



Gavi Alliance Independent Auditor Selection and Evaluation Policy

Version 2.0

DOCUMENT ADMINISTRATION

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1.0	Prepared by: Barry Greene, Managing Director, Finance and Operations	
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1. Definitions

1.1. The following definitions and acronyms shall apply:

- “**AFC**” – Gavi Audit and Finance Committee.
- “**Board**” – Gavi Alliance Board of Directors, or the Gavi Executive Committee acting on behalf of the Board of Directors.
- “**IFFIm**” – International Finance Facility for Immunisation
- “**IFRS**” – International Financial Reporting Standards.
- “**Incumbent Gavi Auditor**” – the public accounting firm engaged to perform the audit of the consolidated financial statements of Gavi.
- “**Incumbent IFFIm Auditor**” – the public accounting firm engaged to perform the audits of the financial statements of the International Finance Facility for Immunisation.
- “**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

Appointment of Audit Firm

2.1. As per Gavi’s Statutes the Board shall appoint a reputable firm of independent auditors (“Auditors”) to conduct an annual audit of the accounts of the Gavi Alliance.

Term of Appointment

- 2.2. An Incumbent Gavi Auditor may serve a first term of up to five consecutive financial years.
- 2.3. After completion of its first term, an outgoing Incumbent Gavi Auditor may submit a request to be considered for appointment to a second term of up to five consecutive financial years.
- 2.4. No Incumbent Gavi Auditor may serve more than two consecutive five-year terms. After completion of an Incumbent Gavi Auditor’s second consecutive five-year term, the Board shall appoint a different public accounting firm to serve as Gavi’s independent auditor.

Request for Proposals by Audit Firms

- 2.5. While the World Bank serves as Treasury Manager to IFFIm, Gavi will aim to appoint the auditor from the same firm in Switzerland that has been appointed to serve as the World Bank Auditor in the US to serve as Gavi’s next independent auditor. Prior to the end of the last financial year of the current Incumbent Gavi Auditor’s five-year term, as described in 2.2 to 2.4 above, the Secretariat will request a proposal from the prospective accounting firm.
- 2.6. If the World Bank no longer serves as Treasury Manager to IFFIm and in circumstances when the proposal submitted as per 2.5 above is not considered

satisfactory, Gavi will request proposals from a minimum of three public accounting firms to serve as Gavi's next independent auditor.

- 2.7. The Secretariat shall review and assess the proposal(s), and recommend to the AFC a public accounting firm to be appointed as Gavi's next independent auditor.
- 2.8. 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 Gavi'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 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 including whether the firm plans to make reference to the Incumbent IFFIm Auditor in its audit report on the Gavi's consolidated financial statements.
 - (h) potential efficiencies and cost savings that may be realised by appointing the same public accounting firm to serve as Gavi's Auditor and IFFIm's auditor.
 - (i) any conflict of interest, any factors, complexities and difficulties that may create conflicts of interest or impair the firm's actual or perceived independence from Gavi.
 - (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, estimated out-of-pocket expenses and value for money.
 - (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.
- 2.9. Based on the considerations described in 2.8 above, the AFC shall recommend the public accounting firm to the Board for appointment as Gavi's independent auditor. The selected public accounting firm shall be appointed as Incumbent Gavi Auditor by resolution of the Board.
- 2.10. To note that the Board may, by resolution, terminate an Incumbent Gavi 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 Gavi Auditor as described in 2.5 to 2.8.
- 2.11. This policy is subject to Gavi's Procurement Manual.

3. Services to be Provided by Incumbent Gavi Auditor

Audit and Related Services

- 3.1. Each financial year, the Incumbent Gavi Auditor shall perform the following audit and related services in compliance with industry standards and code of conduct

subject to maintaining the principle of independence:-

- (a) audit of the Gavi Alliance's consolidated financial statements included in the Gavi Alliance's 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) audit of Gavi Alliance Standalone Financial Statements; and
 - (e) 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) to (d) above shall be included in annual audit engagement letters that the Secretariat shall execute on behalf of Gavi with the Incumbent Gavi Auditor which shall also include the fees proposal.
- 3.3. The services described in 3.1(e) above shall be included, as necessary, in separate engagement letters that the Secretariat shall execute on behalf of Gavi with the Incumbent Gavi Auditor. The AFC has delegated authority to approve the terms of engagement. 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.

Tax Compliance Services

- 3.4. Each tax year, the Incumbent Gavi Auditor shall perform tax compliance services for Gavi, including review of the Gavi 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 Gavi with the Incumbent Gavi Auditor. The AFC has delegated authority to approve the terms of engagement. Board approval of these engagement letters is not required.

Disallowed Services

- 3.6. The Incumbent Gavi 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 Gavi Auditor shall not perform any services that involve, or appear to involve, the Incumbent Gavi Auditor making management decisions on behalf of Gavi.

4. Assessment of Incumbent Gavi Auditor 's Performance

- 4.1. After the second financial year of an Incumbent Gavi Auditor 's five-year term, the Secretariat will prepare an assessment of the Incumbent Gavi 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 Gavi Auditor;
 - (e) the Incumbent Gavi Auditor 's maintenance of independence;
 - (f) any significant changes to the Incumbent Gavi Auditor since its

appointment; and

- (g) any other information that the Secretariat deems relevant.
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- 4.2. The AFC shall consider the information in the Secretariat's assessment, along with information it has received directly from the Incumbent Gavi Auditor. Based on all this information, the AFC shall determine whether there are any issues that must be remedied.
 - 4.3. The AFC or Board may also initiate a formal review of the Incumbent Gavi 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 Gavi 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 Gavi Auditor**
- 5.1. The Incumbent IFFIm 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.
 - 5.2. Unless exceptionally and specifically approved by the AFC or Board no individual or organisation other than the Incumbent Gavi Auditor and the Incumbent IFFIm Auditor may perform audit or other examination procedures on the records of the Gavi Alliance.