

GAVI Alliance Audit and Finance Committee Meeting

28 July 2010

Geneva, Switzerland and Washington, DC, USA

FINAL MINUTES

Finding a quorum of members present¹, the meeting commenced at 16.30 Geneva time on 28 July 2010. The Committee reviewed the minutes from its meeting on 25 May 2010 (Doc #1 in the committee pack).

DECISION

The GAVI Alliance Audit and Finance Committee:

Approved the minutes of its meeting on 25 May 2010

1 Executive Session with the External Auditor

The Committee met in camera, inviting Pierre-Henri Pingon and Karina Vartanova from KPMG, GAVI's external auditor, to summarise the results of its audit procedures with respect to the 2009 consolidated financial statements (Doc #4).

2 2009 GAVI Alliance Consolidated Financial Statements

Tony Dutson, Senior Director, Finance & Chief Accounting Officer and Louis Mkanganwi, Director of Financial Reporting, reviewed the draft 2009 consolidated accounts of the GAVI Alliance (Doc #2). Discussion followed:

- This is the first year that GAVI's financials were consolidated within the Swiss entity.² The Secretariat reported a smooth process and an excellent working relationship with the external auditor.
- The Committee discussed GAVI's accounting policies and various components of the financials including Promises to Give from the IFFIm Company, the AMC evaluation model, the transfer of assets and liabilities from the GAVI Campaign (formerly the GAVI Fund), and residual matters of changing the consolidating entity to the GAVI Alliance. The Committee also discussed FAS 157 accounting and valuation of certain investments. The Chair requested the Secretariat to clarify a number of items in the footnotes in due course.
- The Committee considered the recommendation of the consolidated financial statements only. However, some committee members requested to receive the Swiss entity standalone financials for information.

¹ Attendees are listed in Attachment A

² Previously, the GAVI Fund in the United States served as the consolidating entity and its 2008 consolidated financial statements were tabled for information (Doc #3)

DECISION

The GAVI Alliance Audit and Finance Committee:

- 2.1 **Recommended** to the Board that it approve the 2009 GAVI Alliance Consolidated Annual Financial Statements for the Year Ended 31 December 2009 contingent upon the inclusion of comments made by the Committee
- 2.2 **Delegated** to the Committee Chair the authority to:
 - 2.2.1 Ensure the Committee's comments are included within the financial statements and that they are acceptable to KPMG
 - 2.2.2 Authorise the Secretariat to forward the 2009 financials to the Board subsequent to fulfilment of Decision 2.2.1

3 Outcomes of the Board Meeting

The Chair reviewed pertinent discussions and decisions from the board meeting on 16-17 June 2010 with particular emphasis on decisions stemming from the Audit and Finance Committee's recommendations (Doc #5).

4 Programme Funding Plan and Next Round of Proposals

In June 2010, the Board delegated to the Executive Committee the authority to consider and approve the programmes recommended by the Independent Review Committee (IRC) in October 2009, following a recommendation to be considered by the Audit and Finance Committee.³ Further, the Board welcomed and approved in principle a new application round and, in that regard, delegated to the Executive Committee the authority to determine during its meeting in July 2010, the date for the next meeting of the new proposals IRC.³

Barry Greene, Managing Director of Finance and Operations presented a programme funding plan (Doc #6a) which included the October 2009 IRC recommendations along with information demonstrating compliance with the Programme Funding Policy. In sum, the Committee was asked to review the financial implications of US\$ 1,502,885,499 in total programme budgets, \$810,244,199 in financial commitments out of programme budgets, and a \$22,337,838 financial commitment to fund a Yellow Fever stockpile programme.

The Secretariat also proposed a timetable for the next round of country applications for GAVI support (Doc #7). Discussion followed:

- All of the programme funding recommendations could be endorsed and approved in accordance with the Programme Funding Policy. At the same time, the Committee noted that this approval should proceed with caution given the current macro-funding capacity of the Alliance.
- The amount of funding available for the next round would be determined by the extent to which contributions and other income to GAVI during 2010-2015 could be generated. Given that additional contributions may not become

³ See Resolution 15 from the 16-17 June 2010 Board Minutes

clear prior to the October 2010 replenishment meeting, the Committee emphasised that stakeholders be fully informed at each step.

- If a new round were to be announced prior to October 2010, the associated messaging should make it clear that the finance available will be dependent upon the outcome of resource mobilisation efforts. Therefore, GAVI may wish to wait until after the replenishment session so that the size of the funding pool is clearer.

DECISION

The GAVI Alliance Audit and Finance Committee:

- 4.1 **Acknowledged** that it reviewed the financial implications of the programme funding plan (Doc #6a) and that it could be endorsed and approved by the Executive Committee in accordance with the Programme Funding Policy. However, the endorsement is made with caution given the current macro-funding capacity of the Alliance.

5 Programme Funding Plan for Restricted Countries

Mr Dutson reviewed the programme funding plan for restricted countries (Doc #6b).⁴ The plan called for a reduction of programme liabilities in the amount of US\$ 682,000 for Cuba's Health Systems Strengthening programme.

DECISION

The GAVI Alliance Audit and Finance Committee:

- 5.1 **Acknowledged** that it reviewed the financial implications of the programme funding plan for restricted countries (Doc #6b) and that it could be approved by the Executive Committee in accordance with the Programme Funding Policy.

Wayne Berson, David Crush, and Anne Schuchat recused themselves from voting on this decision.

6 Internal Audit Report

Cees Klumper, Director of Internal Audit, requested guidance as to how often Internal Audit should make standing reports to the Board and whether to disclose Internal Audit's reports to the public (Doc #8). Discussion followed:

- Internal Audit should make a standing report to the Board during its mid-year meeting and participate at other board meetings on an ad-hoc, as needed basis.
- To preserve the confidentiality critical to the effectiveness of Internal Audit while providing transparency consistent with the publication of independent

⁴ During this portion of the meeting, Wayne Berson recused himself from chairing or participating. In addition, David Crush and Anne Schuchat also recused themselves from participation on this issue

evaluation reports, the Committee determined the following documents related to Internal Audit will be publicly available:

- Annual written reports
 - Other papers presented to the Board, unless a decision is made to keep a particular paper confidential due to its nature
- Internal Audit should have a presence on GAVI's website that describes the its function, with references and links to relevant documents such as Internal Audit's Terms of Reference, the Whistleblower Policy, the published annual reports and any other papers made publicly available.

7 Committee Workplan Update

Stephen Nurse-Findlay, Programme Officer, Governance, reviewed the Committee's Workplan, updated since the Committee endorsed it in March 2010 (Doc #9).⁵ Given its forward agenda, the Committee decided to cancel the 8 September 2010 session.

8 Travel and Expenses

Messieurs Dutson and Klumper led a discussion on GAVI's travel and expenses policies. Travel authorisation and expense reimbursement require line management approval. CEO travel and expenses are reviewed by the Internal Auditor and Deputy CEO. The Internal Auditor confirmed this practice is being followed.

There being no further business, the meeting was adjourned.

Mr Barry Greene, Treasurer

⁵ See Section 7 of the 11 March 2010 Minutes

Attachment A

Participants

Committee Members

- Wayne Berson, Chair
- David Crush
- Magid Al-Gunaid
- Gavin McGillivray
- Clarisse Paolini
- Anne Schuchat

Regrets

- Dwight Bush

Secretariat

- Santiago Cornejo
- Helen Evans
- Tony Dutson
- Barry Greene
- Cees Klumper
- Louis Mkanganwi
- Stephen Nurse-Findlay

Guests

- Rob Lin, Bill & Melinda Gates Foundation
- Pierre-Henri Pingeon, KPMG (Sections 1-2)
- Karina Vartanova, KPMG (Sections 1-2)