



## Report to the GAVI Alliance Board

21-22 November 2013

<b>Subject:</b>	<b>Consent Agenda: Appointment of Independent Auditor</b>
<b>Report of:</b>	Barry Greene, Managing Director, Finance and Operations
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<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 requests the Board to appoint KPMG as the GAVI Alliance's independent auditor and provider of Swiss and United States tax services for the year ending 31 December 2013, following the recommendations of the Audit and Finance Committee.
- 1.2 The report also outlines the Secretariat's proposed process for the selection of the GAVI Alliance's independent auditor for the five-year term commencing in 2014.

#### **2 Recommendations**

- 2.1 The Audit and Finance Committee recommended to the GAVI Alliance Board that it:
  - (a) **Appoint** KPMG SA/AG as the independent auditor of the GAVI Alliance for the financial year ending 31 December 2013.
  - (b) **Appoint** KPMG SA/AG to provide Swiss tax services for the GAVI Alliance for the financial year ending 31 December 2013.
  - (c) **Appoint** KPMG LLP to provide United States tax services for the GAVI Alliance for the financial year ending 31 December 2013.

#### **3 Executive summary**

- 3.1 The Board has sole responsibility to appoint the independent auditor. In 2008, a call for proposals was issued that ultimately resulted in KPMG's appointment. Since then, GAVI has used its single-sourcing rules to renew

the appointment each year while KPMG remains the independent auditor of the World Bank.

- 3.2 The Audit and Finance Committee recommends to the Board that it appoint KPMG. If the Board does so, the Secretariat will, in consultation with members of the Audit and Finance Committee, execute engagement letters with KPMG.
- 3.3 In December 2012, the Board approved the *Independent Auditor Selection and Evaluation Policy* (the "Auditor Selection Policy"). As required by this policy, the Secretariat has commenced the process of selecting the GAVI Alliance's independent auditor for the 2014 to 2018 financial years.

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

- 4.1 There are no risk implications.

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

- 5.1 There are no financial implications.

### **Section B: Content**

#### **6 Independent auditor for 2013 financial year**

- 6.1 KPMG's first appointment as the GAVI Alliance's independent auditor was for the year ended 31 December 2009. As such, the 2013 financial year will be the fifth year that KPMG serves as auditor.
- 6.2 Both the KPMG audit partner and senior manager have been on the GAVI engagement since 2009. This continuity in the audit team should result in a more efficient 2013 audit.

#### **7 Independent auditor for 2014 to 2018 financial years**

- 7.1 Per the Auditor Selection Policy, KPMG may serve a first term of up to five consecutive financial years. The 2013 financial year is, therefore, the last year that KPMG may serve as independent auditor before the GAVI Alliance must submit requests for proposals for its next auditor.
- 7.2 As required by the Auditor Selection Policy, the Secretariat will send out requests for proposals before 31 December 2013.
- 7.3 KPMG may submit a proposal to be considered for appointment to a second term of up to five consecutive financial years. The World Bank has confirmed that on 11 June 2013, it reappointed KPMG as its independent auditor for the 2014 to 2018 financial years. (Note that the World Bank's year end is 30 June and, therefore, its auditor selection process occurs approximately six months before the GAVI Alliance's.) Considering that KPMG has been reappointed by the World Bank, the Secretariat plans to request that KPMG also submit a proposal to serve as the GAVI Alliance's auditor for the next five years.

- 7.4 In addition to KPMG, the Secretariat plans to send requests for proposals to at least two of the other international “Big Four” accounting firms.
- 7.5 The Secretariat shall perform a detailed assessment of all proposals received, taking several factors into account. Once this assessment is complete, the Secretariat will provide the Audit and Finance Committee with its recommendation. The Secretariat is targeting to present its recommendation to the Audit and Finance Committee at its April 2014 meeting.

### **Section C: Implications**

#### **8 Impact on countries**

- 8.1 There is no impact on GAVI-eligible countries.

#### **9 Impact on GAVI stakeholders**

- 9.1 There is no impact on stakeholders.

#### **10 Impact on Secretariat**

- 10.1 Refer to **Section A** above.

#### **11 Legal and governance implications**

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

#### **12 Consultation**

- 12.1 The Audit and Finance Committee.

#### **13 Gender implications**

- 13.1 There are no gender implications associated with this policy.