

AUDIT & FINANCE COMMITTEE CHAIR REPORT

BOARD MEETING

David Sidwell

6-7 June 2018, Geneva, Switzerland



Audit & financial reporting

Topics reviewed	Current status
<ul style="list-style-type: none">• 2017 Audit strategy• 2017 Gavi Alliance Annual Financial Report (AFR)• Regulatory filings• 2018-2022 External Auditor	<ul style="list-style-type: none">• KMPG presented an audit plan consistent with prior year• On track for on-time completion, with no significant deficiencies identified to date<ul style="list-style-type: none">• IFFIm audit & financial statements (to be completed in in June)• Alliance audit (to be completed in July)• Annual Financial Report (on track for AFC review on 26 July)• Various tax and other statutory filings (all on track)• AFC is recommending Deloitte SA as Gavi's next external auditor and tax consultant – see consent agenda• Secretariat will work with Deloitte to transition starting in July 2018

Financial Update

Topics reviewed

- **Long term forecast** (version 15Fb)

- **2017 actuals and outlook for 2018**

Current status

- November 2017 forecast for 2016-2020 still valid (Secretariat unaware of any matters that would materially alter the forecast) – Annual update planned for November 2018 board
- All decisions can be approved by the Board in accordance with the Programme Funding Policy – See Annex B of this AFC Chair Report
- Resources
 - 2017 FY actuals - 95% of Dec 2016 projection (100% of Nov 2017 projection)
 - 2018 FY updated projection - 100% of Nov 2017 projection; 21% realised in Q1
- Expenditure
 - 2017 FY actuals - 93% of Nov 2016 projection (101% of Nov 2017 projection)
 - 2018 FY updated projection - 96% of Nov 2017 projection; 15% realised in Q1
- Forecast / Programme Specific funding limits: Allotments were within Board mandated amounts

Audit and Investigations

Topics reviewed	Current status
<ul style="list-style-type: none">• Internal Audit – 2017 status and 2018 plans • Programme Audit - 2016 and 2017 status and 2018 plans • Investigations and counter-fraud, whistleblower reporting • Development of A&I function	<ul style="list-style-type: none">• 2017: All audits complete, outstanding reports being finalised. Certain high risk issues identified, remediation plans being agreed with Secretariat• 2018: Three audits in progress• Approved proposal for streamlined approach on low risk activity • 2016 finalising long standing reports; 2017, 2018 good progress• Cases of misuse continue to emerge – A&I update to follow• Seeking strategic solutions – working with Country Programmes, Programme Capacity Assessment, and partners • Investigatory activity reported as necessary• Updates on whistleblower activity: remains at low level, followed-up • Various initiatives: A&I ‘dashboard’; partner collaboration

Risk Management

Topics reviewed

- **Major changes in Gavi's risk profile**

- **Progress in strengthening risk management**

Current status

- **Lower** – Secretariat disruption (due to preparedness for the GHC move)
- **New** – Polio transition (now ranked as a top risk)
- Good coverage of top risks discussed in Board and Committee meetings

- **Instilling a risk-aware culture** with intranet site and all-staff presentations
- **Active management of top risks** in Risk Committee
- **Embedding risk management** in key grant management processes and performance management
- **Engaging partners on risk** in relevant risk discussions in Risk Committee and Joint Appraisals, through PEF Functions reporting, and as part of on-boarding and retreat presentations

Other Topics

Topics reviewed

- **Technology Review**
- **FX exposure and hedging update**
- **Capacity Assessment – deep-dive**
- **Value for Money**
- **Health Campus**

Current status

- Secretariat in process of replacing obsolete financial systems and integrating with grant management systems –Go-live Q2 2019 for all core financial and grant accounting and full installation complete by end-2019
- New system will require re-engineering of all financial processes to take advantage of “out of the box” benefits such as system enforced segregation of duties within workflows
- 91% of Gavi’s total direct pledges for 2016-2020 are either realised or hedged. Of the non-US\$ pledges for 2018, 2019 and 2020, 83%, 73% & 71% have been hedged
- Overview received of PCA process including how it links to Grants Management Recommendations (GMRs) and Monitoring Reviews. Specific case study shared
- Update received on Gavi’s approach which aims to builds of DFID’s framework of the “4Es” – Economy, Efficiency, Effectiveness and Equity
- The Committee Chair proposed that the Secretariat view the AFC and PPC as advisors and seek guidance as required in Gavi’s considerations of VfM for the MTR
- All other tenants now signed sub-lease agreements with The Global Fund
- Financial savings anticipated, pending final numbers from TGF

Thank you



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