

INTERNAL AUDIT REPORT
Programme Capacity Assessment Process (PCA)
September 2019



Conclusion

Our audit procedures were designed to provide assurance to management and the Gavi Board on the design and effectiveness of the controls in the processes related to Programme Capacity Assessment (PCA).

The Secretariat has structured its risk management and assurance functions according to the best-practice “Three Lines of Defence” model, ensuring clear and distinct roles and objective checks, balances and controls. Under this model three separate groups (known as “lines of defence”) across the Alliance each play a distinct role in risk management and in validating its effectiveness. To complement the first line’s primary responsibility to manage risks, a “second line” exists, consisting of specialised functions in the Secretariat with separate reporting lines including the PCA team. The PCA is designed to identify risks and weaknesses and to make relevant recommendations for strengthening the in-country management and oversight of the vaccines and vaccine related devices and direct financial support provided by Gavi.

Through our audit procedures, we have identified high risk issues relating to the use of PCA outputs for effective risk management in programme and financial management; and development, finalisation and monitoring implementation of Grant Management Requirements (GMRs).

Internal Audit Key Issues Summary

Issue Description	Rating	Ref	Lead	Page
PCA Outputs and Risk Management				
There is need to enhance the pre-disbursement controls.	H	2018.03.04	CS	10
There is need for PCA outputs to be considered during the identification of PEF TCA needs of Gavi-supported countries.	H	2018.03.05	SPF/CS/PEF	15
Reporting				
There is need to enhance the quality and consistency of PCA reports.	M	2018.03.11	PCA	36
Development and Finalisation of Grant Management Requirements (GMRs)				
There is need for a robust framework for development and prioritisation of GMRs.	H	2018.03.13	PCA	45
There is need to speed up finalisation of GMRs and enhance accountability.	M	2018.03.14	PCA/CS	49
Implementation of Grant Management Requirements (GMRs)				
There is need to enhance the implementation of GMRs.	H	2018.03.16	CS	53

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Summary of Findings

The PCA process has evolved and continuously improved since it was introduced in 2015 upon implementation of the three lines of defence model within the Gavi Secretariat. Through its role in the second line of defence, the PCA process has continuously endeavoured to contribute to enhanced fiduciary and programme risk management. This is especially so with the broadening of the scope of the assessments to not only cover financial, but also programme and vaccine management aspects. Some of the notable achievements include but are not limited to:

- Completion of the 52 planned PCAs as per the three-year plan developed jointly with Country Programmes in 2015. Nine monitoring reviews have also been completed to independently verify the implementation of GMRs;
- Revision of the PCA user guide, processes and associated tools following a review based on lessons learnt from the initial assessments conducted in 2016;
- Introduction of the embedded approach whereby one of the PCA team members accompanies the PCA contractors' team during the in-country review;
- Engaging in discussions within the Secretariat on management of fiduciary and programme management risks and how PCA outputs are used to inform further Gavi support to countries. For instance, in 2018 the PCA team conducted an analysis of cross-cutting thematic issues emerging from PCAs and programme audits and this was presented to senior management for further action and the Audit and Finance Committee for information; and
- Contributing to the development of an online GMR tracking tool within Salesforce to facilitate enhanced transparency and accountability on ongoing monitoring of GMRs and their implementation.

With the completion of the 52 PCAs that were planned in the three-year PCA cycle, management intends to take stock of the learnings from the process and experiences to identify further areas of improvement in order to remain relevant and value-adding to the Secretariat.

Summary of Key Issues Arising

Through our audit procedures, we have identified 4 high risk and 11 medium risk issues relating to the PCA process (including procurement of PCA contractors). The high-risk issues are spread across three main areas of the PCA process as summarised below. The detailed findings are included in Appendices 1 and 2.

PCA Outputs and Risk Management

There is need to enhance pre-disbursement controls

Majority of the final GMRs include pre-disbursement conditions that need to be fulfilled prior to disbursements to Gavi-supported countries. Currently, the Country Support team, and the Senior Country Managers (SCMs), are responsible for confirming that pre-disbursement conditions have been fulfilled prior to disbursement.

We noted that there is no independent verification of the fulfilment of pre-disbursement conditions by a team/individual independent of the Country Support team (SCM) prior to processing the disbursements to the countries. Considering that timely disbursements is one of the KPIs for Country Support, in its current design, this creates a potential conflict between this KPI and the need to verify that countries have subsequently implemented adequate systems to manage Gavi resources prior to disbursement. In our opinion, there is need to address the highlighted risk either through adequate segregation of duties or implementation of adequate compensating controls given that the risk has since materialised.

There is need for PCA outputs to be considered during the identification of the PEF TCA needs of Gavi-supported countries

One of the objectives of the PCA is to identify capacity gaps and make recommendations on capacity building initiatives to address them (e.g. through PEF TCA). Through our audit procedures, we observed that outputs from the PCA process were not adequately considered in the process of identifying technical needs of countries for the PEF TCA support. Countries' technical assistance needs (TA) are identified mainly through the Joint Appraisal (JA) process. Approximately 86% of the TCA funding is allocated to programmatic areas, majority of which are identified and prioritised during the JA and less than 5% is allocated to financial management areas. Based on a sample of JA reports reviewed, we could not evidence

Summary of Findings

how and whether the PCA findings were considered during the JA process, despite the fact that the JA template identifies the need to leverage PCAs in identifying bottlenecks in programme and financial management performance. Additionally, we noted that the focus of the JA process and reports was mainly on the programmatic issues with very little attention given to financial management. This implies that supported countries' financial management capacity needs may not be prioritised in the Technical Assistance (TA) plan which is presented to the PEF Management Team (PEF MT) for review. There is therefore need to enhance the mechanisms supporting the process of identifying TA needs, including the JA, and ensure that countries' financial management capacity needs are given adequate consideration at all relevant levels (including the PEF MT). This is especially important with the move towards the 'One TA plan' that consolidates all needs into a single TA plan as per Gavi guidelines¹.

Grant Management Requirements (GMRs) finalisation

There is need for a robust framework for development and prioritisation of GMRs

The current framework for prioritising and differentiating GMRs is not robust enough to ensure objective interpretation of risk and impact, and therefore ensure consistency in the development of GMRs. This is mainly due to the fact there is no risk rating framework which provides guidance on the classification of issues in PCA reports in order of significance to aid in the prioritisation of recommendations and time scales for remediation i.e. based on the extent to which they may hinder the achievement of grant objectives or have adverse financial, programmatic or reputational consequences. The current guidelines do not consider other factors which may be relevant in the development of GMRs and determination of implementation timelines, such as the PEF ranking of the country and the country's capacity. As a result, we noted inconsistencies where recommendations were considered as GMRs in some countries but not in

others while some of those categorised as GMRs were actually GMAs (i.e. according to the PCA user guide).

In addition, we noted that some of the proposed GMRs were not based on a differentiated approach which considers the cost of implementation of the requirements bearing in mind the countries' capacity and the significance of Gavi's investment in the countries. This is further supported by the results of the survey conducted by Internal Audit in which 49% of the respondents indicated that, in their view, the GMRs did not sufficiently consider the capacity of countries to implement them within the recommended timeframes.

There is need to speed up finalisation of GMRs and enhance accountability in the process

There were significant delays in the finalisation of GMRs following the in-country review and upon receipt of the final report from the contractors. According to the PCA user guide, the process of finalisation of the PCA report and GMRs should take no more than five weeks (35 days). However, we observed from analysis of data of 36 completed PCAs that it took an average of 264 days to finalise GMRs following receipt of the final PCA reports from the contractors. Finalisation of PCA reports took an average of 115 days (i.e. 30% of the time was spent on finalisation of reports and 70% on finalisation of GMRs).

In addition, we observed that the process of finalisation of GMRs had not been identified as one of the Key Performance Indicators (KPI) for the Country Support team. In our opinion, having a shared KPI for finalisation of GMRs across the key teams involved in the PCA process is key to enhancing efficiency in the finalisation process and subsequent disbursement of funds given that GMRs play a critical role in the management of financial and programmatic risks in Gavi-supported countries.

Implementation of Grant Management Requirements

There is need to enhance the implementation of GMRs

We reviewed independent monitoring review reports of four countries and noted that there was slow

¹ PEF Targeted Country Assistance 2018 Reporting and 2019 Planning Guidance- based on the following principles: country-owned; comprehensive; targeted; harmonised; demonstrates value for money; and results-oriented.

Summary of Findings

progress in the implementation of GMRs. A significant number of GMRs which were due were either not met, delayed or partially met at the time of the monitoring review. For instance, in the four countries sampled, on average only 32% of the GMRs which were due were met while 41% of the GMRs that were due were either not met, delayed or partially met. A further 23% were started but are running behind schedule. In addition, we noted that there are no formally defined guidelines and requirements for the Country Support team to report on the process of ongoing monitoring of implementation of GMRs by countries.

There is need to strengthen the oversight process by the Secretariat of holding countries to account and ensuring that significant financial and programmatic risks identified during the PCA impacting programme objectives are mitigated within the agreed timeframe.

Background

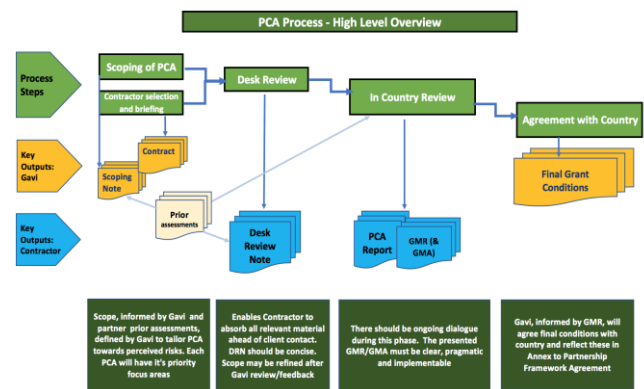
The Programme Capacity Assessment (PCA) process was developed as a key element of the three lines of defence (3LOD) in 2015, replacing the Financial Management Assessments (FMAs). This followed management’s decision to expand the scope of review to include assessment of the Gavi-supported countries capacity to manage all support to the countries, including vaccines and cash-based support.

The objective of the PCA is to assess the (current or proposed) financing modality for receipt of Gavi cash support, and the structures to oversee the use of Gavi support provided in the form of cash, vaccines (and related devices) with appropriate transparency and accountability. A PCA, therefore, among other things seeks to identify and support governments to determine means to address any capacity gaps in order to strengthen the Gavi-supported programme, including through technical support (e.g. via the Partnership Engagement Framework) and redirection of direct financial support (e.g. through reallocation), where appropriate. The assessment comprises of three pillars including: financial management; programme management; and vaccine and cold chain management. The PCA scope covers government systems and where applicable, NGOs and CSOs that may be implementing Gavi programmes in-country. It however excludes

assessment of Gavi alliance partners (WHO and UNICEF) in accordance with partnership agreements between Gavi and the partners.

A three-year PCA plan running from 2016 to Mid-2018 was developed in 2015 to cover 52 Gavi-supported countries that were not in the transitioning process. At the time of this audit, 45 PCAs had been completed. Out of the 45, GMRs had been communicated to 38 countries; GMRs were in progress for six countries; and one had been put on hold at the GMR stage (i.e. Nigeria).

The PCA process is summarised in the diagram below:²



The assessments are outsourced to external contractors who work closely with the Gavi PCA team. The contractors were pre-qualified through a competitive process in 2015 (reviewed in 2016). Selection of the specific contractor to conduct a PCA for a given country is also done competitively by requesting financial proposals from the pre-qualified contractors.

The PCA process, including allocation of roles and responsibilities to the various teams involved in the process, has been documented in a user guide that was last reviewed in July 2016. Tools for assessment of each of the PCA pillars have also been developed and are used by the contractors in documenting their work. As part of continuous improvement, the team has also developed other relevant tools and templates for use in the process including reporting.

The main output of a PCA is a report detailing the contractor’s findings and recommendations for addressing the capacity issues identified. The recommendations are prioritised based on consideration of their significance either as Grant

² Source document: PCA presentation to the AFC, April 2018

Summary of Findings

Management Requirements (GMRs) or Grant Management Actions (GMAs).

GMRs are recommendations that address a major grant implementation risk (fiduciary or programmatic) that is very likely to significantly hinder the achievement of grant objectives or a risk of material non-compliance with Gavi requirements that is likely to have adverse financial, programmatic or reputational consequences. They are legally binding and form Annex 6 to the Partnership Framework Agreement (PFA).

GMAs are actions that are considered important for overall grant management but which if not implemented do not lead to adverse financial, programmatic or reputational consequences. They are supposed to be communicated to the supported country through management letters.

Ongoing monitoring of GMRs is conducted by the country support team, supported by relevant teams in Country Programmes, as part of grant management.

A GMR tracking tool was implemented in the second half of 2018 and hosted in the Salesforce CRM system. Final GMRs are uploaded into the tool which is also used to update status of fulfilment of the GMRs on an ongoing basis. The tracker makes the GMR tracking process more efficient and is accessible to all staff thereby enhancing transparency and accountability in the process.

Independent monitoring reviews were piloted in 2018. At the time of this audit, four GMR monitoring reviews were in progress. The learnings from the pilot monitoring reviews are expected to inform further design of the monitoring process for the remaining countries.

Audit Objective

Our audit assessed the adequacy and effectiveness of the governance, risk management and internal controls over the key controls in the Programme Capacity Assessment process.

Audit Scope and Approach

We adopted a risk-based audit approach informed by our assessment of the system of internal controls.

Our audit approach included interviewing relevant Secretariat teams, reviewing Board and committee reports, reviewing relevant policies, operational and country guidelines, and reviewing, on a sample basis, evidence relating to PCAs carried out during the period

under review. As part of this audit, the Internal Audit team accompanied the PCA team and the contractors to observe the in-country review process for the Republic of Sudan and the Kingdom of Lesotho. The Internal Audit team also conducted a survey amongst the key stakeholders of the PCA process within the Secretariat namely: Country Programmes, PCA, Monitoring and Evaluation, Programme Audit and the Executive Office.

This audit was designed to assess the:

- Design and operating effectiveness, where possible, of the 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 the period between June 2016 and August 2018.

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 – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
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PCA Outputs and Risk Management

The Transparency and Accountability Policy (TAP) which became effective from January 2014 states that: "Prior to the submission of a proposal, the GAVI Secretariat will, together with the government and in-country development partners, reach a consensus on the specific financing modality best suited for the GAVI support. These requirements will be determined based on the existing mechanisms in the selected system as well as on the relative level of fiduciary risk as established by the financial management and/or other GAVI or implementing partner assessments." The three lines of defence OG and the PCA user guide state that "a PCA should be conducted prior to development of new grants".

2018.03.01	<p>There is need to align the cash disbursement operating guideline and the PCA user guide to the Transparency and Accountability Policy (TAP) regarding timing of PCAs</p> <p>We noted that the cash disbursement Operating Guideline (OG) dated June 2017 and the PCA user guide were not fully aligned to the TAP on the timing of a PCA as follows:</p> <p>a) The cash disbursement OG states: "After a country has submitted a proposal for Gavi HSIS (Health System and Immunisation Strengthening) or other cash support and the IRC (Independent Review Committee) or other bodies, as may be so empowered by the Board, have recommended the application for approval, before any disbursement is made, the Grant Management Requirements (GMRs) are agreed with the country. For countries where a PCA has not been conducted</p>	<ul style="list-style-type: none"> • Significant risks and weaknesses (i.e. related to programme, financial and vaccine management capacity) which impact grant objectives may not be addressed prior to Gavi providing new support to countries in the event of funding being provided without a PCA. • There may be inconsistencies in the treatment of programme applications for new grants due to lack of 	<p>Management should:</p> <p>a) Either update the TAP on the timing of capacity assessments if the thinking on this has changed since the last revision in 2014; or</p> <p>b) Update the cash disbursement OG and the PCA user guide to ensure these documents are consistent with the requirements of the TAP regarding timing of PCAs.</p>	<p>The Operating Guideline (OG) dated June 2017 and the PCA user guide will be updated following the outcome of the Gavi 5.0 Portfolio management process</p>	<p>MD, Finance & Operations & Director, PCA</p> <p>MD, Country Programmes & Director CS in liaison with the Risk function.</p>	<p>30 June 2021</p>	
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Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>yet, the FMA will be conducive to cash disbursement, and therefore the Financial Management Requirements (FMRs) will be accepted in lieu of GMRs.”</p> <p>b) The PCA user guide states: “The PCA may be conducted (1) prior to defining objectives for new grant support, thus enabling recommendations to be taken into account in the investments or (2) after the grant has been recommended by the IRC”.</p> <p>The wording of the cash OG and the PCA user guide creates ambiguity on when a PCA should be conducted.</p>	<p>clarity in the OG and user guide.</p>					
2018.03.02	<p>There is need to enhance the process of waiver of PCAs for countries (i.e. before their applications are submitted to the IRC) and ensure proper mapping of assessments</p> <p>a) Starting March 2018, the Applications & Review team submits to the MD, Country Programmes the list of countries to be tabled at the Independent Review Committee (IRC) including comments on whether the country has had a PCA conducted. Where a PCA has not been conducted, there is a provision for the MD,</p>	<ul style="list-style-type: none"> Increased exposure to risks beyond Gavi's risk appetite. Significant risks and weaknesses (i.e. related to programme, financial and vaccine management capacity) which impact grant objectives may not be addressed prior 	<p>Management should:</p> <p>a) Define a formal and robust process for request and approval of waiver of a PCA prior to a country application being submitted to the IRC.</p> <p>b) The MD, Finance & Operations should be formally consulted and/or involved during the PCA waiver</p>	<p>Management clarifies that there were no PCA waivers without following of the applicable procedures (i.e. consultation and approval of waiver). However, should the need arise, this will be documented. The updated user guide will indicate the process for any such waiver.</p>	<p>MD, Finance & Operations & Director, PCA with, MD, Country Programmes & Director CS</p>	<p>30 June 2021</p>	

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>Country Programmes to approve a waiver of the need for a PCA prior to submission to the IRC.</p> <p>Through our audit procedures, we observed that there is no documentary evidence to indicate that senior management in charge of the PCA process (i.e. MD, Finance & Operations) is consulted and/or involved in the waiver process given that this is an exception to the TAP (4.1.1). In addition, the request and subsequent approval of the waiver is not explicit.</p>	to Gavi providing new support to countries.	process with full documentation thereof.	All new applications now require a confirmation on whether the PCA has been conducted & GMRs agreed. Only deprioritised countries – as preapproved - have had a waiver. For any refresher PCAs, the critical timing will continue to be the commitment to the new investment (as the IRC is only engaged when there is a new proposal or a material re-programming).			
	b) In 2017, a consultant was contracted by Program Finance to assess the financial management capacity of Sudan (in response to the 2016 Gavi Programme Audit) and provide technical assistance to upgrade the HSS budget at a cost of \$24,100. At the same time, a PCA planned for 2017, was postponed to 2018 at the request of CP. We understand the demand for	Utilisation of Gavi resources may not be optimal due to duplication of effort	Management should ensure that there is proper coordination and mapping of the various in-country assessments and interventions by Secretariat teams to avoid duplication of effort.	We agree with the recommendation & this – with the exception of Sudan - is in line with how we currently operate. To note in this case, whilst a small portion of the work scope involved reviewing	MD, Country Programmes Head, Programme Finance	Ongoing	

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	the assessment done by PF was identified through the country mission and in response to the 2016 Programme Audit. However, given that assessment of the financial management capacity is one of the three pillars in the PCA process, in our opinion the assessment should have been carried out by the PCA for appropriate segregation of duties to avoid the risk of duplication of effort and realise more value for the organisation.			progress on Gavi CPA recommendations, the bulk of the fee quoted was for normal grant management support activities.			
2018.03.03	<p>There is need for consideration of PCA outputs by the IRC when reviewing CCEOP applications</p> <p>Gavi support to countries includes strengthening of the cold chain systems and supply chain strategy through the Cold Chain Equipment Optimisation Platform (CCEOP). Supported countries submit applications for CCEOP funding based on their needs for pre-screening by the Secretariat before they are tabled at the IRC for review.</p> <p>We noted that the pre-screening process for CCEOP funding application does not include a consideration of the</p>	<ul style="list-style-type: none"> IRC decisions on the CCEOP applications may not take account of the individual country issues relating to their capacity to receive, manage and maintain cold chain equipment which may impact the achievement of programme objectives. Value for money may not be 	Management should ensure that findings from PCAs relating to the capacity of countries to receive, manage and maintain cold chain equipment are brought to the attention of the IRC when reviewing the CCEOP applications.	Agreed, following consultations with the PCA team, the pre-screening form was amended to include a section on CCEOP in which the HSIS team will highlight any significant findings from the applicable PCA report. In addition, the PCA team are included on the mailing list of all applications including those related to CCEOP.	Director, SFP Head, Applications & Renewals Director, HSIS	31 December 2019	Pending verification by Internal Audit

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>PCA outputs as is the practice with other renewal applications that are submitted to the IRC. The pre-screening forms therefore do not include a section for highlighting relevant findings from the capacity assessments that may need to be brought to the attention of the IRC during the review of the applications. This was attributed to the fact that CCEOP funds to countries are disbursed through UNICEF Supply Division who procure the equipment on behalf of the countries. However, beyond the risk associated with the actual funds (which is mitigated through procurement via UNICEF), there are other risks such as the capacity of the countries to receive, manage and maintain the fixed assets (cold chain equipment) and other supply chain related matters that may affect overall programme implementation. The PCA reports usually include findings related to these areas which should be brought to the attention of the IRC members as they review CCEOP applications.</p>	<p>achieved if countries end up with excess/un-deployed cold chain equipment in-country.</p>					

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
2018.03.04	<p>There is need to enhance the pre-disbursement controls</p> <p>Majority of the final GMRs include pre-disbursement conditions that need to be fulfilled prior to disbursement to the Gavi-supported country. The Senior Country Managers (SCMs) are responsible for confirming that pre-disbursement conditions have been fulfilled. Subsequently, the SCMs raise the Cash Disbursement Request (CDR) which is submitted to the finance team to process disbursements to the Gavi-supported country.</p> <p>We observed that there is no independent verification of the fulfilment of pre-disbursement conditions by a team/individual independent of the Country Support team prior to making disbursements to the countries. Until 2013, the TAP team (currently PF, PCA and Audit teams) used to verify fulfilment of disbursement conditions prior to making payment. However, senior management took the decision to transfer the full responsibility</p>	<p>Inadequate segregation of duties in this process may lead to acceptance of risks outside Gavi’s risk appetite, e.g. as observed in Mauritania and LAO PDR.</p>	<p>Management should:</p> <p>a) Enhance the cash disbursement process by requiring additional/independent verification of the fulfilment of pre-disbursement conditions prior to processing disbursements to the countries in addition to the SCMs (i.e. by a team which is not responsible for ensuring timely cash disbursement to countries).</p> <p>b) Ensure that the verification process can be evidenced including review of relevant supporting documents relating to the conditions in the GMR.</p>	<p>GMRs are to be attached to the CDR (SOP 3_3 Cash disbursement_23 June 17) and RH monitor implementation. This will be automated when Gavi invests further in integration of the Grant Management Systems.</p> <p>Whilst management agrees that there should ideally be segregation as noted, the question of additional verification pre-disbursement is one of resources. If, for example, PF has to conduct additional verification on FM-related issues, this would require additional HR capacity in this team. Alternatively, and to be effective as a control, an in-country agent would also have to be</p>	MD, Country Programmes	30 June 2021	Pending verification by Internal Audit

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>and accountability to Country Programmes. According to a responsibility assignment matrix dated February 2015, the SCM is responsible and accountable for the cash disbursement process and is supposed to consult the Programme Finance (PF) team during the process. However, consultation of the PF team is at the discretion of the SCM and dependent on the amounts being processed. Additionally, there is no formal requirement for involvement of PF during the CDR process. Given that one of the KPIs of the SCMS is timely cash disbursement to countries, there is need to ensure adequate segregation of duties in this key process which carries significant risk to the organisation. A recently conducted Programme Audit by Gavi confirmed that this risk materialised in Mauritania where the decision to disburse on several occasions a total of \$2.5 million to the Ministry of Health’s PEV (\$1.022m) and Administration and Finance Division</p>			<p>used (like the Global Fund’s LFA which performs this exact function) because a remote Geneva-based verification is likely to be ineffective.</p> <p>A costed analysis of options to deliver on this recommendation will be explored and presented at the appropriate forum.</p> <p>Also, as rightly pointed out in the report, time to disbursement is a KPI which is already extremely difficult to achieve and adding any additional layers in the process is very likely to increase the delays. The time to disburse KPI should be revised for 5.0 to better address this potential source of conflict.</p> <p>In the case of <u>Mauritania</u>, CS believes that there was</p>			

Appendix 1: Detailed Findings and Recommendations – PCA Processes

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	<p>(\$1.4m to DAF) between 2016 and 2018 was made by the Country Support team before the pre-disbursement conditions had been fulfilled. This was contrary to the GMRs which required all cash grants to be disbursed through the Alliance Partners until DAF’s financial management capacity had been increased and strengthened. This was similarly observed in LAO PDR and brought to our attention by the PCA team where Gavi continued to disburse funds through a weak modality before strengthening its capacity as required in the GMRs.</p>			<p>adequate segregation of duties for most of the quoted disbursed amount (\$1.4m).</p> <p>For the initial \$1.022m to EPI in 2017 the disbursement was erroneously sent to government (EPI) rather than UNICEF as initially intended due in part that the UNICEF/WHO proposal as per the GMRs had not been triggered. This error was also in part due to the perceived urgency of the disbursement and that the most relevant CS staff was on leave and inaccessible.</p> <p>For the latter \$1.425m disbursed to DAF in 2018, financial experts from both the 1st and 2nd lines of defence were consulted via email on the apparent</p>			

Appendix 1: Detailed Findings and Recommendations – PCA Processes

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				<p>progress of the GMR (related to the system being sufficiently strengthened). As indicated in the GMRs, monitoring review was subsequently undertaken in July 2018 to assess whether the country was ready to move from Partners to country systems.</p> <p>With regards to the <u>Lao</u> finding, the report finding is largely correct but additional context would be useful to a complete understanding. In so far as it focusses on the segregation issue, it is important to understand the context of Lao as a country that, based on its past positive performance, risk profile, and transition status, received relatively little attention from the Gavi Secretariat – no country team, and</p>			

Appendix 1: Detailed Findings and Recommendations – PCA Processes

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				<p>only an on-request advisory service from PF for fiduciary risk related matters, for example. With limited technical support, effective segregation is harder to achieve on pure resourcing grounds. It is agreed that lack of segregation in this case related to clearance of GMRs exacerbated the situation which saw the SCM continue to disburse in 2017, contrary to the GMRs. The situation was rectified through the SCM in question being retired and the incoming SCM immediately effecting changes which addressed the risks, including requesting an audit by Gavi CPA team and consulting with technical teams – in effect changing the country’s risk profile and</p>			

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
				<p>increasing Secretariat’s attention which unlocked access to different expertise and brought about some additional segregation.</p>			
<p>2018.03.05</p>	<p>There is need for PCA outputs to be considered during the process of identification of PEF TCA needs of countries</p> <p>One of the objectives of the PCA is to identify capacity gaps and make recommendations on capacity building initiatives to address them (e.g. through the PEF TCA process). The annual Joint Appraisal (JA) is one of the main platforms for identifying and prioritising technical assistance (TA) needs for countries, significantly contributing to the one TA plan that is presented to the PEF MT for funding decisions. The JA template (Sections 3 and 4) identifies the need to leverage PCAs in identifying bottlenecks in programme and financial management performance.</p> <p>Approximately 86% of the PEF TCA funding is allocated to programmatic</p>	<ul style="list-style-type: none"> Gavi may not be realising the full value of the investment in the PCA process Critical technical needs (TA) which impact programme objectives may not be identified and addressed on a timely basis. 	<p>Management of Country Programmes and Strategy, Funding & Performance should:</p> <p>a) Review the various grant oversight processes within the Secretariat to determine the best way of integrating the PCA outputs in the decisions relating to grant management and technical assistance; and</p> <p>b) Ensure that the JA process adequately considers the PCA outputs in identifying the technical assistance needs of Gavi-supported countries for PEF TCA support, in both</p>	<p>Although no specific additional process is considered necessary, clarification will be added in the PEF-TCA & JA guidelines.</p> <p>As informed to the AFC in April 2018 via the deep dive examples, PCA and CPA outputs and recommendations are integrated into grant management decisions, such as the flow of funds, as well as support for capacity building, increased reliance on MAs and FAs and an overall investment in fiduciary risk-related TA of US\$3m p.a.</p>	<p>MD, Country Programmes Director, CS Director, Strategy, Funding & Performance Head, PEF</p>	<p>30 June 2021</p>	

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Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>areas (supply chain & procurement, health financing, programme implementation/Coverage & equity, vaccine specific support, etc) with approximately 4% and 10% going to financial management and LMC capacity strengthening respectively.³</p> <p>From a review of JA reports for seven selected countries, we noted that in six of the countries, the JA discussions did not consider the key findings from the PCA outputs (PCA reports or GMRs). In the one country where PCA was mentioned, the JA only made a general reference to the PCA. This was the case even in some of the countries where the PCA had identified major issues in programmatic and financial management capacity, e.g. Mauritania. <i>Refer to annex 1 (Appendix 3)</i></p> <p>Additionally, we noted that the focus of the JA process and reports was mainly on programmatic issues with very little attention given to financial management.</p>		programme and financial management.	<p>It is acknowledged that JA process is primarily technically orientated, covering more the programmatic aspects (such as progress in EVMA implementation), and that financial management (FM) is often not prioritized. Whilst this is not ideal, there is a resource constraint in making any significant changes. The technical support team on FM TA is PF and they do not have the bandwidth to attend JAs, nor is this an ideal forum for in-country finance managers and experts. An estimation of the additional costs of delivering on this recommendation will,</p>			

³ Based on analysis of data on PEF TCA funding allocations for the period from 2016 -2019

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Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>Given the significance of JAs in the process of identification of countries' TA needs, the above observations imply that key capacity weaknesses (especially in financial management) may not be adequately prioritised in the TA plan and consequently not be sufficiently funded as reflected in the analysis mentioned above where less than 5% of the total TCA funding is allocated to financial management needs.</p> <p>There is, therefore, need to enhance the mechanisms supporting the process of identifying TA needs, including the JA, and ensure that countries' financial management capacity needs are given adequate consideration at all relevant levels (including the PEF MT).</p>			<p>however, be presented to the appropriate forum.</p> <p>Despite the above constraint, a revision of the JA template will be undertaken to guide partners in the JA process on the need to prioritize issues raised from the PCA including in FM related areas. The review will take this aspect into account. Given challenges with the JA process, a request for an in-depth audit of the same has been made.</p>			

Implementation of the RACI (Responsible Accountable Consulted Informed) chart of the PCA process

The roles and responsibilities of the different teams involved in the PCA process are outlined in the PCA user guide which was adopted in July 2016. Annex 1 of the PCA user guide maps out the PCA process and includes the RACI chart which shows the allocation of responsibility and accountability for the various PCA activities amongst the PCA team, Country Support (specifically the SCM) and the Contractor.

2018.03.06	a) There is need for review of the RACI chart for clarity of roles and responsibilities of all parties involved	<ul style="list-style-type: none"> Lack of clarity regarding accountability for the outputs of the PCA process. 	Management of the PCA team and the Country Programmes teams should:	1. As indicated earlier, following the organisation review & Financial Management	MD, Finance & Operations Director, PCA	30 June 2021	
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Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>and to enhance the effectiveness of the PCA process</p> <p>The PCA user guide assigns joint responsibility for the majority of the PCA activities to the PCA team and the Senior Country Manager (SCM).</p> <p>Through our audit procedures, we observed the following:</p> <p>i) According to the current allocation of roles and responsibilities in the RACI chart, the PCA team is not expected to play an active role in engaging the relevant Secretariat teams for input in establishing the PCA scope and review of the draft report. Though the PCA user guide (4.7) states that the responsibility of establishing the scope of the PCA rests with the PCA team, it also says (4.24, 4.28) that it is the SCM who is expected to reach out to other teams within the Secretariat for input in establishing the scope and review of the draft report and GMRs.</p> <p>In our opinion and given the various competing priorities which SCMs have, they may not have the capacity (i.e. time) to prioritise this and effectively engage with the relevant teams to ensure the scope of the PCA is risk-based</p>	<ul style="list-style-type: none"> • The PCA process may not effectively identify key issues of concern in all the areas if the relevant teams outside CS are not engaged effectively • The prioritisation and timing of GMRs may not take into account all key considerations about the country which are known to other teams. 	<p>a) Review the design of the PCA process and allocate the roles and responsibilities to the teams in a way that makes the process more robust and fit for purpose.</p> <p>b) Ensure that there is <u>effective</u> and <u>adequate</u> engagement of the wider teams in the Secretariat. The PCA user guide (4.28) expects the engagement with other teams to be well structured; preferably in a meeting so that views can be heard and taken into account. For instance, PCA focal points could be identified in the other teams (e.g. in Vaccine Implementation, M&E, HSIS, etc) who can provide input into the PCA process,</p>	<p>Grant Management process design, the PCA User Guide will be updated to further redefine the roles of each individual stakeholder and avoid joint responsibilities ahead of any refresher PCAs given that all in-scope PCAs have since been completed.</p> <p>2. Senior Management has put in place country teams to enhance coordination and collaboration by all requisite stakeholders. Country Team mailing lists have been created to which all documentation related to the PCA process is sent by the SCM. It should be noted too that the bandwidth of certain technical teams outside of CS has tended to diminish over the last two years,</p>			

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Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>and that proposed GMRs are informed based on experience with the country and implementer.</p> <p>This observation is further reinforced by the results of a survey conducted by Internal Audit among the key stakeholders of the PCA process in which 48% of the respondents indicated that there was insufficient engagement of the wider country team members such as HSIS, M&E, Vaccine Implementation and IFS (i.e. apart from Country Support and Programme Finance teams in line with PCA user guide 4.7, 4.24, 4.28) by the PCA team even though the PCA user guide assigns this role to the SCM (i.e. during scoping, desk review and reporting).</p>		<p>especially for countries that do not have specific country teams.</p>	<p>creating further strain on SCMs. The Secretariat wide organisation review will make a determination on the appropriate level of resources for each technical team.</p>			
	<p>ii) The PCA user guide (4.24, 4.28) states that, “it will be the responsibility of the SCM and PCA team to jointly review the PCA draft report’s findings and recommendations, in consultation with other appropriate colleagues within Country Programmes and other relevant teams, preferably by convening a meeting”.</p> <p>The user guide has not specified the role of each of the two parties involved in</p>	<ul style="list-style-type: none"> • The lack of clarity regarding what each team is responsible for in the review of draft reports may create misunderstanding and even conflict across teams. • Lack of clear accountability for the quality of PCA reports. 	<p>Management of the PCA and the CP teams should:</p> <p>a) Review the design of this process (PCA user guide annex 1 - phase 5, review and finalise PCA reports) to enhance the clarity of the responsibilities and accountabilities of each team. Ideally, the draft</p>	<p>Subsequent to the organisation review and grant management processes, the PCA User Guide will be updated to further define the roles of each individual stakeholder and avoid joint responsibilities.</p>	<p>MD, Finance & Operations Director, PCA</p>	<p>30 June 2021</p>	

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	<p>reporting, i.e. SCM and PCA team in review of the draft report. This has contributed to misalignment of expectations regarding the roles of Country Support and the PCA team during reporting. From discussions held with the Country Support team (CS), they expect (as part of the quality assurance process) the PCA team to conduct an initial review of the draft report submitted by the contractors before it is shared with them. This issue was also highlighted in the survey conducted by Internal Audit amongst the stakeholders of the PCA process in which respondents identified initial quality review of draft reports by the PCA team as one of the key areas of improvement.</p>		<p>PCA reports should be reviewed by the PCA team first to enhance the value generated from subsequent reviews by CS.</p> <p>b) Provide more clarity on the specific roles and responsibilities of the key players regarding quality review of the PCA outputs (i.e. role of the PCA Senior Managers, SCMs, Regional Heads and Directors of the two teams).</p>	<p>Prior to receiving the draft report, the responsible PCA manager constantly engages and provides input into the reporting process. This mitigates the risk that recommendations shared are not quality assured. The parallel review by the CT is aimed at achieving efficiency as part of the Country Team mechanism so that all comments from the Secretariat are forwarded to the contractor as one in the template provided. Implementing a two-step process will elongate the process, risk differences in opinion where no triage is made and be costly to the Secretariat.</p>			

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Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>b) Accountability for the in-country review should be assigned to the PCA team</p> <p>i) We noted that the PCA user guide assigns both the responsibility and accountability for in-country review to the contractor. However, in our opinion, given that the PCA process is a Gavi-owned process, while responsibility may be delegated to the contractor, accountability needs to remain with the Secretariat, specifically the PCA team as the risk owners.</p>	<p>Lack of accountability for the quality of the PCA outputs within the Secretariat in a key Gavi process.</p>	<p>Management should review the design of the PCA process with the aim of allocating the roles and responsibilities to teams in a way that makes the process more robust. For instance, accountability for the in-country review should be assigned to the PCA team to enhance ownership of the process and the quality of the outputs.</p>	<p>Subsequent to the organisation review and the review on the grant management process, the PCA User Guide will be updated to reflect the current reality where PCA team members lead and take accountability of the PCA process.</p> <p>At the start of the PCA process, the process was fully outsourced. However, from July 2016, following initial experience – as informed to the Audit and Finance Committee, a PCA team member is always embedded in the in-country review and takes lead of the entire process. Several other changes including the sharing of Gavi reports were put in place. It is important to also note</p>	<p>MD, Finance & Operations Director, PCA</p>	<p>30 June 2021</p>	

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	<p>c) There is need to clearly define the role of the embedded PCA team during the in-country review</p> <p>A PCA team member is embedded in the contractor’s team during the in-country review for the entire duration of the visit. We however noted that the PCA user guide had not been updated to define the embedded role of the PCA team during the in-country review. Consequently, it was not clear to what extent the team member was expected to actively participate in the in-country review (i.e. supervisory role/quality assurance and oversight of fieldwork, engagement of the country/implementer, report writing and communication of findings). Discussions</p>	<ul style="list-style-type: none"> Lack of consistency in the quality of the PCA outputs. 	<p>Management of the PCA team should ensure that the role of the embedded PCA team member during the in-country visit is clearly defined in the PCA user guide and implemented consistently across the board.</p>	<p>that the bandwidth in the PCA team (as the rest of the Secretariat) is constrained leading to reliance on outsourced partners to buttress the team. This is also the model followed by our sister organisations such as TGF.</p> <p>The PCA User Guide will be updated to make this definition clearer to all stakeholders.</p> <p>Although the PCA User Guide has not been updated, guidance on embedding has been provided to the contractors and the PCA team. The PCA team also meets consistently to share experiences from different assessments. From 2017, to ensure cross pollination, PCA</p>	<p>MD, Finance & Operations Director, PCA</p>	<p>30 June 2021</p>	

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	<p>with key stakeholders (i.e. sampled contractors and CS team members) revealed that there were varying expectations and different levels of understanding regarding the role of the embedded PCA team member; and that the level of involvement of the PCA team member was not consistent from country to country.</p> <p>Considering the level of investment of Gavi resources (i.e. the PCA staff time and related costs for the duration of the in-country visit), there is need to implement measures which ensure consistency of approach (i.e. regardless of the contractor involved and the embedded PCA team member).</p>			<p>team members have been paired in complex countries. E.g. Bangladesh, Pakistan, Rwanda, Papua New Guinea, Tajikistan, Zimbabwe. To enhance the value, discussions have commenced with the Global Fund for joint assessments where the contact point for the two institutions is the same e.g. The Gambia. This will be the modus operandi going forward.</p> <p>The embedding approach – introduced in 2016 - was reported to the Audit and Finance Committee in April 2018 and has been successfully followed through since.</p>			

The PCA approach

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	<p>The PCA scope consists of assessment of three pillars, i.e. financial management, programme management and vaccine and cold chain management. The approach and focus for each of the three areas was determined jointly by stakeholders from Country Programmes and PCA during the development of the user guide and tools in 2016, with the aim of minimising duplication of scope and effort during the assessment with other existing mechanisms within Secretariat.</p> <p>The scoping process that is conducted jointly by PCA and Country Support teams seeks to define the areas of focus under each of the three pillars. The proposed scope is then shared with the contractor for review and additional input based on the contractor’s understanding of the country being assessed; either from their experience with the country/region and/or reading the available resources provided by Gavi or from other sources.</p>						
2018.03.07	<p>There is need to clarify the objective of PCAs regarding the vaccine and cold chain management pillar and/or enhance the scope</p> <p>The approach and scope for the assessment of the vaccine and cold chain management pillar (VCCM) was developed while keeping in mind the scope of the existing WHO Effective Vaccine Management (EVM) assessment. The scope of the VCCM assessment was therefore limited to following up on the status of implementation of the EVM improvement plan to avoid duplication of effort (the EVM improvement plan is based on the EVM assessment).</p> <p>Based on the survey conducted by Internal Audit, 43% of the respondents felt that the PCA process had not effectively contributed to the</p>	<ul style="list-style-type: none"> Risks and weaknesses impacting programme objectives pertaining to capacity in the vaccine and cold chain management area may not be identified (bearing in mind that vaccines constitute more than 75% of Gavi’s support to countries). 	<p>a) The PCA and CP management should jointly assess whether the current PCA approach to assessment of the VCCM area is fit for purpose and whether it meets management’s and stakeholders’ expectations in mitigating the risks related to vaccine programme management.</p>	<p>Management agrees with the recommendation to have an open discussion on whether and in which shape, this element of the assessment should remain going forward in the context of Gavi 5.0.</p> <p>HSIS and VI teams will also provide the necessary input into the PCA User Guide re-draft.</p> <p>To provide context, after the 1st wave of PCAs that contained a full-blown assessment of the VCCM areas, all</p>	<p>MD Country Programmes</p> <p>MD Finance & Operations</p> <p>Director, PCA</p>	<p>30 June 2021</p>	

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Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>identification and management of programmatic risks in Gavi-supported countries. One of the areas singled out as requiring improvement is the vaccine and cold chain management pillar; a clear indication of the stakeholder’s appetite for more insights from the VCCM assessment.</p> <p>Through our other audit procedures, we observed the following:</p> <p>a) The current approach which is limited to follow up of the status of implementation of the EVM improvement plan may not be adequate in assessing effectively the country’s vaccine and cold chain management capacity. This is mainly because EVMs are carried out every 3-5 years during which period new issues or risks may come up and which may not be reflected in the EVM improvement plan and therefore out of the purview of the PCA.</p> <p>Given that vaccines constitute over 75% of Gavi’s support to countries, there may be need to re-assess the adequacy of the current approach in effectively informing Gavi’s approach to risk management in the VCCM area.</p>			<p>tools were reviewed with the indicated teams & UNICEF/WHO to ensure that information that is already available is not duplicated. The review of the tool was an iterative process and was cleared on 19 July 2016 by the Executive Office. The underlying principle was to avoid duplicating any areas that have been covered in the EVM assessments as this would create an unnecessary burden to countries. During the review, all risks arising from an EVM assessment are taken into account without repeating the EVM assessment. The EVM assessment is a global public good and contains requisite information for use by the Secretariat. This is</p>			

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				<p>in line with the Accra, Paris and Busan principles to which Gavi is a signatory.</p> <p>The biggest challenge as indicated from the PCAs is that due to limited resources, funding allocated to areas that are defined by the EVM Assessment is inadequate and as such the capacity gaps are not addressed. In several countries, less than 30% of EVM recommendations have been implemented. An Audit of the EVM process would be critical to understand the challenges therein.</p>			
	<p>b) From review of the VCCM assessment tool and sampled reports, we noted that the approach was not robust in assessing countries' capacity in the management of vaccine stocks. For instance, contractors were not</p>	<ul style="list-style-type: none"> Gavi may not be realising the full value for its investment in the PCA process if the assessment results from the VCCM pillar do not fully inform 	<p>b) As above.</p>	<p>As above, following the change in the grant management process under 5.0 and organisation review, the next version of the PCA User Guide will take into</p>	<p>MD Finance & Operations, Director, PCA</p>	<p>30 June 2021</p>	

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	<p>expected to perform sample stock verification procedures to be able to assess the effectiveness of the processes in place. Given the known risks associated with stock management and the dynamic contexts of the Gavi-supported countries, there is need to enhance the assessment in this area to highlight any capacity issues and recommended action.</p> <p>Further feedback from some of the respondents to the Internal Audit survey indicated that there was room for improvement in the assessment's ability to identify issues of concern in supply chain and stock management which had at times been only identified through other means.</p>	<p>programmatic risk management.</p>		<p>account lessons learnt and further input from HSIS + VI teams.</p> <p>It will be cognisant of the need not to duplicate current assessments & processes. It will also take into account any feedback arising from the Grant Management Process Reviews (Gavi 5.0) which will define the need to or not to expand the assessment in the VCCM area. From the PCA perspective, the EVM process should be the principle tool for Vaccine related issues and should be improved to account for any lacuna. An audit on the effectiveness of the EVM process would assist in teasing this out.</p>			
	<p>c) Given that the annual JA process reviews the progress of implementation of the EVM plan, there is an increased risk of duplication of effort by the two</p>	<p>Utilisation of Gavi resources may not be optimal due to the</p>	<p>c) Assess how the assessment of VCCM could be better integrated with other</p>	<p>The vaccine forecasting and renewal process has been modified (in</p>	<p>MD, Country Programs, MD, HSIS,</p>	<p>TBD</p>	<p>Pending verification by IA.</p>

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	processes. The PCA user guide (3b – overriding principles and conduct of PCAs) states that the PCA assessment should utilise and learn from all relevant previous reviews and seek to avoid duplication.	duplication of scope and effort.	grant oversight activities, such as the Joint Appraisal to minimise duplication of effort where possible (i.e. if the current approach which involves follow up of the status of the EVM improvement plan is maintained).	2019) and the Vaccine HLRP now closely scrutinises the renewal request, this will help in improved vaccine dose renewal and monitoring of the EVM IP implementation status will continue as part of the JA. As indicated above an audit of the JA process would tease out some of the issues that are mentioned in the PCA reports as pending.	MD, V&S		
2018.03.08	There is need to enhance differentiation in the PCA process The PCA scoping process applied a certain degree of differentiation in determining the extent and approach to assessment of each of the PCA pillars. However, we observed that all the three pillars (i.e. programme management, financial management and vaccine and cold chain management) were included in the scope of the six countries sampled for review during the audit.	Investment of effort and resources may not be commensurate with the level of risk and not adequately informed by existing Gavi prioritisation.	Adopt a robust differentiated approach when scoping PCAs. This will be particularly useful for future PCAs especially considering that most countries will have had the initial/baseline PCA completed. The level of effort and focus for each PCA should be driven largely by Gavi’s experience with the	Further discussion will take place around 5.0 differentiation of grant management processes. The revision of the PCA User guide will detail the models used to clarify the current level of differentiation. It should be noted that due to the “light touch approach” and non-	MD, Finance & Operations Director, PCA MD, Country Programmes & Director CS	30 June 2021	

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	Ideally, the level of effort and focus for each PCA should be driven largely by Gavi’s experience with the country/implementer regarding areas of residual risk including size of Gavi investment, risk profile of the country, performance of the Expanded Programme on Immunization (EPI) and other institutions involved in managing Gavi support/ delivering expected outcomes, the rates of absorption of Gavi support and any other information that the country teams may have from their engagement with the countries.		country/implementer regarding areas of residual risk including size of Gavi investment, risk profile of the country, performance of the EPI in managing the Gavi support and delivering expected outcomes and rates of absorption of Gavi support and any other information that the country teams may have from their engagement with the countries.	implementation of Aide Memoires, PCAs were very comprehensive, given the backlog and weak compliance with Aide Memoires. As baseline PCAs are now all completed and a “right touch” approach has been implemented over the strategic period, Monitoring Reviews & follow up of action plans will be key for repeat/refresher PCAs in the next cycle.			

In-country review process

The PCA in-country review process involves interviews with key stakeholders (including partners), review of policies, manuals and procedures, testing on a sample basis and field visits to selected sites. At the end of the in-country visit, the contractors hold a formal debrief meeting with the country stakeholders, including partners where possible, to discuss preliminary findings and validate emerging key conclusions and recommendations from the assessment. According to the PCA User Guide, the meetings should not be framed as formal exit meetings unless this has been planned and agreed with Gavi.

2018.03.09	There is need to enhance the in-country review and the testing approach We noted through our audit procedures that there are no clear guidelines on the testing approach to	The lack of a defined testing approach in the tools may lead to inconsistent testing procedures across contractors and countries which may affect the	Evaluate the current PCA testing approach and tools to ensure that they are robust enough and that they can be consistently applied by all contractors. One of the	Following the Organisation Review and the outputs from the Grant Management processes under Gavi 5.0, the PCA User	MD, Finance & Operations Director, PCA	30 June 2021	
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	<p>be adopted by the contractors in-country, specifically in the following two areas:</p> <p>a) Where sampling was required as part of the process, it was not clear how the sample was determined. In addition, we noted that the contractors did not adequately document their sampling approach in the PCA tools to facilitate independent re-performance of the tests.</p> <p>b) The PCA tools require that the sampling approach should pay attention to areas in the country where there is low immunisation coverage. However, we observed while in-country during the selection of sites for field visits that several other factors were considered depending on the contractor, and their understanding of the country context, etc. Discussions with the PCA team indicated that the current approach to selection of field visits involves the identification of two sites; one which is performing well and the other which is performing poorly.</p>	<p>consistency and the quality of outputs.</p>	<p>areas which requires strengthening is the testing approach and sampling.</p>	<p>Guide will be updated to take further clarify and ensure consistency across all countries.</p>			

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Reporting							
<p>The PCA report is one of the critical outputs of the PCA process as the findings are used to inform subsequent Grant Management Requirements. The reports are prepared by the contractor and reviewed jointly by the PCA and respective Country teams. The PCA User Guide includes guidelines on the key elements to be included in the PCA report. A report template has also been developed and this also includes general guidelines on what should be included under each section of the report.</p>							
2018.03.10	<p>There is need to enhance the quality and consistency of PCA reports</p> <p>Based on the survey by Internal Audit, 57% of the respondents indicated that the PCA reports were not clear and concise in communicating the capacity issues in Gavi-supported countries. This could be attributed to the following observations made based on review of a sample of final PCA reports:</p> <p>i) The potential risks and/or implications were not consistently communicated in some of the reports to indicate the impact on programme implementation. Clear articulation of risk and/or impact would be helpful in informing the subsequent process of developing GMRs and GMAs.</p> <p>ii) There was no formalised risk rating framework which provides guidance on the classification of issues in order of significance to aid in the prioritisation of recommendations and time scales for remediation. We noted that the</p>	<ul style="list-style-type: none"> Recommendations and subsequent GMRs may not be based on objective and consistent interpretation of risk. This may impact the quality of the required interventions. Inclusion of ratings in the reports regarding the capacity of countries in the three areas without a proper framework (which lays out the basis) increases the risk of misinterpretation of the significance of each finding. Significant time and effort may be required to read through and review the reports. This is likely to impact the quality of 	<p>PCA management should:</p> <p>a) Develop a robust risk rating framework for findings identified during the PCA assessment and for prioritisation of recommendations. This can be used to inform the development of GMRs.</p> <p>b) Ensure that all contractors adhere to the recommended report format and that the reports consistently and clearly articulate the risks and are succinct, clear and well-structured.</p>	<p>Virtual Meetings will be held with the PCA contractors to exchange this feedback. Post COVID-19, Management will leverage other partners in continued training with the Contractors.</p> <p>Feedback from various government stakeholders as shared with the audit team have indicated - inter alia - that the reports shared were very informative and had the potential to turn their entities & ministries into efficient and effective organisations if implemented. In this regard Management, in</p>	<p>MD, Finance & Operations</p> <p>Director, PCA (in liaison with CP)</p>	<p>31 December 2020</p>	

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Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>contractors, in some of the reports, included references to risk ratings without providing additional descriptions of the framework used to determine the ratings. For instance: the conclusion in the Pakistan report included an overall capacity rating as well as ratings for each PCA pillar; the Nigeria report included a 'Residual Risk' column in the summary of findings; and the Kyrgyzstan report included priority rankings of high, medium and low for the findings. The three PCA reports were prepared by three different contractors.</p> <p>iii) 58% of the respondents in the survey indicated that the PCA reports did not provide new and meaningful insights about the Gavi-supported countries, specifically in the programmatic areas. This could be attributed to the quality of the contractors as evidenced further by the survey whereby 46% of the respondents indicated that, in their view, the PCA contractors did not demonstrate adequate understanding of the issues in the Gavi-supported countries (i.e. when you consider the</p>	<p>review of the reports by the key stakeholders.</p>		<p>using the PCA reports has progressively identified the arising challenges to focus resources to the areas of weakness. For example, due to feedback from the PCAs, LMC were channelled towards the institutional indicator, which is on track due to LMC, Country Audits (by Programme Audit) are now been included in the audit universe following feedback from PCAs. Excess -idle - funds are being mopped up as part of the Grant Cycle.</p> <p>Further, all GMRs coming out of PCAs have been fully agreed internally and with respective countries before being formally adopted. As of June 2020, out of the 52 completed PCAs, all</p>			

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>contractors’ outputs, specifically the PCA reports and the proposed GMRs).</p> <p>iv) Most of the reports were not an easy read/user-friendly and it was difficult to review and extract the relevant information. The reports were generally bulky and lengthy thereby requiring a lot of time and effort to review. The report template recommends an average of about 32 pages for the main report (excluding annexes). However, the Nigeria report was 78 pages; the Somalia report was 71 pages; the Pakistan report was 64 pages; and the Kyrgyzstan report was 56 pages.</p> <p>Based on the survey, 57% of the respondents indicated that the PCA reports were not precise in providing the right amount of information required by the Gavi internal stakeholders. We observed instances where the main body of the reports included voluminous and repetitive information which ideally should have been in the appendix or presented more concisely in accordance with the guidelines included in the PCA report template. Additionally, the executive summaries were not concise in</p>			<p>GMRs have been negotiated and agreed with countries. These are now in the process of implementation. Our review of 15 MRs indicated that countries (with the assistance of CTs) had implemented findings in 13 out of 15 countries.</p> <p>Some issues that were first raised by the PCA with root causes highlighted include but are not limited to the below. These issues are being addressed by management through various mechanisms:</p> <ul style="list-style-type: none"> • idle funds in countries over long periods of time (e.g. Bangladesh, Burkina Faso, with root causes being poor pre-budget approvals processes at the Secretariat 			

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>highlighting the key issues from the assessments and conclusions on the capacity in each area were not included in all the reports.</p>		<ul style="list-style-type: none"> level, weak monitoring); • weak oversight by partners (e.g. Cote d'Ivoire with a root cause being the weak MoUs); • un-deployed assets e.g. Guinea where fridges were un-deployed for approx. a year with the root cause being lack of budgeting for distribution • grants taking longer – in some cases twice as much as the approved period mainly as a result of weak monitoring and various forms of capacity gaps; • lack of manuals even though this was raised in previous FMAs e.g. Djibouti; 				

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
			<ul style="list-style-type: none"> • lack of implementation of Aide Memoires with less than 30% of requirements implemented; • channelling funds through EPI units that are not set up by governments to manage funds, for example, significant amounts were spent to strengthen the Financial Management function of the Sudan EPI without success in past years; • bypassing country instituted controls – e.g. Controleur Financier in Cote d’Ivoire, Internal Audits/External Audits for public funds; 				

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
				<ul style="list-style-type: none"> bank accounts without the requisite signatory authority, for instance Cote d'Ivoire with single signatories etc. TA not linked to the issues raised <p>However, a template and tools have been provided to ensure that the content is standardised to the extent possible.</p>			
2018.03.11	<p>a) There is need to enhance the documentation of work done by the contractors and the process of quality review of all the PCA tools</p> <p>Almost all the PCA activities involve an output that is prepared by the contractor and submitted to the Gavi Secretariat teams for review. We noted the following through our audit procedures:</p> <p>(i) The contractors' documentation of work done in the PCA tools, including evidence reviewed was not robust</p>	<ul style="list-style-type: none"> Increased risk of loss of institutional memory as the contractors retain most of the knowledge and information gathered during the assessment. Quality of review of work may be impacted by the lack of adequate documentation of work done. Conclusions reached may not be well supported by 	<p>a) The PCA team should perform quality review of all the tools submitted by the contractors to ensure that the work done is sufficient and fully supports the findings in the PCA reports. Review of all work done would also enhance consistency in the in-country review process and as part of quality assurance.</p>	<p>a) & b) A review conducted by the PCA team of all other similar agreements in Gavi, confirm that the external contractor retains ownership of the working papers collected during the course of the assignment.</p> <p>Detailed working papers and records are retained</p>	N/A	N/A	Pending verification by IA.

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>enough to support the conclusions, facilitate a comprehensive review by the Secretariat and allow for re-performance by an independent party. For instance, details of the specific documents reviewed during the assessment were not consistently and adequately documented. The contractors did not submit key documents reviewed as part of the assessment along with the tools e.g. organisational charts, policies and procedures, among others.</p> <p>(ii) For most of the countries sampled, there was no formal review of the tools by the PCA team. In the two out of the six countries sampled, the PCA team only reviewed the financial management tool, with Country teams being expected to review the programme management and vaccine management tools; however, this was not done.</p> <p>(iii) There was no clear link between the rating scale in the tools and the conclusions. We also noted inconsistencies in the application of the rating scale which is stipulated in the PCA user guide (4.19 – The PCA process phases and scope) e.g. the</p>	<p>concrete evidence of work done.</p>	<p>b) Require contractors to adhere to best practice documentation standards of the work done in the PCA tools, including the documentary evidence reviewed to support the conclusions in the PCA tools submitted to Gavi.</p> <p>c) Management should fully implement the PCA user guide requirement on continuous improvement (6 – feedback for refining approach); for instance, by holding regular training sessions for the contractors to address areas of weakness and to enhance the consistency and quality of the outputs. Such sessions will also be useful in sharing knowledge and lessons learnt from the contractors’ experiences.</p>	<p>by the PCA contractor in line with internationally accepted standards and are available for audit by the client (Gavi). This is indicated under section 3 paragraph 2 of the Service Agreement with the various contractors, which indicate that the working papers shall remain the property of the consultant and must be retained for 7 years. The working papers are reviewed by the assignment partner through the quality assurance process of the firms. We have confirmed that none of the firms share their working papers with any of their other clients, including the Global Fund</p> <p>c)</p>			

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>Nigeria PCA tools had several mid-point ratings such as 1.5, 2.5 which had not been provided for in the tools.</p> <p>b) There is need for clarity regarding the process of quality review of the PCA outputs</p> <p>The PCA user guide (4.24 – The PCA process phases and scope) states ‘that it will be the responsibility of the SCM and PCA team on receipt of the Draft PCA report, to jointly review its findings and recommendations, in consultation with other appropriate colleagues.’</p> <p>The user guide does not provide clarity on the specific roles and responsibilities of the PCA Senior Managers, Country Support SCMs, Regional Heads and Directors of the two teams regarding quality review of the draft PCA reports.</p> <p>In addition, we observed that the lack of a French-speaking resource at the operational level has led to PCA management taking on all the operational responsibilities for PCAs of the French-speaking countries and in</p>	<ul style="list-style-type: none"> Lack of clarity on the process of quality review by management may result in inconsistencies in the quality of outputs. Significant strategic issues and risks may not be identified on a timely basis 	<p>a) Management should assess and determine whether there is need to address the risks posed by the lack of a French-speaking resource at the operational level to enhance the PCA process and to enable PCA management dedicate more time in providing oversight and strategic leadership.</p> <p>b) PCA and CP management should provide clarity on the specific roles and responsibilities of the Regional Heads and Directors of the two teams regarding quality review of the draft PCA reports.</p>	<p>The roles and responsibilities will be clarified in the updated PCA user guide.</p>	<p>MD, Finance & Operations Director, PCA MD, Country Programmes Director, CS</p>	<p>30 June 2021</p>	

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>the process impacting the time available for providing oversight.</p> <p>We could not evidence formal review of PCA outputs, especially GMRs, by CS management in five out of the six countries reviewed for audit.</p>						

Grant Management Requirements (GMRs) finalisation

As part of the PCA report, the contractor includes the proposed Grant Management Requirements (GMRs) which according to the PCA User Guide are recommendations that address:

- a) A major grant implementation risk (fiduciary or programmatic) that is very likely to significantly hinder the achievement of grant objectives; or
- b) A risk of material non-compliance with Gavi requirements that is likely to have adverse financial, programmatic or reputational consequences.

The GMRs are reviewed by the PCA and country teams and later agreed with the Gavi-supported country for implementation. The GMRs include the agreed requirement, the implementation timelines, the responsible party and the implications for non-compliance. The GMRs are legally binding and form annex 6 of the Partnership Framework Agreement (PFA).

A guidance issued by CP management in August 2016 defines GMRs as those arising from:

- (i) Specific actions that need to be addressed before a disbursement or within a particular deadline, such as the recruitment of a key position before a particular disbursement, or the establishment of an M&E function within a period of time. Failing to address a requirement of this nature could result in a disbursement being delayed until it is completed; and/or
- (ii) Requirements that have no particular deadline (unless they are not already in place) but that need to be maintained on an ongoing basis, such as the procurement rules the country must comply with or the requirement to maintain certain bank accounts. If such a requirement was not met, this could impact upon disbursements.

The other recommendations that can be monitored through ongoing grant oversight processes are consolidated into Grant Management Actions (GMAs) and are supposed to be communicated to the Gavi-supported countries through decision letters and/or management letters. Therefore, the key outputs of the in-country review are the PCA report, GMRs and GMAs.

2018.03.12	a) There is need for a robust framework for development and prioritisation of GMRs	<ul style="list-style-type: none"> • The process of developing GMRs and GMAs may not be robust and consistent 	<p>Management of the PCA and CP teams should:</p> <p>a) Develop a robust framework for prioritising</p>	Recommendation accepted to improve the current framework in use. This updated	<p>MD, Country Programmes</p> <p>Director, CS</p>	30 June 2021	
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Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>We observed the following through our audit procedures:</p> <p>i) The current framework and guidelines for prioritising and differentiating GMRs are not robust enough to ensure objective interpretation of risk and impact, and therefore ensure consistency in the development of GMRs. This is mainly due to the fact that there is no risk rating framework which provides guidance on the classification of issues in PCA reports in order of significance to aid in the prioritisation of recommendations and time scales for remediation i.e. based on the extent to which they may hinder the achievement of grant objectives or have adverse financial, programmatic or reputational consequences. For instance, in the case of Lao People’s Democratic Republic, we noted that there were significant issues which had been raised in the PCA report relating to the capacity of the EPI programme, and vaccine and supply chain management. However, the final GMRs did not adequately reflect some of the significant risks raised in the report which according to the PCA team was</p>	<p>due to the absence of a defined criteria or inconsistent application of the criteria.</p> <ul style="list-style-type: none"> The monitoring process may not be effective and efficient as a result of focusing on less significant risks. Mismatch between the risk and the cost of implementing controls to mitigate the risk. Delays in implementation due to insufficient consideration of the practicability (in terms of timelines and resources) of implementation of GMRs. Significant effort required in the review of GMRs. 	<p>GMRs based on risk and the impact they pose to the achievement of grant objectives and other considerations such as Gavi’s risk appetite, PEF ranking, the country’s capacity, and context, etc. The framework should include a list of standard GMRs/issues where no disbursement can occur unless they have been addressed.</p> <p>b) Ensure that the final GMRs are concise, clear and time-bound.</p> <p>c) Agree on how to handle conditions that are already stipulated in the main PFA, i.e. whether there is any need to include them in the GMR document.</p>	<p>framework will be annexed to the New PCA User Guide.</p> <p>A task force was formed in April 2018 including PF & Legal [to further refine a framework for development of GMRs.] The worksheet was shared by the team via email on 19th April 2018 and will be further refined where necessary.</p> <p>The framework for prioritisation of recommendations will be updated to reflect updates from this recommendation that are practical in the context of countries and the Secretariat.</p> <p><u>However</u>, the finding on consideration of other factors is inconsistent with the fact that PCA process includes tailoring from</p>	<p>MD, Finance & Operations, Director, PCA</p>		

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>not shared with the country by the Country Support team resulting in some of the risks materialising as identified during the Gavi programme audit of 2018.</p> <p>ii) We noted inconsistencies whereby some recommendations were considered as GMRs in some of the countries but not in others while some of those categorised as GMRs were GMAs (i.e. according to the PCA User Guide). Examples of some of the ones noted include: monitoring and evaluation/ data quality (Burkina Faso and Tanzania); monitoring the implementation of the EVM improvement plan (Burkina Faso, DRC); and preparation of an equipment maintenance plan (DRC).</p> <p>iii) The current GMR guidelines do not consider other factors which may be relevant in the development of GMRs and determination of implementation timelines, such as PEF ranking of the country, the country's capacity, etc.</p> <p>iv) As part of the documentation in the PCA tools, the contractor is expected to provide ratings against statements relating to risk and weaknesses</p>			<p>scoping to reporting and eventual agreement of grant conditions. Information such as size and type of Gavi support is always included in the scoping notes and reports to provide the context.</p> <p>v) Several GMRs do not require additional funding. Some are compliance related such as provision of financial reports & audited financial statements, ensuring proper functioning of established structures like the ICC. Further, some items that are simple to implement e.g. accounting systems and manuals have not been implemented for over 15 years due to inadequate follow up of prior Aide Memoires. An exercise done by the PCA team in this regard, raised the</p>			

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Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>identified on a scale of 1 to 5 as follows:</p> <p><i>1 = No / Non-existent / not fit for purpose / not functioning</i> <i>2 = Needs significant/urgent change/improvement</i> <i>3 = Satisfactory; some improvement but no significant issues</i> <i>4 = Well fit for purpose</i> <i>5 = An example of good practice.</i></p> <p>However, there is no framework for linking the assigned ratings to the PCA report and subsequently to the GMRs.</p> <p>v) The PCA user guide (3d - Overriding Principles and Guidance for conduct of PCAs) states that PCA recommendations should be practical, realistic, time bound and tailored to country context. They should be designed where possible in such a way that any implementation delays are minimised while enabling capacity building to be addressed in parallel. However, proposed GMRs were not based on a differentiated approach which considers the cost of implementation of the requirements vis-à-vis the country’s capacity and the value of Gavi’s investment in the country. In addition, this finding is</p>			<p>fact that in over 90% of the countries’ funds lay idle and unutilised, whereas the countries had significant unfunded capacity gaps.</p> <p>Timelines for implementation of GMRs is an iterative process, and countries are given the chance to indicate agreement with conditions and corresponding timelines. Depending on the capacity in the country, the timelines are amended appropriately. This avoids a top-down approach between the country and the Secretariat.</p> <p>vi) In the absence of a grant management manual, further information is necessary to operationalise the GMRs. This was further buttressed by feedback</p>			

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Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>supported by the results of the survey conducted by Internal Audit in which 49% of the respondents indicated that in their opinion, the GMRs did not sufficiently consider the capacity of countries to implement them within the recommended timeframes. The GMRs for Kyrgyzstan illustrate this point further as they included a requirement to conduct an in-depth data quality assessment within six months from the effective date of the GMRs as well as optimising the staffing structure, which included a review of the existing structure and recruitment of four key positions within 12 months.</p> <p>vi) Some of the GMRs had a lot of operational detail of how the implementation should be done making them lengthy and bulky. For instance, in the case of Kyrgyzstan, the GMR on oversight of immunisation activities included details of what the reports to the ICC should include. For Pakistan, the draft GMRs listed specific information that would need to be provided to the NITAG prior to its meetings for oversight and decision making, key information to be included in the cMYPs, specific reforms to be included in the financial</p>			<p>from Program Audit Director.</p> <p>Inclusion of a recommendation as a GMR usually considers the severity of the issue and availability of other mitigating measures.</p> <p>Finding vii): As discussed with Legal, some PFA provisions do not include a clear implication for non-fulfilment of the provisions related to exemption of Gavi funds from taxes, insurance of programme assets and the requirement for audit. There is also a very low compliance rate of these PFA provisions hence management considered it necessary to emphasize them through Annex 6 of the PFA. Excluding these</p>			

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Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>management improvement plan, details to be included in the FA register, among others.</p> <p>vii) The standard GMRs included some of the conditions that were already stipulated in the Partnership Framework Agreement (PFA). These include standard clauses on: exemption of Gavi funds from taxes, insurance of programme assets and the requirement for audit. Considering that the GMR is treated as an annex to the PFA, there is need to consider whether such information needs to be repeated in both documents.</p>			<p>provisions would necessitate revision of the PFAs, which is a longer-term task.</p> <p>3) On the recommendation on conditions already in the PFA, we suggest that the current PFA be reviewed to determine the low compliance rate and enhance some of the clauses. For example, but not limited to, the clause related to insurance. In the case of Mali – where the risk materialised - the PFA clause does not provide the country nor country teams with the implication in the case of the risk materialising. This is however corrected in the PFA.</p>			

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Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>b) There is need for clarity regarding treatment of Grant Management Actions (GMAs)</p> <p>We observed through our audit procedures that the description for identifying GMAs is not sufficient and is not guided by consideration of risk. Review of the recently conducted PCAs indicated that there had been minimal focus on GMAs. From discussions with the PCA team, this was informed by the need to focus on finalising GMRs which were more critical due to their impact on disbursements.</p> <p>Additionally, we noted that in most cases, the country teams were not formally monitoring the status and implementation of GMAs. Discussions with the team indicated that this was due to limited capacity given other competing priorities such as follow up of Programme Audit recommendations, Joint Appraisal recommendations, among others.</p>	<ul style="list-style-type: none"> Gavi may be not be realising the full value of the investment in the PCA process given that contractors' fees include the time and effort spent on generating GMAs. The opportunity cost of the time spent on developing GMAs which could be spent on other value-adding grant management activities. Lack of monitoring of GMAs may result in some of the issues which are currently low/medium risk becoming high risk. 	<p>CP management should re-evaluate the need and role of GMAs in risk management bearing in mind the risk to Gavi of not implementing them, the cost in terms of contractors' time and effort and the team capacity challenges.</p> <p>Subsequently, management should develop a risk-based criterion for identification of GMAs, the level of effort required in light of the risk and define the processes for monitoring and follow up of the implementation status.</p>	<p>Management guidance previously provided, will be added to the PCA User Guide when updated.</p> <p>Following an agreement between CP & PCA, communication from CP's focal person for Risk Management dated 13 October 2016 was sent to all Regional Heads and stated inter-alia that "Grant Management actions should be put in a management letter, with clear indications that these will be monitored regularly and reported against, notably in the JA". The correspondence was sent to Regional Heads as below was share with the Audit Team.</p>	MD, Finance & Operations Director, PCA	30 June 2021	
2018.03.13	<p>There is need to speed up finalisation of GMRs and enhance accountability in the process</p>	<ul style="list-style-type: none"> Potential financial and programmatic risks could crystallise in the 	<p>a) PCA, Legal and CS management should enhance the process of</p>	<p>52 GMRs have already been shared with the respective countries. 1</p>	MD, Finance & Operations	31 December 2020	

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Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>According to the PCA user guide (annex 1), the final GMRs should be communicated to the country within 49 days (seven weeks) from the date of the in-country review.</p> <p>We observed the following:</p> <p>i) There were significant delays in the finalisation of GMRs following the in-country review and receipt of final report from the contractors. We reviewed the 36 PCAs (i.e. assessments done from 2016 to 2018) that have been completed to the point of sharing final GMRs with countries and noted that cumulatively it took an average of 264 days to finalise GMRs following receipt of the final report from the contractor. Finalisation of PCA reports took an average of 115 days (i.e. 30% of the time was spent on finalisation of reports and 70% on finalisation of GMRs). The time taken by the PCA team to prepare draft GMRs accounts for 15% (39 days); time taken by CP to review and refine GMRs accounts for 35% (92 days); and time taken by countries to respond accounts for 50% (133 days) as summarised below.</p>	<p>intervening period as a result of delays in the finalisation of GMRs</p> <ul style="list-style-type: none"> Increased risk of delayed programme implementation due to delayed disbursement 	<p>finalisation of GMRs by providing clarity regarding the time to be taken by each team in the process.</p> <p>b) In addition, the teams should define a robust accountability mechanism for timelines for other key PCA activities as well e.g. finalisation of GMRs should be a KPI for CS, Legal and other teams involved as well. This KPI should be monitored and reported to management on a regular basis.</p>	<p>GMR – Nigeria – which is a repeat PCA is on track. In this regard, no further action is required on the baseline GMRs which have all been negotiated and shared with the country and are under implementation.</p> <p>With regard, to future GMRs arising from Monitoring Reviews and Refresher PCAs, the timelines for response will continue to be tracked in the salesforce tracker tool that has been created for that purpose and followed up with respective internal and external stakeholders.</p>	<p>Director, PCA MD, Country Programmes Director, CS Director, Legal</p>		

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Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
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Date of in-country review	Average Time taken to issue report	Average Time taken by PCA team to draft GMRs	Average Time taken by CP team	Average Time taken by Countries to revert	Average total time taken from final report	Average total time taken from in-country review
January 2016 to May 2016. (12 PCAs)	154 days	40 days	94 days	143 days	277 days	431 days
June 2016 to December 2016. (16 PCAs)	96 days	50 days	85 days	150 days	285 days	381 days
January 2017 to December 2017. (11 PCAs)	107 days	21 days	100 days	113 days	234 days	341 days
36 PCAs	115 days	39 days	92 days	133 days	264 days	379 days
January 2018 to May 2018 (4 PCAs)	104 days	32 days (data available for only 1 PCA)	No data available at time of the audit	No data available at time of the audit	No data available at time of the audit	No data available at time of the audit

Additionally, the average turn-around timelines for most of the activities following the in-country review were outside the set timelines of two weeks for most of them (as per the user guide). Refer to Annex 2 (Appendix 3).

However, since June 2016 the PCA team put in place various measures to

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Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>enhance accountability and the process of finalisation of GMRs as indicated below:</p> <ul style="list-style-type: none"> • The team took over the drafting of GMRs from CS • The team tracks the finalisation of GMRs in salesforce where everyone has access • The PCA team engages SCMs on a regular basis regarding the status of GMRs • Finalisation of GMRs is tracked at the CP quarterly review meetings by region • The PCA Director regularly engages the CS Director on the status of GMRs • Finalisation of GMRs is part of the PCA TPMs and is tracked at the DCEO level. <p>ii) We noted that the user guide had not specified the recommended timelines for the activities subsequent to development of draft GMRs. These include time to issue draft GMRs to timeline upon agreement between PCA and country support; time taken by legal team to review GMRs; and the time taken to issue final GMRs to the Gavi-supported countries.</p>						

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Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>iii) GMRs are considered critical to financial and programmatic risk management in line with the TAP. However, finalisation of GMRs is not one of the KPIs for the Country Support team. This should be one of the key KPIs for CS to enhance accountability in the process.</p>						
2018.03.14	<p>There is need to enhance the process of negotiation of GMRs’ with countries through effective involvement of key stakeholders</p> <p>According to the PCA user guide, the process of negotiation of GMRs with countries/implementers is led by the Senior Country Manager with advice from other teams as appropriate (4.31 – The PCA process phases and scope).</p> <p>Based on our discussions with different members of the Country Support team, we observed that the approach taken during the process of negotiation of GMRs was not consistent. SCMs approached the process differently with some choosing to involve the CP management and the PCA team more while others did not.</p>	<ul style="list-style-type: none"> Increased risk of taking risks outside the organisation’s risk appetite due to lack of clarity on the ‘how’ and effective involvement of key stakeholders in the finalisation of GMRs. 	<p>Management of the PCA team and CP management should define a clear protocol for the process of negotiation of GMRs with countries.</p>	<p>The PCA User Guide will be updated to articulate what is workable in this recommendation.</p> <p>The update will reflect the correspondence received from CP, that the SCM, is the key country facing staff responsible for the dialogue with countries. Where necessary, the SCM will then draw on the plethora of expertise available in the country team. In simple cases, there is no need to involve a PCA member unless that</p>	<p>MD, Finance & Operations Director, PCA MD, Country Programmes Director, CS</p>	30 June 2021	

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				involvement will be adding value to the negotiation process.			

Implementation of GMRs

Country Support team, specifically SCMs, have the responsibility of monitoring the implementation of GMRs as part of ongoing grant oversight activities. A GMR tracking tool was implemented in Salesforce in 2018 to enhance transparency and accountability in the monitoring process. All finalised GMRs are uploaded into the system along with the due dates to aid in monitoring whether they are fulfilled or not.

Independent monitoring reviews were piloted in 2018 starting with four countries including Madagascar, Mauritania, Uganda and Tajikistan. Draft guidelines for monitoring reviews were developed in 2017 and were to be updated based on the learnings from the pilot monitoring reviews. We understand that more monitoring reviews have been conducted following the audit and that the User Guide has been finalised and made available on the Gavi intranet.

2018.03.15	<p>a) There is need to enhance the implementation of GMRs</p> <p>We reviewed the independent monitoring review (MR) reports of four countries (i.e. Uganda, Tajikistan, Mauritania, Burkina Faso) and noted:</p> <p>(i) Slow progress in the implementation of GMRs such that a significant number of GMRs which were due were either not met, delayed or partially met at the time of the monitoring review. For instance, in the four countries sampled, on average only 32% of the GMRs which were due were met while</p>	<ul style="list-style-type: none"> Potential risks may materialise and/or may not be escalated on a timely basis. Programme implementation objectives may not be achieved effectively and/or efficiently. 	<p>Management should strengthen the oversight process by the Secretariat of holding countries to account and ensuring that significant financial and programmatic risks identified during the PCA impacting programme objectives are mitigated within the agreed timeframe e.g. through enhanced ongoing monitoring of the implementation of GMRs. There is need to have performance indicators</p>	<p>The JA template and process will be improved to enhance follow up on GMRs. In addition, as part of the FM Working Group, Management will be going to the Board with a request for additional funding to assist countries in the Financial Management space.</p>	<p>MD, Country Programmes, Director, Country Support</p>	<p>30 June 2021</p>	
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Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>41% of the GMRs that were due were either not met, delayed or partially met. A further 23% were started but are running behind schedule. In one of the countries sampled (Tajikistan), only four out of the 13 (23%) GMRs had been met; six (46%) were partially met while three (23%) were not met. A similar trend was noted in Mauritania and Burkina Faso. However, Uganda’s progress was good where 62% of the GMRs were met (<i>Refer to Annex 3, Appendix 3</i>). The low implementation rate could be due to lack of a well-defined oversight process of countries by the Secretariat to ensure that the GMRs are implemented on time and as required.</p>		<p>related to implementation of GMRs including use of available tools to track and report on progress.</p>				
	<p>(ii) In addition, we noted that there are no formally defined guidelines and requirements for the Country Support team to report on the ongoing monitoring of implementation of GMRs on a periodic basis. The process was, to a large extent, dependent on the individual SCM and varied</p>						

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>across countries and regions. Based on the above outcome from the monitoring reviews, there is need to strengthen the oversight process by the Secretariat of holding countries to account and ensuring that significant financial and programmatic risks identified during the PCA impacting programme objectives are mitigated within the agreed timeframe.</p>						
	<p>b) The GMR tracking tool in salesforce is not actively used to record progress of fulfilment of GMRs</p> <p>A GMR tracking tool was implemented in Salesforce in 2018. All finalised GMRs are uploaded into the system along with the due dates to aid in monitoring whether they are fulfilled or not.</p> <p>We made the following observations:</p> <p>a) The tool is not actively used to record progress of fulfilment of the GMRs. For instance, the system has not been updated to reflect whether GMRs which were to be fulfilled prior to the</p>	<ul style="list-style-type: none"> Accountability for monitoring the implementation progress of GMRs may not be robust. Communication and management of information regarding the implementation of the GMRs may not be adequate. Gavi may not be realising the full value for the investment in the GMRs tracking and monitoring 	<p>Country Support management should:</p> <p>a) Enhance the use of the system to report and monitor progress of the implementation of GMRs.</p> <p>b) Develop guidelines on the documentation required when updating the status in the system regarding fulfilment of GMRs prior to disbursement e.g. include upload of supporting</p>	<p>A. GMR update is now routinely checked upon CDR approval, but we recognize that this should be automated – this will be covered in the specifications for a future investment in grant management systems under SAP. Prior to making any further changes to the SAP system, Management is</p>	<p>MD Country Programmes, Director, CS <i>(in liaison with Director, KMTS)</i></p>	<p>Ongoing</p>	

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>first disbursement were met even though the disbursements had already been processed to countries. However, we have established that this could be due to failure by the respective staff to update the system as evidenced by sample of countries reviewed.</p> <p>b) There were no additional comments to provide more context on how the GMR had been fulfilled for cases where the status had been marked as completed.</p> <p>c) The GMR tracking tool had not been linked to the Cash Disbursement Request (CDR) system. As a result, information relating to the GMRs had to be uploaded separately in both systems which is not very efficient.</p>	<p>system if use of the system is not optimised.</p> <ul style="list-style-type: none"> Efficiency may be impacted if information has to be uploaded separately in multiple systems that are not integrated. This also increases the risk of errors being introduced. 	<p>documents where a GMR has been fulfilled.</p> <p>c) Ensure that the system is accurately updated with all relevant information for all the countries with finalised GMRs.</p> <p>d) Explore the possibility of integrating the GMR tracking system with the CDR system.</p>	<p>undertaking an SAP stabilisation project.</p> <p>b. The uploading of evidence/document would indeed facilitate tracking but is currently not practical due to IT issues that are preventing this and need to be resolved prior to a mandatory requirement is issued (very slow access, unavailable remotely, non-user-friendly system).</p> <p>c. see above</p> <p>d. see above</p>			
2018.03.16	<p>There is need to enhance the design of monitoring reviews and the guidelines</p> <p>We noted that the four pilot reviews were outsourced to external contractors. However, it was not clear how the underlying issue regarding the performance of the contractors was addressed prior to the decision to outsource the monitoring reviews.</p>	<ul style="list-style-type: none"> Value for money may not be achieved if quality of contractors is not addressed prior to engaging them for monitoring reviews. Value for money may not be achieved if there is no business case which clearly illustrates the 	<p>a) The issue of quality of contractors should be addressed first before the monitoring reviews are outsourced to contractors.</p> <p>b) Ensure that the decision to outsource monitoring reviews is</p>	<p>The User Guide will therefore be updated as targeted in line with the workplan previously agreed upon and in light with the Strategic Direction following Gavi 5.0 Grant Management Workstreams</p>	MD, Finance & Operations, Director, PCA <i>(with close engagement of CP)</i>	30 June 2021	

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>In addition, the draft monitoring review guidelines had not addressed several factors including (but not limited to):</p> <p>a) The testing approach to be adopted (if any) in order to obtain assurance on the implementation of the agreed actions;</p> <p>b) There is need for clarity on the treatment of GMRs that are ongoing in nature i.e. recurrent conditions to determine when they are considered met. For instance, in the case of Tajikistan while six of the ‘ongoing’ GMRs had not been fully met at the time of the MR, the status assigned to them in the MR report was ‘ongoing’. This might mislead the reader of the report to assume that the initial conditions had been met and recurrence was in progress, even though this was not the case based on the detailed reports.</p> <p>c) Defining the frequency of the monitoring review;</p> <p>d) Defining the templates to be used for fieldwork and reporting;</p> <p>e) The framework to be applied in deciding whether to outsource the</p>	<p>value that the contractors bring to a process which may well be effectively undertaken by Secretariat teams.</p> <ul style="list-style-type: none"> • Activities may not be consistently carried out if the guidelines are not robust. This may also impact the accountability process. • Increased risk of duplication with other follow-up activities. 	<p>supported by a clear business case.</p> <p>c) Management should ensure that the monitoring review guidelines are reviewed as planned based on the learnings from the pilot reviews.</p> <p>d) The monitoring reviews should be aligned with other Secretariat-led initiatives of follow up of actions in-country such as Programme Audits and evaluations. This will minimise the risk of duplication of effort and ensure resource optimisation.</p>				

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>monitoring reviews or not. The draft guidelines indicate that the reviews would be carried out by the PCA team.</p> <p>f) How the monitoring reviews would align to follow-up of actions arising from other reviews/assessments, for instance Programme Audit recommendations.</p>						
2018.03.17	<p>There is need for review of the PCA User Guide</p> <p>We made the following observations relating to the PCA user guide:</p> <p>a) The user guide does not provide details of the revision history date, the number of versions before the latest revision of July 2016 and at what level the document was approved and by whom.</p> <p>b) The user guide has not been referenced to relevant Gavi policies and Operating Guidelines (OGs) that are related to the PCA process, such as, the TAP, 3LoD OG and cash disbursement OG.</p> <p>c) As noted elsewhere in this audit report (issue number 2018.03.06), there is need to review the roles and responsibilities of the various teams</p>	<ul style="list-style-type: none"> Lack of consistent execution of the PCA processes/ activities. Lack of audit trail regarding the evolution of the PCA process, the various enhancements to this and how the approvals were done. 	<p>Management of the PCA team and CP management should ensure that the PCA user guide is reviewed and updated to address the issues raised in this report including the following:</p> <p>a) Allocation of responsibilities and accountabilities for the PCA activities.</p> <p>b) Referencing the user guide to other Gavi policies and operating guidelines that affect or are linked to the PCA process.</p>	<p>The User Guide will therefore be updated as targeted in line with the workplan previously agreed upon and in light with the Strategic Direction following Gavi 5.0 Grant Management Workstreams</p>	<p>MD, Finance & Operations, Director, PCA Director, CS</p>	<p>31 March 2021</p>	

Appendix 1: Detailed Findings and Recommendations – PCA Processes

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>involved in the PCA process (, e.g. during in-country review and reporting phases) and update the PCA user guide accordingly based on the findings of this audit.</p> <p>d) The frequency for review of the guide has not been defined.</p>		<p>c) Inclusion of revision history dates and approvals.</p> <p>d) Defining the frequency of review and update of the user guide.</p>				

Appendix 2: Detailed Findings and Recommendations – Procurement of PCA Contractors

Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
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Documentation of key procurement processes

The Gavi Procurement Regulations (clauses 3.1 (e)) state that the Procurement Team has a responsibility to support the organisation in obtaining the best value for money for goods and services through the application and implementation of the Procurement Policy and Regulations in all appropriate situations and maintain the records in relation to Suppliers, transactions and negotiated contracts. In addition, the regulations (clause 4.1 (e)) require the Procurement Team to ensure a transparent process is in place which defines what Gavi needs and why it needs it, to enable a transparent Supplier selection process that can document the reasons for that selection.

2018.03.01	<p>The document management system in the procurement process is weak</p> <p>From the review and through discussions held with the procurement team, we confirmed that procurement documents are stored and archived in Microsoft Outlook (emails) of the business owner including the procurement team and not in a centralised repository. This is attributed to the weak document management system within the team and in the procurement process.</p> <p>As a result of this, we were unable to evidence the following:</p> <p>(a) Emails of RFP questions raised by individual bidders supporting the consolidated RFP questions and answers;</p> <p>(b) That all bids were received through the contact persons indicated in the RFP;</p>	<ul style="list-style-type: none"> It may be difficult to establish whether the conclusions made at different stages of the procurement processes were objective. Increased risk of organisational knowledge loss as a result of the current weak document management system, especially if someone who has been involved in the procurement process for long leaves the organisation. 	<p>The Procurement team management should:</p> <p>a) Establish a robust document management system in the procurement process which will facilitate management of key documents in the process.</p> <p>b) Utilise the Gavi SharePoint (Procurement - GaviDrive) to store key procurement documents.</p>	<p>Procurement will establish a standard document filing checklist to be kept for each RFP for an agreed period and a standard document filing system on SharePoint.</p>	MD, Finance & Operations, Head, Procurement	30 April 2019	Pending verification by IA.
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Appendix 2: Detailed Findings and Recommendations – Procurement of PCA Contractors



Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>(c) The individual evaluation analysis matrix of four out of five members of the selection team supporting the consolidated evaluation analysis matrix (PCA 20151001); and</p> <p>(e) Proper documentation of the price negotiations with PCA contractors for Lesotho and Sudan.</p>						

Bid Evaluation process

The Gavi Procurement Regulations (clauses 4.6) state that all supplier proposals will be reviewed equally against defined selection criteria both technical and commercial, whose weightings will be established prior to the receipt of Solicitation responses from prospective Suppliers. The Business Owner supported by the Procurement Team will form an appropriate selection team to review all Supplier proposals and select the most appropriate Supplier to deliver the goods/services. This Team will be chosen by the Business Owner and will include representation from the Procurement Team and any appropriate subject matter experts or interested parties who will be able to assist with the assessment. In principle, the Business Owner and subject matter experts perform the technical evaluation while the Procurement Team performs the financial evaluation on Supplier costs. The tender analysis process and Supplier selection decision will be documented.

2018.03.02	<p>The basis of the technical and financial weights used for evaluation of proposals needs to be documented</p> <p>From the review, we noted that the standard percentage weighting used for evaluating the financial proposals (30%) and technical proposals (70%) is not documented in the Procurement Regulation and no exceptions had been defined. In addition, we noted that the financial proposals had been evaluated using the qualitative Score Scale (range</p>	The evaluation of proposals may not be consistent	The Procurement team management should revise the Procurement Regulations to include the evaluation formula, specify the minimum percentage scores for financial and technical proposals and include the clauses for handling of exceptions.	Gavi Procurement Regulations will be revised to include a standard percentage criterion used as default value for each evaluation, with exceptions to be defined.	MD, Finance & Operations, Head, Procurement	31 December 2019	Pending verification by IA.
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Appendix 2: Detailed Findings and Recommendations – Procurement of PCA Contractors



Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	of 1 to 5) and not using a standard formula. Refer to Annex 4 (Appendix 3)						
2018.03.03	<p>The scoring classification matrix used in the financial and technical proposal evaluation needs to be improved</p> <p>From the review, we noted that the scoring classification matrix used in the financial and technical proposal evaluation was weak because the score scales (range of 1 to 5) and their corresponding description of the Deliverable Measurement were not aligned (refer to Annex 3).</p>	The final decision from the proposal evaluations made may not be objective if the scoring classification matrix used in the financial and technical proposal evaluation is weak.	<p>The Procurement team should:</p> <p>a) Review the scoring classification matrix and include it in the Procurement Regulations.</p> <p>b) Revise the score scale and the deliverable measurements to ensure that they are aligned.</p> <p>c) Develop a standard formula to be used during the evaluation of the financial proposals.</p>	<p>Procurement will review the scoring classification and guidelines used during evaluation to ensure it is fit for purpose and clearly documented in the evaluation report.</p> <p>Gavi Procurement Regulations to be revised to include a standard financial proposal scoring formula.</p>	MD, Finance & Operations, Head, Procurement	31 December 2019	Pending verification by IA.

Appendix 2: Detailed Findings and Recommendations – Procurement of PCA Contractors



Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
2018.03.04	<p>There is need to implement a process to ensure compliance with the conflict of interest rules</p> <p>The Procurement Regulations (clause 3.3) states that “the Business Owner works with Procurement Team to ensure compliance with Gavi’s Conflict of interest rules”.</p> <p>From the review, we could not evidence any process which ensures compliance with Gavi’s conflict of interest rules (including declaration of conflict of interest forms which indicate whether members of the selection team have any perceived or potential conflict) prior to conducting the evaluation analysis of the proposals as required by the procurement regulations.</p>	Increased reputational risk to the organisation if perceived or potential conflict of interest is not declared and addressed during the supplier selection process.	The procurement team should implement the process which ensures compliance with the conflict of interest rules during supplier selection (Procurement Regulation, clause no. 3.3).	<p>Gavi Procurement Regulations to be revised to include Conflict of Interest declaration for all evaluators.</p> <p>Conflict of Interest (Col) declarations are already in place through the Gavi Annual declaration of interest and OFAC compliance process, including the requirement for continuous reporting of any Col.</p>	MD, Finance & Operations, Head, Procurement	31 December 2019	Pending verification by IA.
2018.03.05	<p>The evaluation of the financial and technical proposals needs to be separated</p> <p>The Gavi Procurement Regulations (clause 4.6) requires that the Business Owner and subject matter experts perform the technical evaluation of</p>	Increased risk of bidders who have weak technical proposals but with the lowest financial quotation being selected	Procurement team management should ensure that the financial and technical proposal evaluations are separated and done by the procurement team and business owner respectively as	<p>Procurement to review the requirements for evaluation of the technical and financial bids and include the outcome in the updated Gavi Procurement Regulations.</p>	MD, Finance & Operations, Head, Procurement	31 December 2019	Pending verification by IA.

Appendix 2: Detailed Findings and Recommendations – Procurement of PCA Contractors



Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	<p>proposals while the Procurement Team performs the financial evaluation.</p> <p>From the review, we noted that the financial and technical proposals were not evaluated separately as required by the Gavi Procurement. We observed that four out of five members of the selection team conducted both financial and technical proposal evaluation.</p>			recommended in the Procurement Regulations.			
2018.03.06	<p>The due diligence process of contractors needs to be enhanced</p> <p>The Procurement Regulation (clause 4.2) requires that a process of due diligence must be agreed between the Business Owner and the Procurement team, with agreed responsibilities for its completion, so as to provide insight on the capability of any selected Supplier to satisfy these criteria.</p> <p>From the review, we noted that the due diligence criterion was not developed as required by the Procurement Regulation and there was no evidence indicating that due diligence was carried out on the potential PCA contractors. This may be partly attributed to the absence of a comprehensive checklist in the</p>	<p>Increased reputational risk to Gavi in the event that the selected contractor is involved or associated with activities which are incompatible with Gavi's role and mission as an organisation focused on saving children's lives and protecting people's health.</p>	<p>Management should;</p> <p>a) Revise the procurement regulations to include a due diligence template with differentiated criteria for conducting the process; and</p> <p>b) Ensure compliance with the procurement regulations regarding due diligence.</p>	<p>Procurement to further review and strengthen due diligence processes in 2019 to ensure they are fit for purpose and clearly documented.</p> <p>During 2018 Gavi strengthened the due diligence processes for all major vendors. This included financial due diligence of vendor financial statements and checking against international ineligibility and sanctions lists through use of Dow Jones Risk and Compliance software.</p>	<p>MD, Finance & Operations, Head, Procurement</p>	<p>30 June 2019</p>	<p>Pending verification by IA.</p>

Appendix 2: Detailed Findings and Recommendations – Procurement of PCA Contractors



Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	Procurement Regulation as an annex to guide users.						
Non-compliance with the procurement regulations							
<p>The 2015 Procurement Regulations (clause 1.1) set out the various stages of the procurement and purchasing processes within Gavi to be followed by, and outline the roles and responsibilities of, all Gavi personnel who are directly or indirectly involved in the procurement of goods and services for or on behalf of Gavi. These Regulations give effect to principles set out within the Procurement Policy. The Director of Operations is responsible for reporting to the Managing Director of Finance and Operations and Deputy CEO (DCEO) on the compliance with these Regulations, including the percentage of Gavi expenditure that benefits from using this process, percentage of single source sourcing and the forecast saving or cost avoidance as a consequence. Any exceptions to these Regulations require prior authorisation from the Managing Director for Finance and Operations and any unauthorised exceptions are subject to Gavi’s Disciplinary Procedures.</p>							
2018.03.07	<p>There is need to ensure that subject matter experts are included in the selection team in accordance with the Gavi procurement regulations (clauses 4.6)</p> <p>From the review, we noted that the selection team had five members: two were from the PCA team and three from the Procurement team. The PCA team had strong financial management expertise; however, there was no subject matter expert for country programmes, vaccines and cold chain management in the selection team from the Country Support (CS) team even though the CS team had a pool of such expertise</p>	Increased risk of selection of contractors with weak technical proposals and expertise who may not be able to add much value to the programme related aspects of the PCA.	The procurement team should ensure subject matter experts are included in the selection team. Any exceptions to this should be justified and documented.	<p>Gavi Procurement Regulations to be updated to suggest subject matter experts are included in the technical evaluation team wherever possible and clearly state the need for a balanced evaluation team with the required mix of skills for the evaluation.</p> <p>The PCA evaluation team has been selected by the Business Owner, in line with Gavi’s current Procurement Regulations.</p>	MD, Finance & Operations, Head, Procurement	31 December 2019	Pending verification by IA.

Appendix 2: Detailed Findings and Recommendations – Procurement of PCA Contractors



Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
	during the time of the procurement process.						
2018.03.08	<p>There is need to clearly define the recourse provisions in the contract template</p> <p>The Procurement Regulations (clause 4.7 and 6.1) require that contracts should be:</p> <p>(a) Approved appropriately in line with the Signature Authority Policy;</p> <p>(b) Sufficiently robust and appropriate including all terms and Key Performance Indicators.</p> <p>From the review of a sample of four PCA contracts and through discussions held with the procurement team, we noted that the recourse for non-performance was not defined adequately in the PCA contracts sampled. We confirmed that this was attributable to the PCA contract template which does not have clear and specific recourse provisions for non-performing contracts.</p>	<p>Gavi may not be able to:</p> <ul style="list-style-type: none"> Ensure that contractors are held to account regarding their performance; and Obtain value for money 	<p>The Procurement team in liaison with the Legal team should review the contract template to include the relevant recourse provisions in the event of non-performance.</p>	<p>Procurement and Legal to work together to strengthen templates including default language on recourse for non-performance.</p> <p>Other Gavi contracts do include recourse provisions, however the PCA contracts included only the standard termination for convenience clause. However, in the case of poor performance – and as informed to the AFC – 1 contractor with poor performance was terminated following an evaluation by the respective teams.</p>	<p>MD, Finance & Operations, Head, Procurement Director, Legal</p>	<p>30 June 2019</p>	<p>Pending verification by IA.</p>

Appendix 2: Detailed Findings and Recommendations – Procurement of PCA Contractors



Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
2018.03.09	<p>The Legal team needs to be included in the procurement automated workflow</p> <p>The Procurement Regulations (clause 4.7 and 6.1) requires that contracts should be:</p> <p>(a) Approved appropriately in line with the Signature Authority Policy; (b) Sufficiently robust and appropriate including all terms and Key Performance Indicators;</p> <p>(c) Reviewed by the Legal team, if the contract is above \$100K.</p> <p>From the review of a sample of the four PCA contracts, we noted that one out of the four sampled contracts which had a value of \$129K, was not reviewed by the Legal team. We confirmed that the contract was not shared with the Legal team partly because they are not part of the procurement automated workflow. Furthermore, we confirmed that this was attributed to the absence of clauses in the procurement regulations regarding handling of exceptions related to the Legal team’s review of contracts.</p>	Increased risk of entering into contracts with unfavourable terms to the organisation.	<p>The Procurement team in liaison with the Legal team should;</p> <p>a) Include the Legal team in the procurement automated workflow so that the team is able to review the contracts according to the defined threshold; and</p> <p>b) Review and differentiate the threshold requirement for Legal team review of contracts in the procurement regulation.</p>	<p>For PCA procurement the initial contract was reviewed by Legal and therefore all others used this as template.</p> <p>In 2018 Procurement and Legal worked together to develop a guideline for review and assessment of contracts using both monetary thresholds and a risk-based approach. In 2020, this will be further strengthened, with the intention that Legal will review only procurement contracts that deviate from standard terms and conditions, regardless of the amount.</p> <p>The implementation of SAP standard will not initially include review by Legal in the automated workflow of PO/PR approval. Legal review will continue to be managed outside the automated workflow, until Gavi implements a contract</p>	MD, Finance & Operations, Head, Procurement Director, Legal	30 June 2019	Pending verification by IA.

Appendix 2: Detailed Findings and Recommendations – Procurement of PCA Contractors



Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
				management tool that links up with the SAP workflows.			
2018.03.10	<p>The process of evaluating the overall performance of the PCA contractors needs to be defined and done.</p> <p>The Procurement Regulations (clause 6.1) requires the business owner to undertake overall supplier performance evaluation with support from the procurement team and that the results should be documented. The supplier performance results should be taken into account in decisions of continuation or discontinuation of contracts, and future Supplier contract negotiations and awards.</p> <p>From the review, we could not evidence that the decisions to continue or discontinue PCA contracts was based on formalised overall contractor performance evaluations. Furthermore, the criteria for evaluating the overall PCA contractor performance was not defined in the Procurement Regulations.</p>	<ul style="list-style-type: none"> Gavi may not be obtaining value for money Decisions to continue or discontinue contracts may not be based on the overall performance of contractors/suppliers. 	<p>a) The Procurement team should define and implement the criteria for evaluating the overall contractor performance with support from the business owner e.g. PCA team, CP.</p> <p>b) The PCA team should conduct and document overall performance evaluations before the decisions to continue or discontinue contracts is reached.</p>	<p>Procurement team response</p> <p>The procurement team has on 1st July 2020 issued a Revised Procurement Policy and Manual which includes inter-alia an Introduction of electronic Supplier Performance Evaluation. This is mandatory for all contracts >\$400k or that are terminated. This digital form allows Gavi to document and analyse supplier performance information, so that it can be incorporated into due diligence and decision-making for new projects and contracts. This include – not only PCA contractors but all those that are contracted within Gavi.</p> <p>Procurement to develop and implement a strengthened process for on-going supplier performance evaluation and</p>	MD, Finance & Operations, Head, Procurement	1 July 2020	Pending verification by IA.

Appendix 2: Detailed Findings and Recommendations – Procurement of PCA Contractors



Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
				<p>include this in the Gavi Procurement Regulations.</p> <p>Out of 5 contractors selected and evaluated, one was no longer retained for poor performance. This was informed to the AFC in April 2018. Upon Feedback by the business owner, other contractors, (not in the PCA team) have been terminated where it was found that their work was of poor quality. This includes but is not limited to Sierra Leone, Mozambique, Sudan, Chad, Tajikistan, Malawi & Zambia. As indicated above, CP/PF and the broader Secretariat have continued to use these same four contractors and requested them to bid for work. In addition, following meetings with TGF, we have confirmed that the same contractors (firms & staff) are used by the Global Fund which leverages the work of the two institutions.</p>			

Appendix 2: Detailed Findings and Recommendations – Procurement of PCA Contractors



Issue No.	Issue Description	Risk/Implication	Recommended Actions for Management	Management Comments	Action Owner	Target Completion Date	Status
				<p>Reports have been accepted by countries – as key stakeholders of the reports - and evidence of their feedback on the quality of the reports in improving the underlying environment shared within which the Gavi support is provided. The feedback compiled from - country stakeholders has been shared with the Audit Team as per attached link.</p> <p>feedback about the various PCAs</p>			

Appendix 3: Annexes

Annex 1: Review of sampled countries' JA reports

Country	PCA/GMR Date	JA Reports reviewed/period	Comments on JA's review of PCA outputs
Kenya	May-18	Nov/Dec 2017	JA makes a general reference to PCA, indicating that the partners were supporting counties to increase capacity. No mention of the major issues noted from the PCA reports.
		Dec-18	A general comment was made on GMR indicating that progress had been made in implementing most of the actions agreed. No specific mention of way forward on the pending actions.
Sierra Leone	PCA report - Nov 2016	No JA report for 2017	
	GMRs – October 2018	Nov-18	Mentions PCA and GMRs being issued. Does not go into the details of key issues noted from the reports.
Zambia	PCA report - June 2016	Aug-17	No mention of PCA. *2016 JA report only mentions the proposed funding modality from the PCA
	GMRs - Nov-17	Aug-18	No mention of PCA or GMRs
Malawi	PCA - 12/1/2016	2016 - 2017	No JA reports available
	GMRs - 22 March 2018	23-25 Oct 2018	No mention of PCA or GMRs
Mauritania	PCA Report - August 2016	Jul-17	No reference to PCA despite the 2016 PCA report indicating programme and financial management capacities were high and moderate-high risk respectively
	GMRs - Jan 2017	Jul-18	
DRC	PCA Report – Feb 2017	November 2017	No in-depth discussion; only an activity in the workplan to produce quarterly progress updates on implementation of GMRs
	GMRs – July 2017	November 2018	No mention of PCA or GMRs
Burkina Faso	PCA report – July 2017	2017 JA	JA does not mention PCA
	GMR – May 2018	2018 JA	

Appendix 3: Annexes

Annex 2: Performance timelines for PCA activities (based on 39 completed PCAs)

PCA activity	Average time (calendar days)
Issue of draft report after in-country visit	41
Providing comments to contractor on draft report	31
Receipt of final report from contractor after Gavi's comments	44
Issue of draft GMRs by PCA to Country Support upon receipt of final report from contractor	39
Time to issue of draft GMRs to country	92
Time to issue final GMR to country from issue of draft GMR	133
Time to finalise GMRs from date of final PCA report	264 (detailed analysis below)
Time to finalise GMRs from date of in-country review	379 (detailed analysis below)

Date of in-country review	Average Time taken to issue report	Average Time taken by PCA team to draft GMRs	Average Time taken by CP team	Average Time taken by Countries to revert	Average total time taken from final report	Average total time taken from in-country review
January 2016 to May 2016. (12 PCAs)	154 days	40 days	94 days	143 days	277 days	431 days
June 2016 to December 2016. (16 PCAs)	96 days	50 days	85 days	150 days	285 days	381 days
January 2017 to December 2017. (11 PCAs)	107 days	21 days	100 days	113 days	234 days	341 days
36 PCAs	116 days	39 days	92 days	133 days	264 days	379 days
January 2018 to May 2018 (4 PCAs) Lesotho Zimbabwe Kyrgyzstan Djibouti	104 days	32 days (data available for only 1 PCA)	No data available at time of the audit	No data available at time of the audit	No data available at time of the audit	No data available at time of the audit

Annex 3: GMR implementation status (as per monitoring reports)

Country	Date of GMRs	Total GMRs	Met	Partially met/ongoing	Ongoing/Started - delayed	Not met (but due)	Not started - delayed	Not started - Not due	Not Applicable
Tajikistan	August 2017	13	4 (31%)	6 (46%)	-	3 (23%)	-	-	-
Uganda	March 2017	13	8 (61%)	1 (8%)	-	3 (23%)	-	1 (8%)	-

Appendix 3: Annexes

Country	Date of GMRs	Total GMRs	Met	Partially met/ ongoing	Ongoing/ Started - delayed	Not met (but due)	Not started - delayed	Not started - Not due	Not Applicable
Mauritania	February 2017	19	4 (21%)	-	10 (53%)	1 (5%)	3 (16%)	-	1 (5%)
Burkina Faso	April 2017	24	6 (25%)	6 (25%)	6 (25%)	5 (21%)	-	-	1 (4%)
Overall		69	22 (32%)	13 (19%)	16 (23%)	12 (17%)	3 (4.5%)	1 (1.5%)	2 (3%)

Annex 4: Procurement Scoring Classifications

Score	Deliverable Measurement	Definition
5	Exceptional Value-Added Compliance	Proposed solution will add extra value beyond business needs
4	Strong Compliance	Proposed solution will add value beneficial to the business needs
3	Good Compliance within requirements	Proposed solution meets requirements
2	Poor Compliance	Proposed solution not taking into account the requirements or lack of understanding of GAVI's needs
1	Omitted Deliverable	Did not submit a deliverable or barely attempted too

Score	Pricing Measurement	Definition
5	Best Assessed Pricing	Pricing is within the lowest tier of all proposals with the best value for the money
4	Competitive pricing offer	Pricing is within the low tier of all proposals
3	Average pricing within budget targets	Pricing is within the mid-tier of all proposals
2	Uncompetitive offer	Pricing is within the highest tier of all proposals
1	No Pricing or out of scale	Did not submit pricing at all or did not price accordingly

Appendix 4: Summary of Performance Ratings and 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 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
Low	Address a potential improvement opportunity in relation to internal controls, governance and/or risk management

Distribution

Title
Managing Director, Finance and Operations
Managing Director, Country Programmes
Director, Programme Capacity Assessment
Director, Country Support
Director, Operations
Head, Procurement, Operations

For Information

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