

**INTERNAL AUDIT REPORT
OPERATIONAL GUIDELINES OF PROCESSES IN
IMMUNISATION FINANCING AND SUSTAINABILITY
DECEMBER 2016**



Conclusion

Our review was designed to provide assurance to management and the Gavi Board on the design and operating effectiveness in the development of three draft Operational Guidelines (OG) in the Country Transition processes including Transition Plans, Closure of Partnership and a guide to assess the possibility of waiving Co-financing default sanctions. The development and implementation of the OGs is an important initiative and contributes to supporting transition preparedness of countries from Gavi support to self-financing.

Our review identified areas of improvement in the design and development of two of the OGS (Transition Plans and Closure of Partnership) including the need for comprehensive and formalised consultation with all key stakeholders and inclusion of provisions related to monitoring implementation of the OGs. In addition, management should develop a comprehensive OG template. Following our review, management has revised the three OGs.

Key Internal Audit Issues Summary

Issue Description	Rating	Ref	Page
Consultation with all key stakeholders was either not done or not formalised when the OGs were being developed	M	2016-03-01	3
Provisions for monitoring implementation and review had not been included in the draft OGs	M	2016-03-02	3

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Summary of Findings

Objective of Review

Our review assessed the design and operating effectiveness of the key controls related to the development of the three Operational Guidelines (OGs) in the Country Transition processes.

Scope and Approach

We adopted a risk-based approach informed by our assessment of the system of internal controls. We had twelve meetings with seven different teams in the Secretariat. These teams are involved in the processes described in the draft OGs. The feedback from our (internal audit) review and the teams was shared with the relevant focal points responsible for developing the respective draft OGs in the Immunisation Financing & Sustainability (IF&S) team. In this review, we referred to three relevant board papers, approved board policies and five OGs that have already been approved.

This review was designed to assess the:

- a) Design and operating effectiveness of the key controls during development of the three OGs; and
- b) Compliance with relevant approved policies and OGs.

The scope of this review covered three draft OGs i.e. Transition Plans, Closure of Partnership and a guide to assess the possibility of waiving Co-financing default sanctions. The review was to assess the following in the draft OGs:

- a) Clarity of scope, objectives and provisions for handling exceptions, monitoring implementation and revision;
- b) Alignment with relevant policies and approved OGs;
- c) Clarity regarding Ownership, accountability and targeted audience;
- d) Comprehensiveness of the process of consulting and communicating with key stakeholders during development of the draft OGs;
- e) Completeness of the draft OGs regarding all key elements of the relevant processes; and;
- f) Consistency with the OG template during development.

The approval and implementation process of the OGs was not part of this review.

Background

Country Programmes team continues to develop OGs as part of an important and broad ranging initiative to ensure that the Secretariat grant management processes and responsibilities are fully defined and applied consistently across the various programmes and cross-secretariat work, and to ensure greater efficiency and transparency in all the processes including country transition from Gavi support. Once approved these OGs will be part of an electronic Operational Manual for the Secretariat. At the time of the review, twelve OGs had been approved covering various aspects of the grant management cycle including country applications, approval request, cash disbursements, product switches, joint appraisal, grant re-programming and grant closure.

The IF&S, which is one of the teams in Country Programmes has developed three draft OGs (i.e. Transition Plans, Closure of Partnership and a guide to assess the possibility of waiving Co-financing default sanctions). The Transition Plans OG describes the procedures for developing Transition Plans of countries that are in transition from Gavi vaccine support to fully self-financing. The Closure of Partnership OG describes the procedures for closing partnership with a country after the last Gavi support grant is closed.

Summary of findings

Our review identified six related issues (two medium and four low rated) across the three OGs which we reviewed. The six issues raised on the OG - guide to assess the possibility of Waiving Co-Financing Default Sanctions were addressed by management and verified by us before this report was issued (See appendix 2). Appendix 1 sets out all the detailed findings and recommendations of the other two OGs: Transition Plans and Closure of Partnership. A summary of the two medium rated issues is provided below.

Consultation with key stakeholders was either not done or not formalised

During the review of the Transition Plans OG and the Closure of Partnership OG, we noted that the IF&S team had either not consulted or not formalised the consultation process with

Summary of Findings

key stakeholders from Country Support, HSIS and VI teams during development of the OGs. In order to ensure that OGs are comprehensive, reflect the underlying processes and are practically implementable, we recommend that IF&S formally engages and consults with key stakeholders.

Provisions for monitoring implementation and compliance with the OGs were not defined

We noted that the OG for Transition Plans and the OG for Closure of Partnership did not have provisions for monitoring implementation and compliance with the OGs and the process of revising/updating them.

There is need to include these provisions to ensure that the OGs are fully implemented, complied with, revised and updated on a timely basis.

Root cause of the issues raised

In our opinion, the root cause of the issues raised in this report is mainly the lack of a comprehensive OG template that sets out the minimum requirements and key elements to be included in an OG.

Management Comments and Agreed Actions

Management agreed to review and consider the issues and comments raised by Internal Audit regarding the OG for Transition Plans and the OG for Closure of Partnership OG.

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

We take this opportunity to thank the IF&S team for their assistance during this review.

Head, Internal Audit

Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions	Management Comments	ET Member/ Action Owner	Target Completion Date	Status
Medium	<p>Consultation with key stakeholders was either not done or not formalised and provisions for monitoring implementation and compliance with the OGs were not defined</p> <p>The process of developing OGs should include a formal and comprehensive consultation with key stakeholders of the process included in the draft OG. The consultation helps to define the OG's scope, objectives and the relevant provisions (i.e. for monitoring implementation, compliance and handling exceptions).</p>						
2016-03-01	<p>There was either no consultation or the consultation was not formalised with key stakeholders (i.e. CS, HSIS and VI teams) when developing the draft OGs (Transition Plans and Closure of Partnership). In addition, documentary evidence of feedback from the key stakeholders was not available. We were only able to review comments on the draft OG on Closure of Partnership from Finance, Legal and Programme Finance.</p>	<ol style="list-style-type: none"> OGs may not reflect the underlying processes making it difficult for users to comply with the OGs. OGs may not be practically implementable. 	<p>Management should ensure that key stakeholders are formally consulted and engaged during the development process of OGs</p>	<p>For both OGs (Transition Plans and Closure of Partnership). We agree with the finding and recommendations. CP management team (CS, VI and HSIS Directors) will review and approve the next draft of the OGs to ensure that their teams' views are incorporated.</p>	Director – IF&S	31 March 2017	Open
2016-03-02	<p>The two draft OGs (Transition Plans and Closure of Partnership) did not have provisions for monitoring implementation and compliance with the OGs and the process of revising/updating them.</p>	<ol style="list-style-type: none"> OGs may not be fully implemented. Users may not comply with the OGs. OGs may not be revised and updated on a timely basis. 	<p>There is need to include provisions of how compliance with the OGs will be monitored during implementation and the process of revising/updating the OGs.</p>	<p>This recommendation was incorporated in the next draft of the OGs for Transition Plans and Closure of Partnership.</p>	Director – IF&S]	03 March 2017	Closed
Low	<p>The OGs scope, objectives, ownership, targeted users and provisions for handling exceptions were not clear</p> <p>The operational guidelines should be clear on the scope, objectives, specific team responsible for revising the OGs, targeted audience and users and provisions for handling exceptions. The OGs should not to conflict with other approved operational guidelines and policies.</p>						

Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions	Management Comments	ET Member/ Action Owner	Target Completion Date	Status
2016-03-03	<p>1. The two draft OGs (Transition Plans and Closure of Partnership) are not very clear on scope, objectives and provisions for handling exceptions. Some provisions in the Transition Plans OG are not very clear as highlighted below:</p> <p>a) The role of in-country Interagency Coordination Committee (ICC) and Gavi's expectation from the ICC on the No-Cost Extension is not clear</p> <p>b) The role of monitoring and reporting of Transition Grants is not aligned with the Gavi Grant Performance Framework (GPF).</p>	<p>1) OGs may not be clear making it difficult for users to comply with them.</p> <p>2) Some provisions in the OGs may be duplicated and/or overlap with other approved OGs.</p>	Provisions on scope, objectives and handling of exceptions should be clearly defined in the OGs.	<p>1) The recommendation on the expectation from ICC was incorporated in the next draft of the OG.</p> <p>2) The recommendation on the relation between GPF and transition grant was incorporated in the next draft of OG for Transition Plan.</p>	Director – IF&S	03 March 2017	Closed
	<p>2. The draft OG on Transition Plans has provisions that overlap and that are duplicated in OGs 3.1 (Gavi Funding and Country Applications Process) and 3.3 (Cash Disbursements). Similarly, the draft Closure of Partnership OG has provisions that overlap and that are duplicated in OG 3.6 (Grant Closure).</p>	OGs may have inconsistent guidelines for the same process/activity especially when revisions are made to them.	Consider removing the overlapping and duplicated provisions. The respective provisions in the two draft OGs should be referenced to the relevant sections in OGs 3.1, 3.3 & 3.6.	The recommendation was incorporated in the next draft of OGs and duplicated and overlapping provisions were removed from the final OGs	Director – IF&S	03 March 2017	Closed
	<p>3. The two draft OGs (Transition Plans and Closure of Partnership) do not specify the team in Country Programmes which owns the OGs and is responsible for monitoring compliance during implementation and revision of the OGs.</p>	<p>1) OGs may not be revised and updated on a timely basis.</p> <p>2) Users may not comply with the OGs.</p>	Clearly indicate which team owns the OG and that is responsible for monitoring compliance.	The recommendation was incorporated in the next draft of OGs.	Director – IF&S	03 March 2017	Closed
	<p>4. According to the two draft OGs (Transition Plans and Closure of Partnership), their target audience and users are the Senior Country Managers in Country Programme team. However, the underlying processes in the OGs cut across different teams in Gavi.</p>	Other teams may not be aware of the provisions in these OGs and therefore fail to comply with them.	Ensure that the target audience of OGs is expanded given that these are Gavi's internal documents to guide Gavi's internal users.	The recommendation was incorporated in the next draft of OGs.	Director – IF&S	03 March 2017	Closed

Appendix 2: Guide to Assess the possibility of Waiving Co-Financing Default Sanctions OG



Area/Process reviewed based on Inherent Risks	Observations from the IA review on the draft OG on Guide to assess the possibility of waiving co-financing default sanctions	Internal Audit Recommendations/ Comments	Status of the audit recommendation	Issue Closure Date
OG was developed with proper consultation with key stakeholders	Yes, there was communication and consultation	n/a	n/a	n/a
OG was developed with clear provisions of monitoring and review	Monitoring and review provisions were not included	Ensure monitoring and review provisions are included	Verified and Closed	25 Aug 16
Clarity of Objectives	Objective of OG was not specific	Redefine the OG objective	Verified and Closed	25 Aug 16
OG covers all key elements of the process of assessing waiving co-financing default sanctions	Yes, however not clearly stated	Revise the criteria table [decision framework] in the OG	Verified and Closed	25 Aug 16
OG was developed with clear provisions of handling exceptions	Provisions of handling exceptions included in the OG were not clear	Revise the provisions of handling exceptions	Verified and Closed	25 Aug 16
Clear interaction of the OG with other documents or initiatives (e.g. policies, processes and guidelines)	No specific reference of relevant policies to the OG was done	Include the reference of relevant policies in the OG	Verified and Closed	25 Aug 16
Clear ownership and accountability of OGs	The OG had not specified which team owns the OG	Specify the team that owns the OG [IF&S]	Verified and Closed	25 Aug 16
Clear audience of the OGs	Yes – the target audience of the OG was clearly indicated	n/a	n/a	n/a
OG is consistent with Board-approved policies	Yes, the OG is consistent with the relevant policies	n/a	n/a	n/a
OG was prepared based on a consistent template with minimum requirements	There is no comprehensive OG template as yet with minimum requirements of key elements to be included in an OG.			

Appendix 3: Summary Performance Ratings & Distribution

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

Distribution

Title
Managing Director, Country Programmes (CP)

For Information

Title
Chief Executive Officer
Deputy Chief Executive Officer
Managing Director, Audit & Investigations
Executive Team
Director, Immunisation Financing & Sustainability (IF&S)
Director, Legal
Head, Risk
Senior Manager, Country Programmes