

**INTERNAL AUDIT REPORT  
VACCINE PROCUREMENT OVERSIGHT: RECONCILIATION  
OF VACCINE DOSES  
MARCH 2017**



## Conclusion

Our audit procedures were designed to provide assurance to management and the Gavi Board that the vaccine doses received by countries are consistent with the procurement requests and funds transferred to the Alliance's procurement agency.

Through our audit procedures we have confirmed that the risks associated with the vaccine procurement processes are well understood and are being effectively managed. In particular, vaccine doses can be transparently reconciled from the funds provided by Gavi to the shipment of vaccines by the procurement agency.

Due to data quality issues associated with country reporting we were unable to fully reconcile shipment reports provided by the procurement agency to the reporting received from countries, however, we note that the difference between the pentavalent doses reported as received by countries in 2015 and the procurement agent's shipment report was less than 1%. We believe that there is an opportunity to simplify the country reporting to allow for easier reconciliation to the procurement agent's shipment data. Management are in the process of implementing a change to address this minor improvement opportunity.

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# Summary of Findings

## Audit Objective and Scope

The objective of this audit was to provide assurance to senior management and the Board that the vaccine doses received by countries are consistent with procurement requests and the funds transferred to the Alliance's procurement agency.

This audit was designed to assess the (i) design and operating effectiveness, where possible, of the key controls; (ii) economy and efficiency of the utilisation of resources; (iii) quality of implemented governance and risk management practices; and (iv) compliance with relevant policies, procedures, laws, regulations and where applicable, donor agreements.

This audit focused solely on the processes operating within the Secretariat. Primarily this included the reconciliation of vaccine doses from the initial procurement request through to the receipt by country and the reporting of doses received. It does not cover the underlying operational processes of vaccine programme approvals, vaccine dose calculations, vaccine procurement (i.e. processes within the Alliance's procurement agency) and on-going in-country stock management and reporting.

## Summary of Findings

We reconciled all pentavalent vaccine doses funded by Gavi in 2015 for 64 countries (147 million doses equivalent to 27% of doses shipped in 2015) from the Cash Transfer Notice (CTN) paid by Gavi to the procurement agent's shipment reports, and validated a sample of shipments to independent supporting documentation. We were able to fully reconcile all 147 million vaccine doses and no issues were identified during this reconciliation.

We also reconciled the shipment reports provided by the procurement agency to the vaccine doses received as reported by the country through the Country Portal. We identified some differences with the country self-reported data and believe that these differences are largely due to country data quality issues. We believe there is an opportunity to clarify and simplify the information required from countries as detailed in the appendix.

We note that countries report both vaccine doses received and closing stock levels through the Country Portal. On an annual basis, a reconciliation is completed between the closing stock reported by countries and the Secretariat's calculated closing stock based on the procurement agent's shipment data. The vaccine doses received is a key input into the closing stock calculation, and any significant differences identified are investigated as part of the grant renewal process. Therefore, we believe that this process provides effective oversight of the country reporting of vaccine stocks. Please note that the grant renewal and vaccine dose calculation process will be the subject of a separate audit.

## Background

UNICEF, Supply Division serves as the procurement agency in the procurement of vaccines and vaccine-related supplies. The relationship between Gavi and UNICEF is governed by a Memorandum of Understanding. The value of disbursements made to UNICEF for the purchase of vaccines was US\$ 1.2 billion in 2015<sup>1</sup> relating to approximately 552<sup>2</sup> million vaccine doses.

The procurement agency purchases vaccines and vaccine-related supplies in quantities communicated to countries via Decision Letters. Gavi's procurement agent raises funding requests to Gavi in the form of CTNs and arranges for the purchase and delivery of vaccines based on an annual shipment plan agreed between the procurement agency and the recipient country governments. Countries are then required to report the receipt of vaccines to Gavi via the Country Portal on a yearly basis.

Once all vaccines and vaccine-related supplies have been delivered to the country government and any required adjustments have been made, Gavi's procurement agent sends a final Statement of Account to Gavi reconciling the final costs as well as the number of doses and devices delivered for the specific vaccine programme for the country.

We will continue to work with management to ensure that the improvement opportunities we have identified are adequately addressed and any required actions undertaken. We take this

<sup>1</sup> Figures are from the CP Disbursements by Year Paid tab in the Finance Consolidated Approvals, Commitments and Disbursements file dated 31 December 2015, filtered for NVS grants and payment years.

<sup>2</sup> Figure provided by Finance based on the CTNs paid in 2015.

# Summary of Findings

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

Head Internal Audit

# Appendix 1: Improvement Opportunities

Issue No.	Issue Rating	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
1	Low	<p><b>Improvement opportunities identified regarding clarity and oversight of country reporting</b></p> <p>a) There is some ambiguity between two of the fields in the online country portal system used by countries to report vaccine doses received;</p> <p>b) Countries in the last year of a vaccine programme are not required to report vaccine doses received for that year (as they do not complete a renewal request)</p>	<p>Country reporting on vaccine doses received may be incorrect which could be a red flag for other errors in the country's stock level records and reporting.</p> <p>Gavi's reporting requirements may not be clear leading to additional burden on country reporting processes.</p>	<p>a) Update the fields in the Country Portal to better explain what data is required;</p> <p>b) Consider whether countries in the last year of their vaccine programmes should report on the vaccine doses received in that year.</p>	<p>a) This action has already been implemented via an instruction from Head IMQA to KMTS.</p> <p>b) The decision can be revisited. For 2015 grant reporting, transitioned countries were not asked to complete the online portal, mainly since we can rely on UNICEF reporting for shipment data. It may be decided in the future to request annual closing stock, however without an active grant the country will have no obligation to provide this.</p>	<p>Director, Vaccine Implementation</p> <p>Chief Knowledge Officer, KMTS</p>	31 July 2017	Open

# Appendix 2: Summary of Performance Ratings and Distribution List

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 in relation to internal controls, governance and/or risk management that should be resolved as a priority
Medium	Address a control weakness in relation to internal controls, governance and/or risk management that should be resolved within a reasonable period of time
Low	Address a potential improvement opportunity in relation to internal controls, governance and/or risk management

## Distribution

Title
Managing Director, Country Programmes
Managing Director, Finance and Operations

## For Information

Title
Chief Executive Officer
Deputy Chief Executive Officer
Managing Director, Audit & Investigations
Executive Team
Director, Legal
Head, Risk
Director, Vaccine Implementation
Senior Technical Advisor, IMQA, Vaccine Implementation
Regional Heads, Country Support
Senior Director, Finance
Head, Financial Forecasting & AMC, Finance
Head, Business Partnering, Budgeting & Management Reporting, Finance
Senior Manager, Financial Forecasting
Senior Manager, Programme Finance Partnering
Manager, IMQA, Vaccine Implementation
Analyst, IMQA, Vaccine Implementation