



REPUBLIC OF ZAMBIA

REPORT

OF THE

COMMITTEE ON HEALTH, COMMUNITY DEVELOPMENT AND SOCIAL SERVICES ON THE REPORT OF THE AUDITOR GENERAL ON THE FOLLOW - UP AUDIT REPORT ON THE PERFORMANCE AUDIT ON THE DISTRIBUTION OF MEDICINES AND MEDICAL SUPPLIES BY THE MINISTRY OF HEALTH IN ZAMBIA

FOR THE

FIRST SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

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REPORT OF THE COMMITTEE ON HEALTH, COMMUNITY DEVELOPMENT AND SOCIAL SERVICES ON THE REPORT OF THE AUDITOR GENERAL ON THE FOLLOW – UP AUDIT REPORT ON THE PERFORMANCE AUDIT ON THE DISTRIBUTION OF MEDICINES AND MEDICAL SUPPLIES BY THE MINISTRY OF HEALTH IN ZAMBIA FOR THE FIRST SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

1.0 Membership of the Committee

The Committee consisted of Dr Christopher Kalila, MP (Chairperson); Mrs Majorie Nakaponda, MP (Vice Chairperson); Mr Monty Chinkuli, MP; Dr Aaron Daniel Mwanza, MP; Mr Luhamba Mwene, MP; Mr Joseph Simumpuka Munsanje, MP; Mr Peter Phiri, MP; Mr Paul Chala, MP; Mr Menyani Zulu, MP; and Mr Leevan Chibombwe, MP.

The Honourable Madam Speaker
National Assembly
Parliament Buildings

LUSAKA

Madam,

The Committee has the honour to present its Report on the Report of the Auditor General on the Follow – up Audit Report on the Performance Audit on the Distribution of Medicines and Medical Supplies by the Ministry of Health in Zambia.

2.0 Functions of the Committee

The functions of the Committee are set out in Standing Orders No. 197 (e) and 198 of the National Assembly of Zambia Standing Orders, 2021.

3.0 Meetings of the Committee

The Committee held nine meetings to consider submissions on the Report of the Auditor General on the Follow – up Audit Report on the Performance Audit on the Distribution of Medicines and Medical Supplies by the Ministry of Health in Zambia.

4.0 Procedure Adopted by the Committee

In order to better appreciate the issues raised in the Report, the Committee requested both written and oral submissions from various relevant stakeholders. The list of stakeholders who made submissions before the Committee is attached at Appendix II.

5.0 Auditor General's Comments

The Auditor General reported that Performance Audits are conducted in accordance with the provisions of *Article 250 of the Constitution of Zambia (Amendment) Act, No. 2 of 2016, the Public Audit Act, No. 13 of 1994 and the Public Finance Management Act, No. 1 of 2018*. The Follow – up Audit Report on the Performance Audit on the Distribution of Medicines and Medical Supplies

by the Ministry of Health in Zambia, was conducted in accordance with the International Standards of Supreme Audit Institutions 300:42.

5.1 Background to the Audit

The Office of the Auditor General (OAG) undertook a Performance Audit on the Distribution of Medicines and Medical Supplies in Zambia by the Ministry of Health (MoH) in 2012. The Report was submitted to Parliament and referred to the Committee on Health, Community Development and Social Services in September 2012.

The objective of the audit was to assess the efficiency and effectiveness with which the Ministry of Health and the Zambia Medicines and Medical Supplies Agency (ZAMMSA), formally known as Medical Stores Limited, distributed medicines and medical supplies to hospitals, clinics and other health centres in Zambia. The Performance Audit, therefore, identified weaknesses in the distribution of medicines and medical supplies by the Ministry of Health which included:

- i. lack of essential medicines at hospitals and health facilities;
- ii. over-stocking of the drugs;
- iii. expired drugs at ZAMMSA, district pharmacies and other health facilities;
- iv. limited capacity by the ZAMMSA to supply some essential medicines and medical supplies;
- v. delays in supplying medicines by ZAMMSA;
- vi. dispatch of medicines from ZAMMSA without dispatch notes;
- vii. discrepancies between dispatch notes and medicines delivered to district pharmacies; and health facilities;
- viii. poor maintenance of medicine inventories; and
- ix. inadequate qualified staff.

According to the Seventh National Development Plan (7NDP), Pillar 4, on Enhancing Human Development and outcome 1, on Improved Health and Health-related Services, the Government remained committed to improving access to quality health care. Specifically, Strategy 2, outlined the need to expand capacity to increase access to quality health care. Further, the Government had also resolved to improve the distribution of essential medicines and medical supplies to health facilities at all levels and to enhance the capacity of healthcare personnel.

It was against this background that the OAG found it necessary to conduct a follow-up audit on the distribution of medicines and medical supplies. According to the International Standards for Supreme Audit Institutions (ISSAI) 300:42, follow-up audits should be conducted after a “reasonable period of time, allowing responsible parties who could initiate change to take appropriate initiatives. The follow-up of performance audits under the OAG normally start within two to three years, after the report was tabled in Parliament. However, exceptions could be made by the OAG.

5.2 Purpose of the Follow-Up Audit

The purpose of the follow-up audit was to assess whether appropriate action had been taken by the Ministry of Health based on the findings and recommendations made in the 2012 Audit Report on the Distribution of Medicines and Medical Supplies.

5.3 Audit Objective

The objective of the Follow-up Audit was to assess the efficiency and effectiveness with which the Ministry of Health and the ZAMMSA formally known as Medical Stores Limited, distributed medicines and medical supplies to hospitals, clinics and other health centres in Zambia.

5.4 Audit Scope and Coverage

The Follow up Audit covered the period 2018 to 2020. The institutions engaged were the Ministry of Health and the ZAMMSA, formally known as Medical Stores Limited.

5.5 Physical Inspections

Physical inspections were conducted at forty health facilities comprising ten district health offices and thirty hospitals and health centres.

Audit Questions

The audit was designed to answer the questions set out below.

- i. Whether the Ministry of Health had implemented the recommendations put forward in the 2012 Parliamentary Committee on Health, Community Development and Social Welfare's Report.
- ii. Whether the Ministry of Health had made improvements to ensure the efficient and effective distribution of medicines and medical supplies.
- iii. There was need to provide any new recommendations in light of the recent developments in the health sector which included the establishment of the Zambia Medicines and Medical Supplies Agency hubs, the installation of prefabricated storage facilities in various districts and the establishment of the National Health Insurance Management Authority.

5.6 Follow up Audit Recommendations

Following the findings of the Follow-up Performance Audit Report on the Performance Audit on the Distribution of Medicines and Medical Supplies by the Ministry of Health in Zambia, the Auditor General made the recommendations as set out below:

- i. The Ministry of Health should ensure that essential medicines were readily available at the health facilities by monitoring the demand and supply of essential medicines to determine timely identification of reducing stock.

- ii. ZAMMSA should improve the delivery and supply of medicines and medical supplies to health institutions by ensuring that all orders were delivered on time according to the distribution schedule.
- iii. The Ministry of Health must develop a database which would enable health facilities have access to information on the availability of medicines and medical supplies which were overstocked and under stocked in some health facilities and recommend for their redistribution to health facilities which may have low stock.
- iv. The Ministry of Health should improve the needs assessment at health facilities so that the risk of medicines expiring on the shelf was reduced by avoiding overstocking. Medicines with short shelf life should only be delivered to health facilities after consent had been received from the facilities or the Ministry of Health and it had been established that they would be used within a specified period.
- v. The ZAMMSA and health facilities should continue adhering to the First Expiry First Out policy of managing essential medicines and medical supplies.
- vi. The ZAMMSA should ensure that the constructed hubs were stocked with all the essential medicines so as to efficiently and effectively distribute medicines and medical supplies in order to meet the delivery schedules.
- vii. The Ministry of Health should ensure the efficient deployment of available pharmacy personnel across the country so as to ensure that all pharmacies were manned by qualified pharmacy personnel.

6.0 CONSIDERATION OF SUBMISSIONS ON THE AUDIT FINDINGS AND OBSERVATIONS

The Committee considered submissions from identified stakeholders and the Permanent Secretary at the Ministry of Health. For ease of reference, therefore, each audit finding is followed by the submissions by stakeholders, response from the Ministry of Health, and the Committee's Observations and Recommendations as set out below.

6.1 Availability of Essential Medicines at the Health Facilities

Audit Finding

The audit revealed that out of the forty health facilities visited, thirty-nine facilities were operating between 35 percent and 83 percent availability of essential medicines; indicating that there was no improvement in the availability of essential medicines at the health facilities. However, only one facility, Chawama-Level 1 Hospital; was operating at 89 percent availability which was above the prescribed minimum requirement of essential drugs on the tracer list of 85 percent. Further, all the health centre facilities that were visited to assess the availability of medicines in terms of health centre kits had not received the kits from ZAMMSA for periods ranging from four to fifteen

months. The reason for non delivery of the health kits was that at the time of audit in November 2019, ZAMMSA was not stocking the health kits since 2018. However, the health kits were made available for distribution to the health facilities by ZAMMSA, in January 2020 and September 2020.

Submissions by Stakeholders

In order to improve the availability of essential medicines in health facilities, some stakeholders held the view that the Government should increase the budgetary allocation to the Ministry of Health to fifteen percent in line with the Abuja Declaration, in order to allow for the consistent funding to ZAMMSA, to enable the Agency improve the availability of essential medicine in health facilities.

The stakeholders further informed the Committee that health institutions should be allowed more autonomy in the purchase and procurement of drugs through decentralising the procurement of essential medicines to health facilities. In view of the foregoing, the monthly grants to the health facilities should be increased in order to cater for this component. Currently, health institutions were only authorised to spend four percent of their monthly grants on drugs.

Other stakeholders held the view that health facilities should improve on record keeping in order to ensure accountability for stocks through the real time visibility of stocks. Furthermore, health facilities should expand their storage capacities in order to stock sufficient stocks of medicines and medical supplies.

Ministry's Response

The Permanent Secretary informed the Committee that the procurement of medicines and medical supplies had been fully transferred from the Ministry of Health Headquarters to ZAMMSA, through an Act of Parliament, in order to improve efficiency and responsiveness. Further, through this Act, the Medicines and Medical Supplies Fund had been established to ensure the availability of medicines and medical supplies in public health facilities and support the procurement and distribution of medicines and medical supplies for emergency purposes.

The Committee was also informed that the Ministry was strengthening the creation of an enabling business environment for investment in the pharmaceutical industry through various policy and legal initiatives. This was aimed at promoting local manufacturing, thus, reducing on lead time and guaranteeing good shelf life of commodities.

Further, the Government had increased the drug budgetary allocation in the national budget from ZMW 1.4 billion in 2021, to ZMW 3.4 billion in 2022. This would translate into a stable supply chain.

Furthermore, the Ministry of Health had formed a national taskforce against theft of medicines and medical supplies in public health facilities, whose

mandate was to safeguard the public health supply chain thereby, improving the availability of medicines in Government health institutions. In view of the foregoing, all suspected cases of theft of medicines had been reported to the Zambia Police Service. Some convictions had been secured while other cases were undergoing prosecution.

The Ministry of Health was also using the Electronic Logistic System and had the visibility of facilities that were overstocked and understocked. The decision on the re-distribution of medicines was, therefore, guided by this information. The Committee was further informed that the Government through the Ministry of Health was in the process of employing over 11, 276 health workers countrywide, and pharmaceutical personnel would also be part of the planned recruitment exercise.

The Permanent Secretary further stated that the procurement of 42 000 health centre kits for a whole year's supply, had been finalised by ZAMMSA and deliveries were expected by October 2022. The Ministry of Finance and National Planning was engaged and had taken up the responsibility of clearing debt owed to suppliers for the supply of various goods and services in order to unlock most of the suppliers. Additionally, the establishment of the National Health Insurance Scheme to provide accredited facilities with complimentary, predictable, and sustainable financing that aimed to ensure that all Zambians had equitable access to essential quality healthcare without suffering any financial constraints was another action taken by the Ministry of Health.

Committee's Observations and Recommendations

The Committee strongly urges ZAMMSA to ensure compliance with the distribution schedules as well as improve forecasting and quantification by installing facility editions of the Logistics Information Management System at all health facilities.

Further, the Committee acknowledges that there has been an increase in the allocation for drugs in the national budget from K 1.4 billion in 2021, to K3.4 billion in 2022. However, the Committee is of the view that this amount is not adequate to resolve the perennial underfunding of the procurement of essential drugs in the public health facilities. The Committee, therefore, urges the Government to increase funding to the Ministry of Health, particularly the drugs budget and ensure timely disbursements in order to stabilise the supply chain. The Committee further urges the Government to expedite the operationalisation of the ZAMMSA Drug Fund, whose aim is to finance the procurement of medicines and medical supplies as provided for under the *Zambia Medicines and Medical Supplies Agency Act, No. 9 of 2019*.

Furthermore, the Committee is concerned about the revelation in the Audit Report that all the health centre facilities that were visited did not receive health centre kits from ZAMMSA. The Committee finds this unfortunate, considering that health centre kits are a strategic product that forms the backbone of the Zambia public health sector supply chain system. The Committee therefore, urges the Government to promote the local

manufacturing of pharmaceutical products and put in place a deliberate policy of ensuring that rural health centre kits compulsorily contain locally manufactured pharmaceutical products in order to further stabilise the supply chain at the lower levels of the healthcare delivery system.

6.2 Stocking of Medicines at the District Pharmacies and Health Facilities

Audit Finding

The audit revealed that medicines were overstocked in six district health pharmacies and sixteen health facilities, due to the use of the ZAMMSA PUSH system, change in treatment regimes from one type of medicine to another as well as health facilities operating as bulk storage facilities for small health facilities.

Submissions by Stakeholders

Stakeholders held the view that the Ministry of Health should promote the training of personnel at health facilities in quantification and forecasting in order to ensure that only the required amount of medicines were requested for and avoid overstocking. The training should not be a one-off activity but continuous, to keep the personnel abreast with the latest norms in handling of medicines and medical supplies.

Other stakeholders also noted that one of the reasons for the overstocking of medicine in the health facilities was due to changes in the treatment regime. The stakeholders therefore, recommended that the Ministry of Health should promote uniformity in the policy on drug usage in order to avoid abrupt changes in treatment guidelines.

Some stakeholders also submitted that the decentralisation of the procurement of essential medicines to health institutions was very cardinal to arresting the overstocking of medicines in health facilities. Furthermore, there was need to upgrade and strengthen the information technology network and equipment across all health facilities in the country to ensure access to the Electronic Logistics Management Information Systems (ELMIS).

Ministry's Response

The Permanent Secretary informed the Committee that there was an improvement in adherence by health facilities to average monthly consumption data; thereby, implementing a stratified inventory management system with a minimum and maximum stock level. Further, there was the preferential use of the "PULL System" as opposite to the "PUSH System" by ZAMMSA in order to facilitate the needs-based issuance of supplies and commodities at the service delivery point. Furthermore, for health facilities operating as bulk storage for smaller facilities, the Ministry of Health through ZAMMSA intended to routinely conduct destination checks and establish a visible inventory management system (end-to-end visibility) allowing for an early warning system in terms of overstocking and under stocking.

Committee's Observations and Recommendations

The Committee recommends that ZAMMSA should put in place a system to detect over ordering and stocking by health facilities and recommend for redistribution to health facilities which may have low stock in order to avoid wastage. Further, ZAMMSA should stop pushing medicines and medical supplies without first consulting health facilities. Furthermore, ZAMMSA working with the Ministry of Health should restrict health facilities to ordering medicines according to their level of care and ensure that medicines and medical supplies at health facilities are stocked within the established minimum to maximum stock levels.

6.3 Expired Medicines at Zambia Medicines and Medical Supplies Agency, District and Health Facilities Pharmacies

Audit Finding

The review of records and physical verification revealed that thirty out of the forty facilities visited had expired medicines and medical supplies in stock at the time of the audit. Further, nine facilities that had expired medicines in stock did not maintain a register of expired drugs. Furthermore, a total of fifteen facilities did not isolate the expired medicines from those that were unexpired. The Report of the Auditor General also showed that the expired medicines in stock were not labelled as required by the Standard Operating Procedures (SOPs) on treatment of expired medicines.

Submissions by Stakeholders

Some stakeholders held the view that the expiry of medicines in health facilities highlighted a problem with the supply chain, which included medicine selection, quantification, procurement, storage, distribution and use of medicines and medical supplies. Therefore, there was need to find out the factors contributing to the expiry of drugs at each stage of the supply cycle in order to design pragmatic strategies to reduce the problem.

Other stakeholders submitted that in order to reduce medicine expiries in health facilities, the logistics information system from ZAMMSA to the lowest level of healthcare delivery system had to be enhanced. Furthermore, patients needed to be transitioned to new treatment regimens in a phased approach.

There were stakeholders who also informed the Committee that provincial health offices, district health offices and health facilities should provide a budget line for drug disposal on a biannual or annual basis. Further, the disposal of drugs and medical supplies should be done in the last quarter of the year.

Ministry's Response

The Permanent Secretary explained that the procurement system of procuring medicines with at least 80 percent shelf life was being implemented. Further, it was a requirement for donated medicines to have at least one year of shelf life and the quantities to be received should be informed by consumption data according to donation guidelines.

ZAMMSA had also prioritised a supply system that was based on the” PULL system” and the Ministry of Health working with partners had continued to support in-service training in supply chain management in order to facilitate adherence to standard operating procedures. The Ministry of Health was also promoting local pharmaceutical manufacturing in order to shorten the lead time, thereby, making available the commodities in a timely manner. The First Expiry First Out (FEFO) system according to the Standard Operating Procedure (SOP) was also being implemented by the Ministry.

Committee’s Observations and Recommendations

The Committee notes that for developing countries like Zambia, where budgets for medicines are often tight, the supply cycle needs to be well-managed to prevent all types of wastage, especially expiry. It is in this regard that the Committee urges the Ministry of Health to ensure that the allocation of medicines to health facilities should be based on accurate quantification and forecasting data in order to avoid expiries. The Ministry of Health should also streamline the programmatic treatment protocol changes with supply chain needs in order to avoid unnecessary expiries as well as ensure the gradual transitioning of clients from one treatment protocol to the other, taking into consideration the already available old stock, in order to avoid unnecessary expiries and loss of tax payers money. Furthermore, hubs should be allowed to destroy expired products at hub level, rather than transferring the waste to central level. The disposal of drugs should be biannually done in order to free up storage space for usable stock.

6.4 Zambia Medicines and Medical Supplies Agency Capacity to Supply Medicines to Health Facilities

Audit Finding

The audit revealed that ZAMMSA was not able to supply all the quantities and products ordered by thirty-seven out of forty facilities visited due to inadequate or non-availability of stock for the products ordered.

Submissions by Stakeholders

Stakeholders informed the Committee that ZAMMSA’s inability to supply all the quantities and products ordered by the facilities was as a result of the insufficient budgetary allocation to the procurement of medicines. Therefore, the budget issues should be addressed through the operationalisation of the ZAMMSA Drug Fund as established by law. This would harness and manage Fund contributions to the medicines and medical supplies budget from the Government, health insurance and cooperating partners.

Ministry’s Response

The Permanent Secretary informed the Committee that the Government had increased the drug budgetary allocation from ZMW 1.4billion in the 2021 National Budget to ZMW 3.4 billion in 2022. This would translate into a stable supply chain.

Further, ZAMMSA functions had been decentralised to regional hubs. Furthermore, ZAMMSA was using third party logistics in order to enhance the fleet capacity and was using the warehouse electronic system for processing orders to allow for quick distribution.

Committee's Observations and Recommendations

The Committee, urges the Ministry of Health to ensure that the constructed hubs are stocked with all the essential medicines so as to efficiently and effectively distribute medicines and medical supplies in order to meet the delivery schedules. The Committee further urges the Executive to increase funding to the Ministry of Health, particularly the drug budget and ensure timely disbursements in order for ZAMMSA to effectively discharge its mandate. The Committee further urges the Government to expedite the operationalisation of the ZAMMSA Drug Fund, whose aim is to finance the procurement of medicines and medical supplies as provided for under the *Zambia Medicine and Medical Supplies Agency Act, No. 9 of 2019*.

6.5 Delays in the Delivery of Medicines by the Zambia Medicines and Medical Supplies Agency

Audit Finding

The audit revealed that the Zambia Medicines and Medical Supplies Agency (ZAMMSA) formally known as Medical Stores Limited had a distribution schedule which was followed in the distribution of medical supplies. However, it was observed that the ZAMMSA was not able to deliver the medicines according to the distribution schedule. The major challenge highlighted was transport availability to enable the ZAMMSA meet the delivery schedule.

Submissions by Stakeholders

Some stakeholders observed that ZAMMSA had initiated the transfer of order processing from the center to the hubs. They therefore, held the view that ZAMMSA should expedite the transfer of order processing to the hubs. In this regard, the procurement system should deliver products directly from suppliers to the hubs. They further recommended that the distribution and allocation of stocks should increase stock holding at facility level, depending on the stock holding space capacity rather than centrally holding the stock.

Ministry's Response

The Committee was informed that the Ministry through ZAMMSA, had introduced the use of third-party fleet to enhance logistics capacity, which had made ZAMMSA achieve at least 80 percent coverage of last mile distribution, from 50 percent in 2019. Furthermore, the decentralisation of the ZAMMSA functions to regional hubs had reduced the distances.

Committee's Observations and Recommendations

The Committee notes from the Ministry but urges the Executive to improve funding to ZAMMSA in order to enable the Agency purchase additional fleet of vehicles to meet the last mile delivery demand. The Committee further urges

the Ministry of Health to formulate other innovative mechanisms such as the use of drones to ensure the quick distribution of medicines to the last mile.

6.6 Delays in Submission of Requisitions of Medicines by Health Facilities

Audit Finding

The audit revealed that eleven out of forty health facilities visited were not submitting orders in accordance with ordering schedules. This contributed to the delays in the supply of the essential medicines and led to stock-outs at the district pharmacies and health facilities. However, the facilities indicated that they had challenges with the ELMIS in terms of connectivity and power outages resulting in delayed submissions.

Submissions by Stakeholders

Some stakeholders submitted that ZAMMSA should devise a system to alert health facilities when their order was due within seven days.

Ministry's Response

The Permanent Secretary submitted that the Ministry of Health with support from partners had scaled up ELMIS to facilitate real-time data capturing and ordering. So far, out of 2,500 health facilities, the installation of facility edition had been done in 1,342 health facilities by the end of 2021.

Committee's Observations and Recommendations

The Committee urges the Ministry of Health to fully own the ELMIS system and support it from the central level to the lowest service delivery point by upgrading and strengthening the Information Technology network and equipment across all health facilities in the country. The Ministry should also ensure the installation of ELMIS in the remaining health facilities in order to avoid the recurrence of the audit finding. The Committee further urges the Ministry of Health to ensure the training of staff in the operation of ELMIS. The training should be continuous so as to cater for newly recruited staff. The Ministry is further urged to engage the Ministry of Energy to prioritise electricity supply in health facilities.

6.7 Dispatch of Medicines from ZAMMSA without Dispatch Notes

Audit Finding

The recommendations of the initial Audit Report were fully implemented as orders received at forty facilities visited were accompanied by a dispatch note from ZAMMSA.

Submissions by Stakeholders

The stakeholders observed that the audit finding was addressed by ZAMMSA.

Ministry's Response

The Permanent Secretary submitted that ZAMMSA continued to adhere to Standard Operating procedures (SOPs) as related to the dispatching of commodities to health facilities.

Committee's Observations and Recommendations

The Committee commends ZAMMSA for arresting the dispatching of medicines from the Agency without dispatch notes. The Committee encourages ZAMMSA to sustain this best practice in accordance with the Standard Operating Procedures in the health facilities.

6.8 Discrepancies between Dispatch Notes and Medicines Delivered

Audit Finding

The Report of the Auditor General showed that despatch notes reviewed from three out of the forty facilities visited had recorded discrepancies between the quantities ordered and received. In this regard, a review of the orders/dispatch notes at the facilities showed that discrepancies were recorded as the full quantities ordered were not received.

Submissions by Stakeholders

Some stakeholders held the view that very few discrepancies were currently observed as compared to the past. It seemed the interventions ZAMMSA had put in place were working. Their desire, therefore, was for ZAMMSA to record zero discrepancies.

Ministry's Response

The Permanent Secretary submitted that the Ministry of Health was training in pack size interpretation for ZAMMSA workers, and facility engagement on pack size interpretation. The Ministry was also piloting an electronic proof of delivery system using an android device. In view of the foregoing, results were sent in real time to the warehouse management system.

The Ministry had further introduced pre- shipment documents as part of the electronic supply chain enhancements which acted as a checklist for anticipated commodities. Furthermore, ZAMMSA had constituted a discrepancy resolution team to help eliminate what would be causing the omission.

Committee's Observations and Recommendations

The Committee observes that this is a very serious matter as there was a high possibility of pilferage. The Committee strongly urges the Ministry of Health to ensure that ZAMMSA, and the district and health facilities carry out periodic stock reconciliations by comparing the actual and recorded stocks. This should be done at defined intervals. Additionally, stock discrepancies should be

investigated in accordance with a specified procedure and where necessary, disciplinary action should be instituted against erring officers to prevent future occurrences of the query. Further, the Ministry of Health should consider introducing penalties for haulage agents found wanting. Furthermore, ZAMMSA is encouraged to increase its transport fleet in an effort to address such discrepancies in the delivery of medicine.

6.9 Poor Maintenance of Medicine Inventories

Audit Finding

The Follow-up Audit revealed that all the forty health facilities and District Health Offices maintained stock control cards. However, a physical verification of the stock control cards at Mambwe Boma Clinic revealed that stock control cards were not updated on a regular basis because the officer who was charged with the responsibility of managing the pharmacy had to attend to their substantive duties.

Submissions by Stakeholders

Some stakeholders held the view that although there was currently an inventory management structure in place with appropriate tools including the Warehouse Management System (WMS), there remained some gaps, which included inadequate human resource capacity for inventory management, inadequate and inconsistent supply of required essential medicines, and minimal visibility of inventory management data at all levels, high rate of expiries and pipeline leakages. There was also a need for a definition of clear approaches to managing inventory and well-defined inventory policies and key performance indicators as a way of formalising the results of strategic inventory decisions so that they were consistently implemented.

Other stakeholders submitted that record keeping had tremendously improved at every level of the supply chain and this was commendable.

Ministry's Response

The Permanent Secretary reported that the health facilities had been encouraged to continue maintaining the stock inventories as part of the Standard Operating Procedures.

Committee's Observations and Recommendations

The Committee urges the Ministry of Health to improve human resource capacity for inventory management by training people, supervising them and retaining them. Further, disciplinary action should be taken against officers who do not adhere to procedures.

6.10 Staff Competencies

Audit Finding

The audit revealed that eleven pharmacies were being manned by personnel who were not employed and trained to manage pharmacies.

Submissions by Stakeholders

Some stakeholders submitted that it was very important for the Government to employ adequate pharmacists to manage drugs and medical supplies at district and health facility level. This measure would not only help address the high unemployment rate, but would also assist the Government achieve its goal of enhancing the quality of pharmaceutical care across the country.

Ministry's Response

The Committee was informed that the inadequate financial resources for the recruitment of qualified pharmaceutical personnel as per approved establishment was a major challenge affecting the availability of pharmacy personnel. However, the Government through the Ministry of Health was in the process of recruiting 11, 276 health workers and pharmaceutical personnel were among the ones to be employed.

Committee's Observations and Recommendations

The Committee observes that this was a very serious omission as it goes against the provisions of the *Medicines and Allied Substances Act, No. 9 of 2019*. The Committee, therefore, urges the Ministry of Health to ensure that the scheduled recruitment of health workers includes a substantial number of pharmaceutically qualified and competent staff who will be deployed and retained at every level of the health care delivery system for the prudent management of medicines and medical supplies and in compliance with the *Medicines and Allied Substances Act, No. 9 of 2019*. The Ministry of Health is further urged to create funded senior positions for pharmacists and pharmacy technologists as this will motivate and create a sense of professional satisfaction and ownership.

6.11 Quality of Storage Facility

Audit Finding

The Auditor General's Report revealed that seven health facilities did not have any air conditioners in the pharmacies, thereby posing a risk to the potency of certain drugs which needed to be stored at certain temperatures.

Furthermore, twelve health facilities had pharmacies which stored drugs on the floor due to inadequate space. It was also observed at Chawama Level I Hospital that two store rooms were maintained for storage of medicines, however, the bulk store was poorly maintained as it had a leaking roof causing flooding, which may damage the medicines.

Submissions by Stakeholders

Some stakeholders held the view that it would be important if the Government continued investing in health infrastructure development through the construction and rehabilitation of storage facilities at provincial, district and facility levels so that storage facilities could comply with the Good Distribution Practices Guidelines issued by ZAMRA in terms of fixtures and fittings and documentation requirements.

Ministry's Response

In an effort to combat the challenges of inadequate/poor storage space, the Permanent Secretary informed the Committee that seven regional storage hubs had been constructed and were operational and three were in the process of being constructed in Central, Lusaka and Northern Provinces. Additionally, the Ministry of Health had ensured that all newly constructed health facilities had a hospital pharmacy that met set pharmaceutical standards for a pharmacy and the existing facilities were being improved upon to ensure that medicines were being stored under acceptable conditions.

Additionally, out of forty-five planned pre - fabricated 'storage in the box' (SIB), a total of sixteen had been installed through the support of cooperating partners. These were in addition to the already existing ten SIB which were installed in 2017.

Committee's Observations and Recommendations

The Committee notes that growth in the population and increase in diseases burden demands for more health commodities. However, it is unfortunate that some health facilities did not have adequate and proper storage facilities. The Committee, therefore, urges the Ministry of Health to ensure that storage facilities are improved to ensure that medicines are stored under acceptable conditions. It is the Committee's considered view that it does not serve any purpose to make available these commodities but then expose them to harsh conditions that cause degradation.

Further, the Committee awaits a progress report on the construction of regional hubs in Central, Lusaka and Northern Provinces as well as the installation of the remaining pre - fabricated 'storage in the box'

7.0 CONCLUSION

The Committee appreciates the Follow up Audit that was undertaken by the Office of the Auditor General. The Committee agrees with the Auditor General that the availability of medicines and medical supplies is essential for the well-being of society and ensures quality health care. It is, therefore, important that essential medicines and medical supplies are made available at health facilities at any given time in the right quantities.

Despite the Ministry having made some improvements in the distribution of medicines and medical supplies, there still remains room for improvement as some of the recommendations put forward in the initial Audit Report have not been fully implemented. These include among others, the poor maintenance of medicine inventories, inadequate qualified staff and delays in supplying medicines by ZAMMSA. It is, therefore, the Committee's hope that all the recommendations made in the Follow-up Performance Audit Report, will be fully implemented in order to ensure the constant availability and timely distribution of medicines and medical supplies to public health facilities countrywide.

Lastly, the Committee is grateful to you, Madam Speaker, and to the Office of the Clerk of the National Assembly for the guidance and support rendered to it during the consideration of the Report of the Auditor General on the Follow – up Audit Report on the Performance Audit on the Distribution of Medicines and Medical Supplies by the Ministry of Health in Zambia. The Committee is also indebted to all the witnesses who appeared before it for their cooperation in providing the necessary memoranda and briefs.



Dr Christopher K Kalila, MP
CHAIRPERSON

July, 2022
LUSAKA

APPENDIX I - List of National Assembly Officials

Mr F Nabulyato, Acting Principal Clerk of Committees (SC)

Mrs C K Mumba, Acting Deputy Clerk of Committees (SC)

Mrs A Banda, Senior Committee Clerk (SC)

Ms C T Malowa, Committee Clerk

Ms C Chibuye, Administrative Assistant

Mr M Chikome, Committee Assistant

Mr D Lupiya, Committee Assistant

Mr M Kantumoya, Parliamentary Messenger

APPENDIX II – List of Witnesses

THE ZAMBIA MEDICINES AND MEDICAL SUPPLIES AGENCY

Ms Rachel Msimuko Muyoma, Operations Manager

Mr Vianney Neene, Interim Director Logistics

OFFICE OF THE AUDITOR GENERAL

Ms Mwila Munkania, Assistant Director

Ms Tryhinah M Mushumba, Senior Auditor

MINISTRY OF HEALTH

Dr G Magwende, Permanent Secretary

Mr E Malikana, AD-HP

Mr Mathews Mwale, Assistant Director Pharmaceutical Ad-PS

Mr R E Mwanza, Director Physical Services, Planning and Technical

Dr C Sichone, Director Research Policy

THE ZAMBIA MEDICINES AND MEDICAL SUPPLIES AGENCY

Ms Nalishebo Siyandi, Acting Director General

Mr Vianney Neene, Interim Director Logistics

Mr Masauso Tembo, Interim Director Planning and Projects

Ms Codillia Phiri, Interim Director – Finance

THE ZAMBIA MEDICINES REGULATORY AUTHORITY

Mr Makomani Siyanka, Acting Director

Mr Dons Mwanza, Principal Regulatory Officer

Ms Beatrice Kabasu, Principal Inspector L&E

MEDICINES RESEARCH AND ACCESS PLATFORM

Mr Liyoka Liyoka, Director General

CHURCHES HEALTH ASSOCIATION

Ms Karen S Sichinge, Executive Director

Mr Cryson Miyoba, Head Interim Audit

Mr Dhally m Mwenda, Head of Health Programme

Ms Mwonda Chipih, Information Officer

Mr Marlon Banda, Head Pharm Services

CHAWAMA GENERAL HOSPITAL

Dr Shula Chanda, Medical Superintendent

Mr Vincent Sakuya, Phamarcist

UNIVERSITY TEACHING HOSPITAL

Mr Mutemba Charles, Senior Medical Superintendent

Mr Luke Alutuli, Chief Pharmacist

Mr Emmmanuel Chileshe, Chief Accountant

Mr Malekani Maxwell, Chief Purchasing and Supplies Officer

PHARMACEUTICAL SOCIETY OF ZAMBIA

Ms Francesca K Mwamba, National Secretary