

<b>SUBJECT:</b>	<b>CONSENT AGENDA: APPOINTMENT OF INDEPENDENT AUDITOR FOR 2014 TO 2018</b>
<b>Report of:</b>	Barry Greene, Managing Director, Finance and Operations
<b>Authored by:</b>	Louis Mkanganwi, Director of Financial Reporting
<b>Agenda item:</b>	02d
<b>Category:</b>	For Decision
<b>Strategic goal:</b>	Alliance operations

## **Section A: Overview**

### **1. Purpose of the report**

- 1.1 This report provides the Board with the recommendations of the Gavi Audit and Finance Committee and the Gavi Secretariat for the appointment of Gavi Alliance's independent auditor for the next five-year term from 2014 to 2018.

### **2. Recommendations**

- 2.1 In accordance with the Gavi Alliance Independent Auditor Selection and Evaluation Policy the Audit and Finance Committee recommends that the Board:
- (a) **Appoint** KPMG SA/AG as the independent auditor of the Gavi Alliance for the 5 year term from 2014 to 2018.
  - (b) **Appoint** KPMG SA/AG as the external tax consultant of the Gavi Alliance for the 5 year term from 2014 to 2018.

### **3. Executive summary**

- 3.1 In December 2012, the Board approved the *Independent Auditor Selection and Evaluation Policy* (the "Auditor Selection Policy"). As required by this policy, the Secretariat requested, received and evaluated proposals from audit firms to serve as the Gavi Alliance's independent auditor for 2014 to 2018. Based on this process, the Secretariat recommends the appointment of KPMG as the Gavi Alliance's independent auditor for the aforementioned period.
- 3.2 At its meeting on 17 April 2014, the Gavi AFC reviewed the attached paper which sets forth the basis for this recommendation, and at its

meeting on 24 October 2014 the AFC decided to make the foregoing recommendations. The AFC noted that the envisaged five year term aligns with the term of the same auditors' appointment as World Bank auditors, while the engagement letter allows Gavi to change auditors during that term if the Board so desired in the future.



## Report to the Audit and Finance Committee

17 April 2014

<b>Subject:</b>	<b>Appointment of Independent Auditor for 2014 to 2018</b>
<b>Report of:</b>	Barry Greene, Managing Director, Finance and Operations
<b>Authored by:</b>	Louis Mkanganwi, Director of Financial Reporting
<b>Agenda item:</b>	02
<b>Category:</b>	For Decision
<b>Strategic goal:</b>	Alliance operations

### Section A: Overview

#### 1 Purpose of the report

- 1.1 This report provides the Committee with KPMG's proposal recommendations for the appointment of GAVI Alliance's independent auditor for the next five-year term from 2014 to 2018.

#### 2 Recommendations

- 2.1 In accordance with the GAVI Alliance Independent Auditor Selection and Evaluation Policy, the Audit and Finance Committee is requested to:
- (a) **Recommend** to the Board that it appoint KPMG SA/AG as the independent auditor of the GAVI Alliance for the 5 year term from 2014 to 2018.
  - (b) **Recommend** to the Board that it appoint KPMG SA/AG as the external tax consultant of the GAVI Alliance for the 5 year term from 2014 to 2018.

#### 3 Executive summary

- 3.1 In December 2012, the Board approved the *Independent Auditor Selection and Evaluation Policy* (the "Auditor Selection Policy"). As required by this policy, the Secretariat requested, received and evaluated proposals from audit firms to serve as the GAVI Alliance's independent auditor for 2014 to 2018. Based on this process, the Secretariat recommends the appointment of KPMG as the GAVI Alliance's independent auditor for the aforementioned period.
- 3.2 The Board has sole responsibility to appoint the independent auditor. In 2013, a request for proposals was sent to Deloitte & Touche, Ernst &

Young, KPMG and PricewaterhouseCoopers (“PwC”). Of these firms KPMG and PwC responded and indicated that they would submit proposals. However, after further information was shared with the two participating firms, PwC subsequently withdrew from the process because it did not believe that it could manage the audit relationship with the World Bank’s auditor while still keeping its fees competitive.

- 3.3 Based on its review of KPMG’s proposal, the Secretariat believes that KPMG is well positioned to continue to serve as the GAVI Alliance’s auditor for the five year term commencing in 2014. KPMG’s proposal and related financial offer are attached as Annexes 2 and 3, respectively, and are discussed further in Section B below.

#### **4 Risk implication and mitigation**

- 4.1 Not applicable.

#### **5 Financial implications: Business plan and budgets**

- 5.1 Not applicable.

### **Section B: Content**

#### **6 Independent auditor and external tax consultant for the 2014 to 2018 financial years**

- 6.1 Per para. 2.5 of the Auditor Selection Policy, KPMG may be considered for appointment to a second term of up to five consecutive financial years. See Annex 1 for the Auditor Selection Policy.
- 6.2 Per para. 2.2 of the Auditor Selection Policy, the Secretariat has performed a detailed assessment of the KPMG proposal and attaches it here as Annexes 2 and 3 for the Committee’s consideration, along with a recommendation that the GAVI Alliance appoint KPMG as its auditor and external tax consultant for 2014 to 2018.
- 6.3 The World Bank has confirmed that on 11 June 2013, it reappointed KPMG as its independent auditor for the 2014 to 2018 financial years. As the World Bank’s auditor, KPMG is able to obtain direct access to the financial records of IFFIm. Therefore, KPMG is best positioned to ensure a consistent, co-ordinated and cost effective approach to the GAVI Alliance consolidated audit.
- 6.4 The Secretariat reviewed KPMG’s proposed audit team and noted that there is good continuity in the team. KPMG has indicated that Pierre-Henri Pigeon will continue to serve as audit partner and Karina Vartanova as senior manager on the audit engagement. Both Mr. Pigeon and Ms. Vartanova have been on this engagement since 2009. The tax compliance partner and World Bank audit partner responsible for IFFIm also both have previous experience on the GAVI Alliance account. See page 10 of Annex 2 for details of KPMG’s proposed team.

6.5 KPMG’s proposed fee is summarized below, along with KPMG’s fees for 2010 to 2013, which are included for comparative purposes:

<b>All amounts in US\$</b>	<b>Actual 2010</b>	<b>Actual 2011</b>	<b>Actual 2012</b>	<b>Esti- mated 2013</b>	<b>Proposed 2014 to 2018</b>
Audit of financial statements	193,000	208,000	196,000	208,700	216,300
Audit of supplemental information	6,700	6,700	6,700	6,700	6,700
Tax compliance services	8,000	8,300	8,550	8,735	8,784
<b>Total</b>	<b>207,700</b>	<b>223,000</b>	<b>211,250</b>	<b>224,135</b>	<b>231,784</b>

6.6 KPMG has committed to maintain the above US\$ audit fees amounts consistent for the five-year term provided that the CHF to US\$ exchange rates fluctuations do not exceed 2% during that period. See Annex 3 for full details of KPMG’s proposed fees.

6.7 Using the guidelines in para. 2.3 of the Audit Selection Policy, the Secretariat requested KPMG to specifically address certain key requirements in its proposal. These requirements are listed on page 26 of Annex 2 and each requirement is cross-referenced to where it is addressed in KPMG’s proposal. The Secretariat has reviewed KPMG’s responses and believes that they are appropriate and satisfactory.

**Section C: Implications**

**7 Impact on countries**

7.1 No direct impact.

**8 Impact on GAVI stakeholders**

8.1 No direct impact.

**9 Impact on Secretariat**

9.1 Refer to **Section A** above.

**10 Legal and governance implications**

10.1 There are no significant legal or governance implications following from the recommendation in this report.

**11 Consultation**

11.1 Not applicable.

**12 Gender implications**

12.1 No direct implications.




**Section D: Annexes**

Annex 1: Independent Auditor selection and Evaluation Policy


Annex 2: KPMG Proposal for External Audit and Tax Compliance Services

Annex 3: KPMG Financial Offer Template for 2014 to 2018

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<b>GAVI Alliance Independent Auditor Selection and Evaluation Policy</b>	Version No.: 1.0	Page 1 / 6

DOCUMENT ADMINISTRATION

VERSION NUMBER	APPROVAL PROCESS	DATE
1.0	Barry Greene, Managing Director, Finance and Operations	
	Reviewed by: GAVI Audit and Finance Committee	9 November 2012
	Approved by: GAVI Alliance Board	4 December 2012
		Effective from: 1 January 2013 Review: As and when required

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<b>GAVI Alliance Independent Auditor Selection and Evaluation Policy</b>	Version No.: 1.0	Page 2 / 6

## Independent Auditor Selection and Evaluation Policy

### 1. Definitions

1.1 The following definitions and acronyms shall apply:


- **“AFC”** – GAVI Alliance Audit and Finance Committee.
- **“Board”** – GAVI Alliance Board of Directors, or the GAVI Alliance Executive Committee acting on behalf of the Board of Directors.
- **“IFRS”** – International Financial Reporting Standards.
- **“Incumbent Alliance Auditor”** – the public accounting firm engaged to perform the audit of the consolidated financial statements of the GAVI Alliance.
- **“Incumbent Campaign Auditor”** – the public accounting firm engaged to perform the audit of the financial statements of the GAVI Campaign.
- **“Incumbent IFFIm Auditor”** – the public accounting firm engaged to perform the audits of the financial statements of the International Finance Facility for Immunisation and the GAVI Fund Affiliate.
- **“Records”** – all documents, reports, diagrams, correspondence, emails, and other physically or electronically stored material, and other business records regardless of where they are located or stored, including those stored in a desk drawer, office, file cabinet, record center, hard drive, personal computer or laptop, or off-site location.
- **“US GAAP”** – United States Generally Accepted Accounting Principles.
- **“UK GAAP”** – United Kingdom Generally Accepted Accounting Principles.

### 2. Appointment of Independent Auditor

#### Request for Proposals by Audit Firms

- 2.1 Prior to the end of the last financial year of a current Incumbent Alliance Auditor’s five-year term, as described in 2.5 and 2.6 below, the Secretariat shall request no less than three public accounting firms to submit written proposals to serve as the GAVI Alliance’s next independent auditor.
- 2.2 The Secretariat shall review and assess all proposals submitted to identify those proposals meriting consideration by the AFC. The Secretariat shall then submit those proposals meriting AFC consideration to the AFC, along with the Secretariat’s recommendations on which firm should be selected.



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2.3 In assessing each proposal, the Secretariat and AFC shall consider:

- a) the overall reputation of the firm, including whether the firm is an internationally recognised public accounting firm.
- b) the firm's presence in Switzerland, the United States and the United Kingdom.
- c) the firm's experience with auditing organisations similar to the GAVI Alliance, including its experience with auditing organisations under US GAAP, UK GAAP and IFRS.
- d) the firm's understanding of the GAVI Alliance's business and mission and whether the proposal has been tailored to reflect this understanding.
- e) the quality, experience and qualifications of the individuals on the proposed professional team.
- f) the firm's proposed risk assessment and audit methodologies, including whether the proposed methodologies are appropriate for the GAVI Alliance and sufficient to identify material errors and control weaknesses.
- g) the firm's proposed plan for dealing with and relying on the audit work performed by the Incumbent IFFIm Auditor and Incumbent Campaign Auditor, including whether the firm plans to make reference to the Incumbent IFFIm Auditor and the Incumbent Campaign Auditor in its audit report on the GAVI Alliance's consolidated financial statements.
- h) potential efficiencies and cost savings that may be realised by appointing the same public accounting firm to serve as Incumbent Alliance Auditor, Incumbent IFFIm Auditor and Incumbent Campaign Auditor.
- i) any factors that may create conflicts of interest or impair the firm's actual or perceived independence from the GAVI Alliance.
- j) the number of hours and whether sufficient partner and manager time is allocated to ensure proper supervision of the team.
- k) the proposed fee and estimated out-of-pocket expenses.
- l) if available, feedback from the firm's other clients on the firm's performance.
- m) any other information that the Secretariat or AFC deems relevant to the firm or its proposal.

2.4 Based on the considerations described in 2.3 above, the AFC shall recommend a public accounting firm to the Board for appointment as the GAVI Alliance's independent auditor. The selected public accounting firm shall be appointed as Incumbent Alliance Auditor by resolution of the Board.

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### Term of Appointment

- 2.5 An Incumbent Alliance Auditor may serve a first term of up to five consecutive financial years. After completion of its first five-year term, an outgoing Incumbent Alliance Auditor may submit a proposal to be considered for appointment to a second term of up to five consecutive financial years.
- 2.6 No Incumbent Alliance Auditor may serve more than two consecutive five-year terms. After completion of an Incumbent Alliance Auditor's second consecutive five-year term, the Board shall appoint a different public accounting firm to serve as the GAVI Alliance's independent auditor.
- 2.7 The Board may, by resolution, terminate an Incumbent Alliance Auditor's services prior to completion of its five-year term. In the case of such a termination, the Board shall appoint a new Incumbent Alliance Auditor as described in 2.1 to 2.4.

## **3. Services to be Provided by Incumbent Alliance Auditor**

### Audit and Related Services

- 3.1 Each financial year, the Incumbent Alliance Auditor shall perform the following audit and related services:
  - a) audit of the GAVI Alliance's consolidated financial statements included in the GAVI Alliance Annual Financial Report.
  - b) audit of supplemental information included in the GAVI Alliance Annual Financial Report.
  - c) review of discussion and analysis information included in the GAVI Alliance Annual Financial Report.
  - d) other audit and examination assignments that may be required from time to time by donors, partners or other GAVI Alliance stakeholders.
- 3.2 The services described in 3.1 a), b) and c) above shall be included in annual audit engagement letters that the Secretariat shall execute on behalf of the GAVI Alliance with the Incumbent Alliance Auditor. Board approval of these engagement letters shall not be required.
- 3.3 The services described in 3.1 d) above shall be included, as necessary, in separate engagement letters that the Secretariat shall execute on behalf of the GAVI Alliance with the Incumbent Alliance Auditor. Specific Board approval of these engagement letters shall not be required unless the aggregate fees associated with these services exceeds, or is expected to exceed, US\$ 250,000 during any financial year.

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### Tax Compliance Services


- 3.4 Each tax year, the Incumbent Alliance Auditor shall perform tax compliance services for the GAVI Alliance, including review of the GAVI Alliance annual tax Form 990 submitted to the United States Internal Revenue Service.
- 3.5 The services described in 3.4 above shall be included in annual tax engagement letters that the Secretariat shall execute on behalf of the GAVI Alliance with the Incumbent Alliance Auditor. Board approval of these engagement letters shall not be required.

### Disallowed Services

- 3.6 The Incumbent Alliance Auditor shall not, without prior approval of the AFC, perform any audit, financial compliance or other examination procedures in GAVI implementing countries with respect to the use of GAVI funds.
- 3.7 The Incumbent Alliance Auditor shall not perform any services that involve, or appear to involve, the Incumbent Alliance Auditor making management decisions on behalf of the GAVI Alliance.

## **4. Assessment of Incumbent Alliance Auditor's Performance**

- 4.1 After the second financial year of an Incumbent Alliance Auditor's five-year term, the Secretariat will prepare an assessment of the Incumbent Alliance Auditor's performance and quality of service, and present that assessment to the AFC for review and consideration. This evaluation shall include assessments of:
  - a) the quality of communications with the AFC and the Secretariat.
  - b) how the audits for the first two financial years were planned and conducted.
  - c) the composition of the audit team.
  - d) the timeliness and responsiveness of the Incumbent Alliance Auditor.
  - e) the Incumbent Alliance Auditor's maintenance of independence.
  - f) any significant changes to the Incumbent Alliance Auditor since its appointment.
  - g) any other information that the Secretariat deems relevant.
- 4.2 The AFC shall consider the information in the Secretariat's assessment, along with information it has received directly from the Incumbent Alliance Auditor. Based on all this information, the AFC shall determine whether there are any issues that must be remedied

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4.3 The AFC or Board may also initiate a formal review of the Incumbent Alliance Auditor's performance at any time if they become aware of any issues that they feel must be immediately remedied.

4.4 The Secretariat shall work with the AFC and the Incumbent Alliance Auditor to promptly remedy any issues identified in 4.2 or 4.3 above.

**5. Audit or Examination of Records by Parties Other than the Incumbent Alliance Auditor**

5.1 The Incumbent IFFIm Auditor and Incumbent Campaign Auditor may, after consulting with the Secretariat, perform audit procedures on the Records of the GAVI Alliance to the extent such procedures are required to complete their audits of the International Finance Facility for Immunisation, the GAVI Fund Affiliate or the GAVI Campaign

5.2 Unless exceptionally and specifically approved by the AFC or Board no individual or organisation other than the Incumbent Alliance Auditor, the Incumbent IFFIm Auditor and Incumbent Campaign Audit may perform audit or other examination procedures on the Records of the GAVI Alliance.



*cutting through complexity*

# Consistent progress through continued partnership

PROPOSAL

External Audit & Tax  
Compliance Services  
for GAVI Alliance

Geneva, 21 March 2014



## A personal note from KPMG leadership

The GAVI Alliance is a very important client for KPMG. Your mission to increase affordable immunization to poor countries has positioned you as a key player in the global immunization arena. Our commitment to your communities is at the heart of our values and helps keep KPMG grounded in the real issues that face society.

You are confronting new challenges and need a partner, who understands your organization, your employees, and your business. A partner, who will continue to work closely with you in your development and your success. Transparency and trust are fundamental to the way we work and we hope you have experienced this over the past years working side by side with us. Like the GAVI Alliance, we believe that by developing strong and trusted partnerships, we can achieve more together than apart. We want to continue to make a difference...together.

This offer describes KPMG's strong desire to use our vast knowledge and recognized collaboration with you to better serve the GAVI Alliance. Previous years are the best proof of our commitment, which will continue in the same spirit to your advantage.

As Head of Audit and as a Member of the Executive Committee, I assure you that KPMG is devoted to providing you with very high quality services. To demonstrate this, it would be my pleasure to conduct an independent Client Service Review with your team, allowing you the opportunity to provide us with direct and open feedback.

KPMG would be both honored and proud to keep the GAVI Alliance as an audit client. Our highly motivated team will be pleased to continue providing you with the unique blend of financial services and not-for-profit know-how that we draw from in order to create the tailored audit experience you need.



**Lukas Marty**

*Partner, KPMG Executive Committee*





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GAVI Alliance  
Calin Schiau  
2, Chemin des Mines  
1202 Geneva  
Switzerland

Geneva, 21 March 2014

### **Proposal to be the independent auditor of the GAVI Alliance**

Dear Mr. Schiau,

Thank you for your invitation to propose for the renewal of our external audit services. We are delighted to submit our proposal, which we believe perfectly illustrates the unique proposition that KPMG offers you.

GAVI is a significant client for KPMG and you already know the depth of our commitment through our involvement over the last few years, during which you have been continuously transforming your growing organization. Through your successes, your accountability, and your transparency, your reputation has reached the highest ranks. You have exciting plans for the future and we are very motivated to continue supporting you in realizing your ambitions.

Our proposal demonstrates how our approach will evolve to best suit your needs as you continue to improve your operations. By strengthening the collaboration with your internal audit and the Transparency and Accountability Program (TAP), our aim is to help reinforce the monitoring of operational risks in your implementing countries. We will also continue to keep a strong focus on your compliancy with US GAAP and to provide you with the most appropriate solutions for your specific industry.

As the World bank auditor, KPMG can provide you with a unique and direct access to IFFIm's figures, which will add to our ability to perform an efficient audit focused on the key risks.

We recognize the importance of further developing the existing knowledge as well as the strong relationship we have built up together over the past several years. Our approach is underlined by our goals to provide you with the very best support and to ensure you experience a consistently outstanding service.

You know us as a team that keeps our promises and that you can trust. We are proud to work with an organization that represents such an admirable mission and we strongly believe that KPMG is the right partner to support you in carrying your vision further.

Yours sincerely,

KPMG SA

Pierre-Henri Pingeon  
*Lead Partner*

Karina Vartanova  
*Senior Manager*

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# 1

## Executive Summary

## Why KPMG?

We share the values represented by the GAVI Alliance and are committed to your success. We look forward to building on the trusted relationship we have developed together and, by choosing to extend our partnership, the GAVI Alliance will continue to benefit from the following:

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### We currently audit the World Bank

As the World Bank auditor, KPMG is responsible for auditing the US GAAP reporting package prepared for IFFIm. Our close relationship with the KPMG World Bank team allows for an effective cooperation in terms of setting the scope as well as in the planning of our audit work. This significantly adds to our ability to deliver a high quality, efficient audit that focuses on key issues and risks.

### We know the GAVI Alliance

Knowing and understanding your business as we do, the KPMG team is well positioned to support you in identifying and addressing future challenges and opportunities. Over the last five years, we have consistently demonstrated the depth of our commitment through our flexibility and involvement alongside your constantly growing and transforming organization.

**Based on our collaborative experiences with both the KPMG World Bank audit team as well as with your team at the GAVI Alliance, we have been able to develop the right global approach and communication methods for meeting your specific needs. With this expertise, we can confidently deliver a smooth, “no surprises” audit process in the coming years.**

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### We operate within your community

KPMG’s work with numerous international organizations has led to a strong presence in Geneva and internationally. As a result, we have been able to form a dedicated local team of multinational auditors and specialists, who understand the GAVI Alliance’s environment and can provide extensive knowledge in the nonprofit, NGO, and development sector. In supporting your ambitions, we also welcome the opportunity to look beyond the audit to provide guidance on potentially interesting options, such as converting from US GAAP to IFRS or the strengthening of internal control systems in your implementing countries.

### We belong to a global network

Dealing with a multifaceted client such as the GAVI Alliance requires an alignment of the right KPMG team with the most appropriate set of skills and experiences. In addition to our strong local presence here in Geneva, KPMG’s extensive network allows us to ensure that the support, consistency of service quality, and adherence to agreed values are brought to bear the world over. Given the breadth of the GAVI Alliance’s global reach and KPMG’s international presence, supplementing the core team with additional resources in close proximity to the field locations allows KPMG to minimize travel as well as consolidate services and time savings for your staff.

**Our experience as a global service provider supporting the top not-for-profit organizations will provide the GAVI Alliance with a direct link to leading practices, new opportunities, and developments within the industry that are identified through KPMG’s practice.**



## 2

**Maintaining momentum  
with thought leadership**

## Thoughts on the GAVI Alliance’s key challenges

Beyond auditing your books, we also pride ourselves on being a partner that analyzes your business and delivers helpful solutions for the future. We have several ideas that could help bring the GAVI Alliance further as you focus on increased efficiency and risk mitigation.

	<b>Current situation</b>	<b>Potential KPMG contribution</b>
<b>Sustaining the GAVI Alliance model by strengthening internal control systems in implementing countries</b>	<p>The GAVI Alliance must continuously prove its relevance in order to meet donor expectations and adequately deliver vaccinations to implementing countries. Strong internal controls in the latter countries will help prevent the misuse of funds and allow for satisfactory grant management.</p>	<p>While KPMG does not perform the GAVI Alliance’s internal audit and TAP engagements, we are able to help with extended assurance by carrying out specific procedures within the local organizations responsible for implementing your vaccination programs. Our close collaboration with internal audit and TAP allows us to align the scope of internal and external audits to avoid overlaps and to offer extensions where necessary, resulting in the most efficient process.</p> <p>KPMG has a vast network of offices that spreads into your implementing countries. We can also provide credentials for similar work our firm has conducted for other global accounts, such as IFRC.</p>
<b>Addressing the challenge of continuously evolving financial standards</b>	<p>Being constantly subjected to external scrutiny as well as the high expectations of its donors, the GAVI Alliance must keep up with the complexity of the US GAAP accounting framework that it currently uses to prepare its consolidated annual financial statements. It is equally important to maintain an internal set of accounting procedures and a policies manual that is fully compliant with US GAAP.</p> <p>Fair value measurements are at the core of the GAAP framework used by the GAVI Alliance in its consolidated financial statements. As a result, you constantly need to monitor the models you use to fair value complex financial instruments, such as Advance Market Commitments and other innovative finance tools.</p>	<p>KPMG has, and will continue to, provide US GAAP reference materials, insights, and independent recommendations on the GAVI Alliance’s newly implemented and upcoming changes to its internal accounting policies. By reviewing the rationale of the policies, where accounting choice is allowed, KPMG helps to shape them in a way that is most relevant and suitable for the GAVI Alliance’s unique operating model at the same time complying with US GAAP requirements.</p> <p>KPMG has and continues to assist GAVI in evaluating the fair value measurements prepared internally in collaboration with our experts. Our experts possess unique knowledge based on their experiences in a similar context with the World Bank and IFFIm. In KPMG, the GAVI Alliance has a proven sounding board and constructive support that ensures that fair value measurements are made appropriately.</p>



### 3

**Building on a  
trusted relationship**

## The right team for the GAVI Alliance

An effective team is more than just the sum of its members. The interpersonal collaboration between KPMG and the GAVI Alliance has played a significant role in developing the promising partnership we enjoy today.

### Core Team

**Pierre-Henri Pingeon**  
Lead Partner

**Karina Vartanova**  
Senior Manager

**Henri Mwaniki**  
Manager

### US GAAP

**Charles Errico**  
Quality Reviewer

### Specialists

**Leon Yang**  
Valuation

**Jeremie Josten**  
Information Technology

### Component Auditors

Doug Sweeney  
**US World Bank Partner**

Katie Bishop  
**US GAVI Campaign Partner**

### IFFIm Statutory Auditor

Mike Peck  
**UK IFFIm Partner**

### Tax Compliance

Peggy Bradshaw  
**US Tax**

Your KPMG audit team works closely with you and strives to deliver a high quality, well functioning service at all times.

### Experienced auditor

The quality of the team selected to serve you is the clearest demonstration of our commitment. Chosen for their extensive experience and ability to meet GAVI's needs and goals, your KPMG team members bring a blend of significant, relevant not-for-profit experience and a demonstrated understanding of issues. They know your business and have proven themselves in working side by side with you over the years.

### Regionally located

We are where you need us. Many large organizations face challenges related to the privilege of a tax exempt status, not least because the relevant laws differ depending on location. Tax laws and regulations the world over are complex, sometimes vague, and often fail to address important issues faced by the tax exempt community. While tax consequences should not drive programmatic decisions, their impact cannot be ignored.

With this in mind, our regional practices have accumulated significant local knowledge of US, Swiss, and UK laws and regulations and are equipped to support you in achieving compliance with international jurisdictions. Our ability to work across geographical and regional borders enables us to answer questions and approach the complex issues that keep your management awake at night.

### Maximum know-how through continuity

Together, the GAVI Alliance and KPMG teams have developed a effective collaboration and we are happy to confirm that no transition effort will be needed now or at any time over the next five years of our partnership. In addition to the team, Pierre-Henri will maintain his role as Lead Partner and will continue to provide key thought leadership and insights.

### 3 Building on a trusted relationship

The following pages introduce some of the key members of your KPMG team. More detailed CVs for them and further KPMG contributors can be found in Appendix II.



**Pierre-Henri Pingeon**  
Lead Partner

**Responsibilities:** Pierre-Henri is responsible for seeing that your KPMG audit team performs to the best of its combined abilities. His style of ongoing interaction and communication helps to maintain a steady overview of your audit and he has the necessary authority to make decisions in a timely and effective manner. In determining the appropriate audit strategy, he represents the quality of our service.

**Value:** With Pierre-Henri as Engagement Partner, our audit process will be continuously customized to meet your specific needs and can be quickly adapted as and when necessary. Your close contact with him will lead to clear communication and the prevention of unwanted surprises.

**Experience:** As a KPMG Audit Partner, Pierre-Henri has managed the audit of various international not-for-profit engagements. His references include: International Federation of Red Cross and Red Crescent Societies (IFRC), MSF International, UNHCR, Aga Khan Fund for Economic Development (AKFED), Medicines for Malaria Venture (MMV) and Global Alliance for Improved Nutrition (GAIN).



**Karina Vartanova**  
Senior Manager

**Responsibilities:** As Senior Manager, Karina will be responsible for assisting Pierre-Henri in identifying and addressing accounting and reporting issues. She will also exercise overall responsibility for the team ensuring that the planning is appropriate for meeting assigned objectives, your requirements are met, and assignment deliverables are delivered on time and up to standard. Karina will act as the primary liaison with management for addressing key concerns and improving the audit delivery. She will review the consolidated financial statements and audit reports and hold regular debrief meetings with management to discuss the issues.

**Value:** Using her extensive knowledge of the GAVI Alliance and the sector, Karina will be able to address key risk concerns and improve on the audit workflow while continuously striving for efficiencies.

**Experience:** Karina is responsible for various audit engagements in the not-for-profit sector in the Geneva area. These include: Interpeace, ACT Alliance, FIFDU, World Medical Association, and the HD Centre for Humanitarian Dialogue.

### 3 Building on a trusted relationship

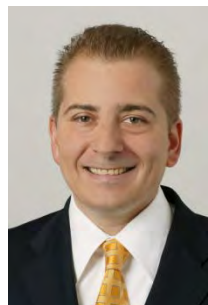


**Henri Mwaniki**  
Manager

**Responsibilities:** Henri's primary role as audit manager is to develop the overall engagement plan and approve engagement work programs for team members to complete. He is also responsible for effectively supervising the quality of work performed by the team through on-the-job coaching and work reviews. Henri will work to identify significant risks and see that the related internal controls are in place to mitigate these risks. He will also focus on the design and execution of tests to monitor these controls.

**Value:** Henri excels at implementing audit methodologies and he takes responsibility for coaching our audit team to achieve the highest quality results possible on your behalf. As a recent transfer from our Washington DC office, where he was part of the World Bank team, Henri's knowledge of World Bank trust funds, US GAAP, and the most current and efficient practices will flow directly into the overall service we provide you.

**Experience:** Henri primarily works on not-for-profit engagements in the Geneva area, which include: the HD Centre for Humanitarian Dialogue, UNHCR, International Federation of the Red Cross and Red Crescent, International Aids Society, DG ECHO and MSF International.



**Charles Errico**  
US GAAP Quality Reviewer

**Responsibilities:** Charles will be responsible for reviewing the key elements of the audit, assessing the appropriateness of the financial statements and disclosures in accordance with US GAAP, and reviewing the conclusions of the audit team before KPMG issues the audit report. He will remain independent of the audit engagement with no responsibilities other than those related to the reviewing.

**Value:** Charles has over 15 years of experience serving audit and advisory clients in the consumer markets, telecommunication, chemicals, not-for-profit, and financial services industries. In his role as KPMG's quality control reviewer, Charles will provide guidance on the significant technical issues of the audit to ensure that the appropriate risks have been addressed.

**Experience:** Charles is mainly experienced in SEC registrants and integrated audits under PCAOB standards. He also has experience working on private not-for-profits audited under US GAAP and Government Auditing Standards. Some of his clients include: Chemtura Europe, Trina Solar Switzerland Ltd., HB Fuller, Franklin College, and the Institute for European Studies.



### 3 Building on a trusted relationship



**Leon Yang**  
Valuation Specialist

**Responsibilities:** Leon will support the audit team with technical guidance related to financial securities and valuation.

**Value:** Leon has over 20 years of experience in mathematical finance and risk management in global capital markets and investment banking. He has extensive market and product knowledge across interest rate, credit, FX, commodities, and equity, for both cash and derivatives. In his role as KPMG's valuation specialist for the GAVI Alliance as well as both the World Bank and IFFIm, he will review your investment valuation models and inputs to ensure they are appropriate and that the risks have been addressed. His experience in the audit of financial institutions will ensure an efficient audit approach to the financial instruments valuation.

**Experience:** Leon is a member of the Financial Risk Management Advisory practice specializing in market risk management, model validation, and financial securities valuation. His references include: Citigroup, Deutsche Bank, HSBC, and Credit Suisse.



**Doug Sweeney**  
World Bank Audit Engagement Partner

**Responsibilities:** Doug is the Audit partner for International Bank for Reconstruction and Development (the World Bank) and will be responsible for the financial sector aspects of the IFFIm and GAVI Alliance audits. Doug will assist in providing access to these organization's financial records and also in reviewing the conclusions of the World Bank audit team related to the work performed on the investments.

**Value:** Doug has over 17 years of experience serving various types of financial services companies, including development banks, funds, and REITs. In his role as partner for the World Bank group, Doug will provide guidance on the significant technical issues of the audit as they pertain to investments. He will also assist in the coordinating efforts with the World Bank teams reporting to KPMG Geneva.

**Experience:** Doug is mainly experienced in financial services companies. His list of clients include: Cardinal Bank – Fund Audits, Edge Funds, Unison Holdings, Tishman Speyer, Avendra, Contrack International, and Barceló Crestline.

## Working together through effective communication

Good communication between the GAVI Alliance and KPMG is a key success factor that also creates value in the form of trust and respect, efficient work methods, creative ideas, a smooth information flow, and the early identification and management of issues.

### Working with the GAVI Alliance leadership

As part of our audit process, we have instituted monthly telephone call updates with the GAVI Alliance's CFO and CFOA, Barry Green, and Tony Dutson, respectively. This, in addition to our frequent contact with Louis Mkanganwi and Ruth Hogland, enables us to identify potential opportunities and problems before they can become issues.

To ensure that our approach is accepted and understood by the GAVI Alliance's leadership, we also organize regular formal meetings for audit planning as well as status, closing, and debrief meetings.

### Working with your Internal Audit and TAP partners

KPMG actively collaborates with the GAVI Alliance's internal auditor, Simon Lamb, and the Head of TAP, Bernardin Assiene. In addition to regular updates throughout the audit process, we share the findings in specific areas of interest and provide opportunities for Simon to challenge our approach or to indicate areas where he would be particularly interested increasing the scope of work.

With the representatives of the GAVI Alliance's Transparency and Accountability Program (TAP), we openly discuss matters raised internally in connection with the implementing countries and potential / identified cases of misuse of funds so as to gain an understanding of measures being taken to address these issues.

The information gathered in this way helps us to adapt our audit approach, and the GAVI Alliance's internal auditor function to align the focus of its work based on shared findings with KPMG.

### Reporting

In addition to regular dialogue, we prepare tailored reports for formal communication with senior management and the Audit and Finance Committee, including our Audit Strategy Paper, Audit Highlights Memorandum, and the Management Letter.

Our annual Audit Strategy Plan is usually presented to the Audit and Finance Committee before or during the interim audit (April). This includes discussion of the areas of audit focus, general confirmations on the scope and plan of audits within the context of consolidated financial statements, and an update on US GAAP standards or other hot topics we consider to be relevant for the preparation of the consolidated financial statements.

The Highlights Memorandum addressed to the Audit and Finance Committee include:

- Key points of our audit
- Analysis of key financial figures
- Risk assessment and significant audit procedures
- Estimates and areas of judgment
- Accounting issues
- Improvement areas and follow-up on the previous audits: summarize internal control and system issues, highlighting potential risks and giving business-focused recommendations for potential improvements
- Anticipated changes in the accounting framework used by the GAVI Alliance

This report will be discussed with Group Management and presented to the Audit and Finance Committee.

### 3 Building on a trusted relationship

The following communications plan illustrates when and how we propose to interact with the various stakeholders within the GAVI Alliance.

	Board and Audit Committee	CFO	Finance Team	Head Internal Audit
<b>Regular Communication</b>				
Audit planning		●	●	●
Discussion and presentation of the risk analysis and audit strategy	●	●		
Discussion and presentation of interim audit findings		●	●	
Monthly status calls		◆		
Communication of key audit results		●		
Inquiries		◆	◆	◆
Highlights memorandum and management letter	●	●		
Debrief on the audit results		●	●	
<b>Ad-hoc Communication</b>				
Accounting policy review		◆	◆	
Day-to-day coordination of field visits			◆	
Specific consultations (legal, tax, US GAAP)			◆	◆

#### Legend

● Annual

◆ As necessary

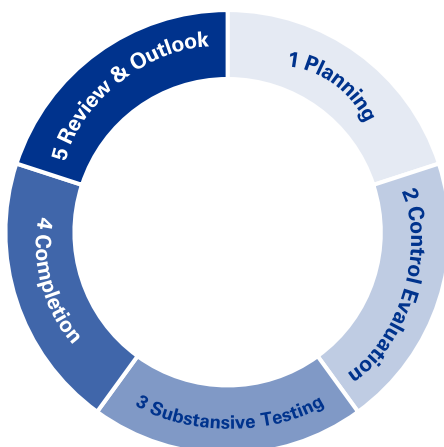


# 4

**An audit approach  
made to measure**

## Our methodology adapted to the GAVI Alliance’s needs

Our methodology is designed to audit continued compliance with US GAAP reporting and disclosure requirements. We will not only pay close attention to the US GAAP compliance, but will also provide a meaningful reporting that is consistent with the GAVI Alliance’s annual report.



### Benefits

- Analysis of your strategic management processes and external industry forces that significantly affect your business
- Reliance on internal controls tends to result in less year-end substantive audit work and enables us to move audit work from year-end to interim periods, which will assist in meeting your important reporting deadlines
- Provides the Audit Committee with an opportunity to have direct contact with the auditors and to present first-hand with information that is relevant to them

### Audit plan for the GAVI Alliance

Phase	Task
<b>1 Planning</b>	<ul style="list-style-type: none"> <li>– Meeting with CFO and key contacts in the finance team to discuss results of the year, potential audit issues, and the planned approach and timetable</li> <li>– Perform risk assessment procedures and identify risks</li> <li>– Discussions with internal audit and TAP to understand risks identified</li> </ul>
<b>2 Control Evaluation</b>	<ul style="list-style-type: none"> <li>– Evaluate design, implementation, and effectiveness of IT systems</li> <li>– Evaluate design, implementation, and effectiveness of selected process controls</li> </ul>
<b>3 Substantive Testing</b>	<ul style="list-style-type: none"> <li>– Perform substantive procedures for GAVI Alliance stand-alone and review consolidating trial balance</li> <li>– KPMG World Bank auditors to carry out audit of the IFFIm component and KPMG Geneva to review their findings and documentation</li> </ul>
<b>4 Completion</b>	<ul style="list-style-type: none"> <li>– Carry out detailed testing of the year-end consolidation and notes in the GAVI Alliance’s consolidated financial statements</li> <li>– Review the rest of the annual report for completeness and consistency</li> <li>– Donor schedules testing</li> <li>– Subsequent events testing</li> <li>– Form audit opinion</li> </ul>
<b>5 Reporting and debrief</b>	<ul style="list-style-type: none"> <li>– Discuss findings identified during audit with management</li> <li>– Presentation of the audit highlights memorandum and management letter to the Audit Committee</li> <li>– Debrief meeting with CFO and finance team</li> </ul>

## 4 An audit approach made to measure

### KPMG's unique relationship with the World Bank

KPMG World Bank auditors perform the audit of the special purpose US GAAP principles-based reporting package of the IFFIm as required under US GAAP. Our close liaison with the World Bank audit team will ensure their controls and substantive testing are sufficiently detailed to meet our audit requirements and will be an area of extensive planning and focus in our audit approach. Additionally, through our coordination with the KPMG World Bank team, any potential issues arising from their audit will enable us to communicate them to you in a timely manner as they arise, allowing for a "no surprises" audit.

Finally, as a result of our unique relationship with the World Bank, we would be able to obtain direct access to the IFFIm financial records, which no other firm would be able to. As such, we would minimize the time and resources you would need to expend on such non-essential tasks as, for example, coordinating the request for supporting documentation or answering detailed historical questions.

### Risk assessment methodology

Our audit approach transforms the audit process from a traditional, compliance-driven series of tasks to a risk-based approach by creating a framework for us to assess how a client's financial reporting risks are managed. As such, we can better understand the significant risks that threaten your business objectives and can consider how these risks affect your consolidated financial statements. By using this approach, our team will continue to enhance its understanding of the GAVI Alliance's business, including your strategies, significant risks, and the processes that manage both.

### Involvement of Specialists

Valuation and IT specialists contribute to our audit planning by helping us to identify the specific risks arising from these areas and ensuring that these issues are properly addressed in our audit work.

#### ▪ Valuation

Leon Yang, the valuation specialist that we have selected to serve the GAVI Alliance, also works with the World Bank and IFFIm. This continuity within team allows for any valuation related issues arising from the GAVI Alliance's relationship with the World Bank to be seamlessly communicated to both your management and to KPMG's lead audit partner. Our valuation specialist reviews the AMC and other financial instruments' fair value methodology and discuss key issues and findings with the GAVI Alliance's AMC specialist and the head of the financial reporting as necessary.

#### ▪ Information Technology

Our IT team will review the key IT systems in operation and discuss key risks with the IT Manager, Jeremie Josten.

#### ▪ Tax Compliance

Peggy Bradshaw will be primarily responsible for the review of your tax filings and will be available to advise the GAVI Alliance on emerging tax issues as required.



**5**

**Gauging our  
performance**

## KPMG's track record for continuous improvement

At KPMG, we pride ourselves on learning from our experiences and sharing improvements across our client base. Below are two examples of work that we are currently doing for two clients, who are similar in size and/or nature to the GAVI Alliance.

### International Federation of the Red Cross and Red Crescent Societies (IFRC)

#### Project description

Audit of the consolidated financial statements prepared under IFRS. The scope of the consolidation includes zone offices based in Budapest, Beirut, Nairobi, Kuala Lumpur, and Panama, as well as country representations (e.g. Haiti).

#### Challenges

- Assessment of risk associated with the emergency operations in the respective countries
- Coordination of global audit with involvement of local auditors
- Consistency of accounting treatment across local offices

#### Approach

- Site visits (coordinated with internal audit) to better understand local risks / challenges and create a consistently coordinated approach across locations
- Leverage IT functionalities for optimizing the coordination between central and local auditors
- Organization of specific centralized training for the zone finance manager in order to improve and harmonize accounting practices

#### Value generated

- Assessment of local control environment reported to the Board
- Improvement of accounting skills in every location and direct communication with people in the field

#### Contact

Andrew Rizk - Director of Finance  
Chemin des Crêts 17, CH-1211 Genève 19  
Email : andrew.rizk@ifrc.org  
Phone : +41 22 730 42 22

### Medicines for Malaria Venture (MMV)

#### Project description

Audit of consolidated financial statements prepared under IFRS (under Swiss GAAP RPC since 2013) and confirmation of the existence of an Internal Control system according to Swiss standards.

Various project audits, including the A-133 Single audit, USAID audit, UNAIDS audit, etc.

#### Challenges

- Ability to develop an audit embedding both the pharma and not-for-profit issues
- Adapt the audit approach to a constantly growing and changing organization
- Develop specific assurance work to respond to the needs of the organization or of its donors

#### Approach

- Constant involvement of specialists into the service team to help the organization efficiently manage its challenges
- Leverage experience with other clients and donors to develop a tailored approach, responding to the needs

#### Value generated

- Audit services are permanently aligned with the development stage and the needs of the organization
- Results of the audit contribute to the development of the assurance needs of the organization and of its reputation as perceived by its partners

#### Contact

Andrea Buscaglia - Chief Financial Officer  
Route de Pre-Bois 20, 1215 Geneva 15  
Email: buscgliaa@mmv.org  
Phone: +41 22 799 45 62



## Additional KPMG client references

In addition to our engagement with the GAVI Alliance, we are happy to provide the following list of clients for whom we currently provide audit services.

<b>International not-for-profit organizations audited by KPMG Geneva</b>	<b>KPMG responsible</b>
International Federation of Red Cross and Red Crescent Societies (IFRC)	Pierre-Henri Pingeon
Aga Khan Fund for Economic Development (AKFED)	Pierre-Henri Pingeon
Médecins sans Frontières International (MSF)	Pierre-Henri Pingeon
Medicine for Malaria Ventures (MMV)	Pierre-Henri Pingeon
Centre Henri Dunant for Humanitarian Dialogue (HD Center)	Pierre-Henri Pingeon
Interpeace	Hélène Béguin
World Organisation of the Scout Movement (WOSM)	Pierre-Henri Pingeon
Global Alliance for Improved Nutrition (GAIN)	Pierre-Henri Pingeon
International AIDS Society (IAS)	Pierre-Henri Pingeon

<b>Selection of significant KPMG International clients in nonprofit sector</b> With involvement of KPMG Geneva	<b>Service type</b>
World Bank Group	External audit
Bill and Melinda Gates Foundation	Pre-grant assessment
UK Department for International Development (DFID)	Pre-grant assessment
ECHO	Project audit
UNHCR	Project audit
UNICEF	Advisory services

<b>KPMG clients using either UK or US GAAP</b>	<b>Accounting standard</b>
Save the Children	UK GAAP
Malaria Consortium	UK GAAP
Age UK	UK GAAP
Bill and Melinda Gates Foundation	US GAAP
Juvenile Diabetes Research Foundation International (JDRF)	US GAAP
United States Fund for UNICEF	US GAAP



**6**

**Excellent service  
for a fair price**

## A fee that includes more than meets the eye

We strive to offer you a price that includes the best value for your investment.

**These are the benefits that you can expect beyond the regulatory audit requirements we will fulfill:**

- Worldwide coordination of the audit
- Comparison to leading practices in the sector
- Thought Leadership on how to manage continuously evolving financial standards
- Identification of optimization potential for internal controls

**There are several options not included in this fee, which we would urge you to consider:**

- Further development of the collaboration with your internal audit and your TAP team in order to coordinate assurance work in implementing countries with the aim of strengthening the monitoring of local programs
- Donor-specific reporting, such as EC grant agreed procedures work

This proposal is valid for 60 days.

With the fees quoted below, we commit to continuing to deliver a high quality audit and reporting process to the GAVI Alliance. Thanks to the experience we have gained at your side over the past years, as well as our dedication to avoiding knowledge loss and transition costs, we aim to provide you with the best possible value for your investment. Our motivation to pursue our collaboration leads us to offer you a very competitive price that remains consistent with the recent past.

Our overall proposed annual fee for group audit and reporting, based on the description detailed in this document, and including travel and out of pocket expenses, is **USD 231,784**.

Our fees are consistent with our 2013 engagement letter amounting to CHF 190,000 for the audit and CHF 6,000 for the donors’ schedule, respectively. We commit to keeping our overall fees in USD unchanged over the five year period as long as the exchange rate fluctuation between CHF and USD are within a reasonable range.

Audit	US\$
Audit of consolidated financial statements	216,300
Audit of additional donor’s schedule	6,700
<b>Total Audit fees</b>	<b>US\$ 223,000</b>
Tax compliance services	US\$
Review Form 990 submitted to the US Internal Revenue Service	8,784
<b>Total Tax compliance fees</b>	<b>8,784</b>
<b>Total fees</b>	<b>US\$ 231,784</b>



# 7

## Appendices

## I. Your requirements point for point

This table provides a helpful cross-reference linking each requirement in your RFP to the section in our proposal that addresses them.

<b>6.1 Decision making process</b>	<b>Chapter</b>	<b>Page #</b>
The overall reputation of the firm, including whether the firm is an internationally recognized public accounting firm	App. III	36
The firm's plan for dealing with the audit work prepared by the IFFIm and Campaign auditors in its audit report on GAVI's consolidated financial statements	3 4	10 17-18
The total cost to GAVI: proposed fee and estimated out of pocket expenses	6	23
The firm's experience with auditing organisations similar to GAVI	5	20-21
The firm's proposed risk assessment and audit methodologies	4	17-18
Access to feedback from the firm's other clients on the firm's performance	5	20
The firm's presence in Switzerland, the United States, and the United Kingdom	3 App. III	10 36
Relevant experience and qualifications of the individuals on the proposed professional team	3 App. II	11-13 26-35
Whether sufficient partner and manager time is allocated to ensure proper supervision of the audit team	6	23
<b>7.0 Technical Proposal</b>	<b>Chapter</b>	<b>Page #</b>
Details of the firm's previous experience in auditing organisations similar to the GAVI, in particular those under US GAAP and UK GAAP	5	20-21
Relevant experience and qualifications of the proposed partner in charge, senior manager, lead auditor, and engagement team	3 App. II	11-13 26-35
Your plan for dealing with and relying on the work performed by the IFFIm and Campaign auditors, including whether reference will be made in the audit report on GAVI's consolidated financial statements to the work done by these auditors	3 4	10 18
Details of the location from which your firm intends to resource the engagement, given the fact that GAVI operates from multiple locations and required both charities and financial services expertise in its audit team	3	10
Disclosure of the absence or existence and nature of any relationships, of either the firm, its associates or its partners or the engagement team, which could result in an actual or perceived conflicts of interest	App. III	36
Any factors that may create conflicts of interest or impair the firms actual or perceived independence	App. III	36
An overview of your firm's audit and risk assessment methodologies	4	17-18
Access to feedback from the firm's other clients on the firm's performance	5	20
<b>8.0 Financial Proposal</b>	<b>Chapter</b>	<b>Page #</b>
Provide full details of your financial offer*	6	23

\*Please also refer to the Financial Offer Template attached separately

## II. Team credentials

This section includes the detailed CVs of your KPMG core team as well as the specialists we propose to work with.



**Pierre-Henri Pingeon**

Partner  
Switzerland

+41 58 249 38 00  
ppingeon@kpmg.com

<b>Role</b>	Audit Lead Partner
<b>Qualifications</b>	<p>MS in Accounting and Finance <i>HE University of Lausanne, Switzerland</i></p> <p>MA in Public Administration <i>Swiss Graduate School of Public Administration IDHEAP</i></p> <p>Swiss Certified Accountant</p>
<b>Background</b>	<p>Pierre-Henri is the Swiss KPMG practice leader for audit and advisory services to public service and not-for-profit entities. He also participated in a two-year secondment to the US, where he audited public sector organizations and industry companies. He has broad experience with accounting and reporting frame-works, such as US GAAP, IFRS, IPSAS, and Swiss GAAP RPC.</p> <p>Pierre-Henri regularly interacts with KPMG offices abroad to coordinate the audit of international groups and he often advises on risk management projects, the implementation of internal control systems, and IFRS or IPSAS conversions.</p> <p>He is also responsible for auditing projects funded by the EU (FP6 &amp; FP7), US governmental agencies (A-133 Single Audit), and UNHCR.</p>
<b>Sector Experience</b>	<p><b>International not-for-profit organizations:</b> GAVI Alliance, International Federation of the Red Cross and Red Crescent Societies (IFRC), Aga Khan Fund for Economic Development (AKFED), Médecins sans Frontières International (MSF) World Gold Council, International AIDS Society, HD Centre for Humanitarian Dialogue, Interpeace, WWF International, World Organisation of the Scout Movement, UNHCR</p> <p><b>Swiss governmental entities:</b> Centre Hospitalier Universitaire Vaudois, Geneva Airport, Services Industriels de Genève, Geneva's Hospice Général, University of Lausanne, University of Geneva, University of Applied Sciences Western Switzerland (HES-SO)</p> <p><b>International sport federations:</b> International University Sport Federation, International Cycling Union, International Boxing Federation, Fédération Internationale de l'Automobile</p> <p><b>Industrial and commercial companies:</b> SICPA, Ferring Pharmaceuticals, Applied Material, Virgin Investment</p>
<b>Language</b>	<p>Native: French</p> <p>Fluent: English, German</p>



**Karina Vartanova**  
 Senior Manager  
 Switzerland  
 +41 58 249 38 29  
 kvartanova@kpmg.com

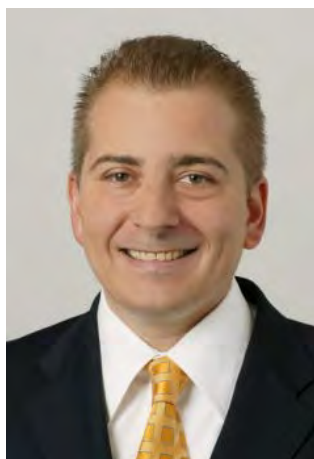
<b>Role</b>	Audit Senior Manager
<b>Qualifications</b>	<p>Fellow Certified Chartered Accountant  <i>Association of Certified Chartered Accountants UK - FCCA</i></p> <p>Accredited for ISA / IFRS and US GAAP within KPMG Network</p> <p>Swiss License Practicing Certificate</p>
<b>Background</b>	<p>Karina was a member of KPMG Moscow before joining the Swiss firm in 1997. She also worked at a US GAAP reporting client in Brazil from 2001-2003, which added to her extensive experience in audit and advisory services to multinationals and non-for-profit organizations with international reporting of varied size and complexity.</p> <p>Karina serves as auditor-in-charge (partner equivalent) on a number of small and medium-sized audit engagements and works regularly with international organizations that apply or convert to IFRS and US GAAP reporting.</p> <p>She also teaches as an IFRS instructor for a number of internal and external seminars and regularly conducts project audits funded by the European Community, Ukaid (DFID), AusAid, Norway, and Swiss Confederation. In addition, she supports other KPMG offices in the audits of the USAID funded grants.</p>
<b>Sector Experience</b>	<p><b>Not-for-profit organizations:</b> GAVI Alliance, Interpeace, ACT Alliance, FIFDU, World Medical Association, HD Centre for Humanitarian Dialogue</p> <p><b>Multinational organizations:</b> Regus (listed), Cotecna, Eurocement</p>
<b>Language</b>	<p>Native: Russian</p> <p>Fluent: English, French, Portuguese</p> <p>Working knowledge: German</p>



**Henri James Mwaniki**  
 Manager  
 Switzerland  
 +41 58 249 64 38  
 henrimwaniki@kpmg.com

<b>Role</b>	Audit Manager
<b>Qualifications</b>	<p>MBA  <i>University of the District of Columbia, USA</i></p> <p>BBA  <i>University of New Brunswick, Canada</i></p> <p>Licensed CPA, Virginia and Washington, D.C.</p>
<b>Background</b>	<p>Henri served as a manager with KPMG’s not-for-profit group in Washington, D.C. from 2007 until joining KPMG Switzerland in 2013. Through this, he has gained extensive experience in audit and advisory services to multinationals and non-for-profit organizations with international reporting of varied size and complexity.</p> <p>Henri regularly interacts with KPMG offices abroad to coordinate the audit of international groups and he has a broad experience with accounting and reporting frameworks, such as US GAAP, and IFRS.</p> <p>He is responsible for auditing projects funded by the EU (FP6 &amp; FP7), US governmental agencies (A-133 Single Audit), and UNHCR.</p>
<b>Sector Experience</b>	<p><b>Not-for-profit organizations (US and Swiss):</b> World Bank Group, Woodrow Wilson Center for International Scholars, Southeastern Universities Research Association, Catholic Charities of the Archdiocese of Washington, American Association of Retired Persons (AARP), Carnegie Institution of Washington, National Trust for Historic Preservation, March of Dimes, International Federation of the Red Cross and Red Crescent Societies, The Centre for Humanitarian Dialogue (HD Centre), International Aids Society, UNHCR, DG ECHO, Médecins Sans Frontières</p> <p><b>Industrial and commercial companies:</b> Northern Virginia Electric Cooperative, Bonded Services Inc., Education Dynamics LLC.</p>
<b>Language</b>	Native: English





**Charles Errico**  
 Partner  
 Switzerland  
 +41 58 249 29 80  
 charleserrico@kpmg.com

<b>Role</b>	US GAAP Quality Reviewer
<b>Qualifications</b>	<p>Certified Public Accountant (USA)</p> <p>MBA in Accountancy  <i>Zicklin School of Business, Baruch College, USA</i></p> <p>BA in Communications  <i>State University of New York at Albany, USA</i></p>
<b>Background</b>	<p>Charles has served audit and advisory clients for over 15 years with KPMG, in the consumer markets, telecommunication, chemicals, not-for-profit, and financial services industries.</p> <p>He consults with audit and advisory clients as well as engagement teams on a variety of complex US GAAP and SEC accounting and reporting issues, with expertise in accounting for financial instruments, fair value measurements, derivatives and hedge accounting, leasing, securitizations, revenue recognition, and consolidation issues.</p> <p>Charles completed a two year secondment in the US GAAP Department of Professional Practice of KPMG Berlin, where he researched and resolved technical US GAAP and SEC accounting and reporting inquiries.</p>
<b>Sector Experience</b>	<p><b>Not-for-profit organizations:</b> GAVI Alliance, Franklin College – Institute for European Studies</p> <p><b>Industrial and commercial companies:</b> Chemtura Europe GmbH, Trina Solar Switzerland Ltd., HB Fuller, ABB Ltd., Landis+Gyr AG, Kabel Deutschland GmbH, SVOX AG</p>
<b>Language</b>	<p>Native: English</p> <p>Fluent: French</p> <p>Working knowledge: German</p>



**Doug Sweeney**  
 Partner  
 United States  
 +1 703 286 8296  
 dwsweeney@kpmg.com

<b>Role</b>	World Bank Audit Engagement Partner
<b>Qualifications</b>	<p>Certified Public Accountant (USA)</p> <p>BS  <i>James Madison University, USA</i></p> <p>Member of KPMG’s quality performance control program</p>
<b>Background</b>	<p>Doug has extensive experience in providing professional accounting and auditing services to both public and private clients, including commercial and hotel real estate investment trusts and hotel management companies. He also has extensive experience in assisting our public clients with SEC filings, including initial and secondary equity and debt offerings.</p> <p>Doug recently completed a three-year rotation with KPMG’s Department of Professional Practice, where he assisted engagement teams across the country with technical accounting and auditing matters, spending the majority of his time on real estate matters, including technical issues surrounding the filing of registration statements with the SEC. He has also regularly works as a reviewer in KPMG’s annual Quality Performance Review Process, which is the firm’s national internal performance review process.</p>
<b>Sector Experience</b>	<p><b>Not-for-profit organizations:</b> World Bank Group</p> <p><b>Industrial and commercial companies:</b> Cardinal Bank – Fund Audits, Edge Funds, Unison Holdings, Tishman Speyer, Avendra, Contrack International, Barceló Crestline, CarrAmerica Realty, Diamond Rock Hospitality, MeriStar Hospitality, Highland Hospitality, Quadrangle Development</p>
<b>Language</b>	Native: English



**Katie Bishop**  
 Partner  
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 karmstro@kpmg.com

<b>Role</b>	GAVI Campaign Partner
<b>Qualifications</b>	Certified Public Accountant (USA) BBA in Accounting <i>The College of William and Mary, USA</i>
<b>Background</b>	<p>Katie is an audit partner in KPMG’s Washington D.C. not-for-profit organizations practice and has more than 20 years of experience providing financial statement and OMB Circular A-133 audit services to a wide range of not-for-profit and employee benefit plan clients.</p> <p>She has provided professional audit services to numerous large philanthropic organizations, including charities, research organizations, membership organizations, and religious institutions. Many of these organizations have international operations and/or receive federal funding, requiring audits under OMB Circular A-133. Katie also has provided audit services to multiple large, complex pension, health, and welfare plans. Through her broad range of experiences, she has a thorough understanding of the issues facing these industries.</p> <p>She serves as a national instructor of KPMG’s Audit Methodology and is the designated OMB Circular A-133 Reviewing Partner.</p>
<b>Sector Experience</b>	<b>Not-for-profit organizations:</b> American Diabetes Association, American Institute of Physics, American Red Cross, Basilica of the National Shrine of the Immaculate Conception, Carnegie Institution of Washington, Catholic Charities of the Archdiocese of Washington, Catholic Cemeteries of the Archdiocese of Washington, Charities Aid Foundation America, International Food Policy Research Institute, National Academy of Sciences, Woodrow Wilson International Center for Scholars, World Bank Group
<b>Language</b>	Native: English



**Mike Peck**  
 Partner  
 United Kingdom  
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 mike.peck@kpmg.com

<b>Role</b>	UK IFFIm Statutory Audit Partner
<b>Qualifications</b>	Fellow of the Institute of Chartered Accountants (UK) BSc, <i>Bristol University, UK</i> Association of Corporate Treasurers
<b>Background</b>	<p>Mike has served audit and advisory clients in the financial services sector with KPMG for over 25 years. As partner, he was responsible for KPMG’s financial services practice in Dubai, which serves as the regional financial center for the Middle East. He also was Group Partner on the HBOS audit from 2005 until its takeover by Lloyds TSB, where he was responsible for the group reporting, the consolidation audit, and the international division. In 2008, he also became responsible for the corporate division.</p> <p>Mike has been Engagement Partner for ING in the UK, NM Rothschild &amp; Sons, Singer &amp; Friedlander, ANZ, and Lease plan. In addition to leading the audit services and relationship for these clients, Mike has led various reviews on high level controls, credit and operational risk, and structured finance. He also leads KPMG’s client service team at Royal Bank of Scotland’s UK Retail and Corporate Division.</p> <p>Mike has worked in all the major financial centers including New York, Hong Kong, Singapore, Sydney, and Mumbai.</p>
<b>Sector Experience</b>	<p><b>Not-for-profit organizations:</b> IFFIm</p> <p><b>Financial services, including real estate and hospitality:</b> Standard Bank, Visa Europe, C. Hoare &amp; Co, Panmure Gordon, ANZ, Emirates Bank International</p>
<b>Language</b>	Native: English



**Leon Yang**  
 Advisory Managing Director  
 United States  
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 lyang@kpmg.com

<b>Role</b>	Valuation Specialist
<b>Qualifications</b>	<p>NASD securities licenses series 7 and 63</p> <p>Ph.D. program in Physical Chemistry  <i>University of Illinois, USA</i></p> <p>MS in Computer Science  <i>University of Illinois, USA</i></p>
<b>Background</b>	<p>Within US KPMG, Leon is a co-leader of financial instrument valuation and model services for the firm’s financial risk management practice.</p> <p>He has over 20 years of experience in mathematical finance and risk management in global capital markets and investment banking and he acts as the partner reviewer for many of KPMG’s audit clients, including global leading money center banks, multilateral international financial firms, insurance companies, regional and commercial banks, financial service companies, and non-financial firms.</p> <p>Leon is Lead Partner of many valuation and model validation engagements for securities and derivatives valuation as well as risk management. He also leads KPMG’s effort to develop credit risk methodology and tools.</p>
<b>Sector Experience</b>	<p><b>Not-for-profit organizations:</b> World Bank Group</p> <p><b>Industrial and commercial companies:</b> Citigroup, Deutsche Bank, HSBC, Credit Suisse, ICBC (Industrial and Commercial Bank of China), Union Bank, Reval, INTL-FC Stone, Toyota Financial Services</p>
<b>Language</b>	<p>Native: Chinese</p> <p>Fluent: English</p>



**Jeremie Josten**  
 Assistant Manager  
 Switzerland  
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 jjosten@kpmg.com

<b>Role</b>	IT Specialist
<b>Qualifications</b>	<p>Bachelor of Information and Communication Systems  <i>Faculty of Economics, University of Geneva, Switzerland</i></p> <p>Certified Information Systems Auditor (CISA)          Project Management Professional (PMP)          Prince2 Foundation</p>
<b>Background</b>	<p>Jérémie has been an Assistant Manager working within KPMG’s IT Advisory Services practice in Geneva since 2009. His commitment involves several engagements, including both Audit and Advisory mandates. Through these, he has acquired experience in the following areas:</p> <ul style="list-style-type: none"> <li>▪ Project management</li> <li>▪ IT general controls in support of financial statements audit</li> <li>▪ Information Technology reviews</li> <li>▪ IT Security audits</li> <li>▪ Business continuity coaching</li> <li>▪ Attestation audits: ISAE3402 (SSAE16/SAS70) attestation audits for service providers and IT reviews based on the ISO27001 framework</li> </ul>
<b>Sector Experience</b>	<p><b>Not-for-profit organizations:</b> International Federation of the Red Cross and Red Crescent Societies (IFRC), Hospice Générale Institution Genevoise d’Action Sociale, Etablissement Vaudois d’Acceuil des Migrants</p> <p><b>Industrial and commercial companies:</b> HSBC, Credit Suisse, Banco Comercial Português</p>
<b>Language</b>	<p>Native: French</p> <p>Fluent: English</p> <p>Working knowledge: German</p>



**Peggy Bradshaw**  
 Senior Manager  
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 pbradshaw@kpmg.com

<b>Role</b>	Tax Specialist
<b>Qualifications</b>	BA <i>Randolph-Macon Women's College, USA</i> Licensed CPA, Virginia
<b>Background</b>	<p>Peggy is a senior tax manager in KPMG's Development and Exempt Organizations Tax practice in Washington, D.C. She has provided specialized tax advice and services to organizations in the healthcare, higher education, religious, public charity, private foundation, and social welfare sectors, as well as to business and professional associations for more than 20 years. She has represented clients before the Internal Revenue Service during examinations, pre-submit conferences, and requests for private letter rulings. She also has extensive experience in the tax analysis of complex transactions and alternative investments.</p> <p>Peggy has also provided consulting services to private foundations on self-dealing transactions, minimum distribution requirements, and expenditure responsibility. She has assisted organizations by developing and leading private training sessions for clients, applying for tax exempt status, conducting mock-IRS examinations, requesting private letter rulings, assessing the technical merits of filing positions on tax returns, and analyzing the tax aspects of (and attendant reporting requirements for) domestic and foreign alternative investments.</p> <p>Peggy is a frequent presenter to organizations on complex Form 990 reporting and disclosure issues as well as FIN 48 documentation and return filing positions. She has also published numerous technical articles of interest to the tax-exempt community and tax law professionals in national periodicals.</p>
<b>Sector Experience</b>	<b>Not-for-profit organizations:</b> Carnegie Hall Society, Catholic Charities of the Archdiocese of Washington, National Geographic Society, Open Society Institute
<b>Language</b>	Native: English

## III. About KPMG

We are a highly capable and independent team of professionals with the common goal of solving complex issues with clear and simple solutions, thereby, creating daily value for our clients around the world.

KPMG is a global network of professional firms providing audit, tax and advisory services. Worldwide we have over 155,000 professionals who deliver value in 155 countries. Combined global revenues were \$23.42 billion for the year ended 30 September 2013. The Swiss firm has around 1,600 staff, including 127 partners. They generated revenues of CHF 370.5 million in 2013.

KPMG's public sector practice in Geneva is headed by Pierre-Henri Pingeon. Due to the presence of the numerous international organizations in Geneva, KPMG has formed a dedicated local multi-national team of auditors and specialists who serve over 50 international NGOs and not-for-profit organizations throughout the Geneva region

Additionally through our network we can involve highly experienced professionals from our international development advisory services group (IDAS) to address your future needs. KPMG's IDAS practice is a leader in providing services to the development community. By leveraging their expertise, we bring together deep experience and insight with hands-on, practical, and collaborative approaches to tailor distinct strategies that help to meet your diverse objectives. The IDAS network globally is led by a network of 15 partners with extensive experience in the nonprofit, NGO, and development sectors. These professionals bring a track record of supporting public sector reform and capacity building across Africa, Asia and the Middle East and the insight needed to turn knowledge into value for our clients and the citizens they serve.

Appendices

### Independence and conflicts of interest

KPMG regularly serves clients in related businesses and we recognize that this brings with it the risk of conflicts of interests. Our procedures for ensuring complete independence and confidentiality are well established and ensure that potential conflicts are properly managed and resolved.

This is achieved by:

- Ensuring that any members of local audit teams do not engage in any work that would compromise KPMG's independence and objectivity in regards to the GAVI Alliance
- Using a conflicts checking procedure, which we will run in conjunction with you, before accepting any new engagements and selecting teams
- Requiring all teams to annually confirm their compliance with our code of ethics and independence and in compliance with International Auditing Standards
- Keeping all client files and sensitive information secure

We can confirm that KPMG has no conflicts of interest or independence matters which affect our relationship with the GAVI Alliance.



# Contacts

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## **[www.kpmg.ch](http://www.kpmg.ch)**

This proposal is in all respects subject to the negotiation, agreement, and signing of a specific engagement letter or contract.

This proposal is made by KPMG AG / SA, a Swiss corporation and subsidiary of KPMG Holding AG / SA, which is a subsidiary of KPMG Europe LLP and a member of the KPMG network of independent firms affiliated with KPMG International, a Swiss cooperative. KPMG Europe LLP and KPMG International provide no client services. No KPMG Europe LLP subsidiary or other member firm has any authority to obligate or bind KPMG Europe LLP, KPMG International or any other member firm vis-à-vis third parties, nor does KPMG Europe LLP or KPMG International have any such authority to obligate or bind any subsidiary or member firm.

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**SUMMARY OF FINANCIAL OFFER**

US\$

1. Audit of the GAVI Alliance consolidated financial statements	\$216,300
2. Audit of the Supplemental Information: Donor Reports	\$6,700
3. Annual Taxation compliance services	\$8,784
<b>Total cost to the GAVI Alliance for the 2014 audit</b>	<b>\$231,784</b>

Please state specifically whether this is a fixed fee for services provided for 2014 - 2018

Yes

If No, please describe the reference that will be used to apply inflationary increases or the methodology for other increases

The audit work is primarily conducted by KPMG Geneva. Therefore, the costs for services 1 and 2 are incurred in CHF. Our offer is based on the audit fees, proposed for the 2013 audit of the consolidated financial statement and of the supplementary information, of CHF 190,000 (excluding expenses) and CHF 6,000 respectively. These have been translated into USD using a 1.115 exchange rate.

We commit to keeping these fees constant in USD over the five year period as long as the changes in the exchange rate are within a range of two percent (i.e. between 1.095 and 1.135). If the exchange rate fluctuates above the limit, we will request an adaptation of our fees based on the new economical situation.

Annual tax compliance services are based in USD and will remain flat for all periods quoted.

## AUDIT FEE

**2. Audit of the GAVI Alliance consolidated financial statements****a. Staff costs**

team member	name	hourly rate US\$**	expected hours	US\$
Audit Partners	Pierre-Henri Pigeon / Charles Errico	\$600	60	\$36,000
Audit Senior Manager	Karina Vartanova	\$400	90	\$36,000
Audit Manager	Henri Mwaniki	\$300	150	\$45,000
Audit Staff	Various	\$150	450	\$67,500
Audit ITA	Jeremie Josten*	\$225	60	\$13,500
Audit valuation	Leon Yang*	\$350	40	\$14,000
		\$0		\$0
* a team led by the person ** blended rate		\$249.41	850	\$212,000

**b. Travel and out of pocket expenses**

details	unit cost US\$	quantity	US\$
Hotel and catering accomodation (Washington trip)	\$1,000	1	\$1,000
Travel expenses	\$1,800	1	\$1,800
Diet per day	\$35	40	\$1,400
Communication	\$100	1	\$100
	\$0		\$0
			\$4,300

**c. Other expenses**

details	unit cost US\$	quantity	US\$
	\$0		\$0
	\$0		\$0
	\$0		\$0
			\$0

**Total cost to GAVI for the audit of the GAVI consolidated financial statements**

**\$216,300**

## AUDIT FEE

**3. Audit of the Supplemental Information: Donor Reports****a. Staff costs**

team member	name	hourly rate US\$	expected hours	US\$
Audit Partner	Pierre-Henri Pingeon / Charles Errico	600	2	\$1,200
Audit Senior Manager	Karina Vartanova	400	4	\$1,600
Audit Manager	Henri Mwaniki	300	8	\$2,400
Audit Staff and seniors	Various	150	10	\$1,500
		\$0		\$0
				\$6,700

**b. Travel and out of pocket expenses**

details	unit cost US\$	quantity	US\$
	\$0		\$0
	\$0		\$0
	\$0		\$0
			\$0

**c. Other expenses**

details	unit cost US\$	quantity	US\$
	\$0		\$0
	\$0		\$0
	\$0		\$0
			\$0

Total cost to GAVI for the audit of the Donor Reports

\$6,700

## TAXATION SERVICES

**4. Annual Taxation compliance services****a. Staff costs**

<b>team member</b>	<b>name</b>	<b>hourly rate US\$</b>	<b>expected hours</b>	<b>US\$</b>
Tax Partner	Nancy Murphy	\$682	2.0	\$1,364
Tax Senior Manager	Peggy Bradshaw	\$560	6.5	\$3,640
Tax Manager		\$0		\$0
Tax Seniors	Whitney Blair	\$315	12.0	\$3,780
		\$0		\$0
				<b>\$8,784</b>

**b. Travel and out of pocket expenses**

<b>details</b>	<b>unit cost US\$</b>	<b>quantity</b>	<b>US\$</b>
	\$0		\$0
	\$0		\$0
	\$0		\$0
			<b>\$0</b>

**c. Other expenses**

<b>details</b>	<b>unit cost US\$</b>	<b>quantity</b>	<b>US\$</b>
	\$0		\$0
	\$0		\$0
	\$0		\$0
			<b>\$0</b>

Total cost to GAVI for annual Tax Compliance

**\$8,784**