

# INTERNAL AUDIT REPORT

**Expense Claims, Reimbursements and  
Credit Card Management**

**August 2019**



## Conclusion

Our audit procedures were designed to provide assurance to management and the Gavi Board on the adequacy and effectiveness of the key controls related to the processes of expense claims, reimbursements and credit card management in the period from 1 September 2016 to 31 December 2018.

Gavi has the responsibility of ensuring that all expenses incurred are reasonable, appropriately incurred, necessary, and consistent with its business needs and mission. In order to achieve this, policies and internal controls have been implemented which enforce the principles and requirements to be followed by all individuals incurring expenses on behalf of Gavi. Management updated the Travel and Expense Policy (version 6.2), the Board Travel Policy (version 3.0) and the Employee travel and expense procedures and guidelines (version 1.2) during the period under review to further simplify the related processes and improve the internal controls and governance processes. All staff travel and expense claims are paid and/or reimbursed through the MobileXpense system (MBX).

Through our audit procedures, we have identified certain control weaknesses to be addressed relating to compliance with policies and procedures, the corporate travel management system and the MBX system as summarised below.

We have confirmed that the risks associated with the expense claims and reimbursement processes are understood and are being effectively managed. In addition, management is undertaking various initiatives under the new SAP environment to enhance the expense claims and reimbursement process including control review and SAP - MBX integration.

## Key Internal Audit Issue Summary

Issue Description	Rating	Ref	Page
<b>Expense Claims and Reimbursements</b>			
There is need to ensure that expense claims are paid and/or reimbursed on time, within the recommended rates, supported by adequate documentation and in compliance with Gavi policies and procedures	<b>M</b>	<b>2018.05.01</b>	<b>6</b>
There is need to enhance controls relating to the corporate travel management system	<b>M</b>	<b>2018.05.02</b>	<b>14</b>
There is need to enhance controls relating to the 'Dummy' Card profile in the MobileXpense system	<b>M</b>	<b>2018.05.03</b>	<b>16</b>
There is need to enhance controls relating to management of corporate credit cards	<b>M</b>	<b>2018.05.04</b>	<b>16</b>
There is need to enhance controls in the MobileXpense system (MBX)	<b>M</b>	<b>2018.05.06</b>	<b>18</b>

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# Summary of Findings

Our audit identified six medium-rated issues and one low-rated issue. A summary of the key issues is provided below (detailed analysis of all issues raised is included in the appendices).

## **There is need to ensure that expense claims are paid and/or reimbursed on time, within the recommended rates, supported by adequate documentation and in compliance with Gavi policies and procedures**

The 2017 Employee Travel and Expense Policy (TEP-clause 7) requires Gavi to reimburse employees for expenses duly and properly incurred while on authorised company business and which comply with the Policy and its guidelines. Through our audit procedures, we identified instances where expense claims paid and/or reimbursed were not supported by adequate documentation; were not in compliance with Gavi policies and procedures regarding home leave; were paid and/or reimbursed prior to approval (NB: We ensured these were incurred appropriately) and some expenses which were higher than the recommended rates.

## **There is need to enhance the controls in the corporate travel management system (SMART)**

Through our audit procedures, we observed that the travel system does not maintain any audit trails of the Pre-Travel Approval (PTA) following approval by the business manager of the final flight option. As a result, it was difficult to determine whether the travel management company (TMC) was enforcing and ensuring compliance with the Gavi travel policy (i.e. that the flight options selected by staff are the most cost-effective travel solution and appropriate to the business requirements). In addition, the travel management system and MobileXpense system (MBX) are not integrated and as a result all the approved PTAs are not uploaded automatically in the MBX platform in accordance with TEPG clause 2.2.1 (f).

It was difficult to evidence how the TMC ensures compliance with the TEPG (clause 2.1.3) and the existence of a robust process of tracking and monitoring unused tickets for refunds using the system; business travel with private deviation and the cost of the deviation; and that travel bookings are made at least 15 days prior to the intended date of departure.

## **There is need to enhance controls relating to the 'Dummy' Card profile in the MBX system**

The 'dummy' Card (CH profile) in the MBX system is supposed to be used to account for only business expenses incurred using non-individual and corporate credit cards (Corporate Event card and Procurement card). The Finance team is responsible for monitoring the transactions captured in this profile to ensure that the appropriate accounting treatment is applied.

Through our audit procedures, we noted that processes and controls (e.g. transaction approval, periodic review and oversight) related to the 'Dummy Card CH profile' in MBX were not defined and documented which increases the risk of the profile being used for irregular transactions (especially if the account is not reviewed regularly).

## **There is need to enhance controls relating to management of corporate credit cards**

Through our audit procedures, we observed that 16 corporate credit cards have the cash withdrawal option enabled which makes them more prone to misuse. This is not in accordance with the policy and there is no documented justification for these exceptions.

## **There is need to enhance controls in the MobileXpense system (MBX)**

Through our audit procedures, we observed that the user roles and responsibilities for the Master Admin-GVA and Admin-DC defined in the Standard Operating Procedures (SoP) are generic and not specific. The tasks each role can perform are similar. Apart from the MBX system access rights tables which have been defined, there is no segregation of duties matrix table showing the interaction between MBX processes and the defined roles/access rights. In addition, we identified control weaknesses related to the management of users in the system.

## **Background**

The Finance and Operations team reviewed the Travel and Expense Policy (version 6.2), the Board Travel Policy (version 3.0) and the Employee travel and expense procedures and guidelines (version 1.2) during the period under review. The changes were aimed at ensuring that a consistent approach is adopted across the entire organisation regarding travel arrangements and compensation and

# Summary of Findings

reimbursement of business expenses incurred. This was also to enhance the controls and the authorisation and tracking process of all business travel and expenses.

For the period 1 September 2016 - 31 December 2018, approximately 33,336 individual expenses were claimed and reimbursed for the Geneva and Washington offices, valued at approximately CHF 17.1 million.

## Audit Approach

We adopted a risk-based audit approach informed by our assessment of the system of internal controls. This audit focused more significantly on substantive testing (i.e. validation of expenses transactions) of expense claims submitted and settled in MobileXpense. This testing was designed to assess the operating effectiveness of the key controls as well as compliance with relevant policies.

## Audit Objective

The audit objective was to assess the operating effectiveness of the key controls in the processes related to expense claims and reimbursements and credit card management to ensure that expenditure is appropriately incurred, necessary, reasonable and consistent with Gavi's business needs and mission.

## Audit Scope

The audit scope covered expense claims submitted and settled in MBX in the period 1 September 2016 – 31 December 2018. In particular, the audit covered the following key processes:

- Submission and approval of travel requests;
- Submission of expense claims by travellers;
- Review and approval of expense claims by line managers and Finance; and
- Review of the management of credit cards (limited scope).

This was a targeted testing audit designed to assess:

- The design and operating effectiveness of the key controls;
- Compliance with relevant policies.
- Economy and efficiency of the utilisation of resources; and

- Quality of implemented governance and risk management practices.

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 in the Internal Audit risk assessment and annual planning process.

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

Head, Internal Audit

## Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
<p><b>There is need to ensure that expense claims are paid and/or reimbursed on time, within the recommended rates, supported by adequate documentation and in compliance with Gavi policies and procedures</b></p> <p>The Travel and Expenses Policy (TEP) (clause 7 - Expense Management) requires Gavi to reimburse employees for expenses duly and properly incurred while on authorised company business and which comply with the Policy and its guidelines. Gavi will deny reimbursement of any expense deemed inappropriate, excessive or not in compliance with this Policy. Gavi's Hospitality and Gift policy (clause 5.4) requires that costs for social occasions, including an employee's birthday or for recognizing the work of a staff member who is leaving the organisation, should not be reimbursed. The 2012 Gavi Human Resources Manual (clause 25. 8 &amp; 25.9 - Home leave) requires that international employees who retain family ties with their home country are entitled to home leave travel for themselves, their spouse or domestic partner and any dependent children travelling together to, or overlapping in, their registered home city - as registered with Human Resources upon taking up their employment with Gavi - once every two years starting in the first year of their employment. Employees are required to book their home leave travel through Gavi's Travel Agent, in accordance with TEPG (clause 2.3 b). Flight bookings must be made through either the Gavi online booking tool or the Gavi Travel Management Company (TMC). Failure to do so may result in non-reimbursement of the Business Expense.</p>							
<b>2018.05.01</b>	<p>a) Through our audit procedures, we identified instances where expense claims paid and/or reimbursed were not supported by adequate documentation; were not in compliance with Gavi policies and procedures and some which were much higher than the recommended rates.</p> <p>i) We selected a sample of 18 transactions with a value of CHF 25,478 relating to home leave and made the following observations:</p> <ul style="list-style-type: none"> <li>Reimbursement of CHF 1,947 to a member of staff relating to the cost of two air tickets for the</li> </ul>	Gavi may pay or reimburse expense claims which are not reasonable or not consistent with its business needs and mission.	<p>Management should:</p> <p>a) Recover from the relevant staff any expenses which were paid and/or reimbursed in contravention of the policy.</p> <p>b) The HR team should ensure that all home leave requests and related expenses are approved in accordance with the requirements of the HR manual.</p> <p>c) Remind staff to refrain from using the Gavi corporate credit card to pay for personal expenses (NB: all personal expenses</p>	<p>(a) Agreed</p> <p>(b) Since the audit in April 2019 Finance ensures that the relevant HR Home leave approval is attached to each claim before approval. We have monitored this for 2019 and all claims are complete. We do not allow staff to purchase the ticket in themselves and have pushed back on any such cases that have arisen.</p> <p>(c) and (d) We are sending out to all staff a FAQ/guidelines for expense claims and will include these issues.</p>	<p>Managing Director, Finance &amp; Operations, Head, Financial Services &amp; Projects, Director, HR Head, HR</p>	<p>(a) 30/4/2020</p> <p>(b) Completed</p> <p>(c) and (d) 28/2/2020</p>	<p>In progress</p>

## Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>child while taking home leave. This expense claim should not have been approved and reimbursed as the child does not qualify as a dependant based on the age (Gavi's Human Resources Manual, clause 25.8 and annex – definition of terms);</p> <ul style="list-style-type: none"> <li>An air ticket for home leave for the spouse of a member of staff was not to the registered home city. This is not in line with Gavi's Human Resources Manual (clause 25.8 and 25.9.2);</li> <li>Seven instances where staff were reimbursed in total CHF 18,375 being the cash equivalent of the cost of home leave air tickets to their registered home cities. This is contrary to the HR</li> </ul>		<p>paid using the corporate card already identified and recovered from staff) and using their private credit cards to pay Gavi business expenses. In the event that staff use their private credit cards to pay for Gavi business expenses, such expenses should be properly supported in line with the relevant policies and procedures.</p> <p>d) Staff should be sensitized on the need to ensure any expenses incurred are necessary, reasonable and consistent with Gavi's business needs and mission and as stipulated in the Travel &amp; Expenses policy.</p>	<p>We have a new team and the review is concentrating on ensuring the requested reimbursements are business expenses allowable within the travel policy and are fully substantiated.</p> <p>We do not accept purchase of IT equipment and push back on any such cases. We will also include this issue in our FAQ message to staff.</p> <p>With respect to maximum hotel rates, we request justification from the traveller should the maximum hotel rate be exceeded, and approval by the supervisor who is considered best placed to know the specific circumstances.</p>			

## Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>manual (old manual clause 25.9, new manual clause 25.15) which states that employees are required to book their home leave travel through Gavi's Travel Agent, in accordance with Gavi's Travel and Expenses Policy.</p> <p>ii) We identified one reimbursement for IT equipment accessories of CHF 168 to a member of staff which is contrary to the TEPG (clause 6.2d - Telecommunication/IT expenses);</p> <p>v) There were 16 instances where the expenses paid and/or reimbursed to some members of staff were higher than the rates recommended by the Travel &amp; Expenses policy (maximum reimbursable meal rates annex). They relate mainly to business meals (including a taxi charge and airport lounge access charge).</p>						



## Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p><b>b) There is need to account for expenses on a timely basis.</b></p> <p>From our review, we noted that:</p> <p>i) The timeline for accounting for expenses is not defined in the current guidelines and procedures (August 2017 T&amp;EPG). Previously, the 2014 Travel and Expenses Policy required all expenses to be accounted for not later than 15 business days after completion of the trip.</p> <p>ii) Expense claims were not reported and/or settled on time. For period under review the Washington DC office had 75 expense claims valued at \$111K (23 were older than six months, 52 are from three to six months old; the highest value being CHF 48.5K) while the Geneva office had 79 expense claims valued at CHF 79k (23 were older than six months, 56 are from three to six months old; the highest value being CHF 7.8K). These expenses were still outstanding and had not been settled as at 6 February 2019.</p>	<ul style="list-style-type: none"> <li>The Finance team may find it difficult to require staff to account for their expenses on a timely basis in the absence of clearly documented expense reporting procedures</li> <li>Timely detection of erroneous and fraudulent transactions may be difficult for management if expenses are not accounted for and settled on time.</li> </ul>	<p>Finance Team Management should:</p> <p>a) Update the 2017 TEPG to include the timelines for reporting and settling expense claims</p> <p>b) Follow up and ensure all outstanding expenses claims are accounted for and settled in MBX as soon as possible.</p>	<p>(a) Will be revised once we have completed any harmonisation with the TGF policy in the first half of this year so we have the changes in one go.</p> <p>(b) We have had many campaigns to follow up with travellers for expense claim submission, including clean up prior to SAP implementation and at year end. From 2020 we are preparing monthly reports for management to assist in follow up for their respective teams</p>	<p>Managing Director, Finance &amp; Operations, Director, Operations and Head, Financial Services &amp; Projects Head, Financial Services &amp; Projects</p>	<p>Q2 2020</p> <p>Mechanism in place, review is Ongoing</p>	<p>In Progress</p>

## Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p><b>c) There is need to ensure that expense claims paid and/or reimbursed are adequately supported</b></p> <p>TEPG (clause 2.2 Travel approval procedures) requires that the approved PTA request should always be attached to the expense claim when an expense is incurred as a result of business travel. The approved PTA request is supposed to be automatically uploaded in the MobileXpense platform (MBX) generally within 24 hours from the time of the ticket being issued. Clause 7.3 (Documentation Requirements) requires that staff must provide: evidence of any requisite approvals attached to the expense claim; receipts for expenditure items and proof of payment (e.g. hotel invoice or rental car agreement). In addition, all expense claims must indicate the business purpose.</p> <p>Through our audit procedures, we observed that some expense claims paid and/or</p>	<ul style="list-style-type: none"> <li>Gavi may pay for and/or reimburse ineligible expenses.</li> </ul>	<p>Management should:</p> <p>a) Ensure that all business travel is supported by approved PTAs</p> <p>b) Ensure that the corporate travel management system (SMART portal) and the expense management system (MBX) are integrated to facilitate automatic upload of approved PTA requests from the former to the latter</p> <p>c) Obtain the missing supporting documentation from the relevant staff, and /or recover from the relevant staff any ineligible expenses which were paid and/or reimbursed in contravention of policy;</p> <p>d) Ensure that the affected staff are made aware of the</p>	<p>(a) Implemented. All claims have a copy of the CTM invoice which is only generated following approved PTA.</p> <p>(b) Will work with the new provider CWT on this issue.</p> <p>(c) We will reclaim for the cases listed above. Going forward the new team is vigorous in ensuring that all transactions are properly substantiated.</p> <p>(d) Will include this in the FAQ</p>	Managing Director, Finance & Operations, Head, Financial Services & Projects	Q2 2020	In Progress

## Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>reimbursed were not supported with adequate documentation. The followings exceptions were noted:</p> <p>i) The use of credit card slips as receipts rather than a receipt from the service provider in five cases with a value of CHF 4,259;</p> <p>ii) Expense claims related to business travel with a total value of CHF.137,881 (108 out of 161 sampled) were not supported with the approved PTA. PTAs are processed in the corporate travel management system (SMART portal) but are not automatically uploaded in the MBX platform in accordance with TEPG clause 2.2.1(f) because SMART portal and MBX are not integrated;</p> <p>iii) Five expense claims with a value of CHF 3,397 related to Gavi business paid using personal credit cards including one which was not adequately supported;</p> <p>iv) Expense claim of CHF 1,167 for staff training not supported</p>		<p>need to ensure any expenses incurred are necessary, reasonable and consistent with Gavi's business needs and mission</p> <p>e) Implement controls which ensure that Gavi obtains the best value for money when making travel arrangements for Board members and in accordance with the Gavi Board Travel policy.</p>				

## Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>by approval from HR and a purchase order;</p> <p>v) Expense claim related to a gift for in-country partners of CHF 135 not supported by a receipt; and</p> <p>vi) Three expense claims of CHF 3,245 that did not have adequate supporting documentation.</p>						
	<p><b>d) There is need to ensure that all expense claims are approved prior to payment and/or reimbursement</b></p> <p>The Employee Travel and Expense Policy (clause 7 - Expense Management) requires Gavi to reimburse employees for expenses duly and properly incurred while on authorised company business and which comply with the Policy and its guidelines.</p> <p>Through our audit procedures, we observed that the current set-up in MBX allows any expense claim categorised under the 'travel services expense' code to be</p>	<ul style="list-style-type: none"> <li>Expenses which are not appropriately incurred, necessary, reasonable and consistent with Gavi's business needs and mission may be automatically paid or reimbursed.</li> </ul>	<p>Management should:</p> <p>a) Review significant expenses categorised under the 'travel services expense' code to ensure that they were appropriately incurred, necessary, reasonable and consistent with Gavi's business needs and mission</p> <p>b) Consider whether the cost of having the automatic settlement feature in MBX (feature circumvents supervisor approval) for expenses categorised under 'travel services' expense code</p>	<p>Of the 9 issues mentioned 8 were correctly approved. One issue was raised where the claim was automatically approved without the supervisor approval. We will follow up on this issue with MBX.</p>	<p>Managing Director, Finance &amp; Operations, Head, Financial Services &amp; Projects</p>	<p>Q2 2020</p>	<p>In progress</p>

## Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	automatically settled without approval from the business manager.		outweighs the benefit and take appropriate action i.e. in light of the highlighted risk.				
	<p><b>e) There is need to ensure that issues related to corporate credit cards are followed up with the bank and resolved promptly</b></p> <p>We reviewed the identified fraudulent transactions involving three corporate credit cards in the period under review and noted that the transactions were reported by the respective staff to the bank and the Finance team on time with no loss to Gavi. However, there was one long outstanding transaction where follow-up was only made with the bank after the matter was highlighted during the audit.</p>	Fraudulent transactions may not be reported to the bank within the stipulated timeframe for resolution thereby leading to loss	Implement clear guidelines and ensure that staff are aware of the timeframe within which identified fraudulent transactions should be reported to the bank to facilitate prompt resolution.	Agreed	Managing Director, Finance & Operations, Treasury Manager	28/2/2020	In progress

### **There is need to enhance the controls in the corporate travel management system (SMART)**

According to the TEPG (clause 2.1.3), the travel management company is responsible for: enforcing and ensuring the Gavi policy is applied to all employees; processing travel arrangements, including any changes, in a timely manner as per agreed terms; identifying and communicating visa requirements for each travel booking as required; offering cost-effective travel solutions most appropriate to the business requirements; providing follow-up processes for all unused tickets for refunds; providing travel statistics to the Operations team as required; reporting to the Director of Operations or another designated person any exceptions from the present Policy. The TEPG requires that all business travel bookings must be made through the travel management system (SMART).

## Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
2018.05.02	<p>Through our audit procedures, we observed the following control weaknesses in the corporate travel management system:</p> <p>a) It was difficult to independently determine whether the travel management company was enforcing and ensuring compliance with the Gavi travel policy (i.e. that the flight options selected by staff are the most cost-effective travel solution and appropriate to the business requirements). This is because there was no audit trail available for our review of all the approved PTAs relating to the travel bookings for the period in scope. The travel system does not maintain any audit trails of the PTA following approval by the business manager of the final flight option.</p> <p>b) The travel management system and MBX are not integrated and as a result all the approved PTAs are not uploaded automatically in the MBX platform in accordance with TEPG clause 2.2.1 (f).</p>	It may be difficult to hold to account the Travel Management Company due to the weaknesses in the travel system	<p>Management should:</p> <p>a) Ensure that the travel management system maintains proper audit trail of all transactions in the system.</p> <p>b) Ensure that all PTAs are automatically uploaded in the MBX platform automatically.</p> <p>c) Implement a process which enables the TMC to effectively undertake its mandate in accordance with the TEPG (clause 2.1.3) and that this process can be evidenced.</p>	<p>We moved to Carlson Wagon Lit in March 2020. We now have a more robust control mechanism and all of these points have been taken into account and the new process has been discussed with Risk and SMT. In terms of the 14 day rule, we will change the policy as this should be guidance, not a rule as it is impossible to enforce. To be clear, from CTM we receive ongoing and monthly reports that clearly identify who authorized which bookings and all of the details associated with it. The piece that is missing with CTM is that the PTA system is a workflow and therefore, not all of the comments are recorded from the process, however there is absolute clarity in the live dashboard for all PTA's stating which stage they are at and who has authorized what so the original wording of the Issue maybe misleading. Secondly, we have monthly reports to show who authorized what and in fact we had a daily report also confirming this,</p>	Managing Director, Finance & Operations, Director, Operations and Head, Financial Services & Projects	April 2020	In progress

## Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>Expense claims related to business travel are supposed to be evidenced by the approved PTAs</p> <p>c) There was insufficient evidence of how the Travel Management Company (TMC) ensures compliance with the TEPG (clause 2.1.3) and the existence of a robust process of tracking and monitoring:</p> <p>i) Unused tickets for refunds using the system</p> <p>ii) Business travel with private deviation and the cost of the deviation (communication and exceptions relating to business travel are documented outside the system)</p> <p>iii) To ensure that travel bookings are made at least 15 days prior to the intended date of departure.</p> <p>These weaknesses were also affirmed in the all staff satisfaction survey of the TMC conducted by the Operations team in 2018.</p>			<p>but this was recently stopped. Furthermore, the same controls and reports will be in place with CWT, and in addition we will also have a full audit trail of any dialogue that occurred in between submission and ticketing, remembering of course that we have agreed to move to a lighter touch approval model.</p>			

**There is need to enhance controls relating to the 'Dummy Card CH profile' in MBX**

## Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>The 'dummy Card CH profile (ID code 150271) in MBX is only supposed to be used to account for business expenses incurred using non-individual and corporate credit cards (Corporate Event card and Procurement card). The Finance team is responsible for monitoring the transactions captured in this profile to ensure that the appropriate accounting treatment is applied.</p>						
<b>2018.05.03</b>	Through our audit procedures, we noted that processes and controls (e.g. transaction approval, periodic review and oversight) related to the 'Dummy Card CH profile' in MBX were not defined and documented. As at 06 February 2019 the Dummy Card CH profile in MBX had transactions with a total value of CHF 314,332.86.	The 'dummy card CH profile in MBX' may be used for irregular transactions especially if the account is not reviewed regularly.	<ul style="list-style-type: none"> <li>a) Define and document the process and controls, and use of the Dummy Card CH profile in MBX.</li> <li>b) Conduct periodic review and oversight of the Dummy Card CH profile to ensure that only valid transactions are posted to the profile.</li> <li>c) Consider closing the Dummy Card CH profile in MBX and only use it when necessary.</li> </ul>	We are working on closing the dummy account. In the meantime we will review transactions posted to this account.	Managing Director, Finance & Operations, Head, Financial Services & Projects	30/6/2020	

### There is need to enhance controls relating to management of corporate credit cards

Individual corporate credit cards are provided to Gavi employees to cover business-related travel costs. Only in exceptional circumstances like travel to jurisdictions where it is not possible or safe to use credit cards are staff allowed to use cash.

<b>2018.05.04</b>	Through our audit procedures, we noted that 16 corporate credit cards had the cash	Credit cards with the cash withdrawal	Ensure the cash withdrawal option on all credit cards	Cash withdrawal is disabled from all accounts. The option is only activated temporarily	Managing Director,	Completed	
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## Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>withdrawal option enabled. Two of the cards are used by the Operations team (with cash withdrawal limit of CHF 60,000 each) while 14 are for individual staff.</p> <p>This is not in accordance with the policy and there is no documented justification for these exceptions.</p> <p>Having this feature enabled on corporate credit cards makes them more prone to misuse.</p>	option are more prone to misuse.	disabled. Any exceptions to this should be justified and duly approved.	and occasionally for missions to cash based countries on the request of HFSP.	Finance & Operations, Senior Manager, Treasury		

### There is need to develop clear guidelines regarding gifts and hospitality

As part of GAVI's activities it is appropriate from time to time to offer hospitality or hold events either on GAVI premises or at off-site venues (the 2012 Hospitality and Gifts policy (clause 1 - Purpose). In connection with such hospitality and events, GAVI incurs, or reimburses, meals, beverages and other expenses that are reasonable and necessary for GAVI's business purposes.

<b>2018.05.05</b>	Through our audit procedures, we identified instances where staff offered gifts to business partners. However, the 2012 Hospitality and Gifts policy does not have clear guidelines regarding the nature and value of gifts which can be given to business partners. It was therefore difficult to assess the reasonableness of the gifts and whether the policy had been complied with. Furthermore, the Hospitality and Gifts policy	Risks relating to conflict of interest may not be well managed.	Management should: a) Update the gifts and hospitality policy to ensure it is in line with the current business environment. b) Develop guidelines regarding the nature and value of gifts which can be given to business partners.	The Hospitality and Gifts element of policy will be incorporated into a new Governance Policy and as part of a new Events Policy. Furthermore, all managers have been through an ethics training course that clarifies the policy points here	Managing Director, Finance & Operations, Director, Operations	Training course completed and new policies aligned by June 2020	June 2020
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## Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	has not been reviewed and updated to ensure it is aligned with Gavi's current business environment since 2012 when it was approved.						

### There is need to enhance the controls relating to MobileXpense

Best practice requires any system to have well documented Standard Operating Procedures (SoP) which clearly identify the key processes and controls. The SoP should be reviewed periodically and updated.

2018.05.06	<p>a) We noted the following when reviewing the SoP regarding the MBX Quarterly Review:</p> <p>i) The user roles and responsibilities for the Master Admin-GVA and Admin-DC defined in the SoP are generic and not specific. The tasks each role can perform are similar.</p> <p>ii) Apart from the MBX system access rights tables which have been defined, there is no segregation of duties matrix table showing the interaction between MBX processes and the defined roles/access rights.</p> <p>b) In addition, through our audit procedures, we observed the following:</p> <p>i) One instance where a user profile was created in MBX by Gavi's service desk without proper justification and</p>	<ul style="list-style-type: none"> <li>Lack of an approved SoD matrix increases the risk of fraud in the system as incompatible roles and responsibilities may not be identified</li> <li>Failure to deactivate ex-employees as users increases the risk of misuse of the their profiles in the system without trace</li> </ul>	<p>Management should;</p> <p>a) Update the SoP (MBX Quarterly Review) to include clear user roles and responsibilities for the Master Admin-GVA and Admin-DC.</p> <p>b) Create the SoD matrix table showing the interaction between MBX processes and roles/access rights.</p> <p>c) Enhance controls in the MBX system to guard against the creation of user profiles without proper justification and approval.</p> <p>d) Remove all duplicate staff profiles in MBX which cannot be justified.</p> <p>e) Implement procedures to ensure</p>	(a) Agreed	<p>Managing Director, Finance &amp; Operations, Head, Financial Services &amp; Projects</p>	30/6/2020	In Progress
				(b) Agreed		30/6/2020	
				(c) Agreed		30/6/2020	
				(d) Completed. All duplicate profiles were removed.			

## Appendix 1: Detailed Findings and Recommendations

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>approval. This happened when the responsibility of creation of user profiles in MBX was being managed by a Service Provider;</p> <p>ii) A Geneva based member of staff who has two profiles (i.e. both Geneva and Washington). Only staff based in DC office should have only two profiles in MBX for financial economies.</p> <p>iii) Several instances where the user profiles of Leavers (ex-employees) were still active in MBX.</p>		<p>profiles of staff leaving Gavi are deactivated as part of the clearance process.</p> <p>f) Review all profiles in the MBX system and ensure that those relating to individuals who have left Gavi are deactivated immediately.</p>	<p>(e) Completed. Profiles are deactivated by ServiceDesk on following separation in me@gavi.</p> <p>(f) Completed. During data cleansing n SAP migration profiles were only kept active for vendors with valid profiles in SAP. All other accounts were inactivated.</p>			
<p><b>There is need to ensure that expense claims are accounted for using correct codes</b></p>							
2018.05.07	<p>Through our audit procedures, we noted instances where expense claims were accounted for in the wrong expense categories e.g. expense claims which are unrelated to terminal allowance being accounted for under this expense category.</p>	<p>Misstatement of expenses by category.</p>	<p>Implement measures to minimise misallocation of the expense categories.</p>	<p>Complete. The team is alert to ensure that the correct categories are being used for terminal allowances</p>	<p>Managing Director, Finance &amp; Operations, Head, Financial Services &amp; Projects</p>	<p>Completed</p>	

## Appendix 2: Summary of Performance Ratings and Distribution List

### 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 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, Finance and Operations
Director, Operations
Director, Human Resources
Head, Financial Services & Projects
Head, Human Resources
Head, DC Office Services, Operations

### For Information

Title
Chief Executive Officer
Deputy Chief Executive Officer
Managing Director, Audit & Investigations
Director, Legal
Head, Risk