

**SUBJECT: REPORT OF AUDIT AND INVESTIGATIONS**

**Agenda item: C**

**Category: For Information**

## **Section A: Executive Summary**

### **Context**

The Managing Director of the Audit and Investigations (A&I) function is required to report to the Board at least annually. Given the constraints on time for the June 2021 meeting, it has been agreed to postpone that report until the December 2021 meeting.

This report should be considered as an interim update therefore on the status of A&I's activity given the current context for Gavi 5.0 and COVAX, and the challenges these present for the conduct of the audit activity in Gavi. A final report on A&I's 2021 activity, including a fuller assessment of the work around the COVAX Facility, will be provided to the Board at its December 2021 meeting. There are no matters of significance to bring to the Board's attention at this time.

A&I reports routinely on its work activity to the Audit and Finance Committee (AFC) at each of its meetings.

Recognising that certain Board members are not familiar with A&I, Annex A provides a short overview of the function's background and activities.

### **Questions this paper addresses**

What is the impact on A&I's ability to conduct audits and other reviews of: (a) the Secretariat working remotely from the office; and (b) the inability to travel to perform audits of programmes or investigations in country?

How is A&I responding to the challenges of assessing management's identification of risks related to COVAX and COVID-19 vaccine delivery, and their mitigation?

### **Conclusions**

As previously reported to the Board, the need to work remotely had some impact on the conduct of A&I's work within the Secretariat. More significantly, because of the inability to travel to eligible countries, in early 2020 A&I suspended its programme audit activity and certain follow-up work of an investigatory nature. In 2021 programme audits are resuming through the use of consultants in country with A&I staff engaging in the audits remotely until travel can recommence; any other follow-up work will be undertaken directly by A&I when travel resumes.

As regards COVAX, A&I has established a programme of work on a risk-assessed basis to provide insight on the management of risks around the operation of the facility and the deployment of COVID-19 vaccine. Given the changing circumstances around COVAX, the appropriateness and relevance of this programme of work is regularly reassessed to ensure that work is conducted according to current views of risk.

## **Section B: Report of Audit and Investigations**

### **1. A&I's planned activity in 2021**

- 1.1 Each year A&I undertakes a risk assessment to determine the areas that will be subject to audit or other review. The plan is presented to the AFC for review and approval. As previously reported, the 2020 plan was significantly recast because of the introduction of remote working and the inability to travel to countries, affecting plan execution across the whole of A&I: Internal Audit, Programme Audit, and Investigations and Counter-Fraud. Disruption to the conduct of work was further exacerbated by the significant focus of the Secretariat on COVAX.
- 1.2 For 2021 the A&I plan has been established through the regular process of risk assessment, building-in flexibility around the need to evaluate the developing operations of COVAX and COVID-19 vaccine delivery whilst ensuring appropriate coverage of 'core' Gavi. Through a reprioritisation of programme audit in 2020, additional capacity has been freed up in 2021 so that a larger number of audits can be undertaken than would normally be feasible – which is very appropriate in evaluating the status of countries' programmes through this period of time. Annex B shows A&I's AFC-approved 2021 plan of activity setting out the breadth of A&I's activity for the year (including key audits carried forward from the 2020 plan which could not be executed then).
- 1.3 In 2021, whilst travel restrictions remain, the programme audit activity has been re-established using in-country/ in-region consultants who are able to travel and work safely. The use of consultants has long been an established feature of A&I's regime to provide additional capacity in the conduct of fieldwork in country. As previously discussed with the Board, the ambition of A&I in the longer term is to enable the conduct of programme audits in part - or potentially in whole - by national audit agencies. The experience of working remotely with consultants is expected to be invaluable in helping to build experience to help inform progression of that ambition.

### **2. A&I's work on the COVAX Facility and the delivery of COVID-19 vaccine**

- 2.1 The COVAX Facility and the delivery of COVID-19 vaccines to eligible countries represents a significant change in risk relative to the classic Gavi model. It is important therefore that A&I is able to evaluate management's processes to identify and manage the novel risk around COVAX and COVID-19 vaccine delivery. To provide a basis for the determination of

A&I's engagement, A&I utilised the Board-approved Risk and Assurance Report 2020 which includes an identification of risks relevant to COVAX and COVID-19 vaccine delivery. A&I prioritised those components which were considered to be higher risk in nature, and which were considered to be susceptible to audit or other review, to provide insight on the effectiveness of risk management.

- 2.2 As there are inherent uncertainties in the developing operation of the COVAX Facility, a classic approach to audit engagement is not felt to be appropriate. Therefore, A&I has agreed with AFC that a more flexible and agile approach to the conduct of audit will be adopted, with an ability to respond to changing circumstances dynamically according to changing risk and changing perceptions of risk.
- 2.3 The AFC receives regular updates on whistle-blower reports received including any items which relate to COVAX. The A&I function is collaborating with the audit and oversight functions of partners – CEPI, UNICEF and WHO – to ensure there is co-ordination across the four agencies in managing any whistleblower reports received in areas of common interest relating to COVAX.
- 2.4 Generally, A&I's work around COVAX and the delivery of COVID-19 vaccines is progressing and a fuller account on that will be provided to the Board at year-end.

## **Annexes**

**Annex A:** Audit and Investigations - background

**Annex B:** 2021 A&I Plan

## Annex A: Audit and Investigations - background

- In 2009 Gavi became an independent organisation (from UNICEF as ‘hosting body’), and Gavi’s Internal Audit function was first established as a single person activity. In December 2014, with a growing need for assurance, the Board approved the reconstitution of audit as the 13-person Audit and Investigations (A&I) function. A&I comprises the third line of defence being independent of Gavi’s core activities and oversight functions and reports to the Board, which is achieved through routine reporting to the AFC, and the Chief Executive Officer. Audits and other reviews are conducted against annual plans approved by the AFC, drawn from a risk-based assessment of priority.
- A&I operates under a charter approved by the Board, (“Audit and Investigations Terms of Reference”) which is reviewed and updated periodically. This sets out the basis of operation of the function, its reporting relationship to the AFC and Board, and critically, the basis of its independence.
- The A&I function undertakes four main activities:
  - Internal Audit which is an independent and objective assurance and consulting activity to evaluate and improve the effectiveness of the organisation's risk management, control, and governance processes.
  - Programme Audit which conducts audits of programmes in-country to assess whether: a) programmes are operating with appropriate systems and processes in a manner consistent with the requirements of the Partnership Framework Agreement (PFA) agreed between country and Gavi, and is sufficient to support an independent and sustainable programme after transition from Gavi support; b) Gavi support, including cash, vaccines and related supplies, have been used as intended to provide value-for-money, considering both financial and programmatic aspects.
  - Investigations and Counter-Fraud which conducts an evidence-based examination of possible misuse and other misconduct within Gavi, in Gavi-supported programmes in-country, or which otherwise impact upon the organisation. It undertakes preventive activities to minimise the risk of such conduct occurring and/or impacting the organisation.
  - Whistleblower Reporting which receives reports from internal and external sources, and follows up as appropriate, on potential concerns relating to financial or programmatic misuse, sexual exploitation and abuse, or other misconduct.
- While each audit or investigation provides insight in its own right on Gavi’s risk exposure and its mitigation, the accumulation of the function’s body of work forms an institutional knowledge base of risk and control.

# ANNEX B: A&I 2021 AFC-Approved Plan

<b>1</b> 2021 plan activities deferred from 2020	<b>2</b> Audits internal to the Secretariat	<b>3</b> Audits with country facing components	<b>4</b> Counter-fraud activities	<b>5</b> COVAX/COVID-19 vaccine deployment
<ul style="list-style-type: none"><li>• Nigeria accountability framework;</li><li>• Development of a country-level Counter-Fraud Risk Assessment toolkit;</li><li>• Execution of country-level programme audits in:<ul style="list-style-type: none"><li>• India;</li><li>• Kenya;</li><li>➔ Malawi;</li><li>➔ Afghanistan;</li><li>➔ Mali;</li><li>• Ivory Coast;</li><li>➔ Chad.</li></ul></li></ul>	<ul style="list-style-type: none"><li>➔ Cyber Security;</li><li>• Pre-disbursement controls;</li><li>• Cold Chain Equipment Optimisation Platform (CCEOP);</li><li>• Expense policy for third parties;</li><li>• Monitoring and Fiduciary Agents;</li><li>• Crisis management in pandemic period (advisory review);</li><li>• Sexual harassment policy: design &amp; implementation.</li></ul>	<ul style="list-style-type: none"><li>• Execution of country-level programme audits in:<ul style="list-style-type: none"><li>➔ Burkina Faso;<ul style="list-style-type: none"><li>• CAR;</li></ul></li><li>➔ Ethiopia;<ul style="list-style-type: none"><li>• Nepal;</li></ul></li><li>➔ Togo;<ul style="list-style-type: none"><li>• Uganda.</li></ul></li></ul></li><li>➔ PEF/TCA performance (extended to country);</li><li>➔ Vaccine supply chain management.</li></ul>	<ul style="list-style-type: none"><li>➔ Integrating fraud risk awareness in Covax;</li><li>➔ Assessment of Covid-19 vaccine risks;<ul style="list-style-type: none"><li>• Training, conflicts of interest;</li><li>• Outreach activities in-country;</li></ul></li><li>➔ Assessing in-country fraud risks remotely.</li></ul>	<p>COVAX facility:</p> <ul style="list-style-type: none"><li>• Risk mitigation;</li><li>➔ Project management;</li><li>➔ Expedited procurement;</li><li>• Finance and accounting risk TBD</li></ul> <p>COVID-19 vaccine deployment:</p> <ul style="list-style-type: none"><li>➔ Augmented programme audits;</li><li>➔ Vaccine allocation execution;</li><li>➔ Country readiness;</li><li>➔ Logistics, inventory management, security.</li></ul>

➔ Ongoing