



December 2016

AUDIT AND FINANCE COMMITTEE CHARTER

1. PURPOSE

The Audit and Finance Committee ("Committee" or "the AFC") is established by the Board ("Board") of the Gavi Alliance ("Gavi") to support the Board in fulfilling its oversight responsibilities in a timely manner in respect of the organisation's financial management, risk and control framework, including internal and external audit, and adherence to appropriate standards of good practices and ethics.

The Committee will review, monitor and, make recommendations to the Board and the Executive Committee on the areas within its scope of responsibilities and on any other matters which the Board may request.

Words and expressions used in this Charter shall, unless the context requires otherwise, have the meaning attributed to them in the Gavi By-laws.

2. MEMBERSHIP

The membership, resources, responsibilities and authorities of the Committee to perform its role effectively is stipulated in this Charter, which may be amended by the Board as and when required or deemed necessary and is specifically governed by Gavi's By-laws, Article 4 which governs Committee member appointment, including relevant Alternates, and Article 2.4.4 which governs Committee member removal and resignation, including relevant Alternates.

A. Composition

The objective of composition of the AFC is to allow it to function efficiently and effectively in fulfilling its functions and responsibilities.

B. Balanced, competent composition

Essential features of the AFC as a whole are that it is independent from the Secretariat and that it is comprised of individuals suitably competent in the affairs and issues falling within the Charter so as to be able to provide the Board, the Executive Committee and the Secretariat independent advice on matters outlined in the Charter.

A majority of AFC members should be competent in aspects of financial management, risk management and control, and audit and collectively have a balance of skills, expertise, experience and knowledge of:

- Accounting and finance, including development finance;
- Risk management and systems of internal control;
- Assurance processes, including internal and external audit; and
- General principles of law, regulations, compliance matters and ethics (as appropriate).

All AFC members shall be able to act independently, to ask relevant questions and evaluate answers, act professionally and maintain the highest ethical standards and loyalty to the interests of Gavi.

The overall balance of skills on the Committee shall be periodically evaluated to respond to the needs of Gavi and its Board.

The criteria for AFC membership shall be consistent with Gavi's gender policy.

Each member of the AFC will be required to participate in a programme of induction, training and familiarisation with the work of the AFC to enable Committee members to keep abreast of current developments in the work of the AFC and leading practices.

The Chair of the AFC shall be an unaffiliated Board member with in-depth accounting and audit knowledge skills and experience but shall not be the Board Chair. The Chair shall:

- Plan and oversee the conduct of meetings;
- Report to the Board and/or the Executive Committee on relevant and material matters as appropriate; and
- Participate in and advise on the selection of AFC members in conjunction with the Board and the Governance Committee.

C. Size of the AFC

It is expected that the size of the Committee should reflect the size, the complexity of the organisation and its operations, and the extent of the Committee's functions and responsibilities. The AFC shall comprise not less than three persons. A majority of the AFC members shall comprise Board members and Alternate Board members. Committee delegates, as defined in the By-laws, shall be eligible for membership on the AFC.

Non-voting expert advisers may be appointed to the Committee or invited to participate in AFC meetings at the discretion of the AFC Chair on a permanent or ad hoc basis. The role of expert advisers is to support the Committee on highly technical or specialised issues that come before the Committee for its consideration and to provide guidance and/or advice that the Committee may consider in its deliberations.

D. Appointment and term of office

All AFC members shall be appointed by the Board on the recommendation of the Governance Committee, in consultation with the Chair of the AFC. AFC members shall be appointed for a term of two years with renewable terms of a further two years. All nominees to the AFC should be evaluated by the Governance Committee to ensure

each individual meets the membership requirements set out in 2.B above prior to appointment and ensure the individual's competencies fit with the required competencies of the AFC.

The Gavi Director, Governance or his/her designated appointee shall be the Secretary of the Committee. The Secretary shall:

- Provide the link between the AFC, the Board, Executive Committee and the Secretariat;
- Assist the AFC in developing good governance practices; and
- Ensure that the agenda, meeting papers and minutes and other materials to support the AFC are provided in a timely manner.

3. AUTHORITY

The AFC is established by the Board under Article 19 of the Gavi Statutes and is a Standing Committee of the Board. It is empowered by the Board to undertake the responsibilities outlined in this Charter. The AFC will operate under Gavi's By-laws.

The AFC will have oversight, review and advisory functions to, and for, the Gavi Board and the Executive Committee. It will make recommendations for Board and Executive Committee decision/approval primarily covering: (i) budget for the Secretariat and partners; (ii) programme funding requests; (iii) long-term financial forecasts; (iv) risk policy and risk appetite statement; (v) annual risk and assurance report; (vi) internal and programme audits; (vii) Audit and Investigations' terms of reference; (viii) external auditor; and (ix) annual financial statements and report.

The AFC has no executive powers and is not a decision-making body unless it has powers directly delegated to it by the Board. It shall regularly report on AFC activities to the Board and shall maintain open communications between AFC members, the Board and the Executive Committee.

The Committee shall have the power to delegate on an exceptional basis its authority and duties to the AFC Chair or individual Committee members as it deems appropriate.

The AFC shall have unrestricted access to information, Gavi personnel and relevant other Gavi parties, and external expertise as appropriate.

The mandate of the AFC is established in this Charter.

4. RESPONSIBILITIES

It is the responsibility of the AFC to provide the Board and/or the Executive Committee with timely, independent, objective advice on the adequacy of the Secretariat's arrangements and shall:

A. Oversee, review and monitor Gavi's financial management and corporate reporting:

- Review annually the appropriateness of accounting policies and practices of Gavi and recommend approval by the Board of any material changes proposed

to Gavi's accounting interpretations. This review will also include any significant management judgments, estimates and unusual transactions contained therein.

- Review and recommend to the Board for approval the consolidated annual financial statements report (AFR) and any related information material to the AFR.
- Review interim financial information of Gavi, including review of any formal announcement of a financial nature from Gavi and other periodic filings.
- Review and recommend to the Board the annual or bi-annual budget for the Secretariat and Partners and budgets associated with PEF (Partners' Engagement Framework).
- Review and approve a budget amount for an activity that has not been completed within the year for which the budgeted activity had been approved to be carried forward to a subsequent year in which the activity will be undertaken.
- Review and recommend to the Board/Executive Committee the programme funding policy and that programme funding requests are within available and anticipated funding.
- Review Gavi's long-term financial forecasts and recommend to the Board that it appropriately reflects Gavi's expenditure needs and available resources.
- Review funding and liquidity needs of Gavi with the Secretariat and report to the Board accordingly and to guide the Secretariat, through the Board, on Gavi's funding and liquidity needs.
- Review and monitor the currency hedging policy, plan and its effectiveness.
- Review the competence and adequacy of the finance function, its leadership, personnel, resources and systems, including technology and operations.

B. Oversee, review and monitor the enterprise risk management system:

- Oversee, through review, the operation of an appropriate and effective system of internal control covering organisation, systems, processes, and other mechanisms employed by the Secretariat.
- Review and recommend to the Board for approval risk policies and the risk appetite statement.
- Review and monitor the effectiveness of risk management systems and processes (including the risk register) in identifying, assessing, and managing the Alliance-wide risks which are most significant, and in maintaining an appropriate risk culture.
- Review and monitor the development and maintenance of risk management capabilities and an appropriate risk culture.
- Review and monitor the risk register.

- Review and monitor key risks, their assessment, mitigation and related assurance mechanisms to ensure that Gavi's significant risks are within the Gavi Board-approved risk appetite.
- Review Gavi's arrangements for the management of business continuity, and the operation of information systems.
- Identify specific risks for further specialist discussion in other Committees, as applicable.
- Select key risks to be brought to the Board for review and discussion of whether the aggregate level of risk is acceptable or mitigated appropriately.
- Review the annual risk and assurance report for recommendation to the Board.

C. Oversee, review and monitor the operation of the Audit and Investigations function comprising Internal Audit, Programme Audit, Investigation and Counter-Fraud activities:

- Recommend to the Board the appointment and/or termination of the Managing Director: Audit and Investigations following review for appropriate skills, background and authority for leadership of the function.
- The Managing Director: Audit and Investigations shall have a direct reporting line to the Board, which is generally effectuated through routine reporting to the AFC. The Managing Director: Audit and Investigations shall have free and unrestricted access to the AFC Chair as well as the Board Chair and Board Vice Chair (if necessary on a confidential basis).
- Review and recommend for Board approval the Audit and Investigations terms of reference.
- Review and approve the Annual Audit and Investigations Plan.
- Review and monitor the effectiveness of the audit and investigations function, including its organisation, and the adequacy of resourcing (both financial budget and personnel) given the desired level and quality of audit coverage and investigatory capability expected by AFC. Review summary of all audit reports with particular attention to be given to any audit reports with significant findings, including the appropriateness of issue remediation and management's responsiveness.
- Request audits, investigations or other reviews as considered appropriate by AFC to assist it in the execution of its responsibilities.
- Review reports relating to the operation of the investigations and counter-fraud activities, and the appropriateness of management follow-up.
- Evaluate annually the performance of the Managing Director: Audit and Investigations and of the Audit and Investigations function.
- Review the periodic External Quality Assessment to be undertaken as set out in the Audit and Investigations terms of reference.

D. Oversee the external auditor and the external audit:

- Review the expertise, experience of the external auditor and make recommendations to the Board on auditor appointment/reappointment, as appropriate and should be read with the Independent Auditor Selection and Evaluation Policy.
- Approve the terms of engagement, scope of work and fees for the external audit.
- Annually review the external auditor's independence, objectivity and competence and review and approve the use and fees of the external auditor for any non-audit services.
- Meet with the external auditor to obtain their opinion on the finance function and its processes in preparing the financial statements.
- Review with the external auditor the audit management letter and management's response.
- Review with external auditor the AFR and discuss the audit opinion, key audit matters arising, recommendations for improvement and the AFC's assessment of the external auditor's performance and audit quality.
- Recommend to the Board the approval of the AFR.

E. Review and monitor effectiveness of integrity, ethics, and fraud and whistleblowing activities:

- Review and monitor any matters arising in relation to the operation of the Whistleblowing Policy, the Ethics Policy and the Conflicts of Interests Policy.
- Make any recommendations to management regarding the enhancement and/or practical application of these policies throughout Gavi and its operations.
- Ensure the effective investigation and resolution of issues arising in connection with these policies.

F. Review and monitor effectiveness of compliance procedures

- Review of tax matters, primarily the United States IRS 990.
- Review significant legal matters and discuss their financial impact on Gavi.
- Review and monitor compliance with any applicable laws, regulations and Gavi policies and ensure proper document retention practices.

G. Other matters

- Oversee that appropriate insurance coverage for Gavi's business and its personnel is in place including undertaking an annual review of Gavi's insurance policies and reports from insurance advisers.

- Perform such other duties required by Gavi By-laws or otherwise as necessary or appropriate to further the Committee's purposes, or as the Board or Executive Committee may assign to the AFC.

5. MODE OF OPERATION

A. Meeting attendance

According to the Statutes and By-laws all Board members and their Alternates, who are not serving on the AFC, have the right to attend meetings of the AFC as observers but may not speak or participate in the proceedings except at the invitation of the AFC Chair.

The Chief Executive Officer, Managing Director: Finance and Operations, Senior Director: Finance and the Managing Director: Audit and Investigations shall make themselves available to attend all AFC meetings as appropriate. Other members of the Secretariat shall be required to attend meetings of the AFC as necessary or requested by the AFC Chair.

The external auditor shall be required to attend AFC meetings to discuss audit matters as may be requested by the AFC Chair.

AFC members shall prepare for and actively participate in Committee meetings.

B. Frequency of meetings

The Committee shall meet at least four times annually or more frequently as the AFC Chair deems necessary. It is intended that two of these meetings shall be face-to-face meetings.

Meetings shall be coordinated to occur prior to Board meetings and shall be cognisant of co-ordination with the Programme and Policy Committee as appropriate at least once a year and the need for expeditious approval by the Board and/or Executive Committee of time sensitive matters.

C. Notice of meetings

The Committee shall establish an annual calendar of activities so that meetings are known well in advance.

Notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee and other invitees in the week prior to the date of such meeting and sent by email.

The notice will include relevant supporting papers for the agenda items to be discussed.

D. Agenda

The AFC Chair shall establish Committee meeting agendas with the Secretary of the Committee and in consultation with Committee members and relevant members of the Secretariat. The AFC agenda and annual calendar of activities shall include matters for current consideration and emerging issues within its area of responsibility.

E. Quorum

The quorum for the AFC shall be a majority of AFC members.

F. Conflict(s) of interest and declarations of interests

All AFC members shall adhere to Gavi's Conflict of Interest and Ethics Policies and shall annually complete an Annual Declaration Form in accordance with these policies. The Declaration shall be updated by AFC members when required.

At the commencement of each meeting, each AFC member shall declare any actual or perceived conflict of interest arising in the matters before the Committee and the relevant provisions in the Statutes, By-laws and the Conflict of Interest Policy shall regulate participation.

G. Voting

The Chair should aim for consensus on all decisions. If consensus cannot be reached, majority and minority positions shall be reported to the Board and/or the Executive Committee as appropriate.

H. Minutes

The Committee shall keep minutes of its meetings in accordance with Gavi's Statutes and By-laws.

I. Executive sessions

From time to time, at the discretion of the AFC Chair, the Committee may hold closed sessions with the Managing Director: Audit and Investigations and the external auditor, together or separately without management present.

6. ACCESS TO INFORMATION AND EXPERTISE

The AFC shall be authorised by the Board to obtain independent professional advice as it considers necessary, at the expense of Gavi.

7. PERFORMANCE AND REVIEW

The Committee will evaluate its performance at least once every two years in conjunction with the Board Evaluation having regard to the principles and requirements of its mandate as set out in this Charter and any additional activities undertaken during the year at the request of the Board and/or Executive Committee.

The AFC shall report to the Board the results of its review and development actions arising.

The Board shall review the AFC Charter on a regular basis, normally in conjunction with the biennial performance evaluation, to ensure its adequacy and that it remains relevant to its programme of work and in accordance with developments in best practice.

This Charter may only be amended or varied by a resolution of the Board, passed in accordance with Gavi By-laws.