

SUBJECT: RISK AND ASSURANCE REPORT

Agenda item: 06a

Category: For Decision

Section A: Introduction

- At the end of each year, the Board reviews and approves the Alliance's Risk & Assurance Report. The Risk & Assurance Report 2018 has been reviewed and recommended for approval by the Audit & Finance Committee (AFC) and guidance from both the Audit and Finance Committee and the Programme and Policy Committee (PPC) have been incorporated in the final version annexed to this paper.
- The Gavi Alliance Board is requested to approve the report attached as Annex A and to provide guidance on the questions outlined below.

Section B: Risk & Assurance Report

1. Portfolio discussion on top risks to the Alliance

- 1.1 The Gavi Alliance Board has ultimate responsibility for risk oversight in the Alliance and is responsible for agreeing on overall risk appetite and understanding and agreeing with the most significant risks and related mitigation. It therefore has an annual in-depth discussion on risk, based on a comprehensive Risk & Assurance Report.
- 1.2 This is the third year the Alliance prepares its annual Risk & Assurance Report which discusses the most critical risks that could potentially impact the ability of the Alliance to achieve its mission and strategic goals. The report provides an update on risk management across the Alliance, an analysis of macro-trends affecting Gavi's risk profile, an overview of key changes in top risks compared to last year, and an overview of how current levels of risk compare to Gavi's risk appetite (i.e. the willingness to accept being exposed). Detailed information including analysis of each top risk and corresponding mitigation plans is included in the annexes of the report. Where applicable, links are made with findings from audits, evaluations and other reviews where these provided assurance on the effectiveness of current mitigation measures and/ or identified risks.
- 1.3 This year's report shows that Gavi's overall risk profile has remained relatively stable with all 15 top risks from last year still included and two additional top risks. One new risk (Polio transition) was previously unranked pending assessment and is now included as a high risk. The other new risk

(IT disruption) has been elevated from a medium risk (previously named Cyber-attack) to a top risk and separated from the broader Secretariat disruption risk. The levels of some individual risks have evolved and the understanding of existing risks further enhanced based on work throughout the year by risk owners and colleagues across the Alliance and reviews in the Secretariat's Risk Committee. The report also highlights four risks outside risk appetite (up from three last year, now including Frequent or unplanned campaigns), continuing to require intensive mitigation efforts.

- 1.4 The Audit and Finance Committee (AFC) have reviewed the report and recommended it for approval. There was significant discussion around how to manage risks which are currently outside risk appetite, recognising that many are very complex issues not under the direct control of Gavi, inherent to global health and development, and assessed against the delivery of a very aspirational strategy. Several Committee members questioned whether Gavi should be concerned if risks remain outside risk appetite over a long period, whilst others acknowledged that this may be inherent to Gavi's mission and it is important to be open about this as it helps informing strategic discussions at Board level. The AFC recommended to give some thought to defining the timelines over which these risks can remain outside risk appetite and at which point they should reasonably be expected to come back within risk appetite, or risk appetite should be increased. The AFC furthermore discussed whether global supply shortages risk has increased due to current shortages in some markets or whether this is just a materialisation of the risk that had already been rated as high. The AFC also suggested to consider looking into risks related to Secretariat capacity to deal with change initiatives and retention of talent. The Programme and Policy Committee (PPC) also extensively discussed many risks as part of several agenda items, e.g. campaigns undermining routine immunisation and engagement with countries to mitigate post-transition risks.

2. Deep-dive on a particular risk

- 2.1 As requested by the Board, there is a dedicated session at each year-end Board meeting to allow for a portfolio discussion on top risks based on the Risk & Assurance Report. Reflecting Board member feedback, the Secretariat also uses these opportunities for a deep-dive on a particular risk topic that requires Board guidance. As described in the paper under the next item 06b, this year there will be a discussion on approaches to fiduciary risk management in Gavi's cash grants, which is an issue that the Board has previously discussed but identified as requiring further consideration.

Section C: Actions requested of the Board

The Gavi Alliance Audit and Finance Committee recommends to the Gavi Alliance Board that it:

Approve the Risk & Assurance Report 2018 attached as Annex A to Doc 06a

The Gavi Alliance Board is furthermore requested to **provide guidance** on the following questions:

- a) Does the Board agree with the top risks identified this year and their ranking against likelihood and impact?
- b) Are there concerns on risk exposures clearly outside Gavi's risk appetite and, if so, are further investments or different approaches to mitigation required?
- c) Do any of these risks require a more in-depth discussion by the Board at a future date?

Annexes

Annex A: Risk & Assurance Report 2018