INTERNAL AUDIT REPORT

Internal Audit of Expense Claims, Reimbursements, and Individual Corporate Credit Cards Management

September 2025

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1. Conclusion

Our audit procedures were conducted to provide assurance to management and the Gavi Board on the adequacy and effectiveness of key controls related to the processes of expense claims, reimbursements, and credit card management in the period from 1 November 2022 to 30 April 2024.

Gavi is responsible for ensuring that all expenses incurred are reasonable, appropriate, necessary, and aligned with its business needs and mission. To achieve this, policies and controls have been established to guide and enforce the principles and requirements applicable to all individuals incurring expenses on behalf of Gavi. All staff travel and expense claims are submitted through the MobileXpense system (MBX) and reimbursed via Gavi's financial system (SAP).

Our assessment concluded that improvements are required in the areas of oversight, policy and procedural clarity and overall implementation of the control environment.

We were also asked to consider whether the current audit interval of 18 months for assurance over this area remains appropriate, given management's efforts in the design and implementation of key controls. In light of the identified gaps and weaknesses, we recommend maintaining the existing frequency for the time being. Regular audits are essential to ensure sustained oversight, support continuous improvements, and reinforce management's commitment to transparency and accountability.

We identified two high-risk issues and seven medium-risk issues. A high-level summary of the key audit issues is provided below.

Summary of Audit Issues

Description	Rating*
Theme 1: Management of Expense Claims and Reimbursements	
1.1 Reinforce compliance with travel and expense policies and procedures	
Theme 2: Management of Business Travel	
2.1 Enhance controls relating to travel pre-approval	
2.2 Strengthen controls related to booking business travel to drive down costs	
Theme 3: Management of Credit Cards	
3.1 Strengthen credit card management procedures	
3.2 Enhance the design and implementation of key controls in the management of individual corporate credit cards	
3.3 Strengthen controls related to management of individual corporate credit cards to mitigate the risk of fraud	
Theme 4: Policies and Procedures	
4.1 Enhance, simplify, and streamline travel and expense policy and procedures	
4.2 Formalise and maintain documentation for key control activities within the expense claims and reimbursement process	
Theme 5: Systems and Tools	
5.1 Enhance controls related to the MBX system	

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

2. Summary of Issues

We recognise that management has made progress over the years in the design and implementation of key controls related to the management of travel expenses, reimbursements, and individual corporate credit cards. However, improvements are still required to ensure adequate risk and governance oversight, with a stronger focus on key controls and their ongoing monitoring.

We encourage management to address the gaps identified in the audit in a timely manner, taking into account the ratings of the audit observations and the potential exposure to the organisation.

The audit identified five overarching themes and resulted in nine recommendations aimed at addressing the observed control weaknesses.

Theme 1: Management of Expense Claims and Reimbursements

The audit identified several instances where travel and expense claims did not fully align with Gavi's established policies and procedures. These included deviations from class-of-travel guidelines, approvals not consistently obtained from the designated line manager, and expense claims exceeding policy thresholds (i.e., for meals, hotels, and gifts). In some cases, the most senior employee present did not pay for group meals and yet approved the claim, which is against policy and not in line with good governance practices. Additional observations included non-itemised expenses, incorrect currency selections, errors in reporting the number of nights spent in-country and other minor data entry errors in MBX.

While these findings were limited in scope, they were identified through a risk-based sample selection, focusing on areas with greater exposure and control sensitivity. They highlight opportunities to reinforce awareness of policy requirements, strengthen system controls, and support staff in consistently applying procedures. It remains essential that staff consult relevant teams when in doubt to ensure correct interpretation and application of policies. Continued or repeated non-compliance may warrant further management attention and, where necessary, the implementation of appropriate corrective actions to uphold accountability and maintain the integrity of Gavi's control environment to ensure that all expenses incurred are reasonable, appropriate, necessary, and aligned with the business needs and mission.

Theme 2: Management of Business Travel

The audit identified control weaknesses in the process of booking business travel which could lead to higher business travel costs:

- Approval for travel bookings is not centrally documented, which poses a risk to financial oversight and compliance, making it difficult to verify whether travel was properly justified and authorised, and whether actual expenses align with the approval. The lack of centralised tracking may lead to inconsistencies and reduced accountability.
- Nearly half (47%) of air travel bookings were made less than 15 days before departure, contrary to policy and incurring higher costs, with no explanations provided for late bookings.
- A proposed policy change would reduce the advance booking requirement from fifteen to seven days which would improve the compliance rate by about 30%. However, this will not resolve the root cause of late bookings and is likely to result in cost increases.
- Currently, there is no system for monitoring and reporting on adherence to travel class rules for group bookings due to the absence of appropriate tools. This demonstrates a misalignment between policy aspiration and design and effective control operationalisation.

Gavi is operating in a resource-constrained environment. If management addresses the control weaknesses identified in the process of booking business travel, Gavi is likely to make savings on expenditure related to business travel.

Theme 3: Management of Credit Cards

The audit identified opportunities to enhance the management and governance of individual corporate credit cards. Having clearer eligibility criteria, stronger oversight of card usage, and improved procedural documentation will strengthen controls and reduce operational risks.

Management is taking proactive steps to address these areas by refining internal policies, ensuring consistent application of security features, and automating parts of the approval workflow to reduce operational risks.

These improvements will help strengthen overall financial controls and minimise the potential risk of misuse or fraud.

Theme 4: Policies and Procedures

The audit identified several areas within Gavi's travel, expense, and corporate credit card policies and procedures where enhancements are needed to strengthen the overall control environment.

Key policy provisions are currently open to interpretation due to overlapping or unclear language, increasing the risk of inconsistent application and administrative efforts. Policies, procedures, and processes that are not clearly defined, transparent, or that rely on manual application may heighten the risk of errors, misuse, or fraudulent activity. Clarifying and aligning processes and respective policies and procedures under a more streamlined and cohesive framework would help reduce exposure to control failures and improve operational efficiency.

In addition, clearer criteria and documentation for credit card use and expense claim reviews would support more consistent decision-making and accountability.

The MBX system's documentation and configuration knowledge is limited and relies heavily on individual expertise. Broader access and regular updates are needed to support system continuity, institutional knowledge, and control resilience. Inadequate or outdated documentation may hinder knowledge transfer and lead to inconsistencies in control application.

Timely remediation of these gaps will strengthen Gavi's control environment and reinforce its commitment to effective oversight, accountability, and operational excellence.

Theme 5: Systems and Tools

The audit highlighted opportunities to strengthen the implementation of MBX system controls.

- Key system settings, such as an effective audit trail, are not implemented and monitoring activities remain manual, reducing efficiency and the ability to respond to risks promptly.
- Controls over the access of MBX users and the communication process around staff changes and movements need improvement.
- The risk of double payment of consultant expense claims still exists.
- ISAE 3402 assurance reports on internal controls are not being reviewed, leaving uncertainty about the robustness of the MBX service provider's control environment.

Addressing these gaps in a timely and coordinated manner would help reinforce system integrity, reduce exposure to operational and reputational risks, and support a more resilient control environment.

3. Background

This audit has been conducted regularly, initially on an annual basis and more recently every 18 months. In 2024, as part of this recurring audit, we reviewed the results of prior audits alongside the current key controls and operational analytics to assess whether the existing 18-month frequency and scope remain appropriate. In light of the identified gaps and weaknesses, we recommend maintaining the existing frequency for the time being.

The current audit included a sample-based review of expenses incurred by the CEO, COO, Senior Leadership Team (SLT), and Gavi staff based in Geneva and Washington, DC.

The last audit, completed in 2023, covered the period from 1 January 2021 to 31 October 2022 and included several updates to key policies, such as:

- Travel and Expense Policy (version 6.5)
- Employee Travel and Expense Procedures Guidelines (version 1.5)
- Gavi Board Travel Policy (version 4)

Since the 2023 audit, all staff travel and expense claims continued to be submitted and processed through the MobileXpense (MBX) system, with reimbursements made via Gavi's financial system, SAP S4/HANA.

4. Objectives, Scope, and Approach

4.1 Audit Objective

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

4.2 Audit Scope and Approach

Our audit approach was risk based, informed by our understanding of Gavi's business, governance, risk management processes and internal control systems as well as our assessment of the risks associated with the audited areas. In the interviews with the Head of Operations, we also discussed the operations processes and imperatives.

This audit was conducted through interviews, observations, documentation review, and process walkthroughs. Our focus was on operational efficiency, and effectiveness, as well as assessing the design and operating effectiveness of key controls including governance and risk management processes.

The scope of the audit covered a sample-based review of expenses (substantive testing) incurred by the CEO, COO, SLT, and Gavi staff in Geneva and in Washington DC settled in MBX from 1 November 2022 to 30 April 2024. In particular, the audit covered the following key processes:

- Submission and approval of travel requests;
- Submission of expense claims by travellers;
- Review and approval of expense claims by line managers and Finance;
- Review of the management of individual corporate credit cards issued to employees, and
- Management of the MobileXpense (MBX) system (e.g., access management).

The following processes were excluded from the scope due to a distinct risk profile:

- Review of policies and procedures related to event management, gift and hospitality including detailed testing of related transactions; and
- Review of the management of buyers, events cards, and P-cards.

We will continue to work with management to ensure that the issues observed in the audit are adequately addressed and required actions undertaken.

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

Director, Internal Audit

Annex 1 – Methodology

Gavi's Audit and Investigations (A&I) audits are conducted in conformance with the Global Internal Audit Standards of the Institute of Internal Auditors. These Standards constitute 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' Global Guidance is also adhered to as applicable to guide operations. In addition, A&I staff adhere to A&I's Audit Manual.

The principles and details of 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 our auditors to provide high quality professional work, and to operate efficiently and effectively. They help safeguard the independence of the A&I's auditors and the integrity of their work. The Audit Manual contains detailed instructions for carrying out audits, in line with the appropriate standards and expected quality.

In general, the scope of A&I's work extends not only to the Gavi 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. • Fraud and unethical behaviour including management override of key controls. Management attention is required as a matter of priority.
Medium	At least one instance of the criteria described below is applicable to the 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.