
Subject **Audit & Finance Committee Chair Report**

Category **For Information**

Section A: Introduction

- This report provides the Board with an overview of the activities of the Audit and Finance Committee (AFC) since the Committee Chair last reported to the Board in December 2024.
- Since the last Board meeting, the AFC has convened four times: virtually on 11 February, in Geneva on 12-13 May, and virtually again on 5 June and 17 July. During these meetings, the AFC addressed recurring matters in accordance with the standard workplan for Gavi 5.1, the remaining activities of the Office of the COVAX Facility and the 6.0 recalibration. Additionally, the AFC discussed the Secretariat review in closed session.
- In addition, the chair held several technical briefings mainly in relation to Cash in Countries with a deep dive on Nigeria, a deep dive on the development of the AFC financial reporting design, as well as an update on the 6.0 forecast recalibration.
- Subjects reviewed are noted under Section B and matters to be reviewed in upcoming meetings are presented under Section C.
- AFC recommendations to the Board are attached as Annex A.

Section B: Subjects reviewed

1. Financial Update

1.1. Management Reporting

- The AFC was presented with an update on financial performance as of December 2024 as well as with the Q1 2025 Management reporting.
- The AFC received an update on the financial reporting redesign and is supportive of the proposed strategy to simplify and automate reporting to AFC.

1.2. 2024 Annual Financial Report (AFR)

- The AFC reviewed the AFR and the report of the external auditor (Deloitte) for the year ended 31 December 2024 and recommended them for approval to the Board.
- No material issues or adjustments were raised by Deloitte who issued an unqualified audit opinion.

1.3. Financial Forecast Gavi 5.1 (2021-2025)

- The AFC reviewed the Financial Forecast of Gavi 5.1 strategic Period (2021-2025) which shows financial flexibility with US\$ 185 million available for future investments, with Qualifying Resources at US\$ 13.6 billion and Expenditures at US\$ 13.4 billion. The forecast is now presented on a consolidated basis independent of funding source and the AFC review the restatements from the previous “sources of funds” basis.
- The qualifying resources have decreased by US\$ 361 million from the prior forecast. This is driven by a decrease of US\$ 300 million in allowance for future direct contributions which are no longer expected, a US\$ 149 million reduction in repurposed funds partly offset by investment income/IFFIm proceeds.
- The overall expenditure has decreased by US\$ 386 million compared to the prior forecast. This decrease is primarily driven by US\$ 214 million risk adjustment made in the context of the current global health funding context with reports of disruption to vaccination activities and monitoring with countries, Alliance partners and expanded partners (noting that this adjustment is made centrally as the specific impacts on individual country delivery is not yet known) and US\$149 lower C19/CDS demand.
- The reductions in forecast expenditure for the C19 programme and CDS serve to increase the Pandemic Vaccine Pool (PVP) by US\$ 149 million.
- The AFC acknowledges that the Secretariat has considered the current global challenges and uncertainties while preparing the forecast and recommends that, should these uncertainties not result in the lower country demand forecast, the Secretariat is permitted to fund country demand up to \$13.6bn in line with resources available.

1.4. Treasury Update

- The AFC received an update on Treasury matters which includes a Portfolio Overview of US\$ 6.1 billion assets (excluding LTIP and SFP), with CORE at US\$ 4.1 billion and COVAX AMC at US\$ 2 billion. It was noted that the CORE cash decreased by US\$ 0.3 billion since December 2024, in line with forecasts and that 2025 liquidity is expected to decline as the strategic period closes.
- The AFC noted that interest income year-to-date is US\$ 72.1 million, closely tracking with SOFR benchmarks, and the investment strategy aligns with Gavi 5.0 and 6.0 funding needs.
- The AFC noted as well that that Citibank onboarding has been completed, while SocGen and BNP onboarding are near finalisation. This will achieve the objective of increasing the number of banking relationships. All ISDA agreements have been signed. Additionally, the AFC acknowledges that the

Treasury Procedure implementation as well as the technology review are complete. A number of changes will be made as a result. Work on implementing the World Bank Reserve Advisory & Management Partnership (RAMP) program for African Vaccine Manufacture Accelerator (AVMA) and First Response Fund (FRF) is underway.

- Finally, the AFC was informed that all positions remain within policy limits, and internal audit follow-ups are progressing, with most items closed or addressed.

1.5. Technology project landscape

- In response to an AFC request to have visibility on the Scope of projects currently anticipated and how they support the transformation of workflows, the AFC was briefed that the Digital Investment Roadmap was rephased in 2025 to align with the Secretariat's capacity and focuses on key initiatives like the Base Grant Management System for Grant Management Reform, the Forecast & Budget solution for better financial processes, and the compliance initiative to strengthen internal controls with the Segregation of Duties tool in SAP.
- The AFC noted that despite the 2025 rephasing, the commitment to technology-driven transformation remains strong with a plan, over the next six years, to invest in areas like digitisation and integration, AI adoption, and transitioning blockchain opportunities from experimentation to operational use.

2. Financial Implication of Replenishment and Gavi 6.0 Resources

- The AFC will receive an update on several key topics, including the Gavi 6.0 resources post-summit, the strategic cost estimate (for recalibration), the funding gap, and the upcoming Board retreat.
- The briefing will highlight, in addition to the 6.0 resources secured at the replenishment of US\$ 9.0 billion, additional opportunities ranging from US\$ 0.5 to US\$ 1.5 billion, expected by the end of the year result in a range of resources for recalibration of \$9.5 – 10.5 billion
- The **Gavi 6.0 strategic cost estimate** (US\$ 11.9 billion approved by the Gavi Board in June 2024) is updated to **US\$ 13.0 billion** to reflect Programme and Policy Committee recommendations to the Board and external factors. This amount will form the base for recalibration (the “recalibration baseline” costing).
- The funding gap to deliver the 6.0 strategy is estimated to be between US\$ 2.5 and US\$ 3.5 billion. The AFC will discuss that the Board retreat scheduled for July 22-23 will focus on recalibrating the strategic priorities to close this funding gap. Additionally, risks and opportunities will be

discussed, including the need for confirmation of pledges, new or repurposed cashflows, and the hedging of non-USD exposures.

- The AFC objective is to review for reasonableness the information prepared for the Retreat and Board meeting to support the Board in its decision making.
- As the AFC will review this important agenda item on 17 July, after the Chair report has been dispatched, a verbal update will be provided at the Board retreat and Board meeting including an update on the Secretariat 6.0 review which will be discussed on 17 July AFC closed session.

3. Data Visibility

- The AFC was briefed on the current recurrence and level of data granularity received by the core Partners (UNICEF/WHO). The importance of aligning the funding lever consolidation and reporting category to provide appropriate visibility on the spend was explained. The AFC noted that UNICEF and Gavi agreed during their annual meeting on an action plan for reporting convergence. Gavi will work with core partners to further integrate reporting through the continuation of the Data Automation (DAX) project, with the objective of improved transparency of overall spend.

4. Audit & Investigation

- Audit and Investigations provided routine updates covering activities against the 2025 and 2025 plans previously approved by the AFC. The updates covered country-focused audits, Secretariat-focused audits, advisory work, investigations and counter-fraud and whistleblower reporting. The AFC was updated on significant issues arising from audit work internal to the Secretariat and Gavi Secretariat management's responses to those issues. Notably since the last AFC Chair's report to the Board, these addressed issues emerging from the audits of recent changes to the procurement manual, in-country assurance mechanisms and data protection and privacy. Furthermore, the AFC was updated on the results of 17 programme audits since the last AFC Chair's report to the Board.
- In late 2024, the audit functions completed an external quality assessment, this is a mandatory requirement of the Standard of the Institute of Internal Auditors and was carried out by the French Institute of Internal Auditors, who presented the results to the AFC. The assessment concluded that the audit functions already conform to the new Global Internal Audit Standards, which came into force on 1 January 2025. The AFC found that this was an excellent result and testimony to the audit functions' focus on audit quality.
- The AFC received reports from Audit and Investigation on the Secretariat's implementation of audit recommendations addressed to Gavi management, and Gavi implementing countries' implementation of recommendations addressed to them via programme audits.

- The AFC received reports from Audit and Investigation on Gavi's recovery of misuse determined following programme audits. Following through on misuse ensures that accountabilities are maintained both at country level and by extension at the level of the Gavi Secretariat. Misuse of US\$ 48 million in total was determined following programme audits over the period 2015 to April 2025, of which 97% of the amounts due by April 2025 had been reimbursed.
- The AFC received the first report from Audit and Investigation on Gavi's recovery of misuse determined following investigations in Gavi implementing countries. Misuse of US\$ 0.4 million in total was determined following investigations since 2023, of which US\$ 0.2 million had been repaid to Gavi by April 2025, Gavi continues to follow up on the remaining amount.
- At its June 2025 meeting, the AFC reviewed the Speak Up Policy, intended to replace the 2020 whistleblower policy, and recommended to the Gavi Alliance Board that it approve the Policy, suggesting that this be a consent agenda item for the Board.
- Finally, the AFC reviewed in closed session the status of whistleblowing reports and their investigation. There is nothing that warrants reporting to the Board.

5. Grant Management Reform Update

- The AFC received an update from the Chief of Staff during the February 2025 meeting on the status of Grant Management Reform. This update focused on Grant Management Reform in the context of broader Gavi 6.0 Operationalisation and provided updates on project governance (positioning of a lean project mgmt. office in the CEO's office, devolving majority of resources to the business), progress on the five workstreams and a financial update (on track per wave 1 implementation scope and timelines). The SLT subgroup on Reform and Prioritisation, chaired by the CEO, then implemented two key updates:
 1. Clear delineation of four key areas under the Grant Management Reform Workplan (6.0 shifts and norms, processes, systems, and country rollout), each led by an accountable SLT member, with financial oversight by the SLT Reform and Prioritisation Group (RPG) and a new time-bound subgroup of the RPG, chaired by the CEO, meeting weekly to monitor progress, identify and discuss interdependencies, and resolve bottlenecks.
 2. A review of the Grant Management System (GMS) to identify critical elements for a 'base GMS' by the end of 2025, with additional elements to be added later.

6. Ethics, Risk and Compliance Office (ERCO)

- In February 2025, the AFC reviewed and validated the Ethics, Risk and Compliance Office (ERCO)'s workplan for 2025 defining key objectives and milestones contributing to the ERC's delivery on its vision. The AFC also

reviewed and validated ERCO's approach to Risk Appetite Statement review that started in January 2025 to end up in December 2025 with the submission of the revised Risk Appetite Statement for approval to the Board.

- At its 13 May meeting, the AFC reviewed the ERC mid-year update on top risks highlighting key changes in Gavi's risk profile since the annual Risk & Assurance Report was shared at the December 2024 Board meeting. The AFC was updated on areas where the risk function has been engaged since January 2025 to further mature risk management in the Secretariat, including progress in strengthening risk management across the Alliance. The AFC was also informed on progress made on the Risk Appetite Statement review and on next steps that include individual consultations with AFC members and Board Committees' Chairs as well as group consultations with PPC members.

7. Knowledge Management and Technology Solutions (KMTS) update

- The AFC was provided with an overview of KMTS 2024 key results, including investments, operations, and the budget for 2024-2025. KMTS highlighted the foundation laid for Gavi's digital transformation, which aims to improve operational support and decision-making. Key achievements included leveraging AI chatbots, SAP Segregation of Duties (SoD), and automation enhancements. The team also focused on enhancing technology capabilities for core business processes such as contract management, grant management, and treasury. An increase of 17% in the IT budget for 2025 was projected to address cyber security risks, data growth, and growing Secretariat expectations.
- The AFC noted that the Cyber Defense, Security Engineering & Incident Response team reported that the Security Operations Center (SOC) 2.0 has been successfully operationalized, enhancing threat monitoring and response capabilities. No high or critical cyber security incidents were reported in recent quarters. Gavi has moved from periodic security scans to real-time vulnerability discovery, significantly enhancing proactive patching and reducing vulnerability risk exposure. IT security KPIs remained stable, reflecting consistent performance in threat detection, response, and mitigation efforts.
- The AFC was informed that the new CISO, who joined Gavi on April 1, plans to revamp the Cybersecurity Steering Committee (SteerCo) to elevate cybersecurity to a more strategic level within the organization. A Cybersecurity Maturity Assessment will be conducted using the Gartner IT Score methodology to benchmark capabilities and define future strategy.
- The AFC noted that in 2025 several controls and audits are planned to include Artificial Intelligence, Deloitte statutory & IT automated controls, annual disaster recovery exercises, and continuous security testing and remediation. The ISO 27001 recertification audit is planned for November 2025.

Section C

Subjects to be reviewed in upcoming AFC meeting of 7-8 October 2025

- CEO Programmatic and Quarterly Financial Reporting updates
- Grant Management Reform update
- Financial update (including Gavi 5.1 and 6.0 Financial Forecasts, 6.0 Secretariat Budget)
- Digital Investment Roadmap
- CFO update: Finance and Treasury Control Environment
- Ethics and Risk Management update (incl. Annual Risk and Assurance report)
- Audit and Investigations report + 2026 plan
- Programme Funding Policy Update (TBC)
- IRS Form 990 (2024)
- Annual Legal Update
- Annual Insurance update
- AFC Charter update
- Review of decisions and any other business

Annexes

Annex A: AFC recommendations to the Gavi Alliance Board

Decision Set One (11 February 2025)

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

- a) **Approve** a carry-over of US\$ 6.3 million to the 2025 Secretariat budget relating to projects and activities in the 2024 Secretariat budget that were not completed and will be undertaken in 2025;
- b) **Note** that Business as Usual savings in 2024 and any additional savings in 2025 will not be reinvested.

Decision Set Two (12-13 May 2025)

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

- a) **Note** that the Audit and Finance Committee reviewed the recommendations to be made to the Programme and Policy Committee and concluded that there are no financial implications for the Gavi 5.1 strategic period;
- b) **Approve** the Gavi 5.1 Financial Forecast (2021-2025) of Qualifying Resources of US\$ 13.6 billion and Forecast Expenditure of US\$ 13.4 billion;
- c) **Note** that the financial forecast reflects the risk that reduced partner and country delivery capacity will impact Gavi programmes, at an estimated value of US\$ 214 million in 2025. In the event that the risk of lower vaccine demand does

not materialise, the Secretariat is authorised to fund these programmes in line with country plans and up to a total Gavi 5.1 Expenditure of US\$ 13.6 billion;

- d) **Note** that a number of risks and opportunities in relation to the Gavi 5.1 financial forecast have been identified which may lead to additional changes in the forecast.
- e) **Note** that in light of the uncertainty of the environment, no additional commitments beyond existing programmatic commitments will be made against the forecasted net available funds of US\$ 185 million;
- f) **Note** the remaining balance on the COVAX Advance Market Commitment Pandemic Vaccine Pool is US\$ 1.9 billion.

Decision Set Three (5 June 2025)

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

- a) **Approve** the Speak Up Policy as set out in Annex F to Doc 03;
- b) **Approve** the 2024 Gavi Alliance Annual Financial Report and the 2024 Gavi Alliance Statutory Financial Statements.

Decision Set Four (17 July 2025) *(note: these recommendations may change as a result of the meeting on 17 July)*

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

- a. **Note** the range of available resources for the Gavi 6.0 strategic period (2026-2030) is projected to be US\$ 9.5 billion – US\$ 10.5 billion. Negotiations with donors are ongoing and it may take several months to make a firmer estimate, including of any potential upside. No estimate has been made for any amounts that could be raised later in the Gavi 6.0 strategic period;
- b. **Note** the Gavi 6.0 Strategic Cost Estimate (US\$ 11.9 billion approved by the Gavi Alliance Board in June 2024) has been updated to a recalibration baseline of US\$ 13.0 billion to reflect new items recommended by the Programme and Policy Committee and still subject to Board approval AND external factors/assumption changes;
- c. **Note** that the Gavi 6.0 strategy will require recalibration discussions by the Gavi Board at its 22-23 July 2025 retreat, and that based on estimated available resources and the revised estimated expenditures, the recommended recalibration amounts are US\$ 2.5 billion (to reach the higher recalibration target of US\$ 10.5 billion) and US\$ 3.5 billion (to reach the lower recalibration target of US\$ 9.5 billion);
- d. **Note** the assumptions and principles for recalibration levers are reasonable; and
- e. **Note** the risks and opportunities to the financial projections of the Gavi 6.0 strategic period (2026-2030).