



GAVI Alliance Audit and Finance Committee Meeting

30 July 2014
Teleconference

FINAL MINUTES

Finding a quorum of members present, the meeting commenced at 10.00 Washington time on 30 July 2014. Wayne Berson, Audit and Finance Committee Chair, chaired the meeting.

1. Executive session with KPMG

- 1.1 The Committee held an executive session with Pierre-Henri Pingeon, Partner, and Karina Vartanova, Senior Manager, from KPMG, GAVI's external auditor to discuss the conduct of the 2013 audit (Doc 01).
- 1.2 The Committee convened in open session at 10.40.

2. 2013 annual financial report

- 2.1 Louis Mkanganwi, Director of Financial Reporting, reviewed the 2013 annual financial report (Doc 02). He provided some background information, in particular for the benefit of new AFC members, highlighting that the report consolidates the financial statements of the GAVI Alliance, IFFIm Company, and GAVI Campaign.
- 2.2 He informed Committee members that there are two key differences in the 2013 annual financial report when compared to the 2012 report. The first is that the 2013 report does not include the financial statements of GAVI Fund Affiliate, which was liquidated during 2013. The second relates to the way in which the supplementary information is presented.

Discussion

- One member of the Committee asked if between pages 8 and 9 it would be possible to include data on the overall business plan costs as one of the key financial performance indicators. The Secretariat agreed to look into this, highlighting the importance of ensuring that there is no confusion between business plan expenses and overhead expenses ratio.

- It was agreed that some additional wording would be added to page 10 referencing the HSS target, what has been achieved and the trends.
- It was also agreed that it would be useful to move wording in the report which explains the decrease in the Alliance's overhead expenses to page 10 where this is highlighted.
- The Secretariat agreed to include an explanation in the financial overview under the overview of income and expenses in relation to the increase in payroll and benefits and to send further information to Committee members on what is driving the decrease in "other revenue" as seen in the table on page 16 of the report.
- In reply to a question from a Committee member, the Secretariat clarified that the first sentence on page 8 is a statement of fact, which is not a required disclosure and so does not affect the financial statements. It was agreed to leave it up to the Secretariat to decide on whether or not the sentence be removed from the report.
- In reply to a question from a Committee member, the Secretariat clarified that the statement in relation to investment income at the end of page 37 is in compliance with an accounting standard relating to disclosures in investments which explains where the income on investments is included in the financial statements.

Decision One

The GAVI Alliance Audit and Finance Committee:

- **Recommended** to the Board that it approve the 2013 GAVI Alliance Annual Financial Report, contingent upon the inclusion of any amendments agreed to by the AFC during its meeting.

3. Chair's report

- 3.1 Standing declarations of interest were tabled to the Committee (Doc 03a in the Committee pack).
- 3.2 The Committee noted the minutes of its meeting on 22 April 2013 (Doc 03b), which were approved by no-objection on 14 June 2013, its action sheet (Doc 03c) and its forward workplan (Doc 03d).

4. Programme funding request

- 4.1 Tony Dutson, Senior Director of Finance and Chief Accounting Officer, informed the Committee of the programme funding request that the Executive

Committee will consider for approval at its meeting on 23 September 2014 (Doc 04).

- 4.2 He highlighted that the funding decisions reflected in the paper are consistent with expenditure estimates within the financial forecast presented to the GAVI Alliance Board in June 2014 and that the value of the programme approvals being sought, US\$ 1.4 million, represents 0.02% of the estimated value of expenditures covering the period 2011-15.

Discussion

- In response to a question from a Committee member, Mr Dutson confirmed that should the Alliance not raise the total amount of additional contributions requested for the 2016-2020 strategic period, there are three options – a) to not approve future programmes, b) to use cash and investment reserves to meet obligations, or c) to implement the Board-approved prioritisation mechanism for new vaccine support.

Decision Two

The GAVI Alliance Audit and Finance Committee:

- **Noted** that it reviewed the financial implications of the Programme Funding Request in Doc 04 and concluded that it could be approved by the GAVI Alliance Board or Executive Committee in accordance with the Programme Funding Policy.

5. Update of the internal auditor

- 5.1 Simon Lamb, Managing Director, Internal Audit, delivered an update to the Committee on internal audit activities, including an update on investigations into misuse.
- 5.2 Representatives of KPMG left the meeting during the discussion on this item.
- 5.3 Mr Lamb reminded Committee members that he had looked closely at the resources required within the Programme Fiduciary Oversight team to ensure that there will be an adequate level of coverage, in particular in relation to cash programme audits, and in this context a request for an increase in resources will be included in the 2015 business plan and budget.

Discussion

- The CEO noted in the context of the request for additional resources that at its meeting in December 2014 the GAVI Alliance Board will be considering the new risk policy and that it will be an appropriate time to get a sense from the Board on what their risk tolerance is and the level of engagement that they will want in these areas.

- In the context of a question from a Committee member on staff turnover it was noted that there is an error on page 7 of the KPMG 2013 audit highlights memorandum which refers to a high staff turnover in the PFO team in 2013, which was not the case. This should reference instead 2014, when PFO has experienced staff turnover; there was no staff turnover in 2013.

6. Review of decisions

- 6.1 Debbie Adams, Managing Director, Law and Governance and Secretary to the Board, reviewed and agreed the decisions with the Committee.

7. Any other business

- 7.1 Barry Greene, Managing Director, Finance and Operations, informed the Committee that the appointment of KPMG as the independent auditor for the period 2014-2018 had been removed from the agenda of the GAVI Alliance Board meeting in June and that the Audit and Finance Committee will be asked, at an upcoming meeting, to confirm its prior recommendation to appoint KPMG.
- 7.2 The Chair confirmed that the Audit and Finance Committee meeting scheduled for 5 September had been cancelled as there would not be any programme funding request to consider at that time.
- 7.3 After determining there was no further business, the meeting was brought to a close.

Ms Debbie Adams
Secretary to the Board

Attachment A

Participants

Committee Members

- Wayne Berson, Chair
- Micheline Gilbert
- Shanelle Hall
- Tom Hunstad
- Marcus Koll
- François Lefebvre
- Yifei Li
- Katherine Taylor

Other Board members present

- Seth Berkley (non-voting)

Secretariat

- Debbie Adams
- Tony Dutson
- Joanne Goetz
- Barry Greene
- Anuradha Gupta
- Simon Lamb
- Louis Mkanganwi

Guests

- David Sidwell
- Raj Baisya, DFID
- Kelly Jarrett, Bill & Melinda Gates Foundation
- Pierre-Henri Pingeon, KPMG
- Karina Vartanova, KPMG