify the genuineness of the suppliers due to lack of binding contracts agreement between Ministry and the suppliers and also to substantiate the process of certification and approval of the suppliers.

The National distribution plan was not revised and formalized to be adopted after the piloted project was completed.

National Medical Stores sold drugs to private pharmacies, clinics and companies without proper distribution Policy.

There are no certified approved shippers because of unsatisfactory tendering results, the Manager NMS approved a list of established shippers but does not enter into formal agreement or contract with shippers for the distribution of Medical Supplies to the Second Level Medical Stores (SLMS). The manager only negotiates with the shippers for the freights and then shipped them on board as cargoes.

The M- Supply system is prone to breakdown and the IPads are subject to upgrade which means that there will be periods of system offline, which data cannot be tracked and online order through the system will be disrupted. For example Munda SLMS was without that IPAD during the Audit.

The distribution of medical supplies to the health facilities/clinics from the Second Level Medical Stores Pharmacy department was not consistent, it dependent on the availability of resources, and thus Nurses at the clinics have to travel to SLMS to collect their medical supplies at their own cost.

There is no distribution plan proper to facilitate schedules of distributions.

There is lack of restriction of unauthorised personnel access to storage room and precaution measures taken. Lack of surveillance camera inside the NMS warehouse to monitor staff and stock movement increases the risk of stock leakages and lack of security during transportation medical supplies.

The lack of proper infrastructure within the NMS, clinics and hospitals (SLMS), the stocks were not properly stored the way it should be maintained according to the required standard.

There was no independent agency to verify and reconcile stocktake records to actual stocks.

Lack of facilities and equipment for bulk stock movement and insufficient storage room.

The disposed drugs for any reason were not registered- those data should be part of the tools for data evaluation and analysis requirement considered during the procurement process for efficiency and economically spending.

It is also noted that NMS lack proper high powered temperature medical incinerator for proper disposal of expired/damage/unwanted medical supplies to ensure safety of the staff, public and the environment.

The weaknesses identified within the management and distributions of Medical supplies should be mitigated through updated Acts and regulations that will enable effective functioning and strengthening of responsibilities of staff. The enforcement of Anti-corruption Act at the national level, internal policies, and timely review of policies concerning drug distribution to prevent shortage of basic drugs, internal controls, and installation of proper monitoring facilities to capture movement of drugs within the warehouse and during transportation will also address those risks.

The institutional framework and measures in place to prevent corrupt practices at the national and health sector level for good management and distribution of medical supplies can be strengthen through addressing the identified recommendations. Resources can be minimised once data are fully utilised, efficiency can be achieved once NMS concern for the value of drugs that are in stock at the warehouse are reflected over resources they deployed to protect and make sure it is well monitored and protected to prevent illegal sales and damage. Effectiveness cannot be achieved, as the goals and the objective of the program will not be fully achieved as expected. These ideas have been recommended in the main body of the audit report.

## 9. Summary of recommendations

### Recommendation 1

OAG **recommends** that the Ministry progress, as a matter of high priority, the initiative to appoint a legal person to carry out consultation to revise the Act to assist the Ministry to meet its current and newly obligations and developments.

### Recommendation 2

OAG **recommends** that the;

- Ministry train and certify pool of nurses to become registered pharmacist and from that pool of registered pharmacist are nurses to be selected to station in all registered clinics in the Country;
- Ministry to review and revise the Act to get the maximum publicity to reflect the current situations; and
- Ministry to include in its budget the yearly planned inspection programme.

### Recommendation 3

OAG recommends that the:

Ministry establishes policies and regulations on conflict of interest, receiving and giving of gifts and benefits.

### Recommendation 4

OAG **recommends** that the:

- NMS retain and maintain copies of contract documents for verification and reference purposes; and
- Ministry to cater for a laboratory and training of local expertise in its strategic plan for the proposed new Hospital.

### Recommendation 5

OAG **recommends** that the NMS prioritised the revision and finalisation of new National Distribution Plan to ensure that Medical supplies are distributed effectively and on timely basis

OAG also **recommends** that a distribution policy is established to cater for provisions of supplies to private entities and a condition for large private pharmacies to be part of the procurement process when it comes to procuring of medical supplies.

### Recommendation 6

OAG **recommends** that the National Medical Store Management comply with Standard Operating Procedure 2012 by training of current staff to deal with shipping matters.

### Recommendation 7

The audit **recommends** that the SLMS and the Clinics must comply with the SOP 2012 in executing the receiving procedure to ensure right quantity and correct medical supplies are received

### Recommendation 8

OAG **recommends** that the;

- NMS to develop an alternative back up system to cater for any break down of M-supply in the course of operation; and
- Ministry provides inventory training for pharmacy officers at the SLMS to be effective and self –sufficient.

#### **Recommendation 9**

OAG **recommends** that the SLMS collaborate with other departments within the hospital to draw up a simple distribution plan for the health centres and clinics based on cost sharing of resources.

#### **Recommendation 10**

OAG **recommends** that the;

- NMS and SLMS must coordinates a partnership plan with other Health departments for cost effective and efficiency of those program trips, to resolve the issue of timely distribution of medical supplies to clinics.
- NMS and SLMS install proper standard storage facilities in the clinics to ensure the quality and quantity of medical supplies are maintained.

#### **Recommendation 11**

OAG **recommends** that; NMS management impose controls on the access to the NMS warehouse by introducing access code card for all NMS staff and all unauthorised persons to be restricted from entering the NMS main bulk storage area except for authorised staff only.

OAG also **recommends** that the Management review the setup of the warehouse for customers' services counters, so they have points of enquiry and collection of their supplies. This is to minimize self-service within the storage facility.

#### **Recommendation 12**

OAG **recommends** that the

- Ministry to monitor and evaluate the provincial hospitals and clinics facilities, allocate sufficient resources to maintain the standard of storage facilities; and
- Ministry to emphasis on building approved structure for clinics and appropriate storage base.

#### **Recommendation 13**

OAG **recommends** that the;

- Ministry to ensure independent verifiers are there to ensure the stocktake is done according to the procedures; and
- Ministry to maintain backup of M-supply off site to cater for any breakdown of M-supply inventory system.

#### **Recommendation 14**

OAG **recommends** that the;

- Ministry build appropriate storage facilities to meet minimum storage standards.
- Ministry to consider developing a plan for a new NMS warehouse.

**Recommendation 15**

OAG **recommends** that;

- The NMS management to work on procedures so that all door locks are replaced as soon as possible;
- Work on the structure of the building so that only authorised section within the organisation have access to the bulk store room;
- Limit the number of custodians of keys to only four (can refer to the organizational structure), the Manager and the three Coordinators for the three sections;
- Visitors and clients including Doctors or Nurses must be escorted around the premises; and
- The ministry should make sure that delivery dockets are used which can be reconciled back to the original order.

**Recommendation 16**

OAG **recommends that the;**

- NMS management to ensure expired stock register is established or be created within the current mSupply inventory system and
- NMS management to ensure the registered expired return drugs received from customers are recorded in the mSupply inventory system

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OAG **recommends** that the;

- NMS through the Ministry to purchase the incinerator;
- MHMS negotiate with MOFT, MDPAC for funding to fund the project
- Negotiate with the Ministry of Lands, HCC etc to allocate land for the incinerator and
- Produce a business case for the above (project proposal)

**Recommendation 18**

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- Ministry to do a feasibility study to establish a proposal for building of incinerators in SLMS proper locations; and
- Ministry to identify alternative means of disposing medicines in the rural areas, example is the proper concrete tanks for expired medicines.