

**INTERNAL AUDIT REPORT
EXPENSE CLAIMS AND REIMBURSEMENTS
JANUARY 2016**



Conclusion

Our audit procedures were designed to provide assurance to management and the Gavi Board that expense claims and reimbursements for 2014 have been appropriately incurred as well as being necessary, reasonable and consistent with Gavi's business needs and mission.

Through our audit procedures, we have confirmed that the risks associated with expense claims and reimbursement processes are understood and are being effectively managed. The internal controls in the expense claim and reimbursement processes are robust and well-enforced. We have not found any evidence that expense claims and reimbursements have been inappropriately incurred or are unnecessary, unreasonable or inconsistent with Gavi's business needs and mission. We have identified certain areas where there is an opportunity to improve the design and operating effectiveness of some of the internal controls.

Internal Audit Issue Summary

Issue Description	Rating	Ref	Page
Control of Delegation of Expense Submission and Approval in MBX	M	2015-05.01	5
Finance Controller Review	M	2015-05.02	7
Travel and Expenses Policy Compliance	M	2015-05.03	8
Accuracy of Expense Claims	M	2015-05.04	9
Board Travel Policy Compliance	L	2015-05.05	10

Summary Performance Ratings on Areas Reviewed

For ease of follow up and to enable management to focus effectively in addressing the issues in our report, we have classified the issues arising from our review in order of significance: High, Medium and Low.

In ranking the issues between 'High', 'Medium' and 'Low', we have considered the relative importance of each matter, taken in the context of both quantitative and qualitative factors, such as the relative magnitude and the nature and effect on the subject matter. This is in accordance with the Committee of Sponsoring Organisations of the Treadway Committee (COSO) guidance and the Institute of Internal Auditors standards.

Rating	Implication
High	Address a fundamental control weakness or significant operational issue that should be resolved as a priority
Medium	Address a control weakness or operational issue that should be resolved within a reasonable period of time
Low	Address a potential improvement opportunity in operational efficiency/effectiveness

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Distribution

Title

Managing Director, Finance and Operations
Senior Director, Finance and Chief Accounting Officer
Director, Operations
Director, Governance
Director, Human Resources

For Information

Title

Chief Executive Officer
Deputy Chief Executive Officer
Managing Director, Audit & Investigations
Executive Team
Head, Financial Operations
Head, FPA & Management Reporting (Interim)
Head, Governance
Head, Risk

Summary of Findings

Audit Objective

Our audit assessed the design and operating effectiveness of the key internal controls in the processes related to expense claims and reimbursements covering initial claim submission, review and approval, and final payment to individuals.

Audit Scope and Approach

We adopted a risk-based audit approach informed by our assessment of the system of accounting and internal controls and tested where necessary a sample of expenses to validate the proper operation of these controls.

This audit was designed to assess the:

- Design and operating effectiveness of the key controls;
- Economy and efficiency of the utilisation of resources;
- Quality of implemented governance and risk management practices; and
- Compliance with relevant policies, procedures, laws, regulations and where applicable, donor agreements.

The scope of this audit covered all expense claims submitted in MobileXpense (MBX) and settled in Microsoft Dynamics Axapta 2012 (AX) in the period 1 January 2014 – 31 December 2014. In particular, the audit covered the following key processes:

- Initial travel requests;
- Submission of expense claims by travellers or their delegates;
- Review and approval of expense claims by managers and Finance;
- Payment and recording of expense claims by Finance; and
- System access and administration for MBX and AX.

Please note that the following areas were excluded from the audit scope:

- Procurement process: this process has been covered in a separate review; and
- Payroll and employee benefits: these processes have a distinct risk profile and therefore are considered separately.

Background

Gavi has the responsibility for the proper stewardship of donated funds including donor provided funds. It is in line with this that the Gavi Board and Executive Team have approved various policies which outline the principles and requirements to be followed by all individuals incurring expenses on behalf of Gavi.

The implementation and adherence to these policies is in part managed through a dedicated expense claim management system (MBX) through which all expense reimbursements/claims are processed.

All travel-related expenses are required to be processed through MBX as well as any business-related expenses that are under US\$ 1,000. Travellers must submit a travel authorisation request in MBX which is approved by their supervisor and the Operations Team before they can book their travel arrangements. On completion of a trip, travellers are required to submit an expense claim in MBX which is approved by their supervisor and Finance prior to settlement.

The majority of expenses are incurred on Gavi-provided credit cards and therefore the travellers neither incur the expense personally nor receive reimbursement for such expenses. Meal, terminal and incidental allowances are provided by Gavi to the traveller upon completion of an expense claim based on pre-approved rates. These allowances are paid by Gavi into the traveller's bank account once they have been approved in accordance with the process described above.

In 2014, approximately 10,400 individual expenses were claimed/reimbursed for the Geneva office valued at approximately CHF 5.2 million. In addition, just under 2,000 individual expenses were claimed/reimbursed for the Washington office valued at approximately US\$ 730,000. Therefore, the total expense claims in 2014 were approximately US\$ 6.4m which accounts for 7% of the total Secretariat operating expenses of Gavi.

Summary of Findings



Out of the total expense claims, 9% related to expense claims for Board and Committee members. Of the remaining expense claims, 51% came from five teams: Country Support (19%), Monitoring & Evaluation (10%), Resource Mobilisation (8%), the Executive Office (7%) and Vaccine Implementation (6%).

A significant portion of the expenses relate to airfares which account for 42% of the total expense claims while 11% related to hotels and 9% to meal allowances.

Conclusion

Our audit procedures were designed to provide assurance to management and the Gavi Board that expense claims and reimbursements for 2014 have been appropriately incurred as well as being necessary, reasonable and consistent with Gavi's business needs and mission.

In the course of our audit, we sampled 337 expense items totalling US\$ 321,000 for 2014 which represents 5% of the total expense claims. Within this sample, we tested 78 expense lines relating to the CEO totalling CHF 55,000.

We also selected a small sample from 2015 to get an understanding of the current processes and controls in place. We sampled 52 expense lines relating to the CEO for 2015 totalling CHF 15,000. We also sampled 72 expense lines relating to recruitment and relocation expenses for new joiners in 2015 totalling CHF 36,000.

Through our audit procedures, we have confirmed that the risks associated with expense claims and reimbursement processes are well understood and are being effectively managed.

We have not found any evidence that expense claims and reimbursements have been inappropriately incurred or are unnecessary, unreasonable or inconsistent with Gavi's business needs and mission. We have identified certain areas where there is an opportunity to improve the design and operating effectiveness of some of the internal controls.

We note that management has already commenced certain initiatives corresponding

to the recommendations identified, including updating the Travel and Expenses Policy, implementing transparent exception reporting to monitor compliance with the policy, and reducing the reliance on Finance to correct errors in expense claim submissions.

Summary of Issues Arising

Our audit identified four medium-rated and one low-rated audit issues. A summary of the issues identified along with the agreed management actions is provided below:

Control of Delegation of Expense

Submission and Approval in MBX

A key control in the expense claim and reimbursement process, is that all travel authorisation requests and expense claims must be approved by the traveller's supervisor to ensure the expenses are necessary, reasonable and consistent with Gavi's business needs and mission.

The MBX system allows users to delegate the submission and approval of travel authorisation requests and expense claims to other users as required. However, the system does not have restrictions regarding to whom authority can be delegated to and for what period.

Through our audit procedures we established that in some situations, the delegations in the MBX system were not done in accordance with the Travel and Expenses Policy. We noted instances where delegations in the system by supervisors (e.g. while away on mission) were made to less senior members of staff. Users are supposed to be able to approve claims in MBX remotely but at the moment end users' experience is not optimal. In these cases, we have confirmed with management that additional manual controls were implemented to ensure that appropriate approval was obtained outside of the system prior to the approval in the system.

However, there is a lack of an audit trail for travel authorisation request and expense claim approvals made outside of the MBX system. This implies that in the event that there is a difference between the approval outside of the system by the supervisor and the approval in

Summary of Findings

the system by the delegate, then the error/omission/ irregularity may remain undetected for long. As a result, we extended our testing to cover additional travel authorisation requests and expense claims where approval authority had been delegated in the MBX system. All the travel authorisation requests and expense claims reviewed were assessed as reasonable and in compliance with the relevant policies.

In order to ensure authority is being appropriately delegated and that appropriate approvals can be evidenced, management will provide further guidance on the delegation of authority to all travellers, implement a quarterly review of delegated authority, and assess whether a requirement in MBX that all claims must be signed/submitted by the traveller can be introduced.

Finance Controller Review

All expense claims are reviewed by Finance to ensure they are adequately supported, correctly calculated and appropriately approved (Finance Controller Review) prior to being settled.

An analysis performed by Finance at the beginning of the year indicated that the Finance Controller Review identified a significant proportion of claims containing errors (particularly in relation to meal and terminal allowances) and that Finance often correct these errors so as to ensure expense claims are processed correctly and on a timely basis. Our audit testing confirmed these findings.

In our opinion, the current process does not reinforce the principle that there should be a separation between undertaking/approving transactions (i.e. the traveller and their supervisor) and processing/recording transactions (i.e. the Finance team). In addition, if errors are not returned to the submitter to correct then there is no feedback mechanism to ensure that submitters learn from their mistakes and the error rate is reduced going forward.

In order to ensure that travellers are accountable for the correctness of their expense claims, management will provide

further training to travellers on calculation of allowances and consider restricting Finance access to MBX so that they are only able to approve or reject claims (rather than make changes). Management will also assess whether MBX can be updated to require travellers to actively tick allowances being claimed in the system allowances.

Travel and Expenses Policy Compliance

The Travel and Expenses Policy governs how business-related travel expenses are managed and applies to all individuals travelling on Gavi business.

There are certain clauses in the Travel and Expenses Policy that are currently not monitored for compliance such as the requirement for travel to be booked at least 10 days prior to departure and submission of all expense claims within 15 business days of returning from a trip. This means that it is not currently possible to assess whether certain elements of the policy are being complied with and to what extent.

In order to ensure that all policy requirements can be implemented and monitored, management will review the current policy to assess what conditions are required. For all mandatory conditions, management will implement monitoring procedures either by way of preventative controls or transparent exception reporting.

Accuracy of Expense Claims

Expense claims are submitted by travellers (or their delegate), approved by the traveller's supervisor and checked by Finance prior to being settled. The majority of expenses are either automatically uploaded from the corporate credit card providers (e.g. flight and hotel costs) or automatically calculated by the system (e.g. meal, incidental and terminal allowances). In certain situations, expenses need to be manually entered into MBX by the traveller (or their delegate) (e.g. business meals, in-country business-related travel, recruitment and relocation expenses).

Our audit testing highlighted certain errors in manually entered expense claims for recruitment and relocation costs for three new

Summary of Findings

joiners in 2015. These errors resulted in overpayments totalling less than two thousand francs as a result of country visa fees and currencies being incorrectly entered into MBX as well as a hotel bill being processed twice. In all cases, the expense claim was entered by a delegate rather than the traveller themselves.

In order to ensure the accuracy of manually entered expense claims, management will ensure that travellers (and their delegates) receive additional training on entering expense claims into MBX and that the Finance review specifically focuses on these expenses. In addition, management will perform a review of recruitment and relocation expense claims (not selected in the audit testing) to ensure they are correct.

Any other issues identified were considered to be low risk. A detailed analysis of all issues raised has been provided in the appendix.

We will continue to work with management to ensure that these audit issues are adequately addressed and required actions undertaken.

We take this opportunity to thank the Finance and Operations team for their assistance during this audit.

Chrysantus Nyongesa
Head of Internal Audit

Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Rating	Issue Description	Risk/Implication	Recommended Actions	Management Comments	ET Member/ Action Owner	Target Completion Date	Status
2015-05.01	Medium	<p>Delegation of Expense Submission and Approval in MBX</p> <p>A key control in the expense claim and reimbursement process, is that all travel authorisation requests and expense claims (not in accordance with the travel authorisation) must be approved by the traveller's supervisor to ensure the expenses are necessary, reasonable and consistent with Gavi's business needs and mission. This approval is evidenced in the MBX system.</p> <p>The Travel and Expenses Policy (2014) states that the travel approver must have budget authority, cannot be the traveller and should not be asked to approve the expenses of a traveller to whom they report (Section 4.2.b).</p> <p>The MBX system allows users to delegate the submission and approval of travel authorisation requests and expense claims to other users as required. However, the system does not have restrictions regarding to whom authority can be delegated to and for what period.</p> <p>The majority of the expense claims selected for our audit testing were submitted by the Team or Executive Assistant on behalf of the traveller.</p> <p>In addition, through our audit testing of senior management travel authorisation requests and expense claims, we identified cases where approval in the MBX system had been delegated to less senior members of staff, or individuals not meeting the</p>	<ul style="list-style-type: none"> When a traveller delegates the submission of their expense claim, there is a risk that the traveller is not fully accountable for the accuracy and completeness of the claim and may not be aware of what has been included in the claim. In the event that there is a difference between what is approved outside the system by the supervisor and in the system by the delegate then the error/omission/irregularity may remain undetected for long. When approval authority is delegated in the MBX system to individuals who do not have budget authority and/or are not senior to the traveller, there is a risk that travel authorisation requests and/or expense claims 	<ol style="list-style-type: none"> Issue guidance to MBX users to remind them of the Travel and Expenses Policy requirements for travel approvers and confirm the minimum requirements for travel approvers. Implement an interim control (until the other recommendations have been implemented) as part of the Finance Controller check to reject any claims approved by less senior members of staff without hard copy evidence of appropriate supervisor approval. Update the Travel and Expenses Policy to include clear requirements on how authority for the approval of travel authorisation requests and expense claims can be delegated. This should include guidance regarding to whom approval authority can be delegated to, under what circumstances authority can be delegated and for how long. 	<p>It is recommended that Management:</p> <p>For all recommendations where we are dependent on the approval of the revised travel policy we are aiming for approval by the Executive Team by 30/06/2016 with implementation within 3 months of approval.</p> <p>We agree with the findings and the associated risks and will take action as follows:</p> <ol style="list-style-type: none"> Agreed. Estimated completion 31/07/2016 by Head, Financial Operations and Director, Operations. Implemented. We will ensure that the claims are signed on paper for the interim solution, until actions 1 and 3 are implemented. Agreed. This issue will be clarified in the next update of the travel policy due by June 2016. Estimated completion 31/07/2016, by Head, Financial Operations and Director, Operations. Agreed. MBX have been requested to customise a report detailing delegations. The Head of 	<p>Managing Director, Finance & Operations</p> <p>Senior Director, Finance & Chief Accounting Officer Director, Operations</p>	31 Jul 2016	Open

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Issue No.	Issue Rating	Issue Description	Risk/Implication	Recommended Actions	Management Comments	ET Member/ Action Owner	Target Completion Date	Status
		<p>requirements for a travel approver as stated in the Travel and Expenses Policy.</p> <p>Through management interviews we confirmed that these are first approved by the relevant supervisor or designated approver outside of the system (either by signing the hard copy request or via email). This manual control has been implemented in some cases to ensure approvals can be provided on a timely basis when individuals are travelling (users are supposed to be able to approve claims in MBX remotely but at the moment end users' experience is not optimal).</p> <p>However, there was a lack of an audit trail for travel authorisation request and expense claim approvals outside the MBX system. This implies that in the event there is a difference between what is approved outside of the system by the supervisor, and in the system by the delegate, then the error/omission/irregularity may remain undetected for long. As a result, we extended our audit testing to review additional travel authorisation requests and expense claims approved in this way. All the travel authorisation requests and expense claims reviewed were assessed as reasonable and in compliance with the relevant policies.</p> <p>In addition, we confirmed that all travel authorisation requests and expense claims were reviewed and approved by the Operations team and the Finance team, respectively.</p>	<p>may be approved without the knowledge of the appropriate supervisor, and further, that the travel arrangements being approved may not be reasonable or necessary.</p>	<ol style="list-style-type: none"> 4. Implement a quarterly Finance review of delegated authority and supervisors in MBX to ensure the delegations are appropriate and in accordance with the policy. 5. Update the expense claim submission process to require the traveller to confirm that the expense claim is complete and accurate prior to submission. Ideally this should be implemented as an automatic control in MBX. 6. Assess whether MBX has the capability to control and restrict delegation of approval authority i.e. who approval authority can be delegated to and for how long. 	<p>Financial Operations will review the report on a quarterly basis for compliance with the revised travel policy. Estimated implementation 31/07/2016, by Head, Financial Operations.</p> <ol style="list-style-type: none"> 5. Agreed in principle. We have been concerned about lack of accountability from the traveller and consider this an important control to restore this responsibility. We will discuss the recommendation and explore the technical feasibility in MBX. Estimated completion 31/07/2016 by Head, Financial Operations and Director, Operations. 6. This is not possible in MBX as the required data concerning Career level and reporting lines is not entered. However, we feel that with the controls exercised in 1-4 the risk is mitigated. 			

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2015-05.02	Medium	<p>Finance Controller Review</p> <p>All expense claims are reviewed by Finance and signed-off by a member of the Finance team in MBX (Finance Controller Review). The Travel and Expenses Policy states that Finance are accountable for verifying the accuracy of the allowances applied, ensuring supporting documentation is received for all expenses, confirming applicable tax and legal requirements have been met, verifying appropriate approvals have been obtained and ensuring that expenses are correctly recorded in the general ledger.</p> <p>We noted the following during the review:</p> <ul style="list-style-type: none"> Finance have access to make certain changes to the expense claims in MBX to correct errors and re-submit expense claims where required. Under the current process, Finance should reject any expense claims that are not correct and the traveller (or their delegate) is required to correct the errors and re-submit the claim. However, our audit testing confirmed that in some situations the Finance team is correcting errors in expense claims in order to ensure the process remains efficient and expense reimbursements are processed on a timely basis (we found that 9 expense claims out of 39 tested for 2014 and 8 expense claims out of 24 tested for 2015 were corrected or re-submitted by Finance). The majority of errors corrected by Finance in our audit sample related to meal and terminal allowances that had 	<ul style="list-style-type: none"> If Finance continue to correct errors in expense claims then there is a risk that the traveller (or their delegate) will not take full accountability for ensuring their expense claims are correct and may not be aware of the errors being made. The current process may not reinforce the principle that there should be a separation between undertaking/approving transactions (i.e. the traveller and their supervisor) and processing/recording transactions (i.e. the Finance team), particularly where Finance are correcting and resubmitting expense claims on behalf of travellers. 	<ol style="list-style-type: none"> Reconfigure the user access for MBX so that Finance do not have access rights to make changes to expense claims (i.e. Finance should only approve or reject claims and the traveller or their delegate required to process changes). Consider whether the process for claiming allowances in MBX can be updated so that travellers indicate allowances being claimed in the system (rather than ticking allowances not being claimed which is at the moment confusing many users). Provide additional training and/or communication to travellers on how to calculate allowances and what expenses should be put on corporate credit cards. 	<p>It is recommended that Management:</p> <p>We agree with the findings and will take the following actions;</p> <ol style="list-style-type: none"> We will consider this recommendation in line with the proposed changes in the travel policy. Estimated completion 31/07/2016 by Head, Financial Operations. This issue has been discussed many times with pros and cons for each method of reporting meals provided. We will consider this recommendation in line with the proposed changes in the travel policy Estimated completion 31/07/2016 by Head, Financial Operations and Director, Operations. Agreed. As the per diem versus actuals procedure may change shortly, we shall address this issue in conjunction with the new policy. Estimated completion 31/07/2016 by Head, Financial Operations and Director, Operations. 	<p>Managing Director, Finance & Operations</p> <p>Senior Director, Finance & Chief Accounting Officer</p>	31 Jul 16	Open

Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Rating	Issue Description	Risk/Implication	Recommended Actions	Management Comments	ET Member/ Action Owner	Target Completion Date	Status
		<p>been incorrectly calculated. This appears to be a recurring issue across the organisation. This finding is supported by an analysis performed by Finance earlier in the year.</p> <ul style="list-style-type: none"> The current set-up in MBX means that all meal and incidental allowances are automatically selected and the traveller needs to then indicate which allowances are not being claimed (by 'ticking' a box on screen). As a result of the number of errors being identified by Finance, it appears that this system is not well understood by users. In addition, in some situations travellers are using their corporate credit cards to pay for transportation and meal expenses. When an expense claim is submitted, these expenses are removed and the allowances applied (travellers are encouraged to not use their corporate credit cards for these expenses). It appears that this is not well understood by travellers. 						
2015-05.03	Medium	<p>Travel and Expenses Policy Compliance</p> <p>During our audit testing, we were unable to evidence compliance with certain clauses in the Travel and Expenses Policy (2014):</p> <ul style="list-style-type: none"> Annex 3: authorities for approval exception; Section 4.5.c: statistics and exception reporting to the Deputy CEO; Section 6.1: travel booked no later than 10 days; 	<p>If compliance with the Travel and Expenses Policy cannot be evidenced or monitored then there is a risk that the policy is not being complied with.</p> <p>If clear guidance is not provided in the Travel and Expenses Policy in relation to certain costs, then there may be inconsistency in</p>	<p>1. Review the areas of the Travel & Expenses Policy where compliance cannot currently be evidenced, and either update the policy where applicable or, where necessary, implement procedures in order to monitor compliance. Where compliance cannot be ensured through</p>	<p>It is recommended that Management:</p> <p>We agree with the recommendations and will implement by 31/07/2016 (Director, Operations)</p>	<p>Managing Director, Finance & Operations</p> <p>Senior Director, Finance & Chief Accounting Officer</p> <p>Director, Operations</p>	31 Jul 16	Open

Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Rating	Issue Description	Risk/Implication	Recommended Actions	Management Comments	ET Member/ Action Owner	Target Completion Date	Status
		<ul style="list-style-type: none"> Section 14.7: submission of claims within 15 business days of returning from the trip; Section 14.7: expense claims should be submitted/signed by the traveller. <p>In addition, we identified certain situations where the cost of airfares was significantly higher than expected due to last minute booking or changes to flight schedules. The current Travel and Expenses Policy does not provide clear guidance in relation to how costs associated with last minute bookings or changes to travel arrangements should be treated and in what situations costs will not be reimbursed by Gavi.</p>	relation to how those costs are treated.	<p>preventative controls, consider exception reporting to provide transparency on compliance with the policy requirements (e.g. travel booked less than 10 days before departure and claims submitted more than 15 business days after return).</p> <p>2. Provide additional guidance (through the Travel & Expenses Policy or otherwise) on what is acceptable in relation to last minute changes to travel arrangements and last minute bookings, including in what situations the costs will not be reimbursed by Gavi.</p>				
2015-05.04	Medium	<p>Accuracy of Expense Claims</p> <p>Expense claims are submitted by travellers (or their delegate), approved by the traveller's supervisor and checked by Finance prior to being settled.</p> <p>The majority of expenses are either automatically uploaded from the corporate credit card providers (e.g. flight and hotel costs) or automatically calculated by the system (e.g. meal, incidental and terminal allowances). In certain situations, expenses need to be manually entered into MBX by the traveller (or their delegate) (e.g. business meals, in-country business-related</p>	Errors in manually entered expense claims may not be detected resulting in incorrect payments to travellers.	<p>1. Provide additional training to travellers (and their delegates) on entering expense claims in MBX with particular focus on expenses requiring manual entry in MBX.</p> <p>2. Perform a review of recruitment/relocation expense claims (not covered by the audit) to ensure they are correct.</p>	<p>It is recommended that Management:</p> <p>We agree with the recommendation. Greater focus is now put by HR and Finance on ensuring the correct currency with regard recruitment travel expenses. Training materials and methods are currently under review with implementation of additional coaching and guidance expected by 31/07/2016.</p>	<p>Managing Director, Finance & Operations</p> <p>Director, HR Senior Director, Finance & Chief Accounting Officer</p>	31 Jul 16	Open

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Issue No.	Issue Rating	Issue Description	Risk/Implication	Recommended Actions	Management Comments	ET Member/ Action Owner	Target Completion Date	Status
		<p>travel, recruitment and relocation expenses).</p> <p>During our audit testing, we identified the following discrepancies in the manually entered expense claims sampled:</p> <ul style="list-style-type: none"> Recruitment costs: we sampled six new joiners and issues were identified for three of these resulting in an overpayment of expenses by approximately CHF 950. These issues related to a country visa fee being entered into MBX incorrectly and the incorrect currency being used for two candidates' expenses. The overpayments have either been returned or will be deducted from future expense claims; Relocation costs: we sampled six new joiners and an issue was identified for one employee resulting in an overpayment of CHF 866 This issue related to a hotel bill being incorrectly processed twice resulting in an overpayment of CHF 866.40. The amount has now been repaid by the candidate. 		<p>3. Ensure the Finance Controller review focuses on the accuracy of recruitment/relocation expense claims with a particular focus on manually entered expenses in different currencies.</p> <p>In addition, we believe that the recommended actions relating to the audit issues identified above will also mitigate the risk of incorrect expense claims being processed:</p> <ul style="list-style-type: none"> 2015-05.01: Delegation of Expense Submission and Approval in MBX; 2015-05.02: Finance Controller Review. 	<p>A review of recruitment/relocation expense claims has been performed in October 2015, and no further errors were noted in the sample tested.</p>			
2015-05.05	Low	<p>Board Travel Policy Compliance</p> <p>The Board Travel Policy (2014) states that per diem allowances will be paid to the traveller's bank account or to a Visa cash card provided by Gavi. In addition, the policy states that any exceptions to the policy must be approved by the Board Chair, Vice Chair or Secretary.</p> <p>Through our audit testing:</p>	<p>The payment of per diem allowances via cash and the costs to cover flight changes for certain Board and Committee members is currently not in compliance with the Board Travel Policy approved by the Board.</p>	<p>1. Consider reviewing the Board Travel Policy in conjunction with the Board to confirm whether costs of flight changes will be covered in certain circumstances (i.e. if required for business reasons).</p>	<p>We agree that the policy of not paying per diem allowances in cash is appropriate. This policy is now being enforced. For the December 2015 Board meeting, all Board members have been reimbursed via bank transfer or cash card, in</p>	<p>Managing Director, Finance & Operations</p> <p>Director, Governance Head, Governance Senior Director, Finance & Chief</p>	31 Jul 16	Open

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Issue No.	Issue Rating	Issue Description	Risk/Implication	Recommended Actions	Management Comments	ET Member/ Action Owner	Target Completion Date	Status
		<ul style="list-style-type: none"> We confirmed that some Board and Committee members are receiving per diem allowances via cash payments. For the sample tested, we were unable to evidence approval for these cash payments in accordance with the exceptions process in the policy. The controls in place to manage the cash payments process appear to be well designed and operating effectively. However, in our opinion, the policy of not paying cash is appropriate and should be enforced. The Board Travel Policy also states that unless changes to travel arrangements are at Gavi's request, the traveller will be responsible for the payment of the additional costs. A register is maintained by the Operations Team detailing the cost for all changes to Board and Committee member travel arrangements and whether they have been borne by Gavi. Costs paid by Gavi for changes in Board/Committee travel arrangements (not at Gavi's request) were approximately CHF 7,300 in 2014. In addition, review of the register confirmed that there was inconsistency in the application of this policy i.e. some changes to travel arrangements were paid for by Gavi while others were borne by individuals. The changes paid for by Gavi were approved by the Secretary or Acting Secretary in accordance with the policy. 		<ol style="list-style-type: none"> Ensure compliance with the Board Travel Policy by obtaining approval from the Board Chair, Vice Chair or Secretary for all exceptions to the policy. Provide Board and Committee members with regular training on the Board Travel Policy to ensure they are aware of the policy requirements. 	<p>line with the current policy, which will continue to be implemented going forwards.</p> <p>Regarding costs of flight changes, to ensure consistent and transparent implementation of the policy, the Governance Committee has decided to amend the wording of the policy to update the circumstances in which costs will be refunded. This wording will be finalised by the Committee and then communicated to and approved by the Board at their next meeting in June 2016.</p>	<p>Accounting Officer</p> <p>Director, Operations</p>		

