

INTERNAL AUDIT REPORT

Grant Application Development, Review, and Approval Processes
April 2024



Table of Contents

	Conclusion	3
	Summary of key audit issues	3
1.	Summary of issues	4
2.	Background	6
3.	Objectives and Scope	6
4.	Annexes	8








Conclusion

Our audit procedures were designed to provide assurance to management and the Gavi Board on the design and operating effectiveness of the key controls in the processes related to grant application development, submission, review, and approval.

The success of funding decisions, including the speed to disburse funds and the extent to which funding achieves Gavi’s objectives, is dependent on the effectiveness of key underlying processes such as the grant application development, submission, review, and approval. In the past, countries submitted separate applications for different types of Gavi support on an as ‘needed basis’. According to the Gavi Application Process Guidelines, New Approaches under Gavi 5.0 for Applying for Gavi Support (May 2021, p. 21), the Secretariat has re-designed the application process where countries undertake a Full Portfolio Planning (FPP) process to comprehensively plan for a multi-year period for all Gavi support, develop their Theory of Change (TOC), map out support they need, and submit one integrated request for all types of Gavi support using new 5.0 application materials. According to the Strategy, Funding and Performance team, a similar process known as the Country Engagement Framework (CEF) was implemented for countries in 2016.

Through our audit procedures, we assessed the design and operating effectiveness of the key controls in the processes related to grant application development, submission, review, and approval and concluded that there are some weaknesses in design and operating effectiveness. We have identified high risk issues relating to clarity of roles and responsibilities, timeliness of key grant review and approval activities, and the lack of differentiation of IRC comments as summarised below. The emerging results of this audit have informed the Evolve project. Completion of Evolve and implementation of the recommendations by the various process owners is expected to address the risks raised in the audit.

Summary of Key Audit Issues

Ref	Description	Rating*
1.1 Roll Out of the Full Portfolio Planning process (FPP) and the Grant Application Development process		
	Address the root causes of the delays in rolling out the FPP which to some extent are impacting the grant application development process.	
1.2 Clarity of Roles and Responsibilities		
	Clearly define the roles, responsibilities, and accountabilities of all stakeholders involved in the grant application development, review, and approval processes.	
1.3 Robustness of Tools and Systems		
	Implement an end-to-end system of key grant management processes to enhance accountability and visibility on the status of grant applications.	
1.4 Differentiation and Resolution of IRC Comments/Recommendations		
	Implement risk-based criteria for rating and resolution of IRC recommendations.	
1.5 Learning and Root Cause Analysis of Pre-screening and IRC Comments		
	Conduct regular root cause analysis of pre-screening and IRC comments to foster learning by countries in order to minimise the number of re-reviews/resubmitted applications.	
1.6 Accountability for timeliness in the Grant Applications Review and Approval process		
	Define KPIs for each team, implement Service Level Agreements (SLAs) for the handover at each process step, and assign one team the responsibility of tracking the status of each application.	
1.7 Pre-Screening Process of Grant Applications		
	Develop pre-screening SOPs/guidelines with clear decision criteria on the next steps.	

* The audit ratings attributed to each section of this report, the level of risk assigned to each audit finding and the level of priority for each recommendation, are defined in annex 2 of this report.

1. Summary of Issues

Through our audit procedures, we have identified three high and four medium risk issues relating to the Gavi grant application development, review and approval process which are summarised below.

1.1 Roll Out of the FPP Process and the Grant Application Development Process.

Address the root causes of the delays in rolling out the FPP process which to some extent are impacting the grant application development process.

We acknowledge that during the COVID-19 pandemic, countries had to focus on their C-19 response plans and deprioritise non-essential activities including the FPP process and other grant applications. This significantly impacted countries' capacity to proceed with the FPP process. The FPP process was delayed in most countries. Out of the 16 countries which were expected to commence the FPP process dialogue between Q1 2020 and Q1 2022, nine had started the process while only one FPP country application (Djibouti) had been submitted to the IRC for review.

Management identified a set of root causes in the FPP step-back exercise carried out at the time of the audit and these were further confirmed through our survey results:

- the actual or perceived complexities in the FPP process and related application toolkits.
- the lack of comprehensive training, workshops, or induction programmes to the Secretariat team.
- the lack of training sessions to countries on the new/revised FPP process.
- sub-optimal planning and challenges in the onboarding of consultants supporting countries in the FPP application development process.
- limited differentiation of resources and expectations on quality of country plans in line with country segments.
- country-specific political, socio-economic challenges/difficulties.

Feedback confirmed that these delays might be further impacted by not managing the underlying changes in the FPP process with a centralised dedicated function and detailed plan clearly setting out:

- roles and responsibilities and communication requirements;
- change management process; and
- governance and risk management procedures, and the availability of in-country teams and resources required.

The delays in the implementation of programmes in country may lead to non-achievement of Gavi's strategic objectives.

1.2 Clarity of Roles and Responsibilities

Clearly define the roles, responsibilities, and accountabilities of all stakeholders involved in the grant application development, review, and approval processes.

We recognise the work done so far, with the support of a consulting firm, on roles, responsibilities, and accountabilities across the different Secretariat teams involved in the grant application review, and approval processes. However, there is still a need for finalisation of the validation of the content for both accuracy and proper alignment with portfolio management processes, and revision/finalisation of the relevant guidelines and SOPs.

Additionally, we noted that the following key elements relating to roles, responsibilities, and accountabilities require further review and formalisation:

- clear mandate of each team with boundaries between in-country teams (for country ownership) and Gavi Country Support (CS) team,
- defined roles, responsibilities, and accountability matrix (RACI) between in-country teams and Gavi Secretariat teams including the required planning and timing of consultants onboarding,
- clarity of roles, responsibilities, and accountabilities between the teams facilitating/coordinating the process and technical teams required to validate the information and data of the countries' applications.

If roles, responsibilities and accountabilities are unclear, there may be confusion and delays.

1.3 Robustness of Tools and Systems

Implement an end-to-end system of key grant management processes to enhance accountability and visibility on the status of grant applications.

There is lack of systematic tracking of applications as they progress through each step of the grant application review, and approval process. Furthermore, currently the activities carried out at each stage of the grant application review and approval process by different teams are mainly standalone without proper hand-offs and clear roles and responsibilities.

The lack of full visibility on the status of the grant applications due to lack of an end-to-end system of the process coupled with the lack of clear roles and responsibilities of teams could be partly responsible for the delays in the disbursements of funds.

1.4 Categorisation and Resolution of IRC Comments/Recommendations

Implement risk-based criteria for rating and resolution of IRC recommendations.

The IRC comments/recommendations are not categorised based on their significance and the impact on achievement of programme objectives. This is because of a lack of risk-based rating criteria. Therefore, the approval of applications and the resolution of IRC comments without significant risk exposure may take longer than necessary leading to delays in disbursement and in programme implementation in-country.

The time and effort being dedicated to review of applications may not be commensurate with the level of risk.

1.5 Root Cause Analysis of Pre-screening and IRC Comments

Conduct regular root cause analysis of pre-screening and IRC comments to foster learning by countries in order to minimise the number of re-reviews/resubmitted applications.

'Lessons learnt' are shared with countries and Secretariat teams after each IRC review through multiple channels (i.e., IRC reports, cross-cutting reports, need to know newsletters, etc.). However, the Secretariat does not conduct regular root cause analysis of pre-screening and IRC comments to identify common and recurring themes which can be shared with countries to foster learning and enhance the quality of applications and thereby increase the chances of approval by the IRC and senior management. Carrying out a root cause analysis will help establish key learnings needed to inform the type of training and technical support to be provided to countries to enhance their capacity in the application development process.

1.6 Accountability for timeliness in the Grant Applications Review and Approval process.

Define KPIs for each team and implement Service Level Agreements (SLAs) for the handover at each process step and assign one team the responsibility of tracking the status of each application.

Currently, there is no definition of KPIs and SLAs for each team to manage the handover at each step in the grant application, review, and approval process. There are no guidelines regarding how long an application should take at the pre-screening stage. The period defined for the FPP applications development process is 6-9 months. Countries are required to respond to the IRC comments within 30 days.

The timeline for initiating the Approval Request (AR) to final approval has not been clearly defined and formalised. The AR process timeframe ranged from 91 - 391 days, and the audit observed several redundant activities within the process

Where timelines exist, they are not adhered to consistently and delays are very frequent. The weaknesses highlighted above may lead to delays in the disbursement of funds and subsequently implementation of Gavi supported programmes in-country.

1.7 The Pre-screening Process of Grant Applications

Develop pre-screening SOPs/guidelines with clear decision criteria on the next steps.

There is lack of formally defined pre-screening SOPs to guide the pre-screening teams on the process and in decision-making. The process needs differentiation and clear risk-based guidelines. This may lead to variations in the pre-screening of applications and across teams possibly resulting in inconsistent decision-making.

2. Background

Gavi provides support in the form of vaccines and associated supplies for: the introduction of vaccines into national immunisation schedules; specific and targeted campaigns; and subsequent support for these vaccines as part of a country's routine vaccination schedule. Gavi provides Health System Strengthening support (HSS) to help countries make sustainable improvements in immunisation outcomes by strengthening critical elements of their health systems. The Gavi Board has made available US\$1.2 billion in HSS for eligible countries in Gavi 5.0. Within Gavi's HSS support is the Cold Chain Equipment Optimisation Platform (CCEOP). Through this platform Gavi jointly invests with countries in the purchase, deployment, and installation of modern, high-performing, cold chain equipment (CCE) as well as in the training of healthcare workers and technicians by suppliers or the suppliers' in-country service providers.

In December 2020, the Gavi Board approved an additional US\$500 million for the strategic period 2021-2025 as dedicated funding to help countries accelerate efforts to reach zero-dose children and missed communities i.e., the Equity Accelerator Funding (EAF).

Along with the updates to Gavi's strategic approach, the Secretariat has made efforts to re-design the application process. In the past, countries submitted separate applications for different types of Gavi support on an as needed basis. In the revised approach for Gavi 5.0, countries undertake a Full Portfolio Planning (FPP) process to comprehensively plan for a multi-year period for all Gavi support, develop their Theory of Change (TOC), map out support they need, and submit one integrated request for all types of Gavi support using new 5.0 application materials. According to the Strategy, Funding and Performance team, a similar process known as the Country Engagement Framework (CEF) was implemented for countries in 2016. Countries which are in the middle of an ongoing HSS grant cycle can still apply for additional individual vaccines on an 'as-needed' basis via the country portal by the submission deadlines posted on the Gavi website.

Upon receipt of new applications, the Secretariat screens them for completeness and consistency and to ensure that mandatory requirements have been met before submitting the requests for review to the Independent Review Committee (IRC). The IRC comprises of a wide range of experts in public health, epidemiology, cold chain, gender and equity, development, finance, and economics, etc. In 2020 and 2021 four main IRC round meetings took place supplemented by various additional reviews such as COVAX CCE reviews (seven rounds in 2021), time-sensitive reviews and FPP reviews. In 2022, the IRC has so far met for one main IRC and conducted various time-sensitive reviews (Lao PDR, Afghanistan etc.) and one FPP review (Djibouti). In total, 174 new applications were received and reviewed over the period under review, i.e., January 2020 to March 2022.

The table below shows a summary of the new applications received and reviewed over the period under review.

Requests received from countries and IRC outcomes	2020	2021	2022	Total
Number of requests - communicated back to countries for resubmission at pre-screening stage	3	15	4	22
Number of requests - recommendation for Approval by IRC	56	109	9	174*
Number of requests - recommendation for re-review by IRC	10	8	3	21**

* For a recommendation of approval by IRC (with recommendations), the country needs to provide additional information to the Gavi Secretariat within 30 days. Some applications may have been counted more than once (i.e., if they had been screened out first and then reviewed by the IRC at a later stage). Also, re-reviewed applications have been counted twice (i.e., once when they received a recommendation for re-review and then a second time when they received a recommendation for approval).

** New applications that are recommended for re-review can be revised and resubmitted for review to a future IRC i.e., for applications where there are major gaps and/or material issues that need to be addressed by the country before approval by Gavi.

3. Objectives and Scope

3.1 Audit Objective

The success of funding decisions, including the speed to disburse funds and the extent to which funding achieves Gavi's objectives, is dependent on the effectiveness of key underlying processes. This audit was focused on the design and operating effectiveness of the key controls in the processes related to grant application development/submission, review, and approval by the CEO.

3.2 Audit Scope and Approach

This audit covered application development/submission (including pre-reviews and pre-screenings), with a light touch on the IRC review process mainly focusing on the process of resolution of the IRC recommendations/actions (to avoid any overlap with the IRC evaluation which was ongoing at the time of the audit) and the AR approval process.

The following areas were excluded from the audit scope (i.e., either they have been covered in other audits or have a distinct risk profile):

- Decision Letter preparation and distribution process
- Cash Disbursement Request process
- COVAX related applications, review, and approval process

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

We take this opportunity to thank all the teams involved in this audit for their on-going assistance.

Director, Internal Audit

Annexes

Annex 1 – Methodology

Gavi’s Audit and Investigations (A&I) audits are conducted in accordance with the Institute of Internal Auditors' (“the Institute”) mandatory guidance which includes the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the audit activity’s performance. The Institute of Internal Auditors’ Practice Advisories, Practice Guides, and Position Papers are also adhered to as applicable to guide operations. In addition, A&I staff adhere to A&I’s standard operating procedures manual.

The principles and details of the A&I’s audit approach are described in its Board-approved Terms of Reference and Audit Manual and specific terms of reference for each engagement. These documents help audit staff to provide high quality professional work, and to operate efficiently and effectively. They help safeguard the independence of the A&I staff and the integrity of their work. The A&I’s Audit Manual contains detailed instructions for carrying out its audits, in line with the appropriate standards and expected quality.

In general, the scope of A&I's work extends not only to the Secretariat but also to the programmes and activities carried out by Gavi's grant recipients and partners. More specifically, its scope encompasses the examination and evaluation of the adequacy and effectiveness of Gavi's governance, risk management processes, system of internal control, and the quality of performance in carrying out assigned responsibilities to achieve stated goals and objectives.

Annex 2 – Definitions: audit rating and prioritisation

Issue Rating

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	At least one instance of the criteria described below is applicable to the finding raised: <ul style="list-style-type: none"> Controls mitigating high inherent risks or strategic business risks are either inadequate or ineffective. The issues identified may result in a risk materialising that could either have: a major impact on delivery of organisational objectives; major reputation damage; or major financial consequences. The risk has either materialised or the probability of it occurring is very likely and the mitigations put in place do not mitigate the risk. Fraud and unethical behaviour including management override of key controls. Management attention is required as a matter of priority.
Medium	At least one instance of the criteria described below is applicable to the finding raised: <ul style="list-style-type: none"> Controls mitigating medium inherent risks are either inadequate or ineffective. The issues identified may result in a risk materialising that could either have: a moderate impact on delivery of organisational objectives; moderate reputation damage; or moderate financial consequences The probability of the risk occurring is possible and the mitigations put in place moderately reduce the risk. Management action is required within a reasonable time period.
Low	At least one instance of the criteria described below is applicable to the finding raised: <ul style="list-style-type: none"> Controls mitigating low inherent risks are either inadequate or ineffective. The Issues identified could have a minor negative impact on the risk and control environment. The probability of the risk occurring is unlikely to happen. Corrective action is required as appropriate.