INTERNAL AUDIT REPORT

Management of IT Projects
March 2023

Gavi
The Vaccine Alliance

Table of Contents

Conclusion

Our audit procedures were designed to provide assurance to management and the Gavi Board on the adequacy and effectiveness of the key controls in the processes related to management of IT Projects (i.e., mission-focused systems/solutions).

Gavi has significantly invested in the development/acquisition of various IT systems in the recent past to support and enable Gavi business (i.e., budget of approximately $18 million from 2020 - 2022). The success of these IT investments is dependent on the effective implementation of the IT systems and business applications. The role of management of IT Projects is undertaken by the Knowledge Management and Technology Solutions team (KMTS). The IT projects are a mix of mission-focused solutions to support coverage, equity and sustainability, knowledge management initiatives, and technology infrastructure projects.

To effectively manage risks related to implementation of the IT systems and business applications, the Secretariat has over the past two years or so been undertaking various initiatives including development of the project management policy, project management manual, defining of project management roles, re-aligning the governance structure and more recently, establishment of the Enterprise Project Management Office. We confirmed through our audit procedures that the key risks associated with implementation of the IT systems and business applications are understood and being managed.

However, we have identified high risk issues related to the basis and rationale for the project management methodology adopted and the process of monitoring, controlling, and reporting of costs of individual IT projects. A summary of the key issues is provided below.

Summary of Key Audit Issues

Ref	Description	Rating*
1.1	**Basis and Rationale for the Project Management Methodology adopted for each project**	
	Formally define and clearly communicate the basis and rationale for the Project Management Methodology to be adopted for each project.	
1.2	**Monitoring, Controlling and Reporting of Individual IT Project costs**	
	Enhance the controls related to monitoring, controlling, and reporting of Individual IT Project costs.	
1.3	**Review and approval of IT Project Management Policy and Manual**	
	Periodically review the project management policy and manual to ensure alignment with the project management methodology(ies).	
1.4	**Development of Comprehensive Business Case for all IT Projects**	
	Ensure that comprehensive Business Cases are developed for all IT projects.	
1.5	**Clarity of Roles and Responsibilities within the Project Team**	
	Ensure that role descriptions and responsibilities of the key actors/stakeholders within project teams are clearly defined and agreed at the start of the project for all IT projects.	
1.6	**Post-Implementation Review of IT Projects**	
	Conduct post-implementation reviews for implemented (closed) projects.	

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

1. Summary of Issues

Through our audit procedures, we have identified two high and seven medium risk issues relating to the management of IT Projects which are summarised below.

Acknowledgement of management initiatives to improve the process

Following the internal audit of 2017/2018, KMTS has been undertaking various initiatives designed to enhance the process of management of information technology projects since 2020. Some of these include:

- Development and implementation of the MKTS Project Management Policy,
- Development and implementation of the KMTS Project Management Manual,
- Defining Project Management Roles - Project Portfolio Governance, Project Sponsor, Steering Committee, Project Manager, KMTS Project Owner, Key Business Lead and SME, and
- Defining Operational Project Management team shared responsibility (RACI) for Project Owner, Project Manager and Project Management Office.

The audit further noted the recent developments and subsequent communication from the COO to re-align the governance structure by streamlining the PPG membership and clarifying their authority, accountability, roles, and responsibilities. The plan to establish the Enterprise Project Management Office is another positive step forward.

1.1 Basis and Rationale for the Project Management Methodology adopted for each project

Formally define and clearly communicate the basis and rationale of the Project Management Methodology to be adopted for each project.

Through our audit procedures which included review of project documentation and discussions with the KM&TS team, we established that the team uses either Agile, Waterfall or Hybrid project methodology. However, there are no documented guidelines regarding the basis and the rationale for the project management methodology to be adopted for each project. Some of the factors we would expect to be considered as part of the rationale to ensure the right project management methodology is selected for each project include: project type, stakeholder/client and customer involvement, timeline flexibility, number and types of teams involved, budget, project complexity, structure, and rigidity, allocated/available resources, project scalability, etc.

In addition, the basis and rationale for the project management methodology to be adopted for each project including the risk-reward trade-offs and the implications of each has not been clearly communicated to senior management for endorsement/adoption.

It should be noted that the choice of the project management methodology and clear communication of the risk-reward trade-offs of the same determines whether the project is deemed as a success or not by the key stakeholders (governance body, senior management, and end users).

The lack of documented guidelines regarding the basis and rationale for the project management methodology to be adopted on each project increases the risk of selection of an inappropriate methodology leading to higher project risk i.e., projects may not be completed on time, within budget, of expected quality and to achieve desired results.
In addition, there is high likelihood of mismatch of expectations among key stakeholders due to lack of proper understanding of the methodology to be adopted and the risk-reward trade-offs of each and the implications.

1.2 Monitoring, Controlling and Reporting of Individual IT Project costs

Enhance the controls related to monitoring, controlling, and reporting of Individual IT Project costs.

We selected a sample of four projects for review including obtaining feedback from key stakeholders in IT Projects using SurveyMonkey.

a) We made the following observations regarding monitoring and controlling of individual IT project costs:
   (i) The IT Project budget allocation and re-allocation process across projects is currently managed by the Project Management Office (PMO) in consultation with the Chief Technology and Knowledge Officer (CKTO). We noted through our audit procedures that whenever there is an overspend on one project, additional funding/budget is moved from other projects to cover the shortfall as long as the approved annual budget for all the projects in the portfolio is not exceeded. This approach is acceptable when the move of funds between approved projects is for purposes of cash management and not about changing each project's PPG approved funding. However,

this was not the case with the SAP Optimization Project where funding was allocated from an underspending project to cover the overspend. This is not in line with best practice as it dilutes the control of monitoring, reporting, and accounting for the implementation of individual projects based on cost and time. We also noted that any variation in the budgets is reported to the SteerCo instead of the PPG for approval as per policy.

(ii) Following the 2017/2018 audit recommendations, management segregated the roles of project sponsor and project manager. However, we noted under the current set up that ownership/accountability for obtaining the funding and management of project budget rests within KMTS. According to the industry practice, it is the project sponsor[1] who should take ownership of the funding and be accountable for the project budget and not KMTS to ensure effective oversight and accountability in the process regarding time, cost, scope, and quality of project deliverables.

(iii) Through our audit work, we established that the use of SAP for the allocation and re-allocation of IT Project budgets commenced in 2019 but was stopped in 2021 due to the complexities of re-allocating budgets across projects. We are supportive of the plan to move the project cost allocation and re-allocation process back to SAP effective January 2023 due to the best-practice inbuilt controls in the system.

b) We made the following observations across the four projects:

(i) We noted one case out of the sample of four where the PPG declined to approve a project, i.e., the Finance Enabling – Treasury project. However, the sponsor bypassed this established control by obtaining go-ahead from the management team of the COVAX Facility to progress and implement the project. This is a clear indication that there is need to strengthen the governance and oversight process of IT projects by having only one centralised approval point i.e., the PPG.

(ii) There were significant cost variations (i.e., 6% for SAP optimisation project and 300% for COVAX Enabling Technology project) and significant variations in the project timelines (i.e., 6 months for the SAP Optimisation project, and more than 12 months for the Onboarding & Offboarding project) based on the original approval in the charter. The feedback obtained through the survey of key stakeholders highlighted the issue of delays in project implementation as a major pain point.

(iii) There were instances of descoping or parking of deliverables from the original scope, e.g., the SAP optimisation project without commensurate reduction in the cost of the project. In some cases, there was increase in the scope with significant cost variation e.g., COVAX Enabling Technology project.

(iv) We established through feedback from the survey that another major pain point for end users is the fact that some of the system solutions do not meet their needs.

(v) Approval of all the project charters and the variation in the budget/cost, timeline and scope was done by the SteerCo and/or the project sponsor instead of the PPG as stipulated in IT Project Management Policy and Manual. We also came across instances where the project charter document still had track changes and had not been finalised in the standard project charter template.

c) We noted instances where detailed project budgets/costs were not defined up front using a formalised business case document as the business cases were not developed consistently across all projects as per the policy (i.e., two of the four sampled projects did not have formalised business cases).

d) The financial contingency of 10%-20% was not consistently included in the Total Cost of Ownership (TCO) in all projects as per the policy (i.e., only the SAP Optimization project had a contingency of 18%).

e) According to the policy, the project sponsor can make a request to the PPG to vary the original project budget by up to 10%. However, we noted through our work that even though most projects (including all those in our sample) had more than 10% upward variation from the original budget, the requests were discussed and approved at the SteerCo level and not at the PPG as per policy.

[1] https://www.pmi.org/learning/library/exploring-role-executive-project-sponsor-8107,

https://www.iso.org/obp/ui/#iso:std:iso:21500:ed-2:v1:en.

Lack of effective controls regarding monitoring, controlling, and reporting of individual Project costs may have the following effect:

- The accountability and oversight process of IT projects may not be effective,
- Inability to demonstrate effective budget stewardship across Gavi's IT project spend,
- Risk of a lack of cost efficiency when budgets are moved from project to project,
- Risk of reputational consequences in the Audit and Finance Committee (AFC) should Gavi not be able to report accurately on IT project budget spends, and
- Negative impact on operations when projects do not deliver what they had aimed to deliver.

1.3 Review and approval of IT Project Management Policy and Manual

Periodically review the Project Management Policy and Manual to ensure alignment with the project management methodology(ies).

We made the following observations while reviewing the Project Management Policy and Manual:

a) There is lack of proper alignment and linkage between the Project Management Manual and the Project Management methodologies or approaches adopted. For instance, the Agile approach has unique activities and processes such as Delivery cycle, Sprints, Scrum Master, Product manager, Product owner, etc. which were not included in the Project Management Manual.

b) There was lack of proper version control and approval process of key updates to the Project Management Manual document. For example, even though the manual was updated in October 2020 and July 2021, there is no indication of who reviewed and approved the updates. The name of the person who made the changes or revised the manual in October 2020 is not indicated.

c) The ISO standard referenced in the Project Management Manual (ISO 21500:2012[2]) is no longer supported by ISO and hence no longer relevant. We also noted instances of non-alignment between reference numbers in table of contents and in the body of the manual.

d) The criteria used for the project prioritisation during PPG's review and decision is not included in the Project Management Manual used for the Business Case development.

The lack of alignment between project management methodology(ies) and project management policy/manual may result in inconsistencies in project governance and management processes. In addition, weaknesses in version control may result in unauthorised changes to the project management manual.

1.4 Development of Comprehensive Business Case for all IT Projects

Ensure that comprehensive business cases are developed for all IT projects.

We noted through our audit procedures that business cases were not consistently prepared for all projects as per the policy requirement (e.g., two of the four projects in our sample did not have officially formalised business cases). Therefore, there was lack of detailed project scope, deliverables, budget, governance, roles and responsibilities and timeline determined from the outset.

This may result in increased risk of significant variations in the project scope, deliverables, budget, and timeline, and lack of clarity regarding governance, roles, and responsibilities.

[2] ISO 21500:2021. This second edition, together with ISO 21502:2020, cancels and replaces the first edition (ISO 21500:2012), which has been technically revised. The main changes compared with the previous edition are as follows:
— this document provides an overview of the environment for project, programme and portfolio management, their governance, and the general factors impacting the broader environment.
— this document provides a high-level view of the relationships among the standards on project, programme and portfolio management prepared by ISO/TC 258, while guidance on project management is now given in ISO 21502.

1.5 Clarity of Roles and Responsibilities within the Project Team

Ensure that role descriptions and responsibilities of the key actors/stakeholders within project teams are clearly defined and agreed at the start of the project for all IT projects.

During our review of documents and discussion with project managers, we noted the following:

a) We were unable to determine whether the role descriptions, and responsibilities for the key project team members (technical team (TechM), Key User/SME, Vendor (where applicable) and the Project Manager) were clearly defined and agreed i.e., for two of the four projects in our sample.

b) There is lack of properly documented guidelines or formalised communication to properly manage the interface between these key project team members. It is not clear who is responsible for what.

c) There was significant performance delay from the technical team (i.e., TechM) in one of the projects selected in our sample. This was escalated to the SteerCo and cited as a recurring issue.

The lack of clear roles and responsibilities of key project team members makes it difficult to hold anyone to account for delays and quality of deliverables.

1.6 Post-Implementation Review of Projects

Conduct post -implementation reviews for implemented (closed) projects.

Through our audit procedures, we noted that post implementation review of projects was not being conducted as per the requirements. As a result, it may be difficult to determine whether the organisation is getting the best value from the investment in IT projects.

1.7 Project Documentation and Review, and Use of the Project Management Tool

Enhance the project documentation, and review, and ensure consistent use of the project management tool.

During our audit review, we identified the following improvement areas regarding the project management tools:

a) Detailed project planning (JIRA – SPIRA test): We noted instances where JIRA was not fully used for detailed project planning purposes.

b) Project budgeting and reporting: This tool is currently not being utilised. As noted in 1.2(a)(iii) above, the IT Project budget allocation and re-allocation process is currently being managed outside the SAP system on excel.

c) Testing Tool (JIRA – SPIRA test): Through review of documentation and discussions with project managers, we established that this tool is not being fully utilised for documentation of user testing strategies and/or actual UAT test results.

d) Gate Review Tracker: We noted through our audit procedures on the projects in our sample that some of the links to the documentation related to these projects were not working properly.

e) Meeting Minutes: We noted that the standard structure of meeting minutes is not consistently followed e.g., discussion points, and follow up and tracking of status of action items from previous meetings is mostly not indicated or included.

In order to capture all project lifecycle activities and maintain consistency regarding the standard of information and naming conventions, there is a need to have a robust and fully-fledged project management tool.

1.8 Project Finalisation and Closure

Enhance the process of finalisation and approval of project closure reports.

During our audit review, we identified the following improvement areas:

a) The SAP Optimisation project was closed in August 2021. However, the closure report was still in draft form at the time of the audit (i.e., October 2022) with comments and track changes. In addition, it was yet to be signed off by the Sponsor, SteerCo, and PMO as per the policy requirement.

b) The Onboarding & Offboarding project was closed in February 2022. However, the closure report was still in draft form with comments and track changes. It was yet to be signed off by the Sponsor, SteerCo, and PMO as per the policy requirement.

The lack of an effective project finalisation and closure process makes it difficult to determine whether the final project deliverables have been verified to ensure that they meet the expected quality standards and that all specific project management processes have been completed.

1.9 Formalisation of the Project Portfolio Governance (PPG) and Steering Committee Terms of Reference (ToRs) and tracking of action items of meetings

Formalise and approve the ToRs for the PPG and SteerCo and tracking of action items of meetings.

We made the following observations during the audit:

a) The PPG's ToRs have not been formalised and created in the standard ToR document format (i.e., the ToRs are in power point format). In addition, the ToRs have not been officially endorsed/approved. There was lack of clarity regarding accountability for decision-making, and comprehensiveness of responsibilities (e.g., project prioritisation criteria and weight/rating mechanism) before the recent streamlining of the PPG.

b) The ToRs of Steerco have not also been formalised and created in the standard format and not been officially endorsed/approved.

c) The tracking and monitoring process for the action items and decisions of meetings of both oversight bodies (i.e., PPG and Steering Committee) is not robust e.g., there is neither a link to the previous meetings' action items nor an indication of the status of action items including the final actions and/or resolution of issues.

The lack of formalised ToRs dilutes accountability and responsibility regarding the decision-making process. In addition, it is difficult to determine the status of actions and final resolution for action points.

2. Background

The role of management of IT Projects is undertaken by the Knowledge Management and Technology Solutions team (KMTS). The IT projects are a mix of mission-focused solutions to support coverage, equity and sustainability, knowledge management initiatives, and technology infrastructure projects. The most recent data shows that between 2020 and 2022, Gavi invested approximately $18 million in mission-focused systems solutions. The success of this IT investment is dependent on the effective implementation of IT systems and business applications.
The KMTS team plays the following main roles:

- Providing mission-focused solutions to support coverage, equity and sustainability;
- Providing Secretariat knowledge solutions which enable easier access to knowledge necessary for staff to do their jobs; and
- Enabling technology and operations which focuses on core infrastructure, security, and help desk solutions.

Gavi's technology strategy focuses on outsourcing commodity skills while retaining Gavi specific technology expertise in-house.

3. Objectives and Scope

3.1 Audit Objective

This audit was focused on the assessment of the design and operating effectiveness of the key controls in the management of IT Projects mainly on the following areas:

- The existence and effectiveness of the IT project management framework;
- The adequacy and effectiveness of governance processes in IT projects management;
- The effectiveness of risk management in IT projects management processes; and
- Outcome against key business objectives of IT project spending (including effectiveness of cost monitoring and reporting, and measures put in place to ensure that projects are completed on time and of the expected quality).

3.2 Audit Scope and Approach

This audit covered the management of IT projects including the project lifecycle processes (i.e., ideate, initiate, plan, implement and close) that started and/or were delivered between 1 January 2020 and 31 May 2022, based on a sample of IT projects.

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

- IT Security;
- Outsourced IT services and cloud computing; and
- Accounting treatment of IT project expenditure (Finance, fixed assets).

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

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

Head, Internal Audit

Annexes

Annex 1 – Methodology

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

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

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

Annex 2 – Definitions: audit rating and prioritisation

Issue Rating

For ease of follow up and to enable management to focus effectively in addressing the issues in our report, we have classified the issues arising from our review in order of significance: High, Medium and Low. In ranking the issues between 'High', 'Medium' and 'Low', we have considered the relative importance of each matter, taken in the context of both quantitative and qualitative factors, such as the relative magnitude and the nature and effect on the subject matter. This is in accordance with the Committee of Sponsoring Organisations of the Treadway Committee (COSO) guidance and the Institute of Internal Auditors standards.

Rating	Implication
High	At least one instance of the criteria described below is applicable to the issue raised: • Controls mitigating high inherent risks or strategic business risks are either inadequate or ineffective. • The issues identified may result in a risk materialising that could either have: a major impact on delivery of organisational objectives; major reputation damage; or major financial consequences. • The risk has either materialised or the probability of it occurring is very likely and the mitigations put in place do not mitigate the risk. • Management attention is required as a matter of priority. • Fraud and unethical behaviour including management override of key controls.
Medium	At least one instance of the criteria described below is applicable to the issue raised: • Controls mitigating medium inherent risks are either inadequate or ineffective. • The issues identified may result in a risk materialising that could either have: a moderate impact on delivery of organisational objectives; moderate reputation damage; or moderate financial consequences • The probability of the risk occurring is possible and the mitigations put in place moderately reduce the risk. • Management action is required within a reasonable time period.
Low	At least one instance of the criteria described below is applicable to the issue raised: • Controls mitigating low inherent risks are either inadequate or ineffective. • The Issues identified could have a minor negative impact on the risk and control environment. • The probability of the risk occurring is unlikely to happen. • Corrective action is required as appropriate.