Subject	**Audit & Finance Committee Chair Report**
Category	**For Information**

Section A: Introduction

- This report provides the Board with an overview of the Audit and Finance Committee's (AFC) activities since the Chair last reported to the Board in December 2025. Since the last Board meeting, the AFC has convened three times: virtually on **18 February**, in Geneva on **7-8 May**, and virtually again on **4 June**.
- The Committee recognises that the Secretariat has been managing a significant internal reorganisation in the first half of the year at the same time as transitioning to a new strategic period. The successful delivery of the H1 AFC workplan has provided the Committee with confidence that, despite the substantial changes at the Secretariat, the organisation has demonstrated resilience and continued focus on key financial, governance and control activities. The committee will continue to monitor execution in its future meetings.
- During scheduled meetings, the AFC addressed recurring matters in accordance with the standard workplan, including the 2025 Financial Statement Audit, Gavi 6.0 Financial Forecast, Currency Hedging Strategy and Liquidity, Updated Risk Appetite Statement, and an update on Digital & Technology Strategy and Solutions.
- In addition, the AFC held several technical briefing sessions in relation to Treasury's Currency Hedging Strategy, Gavi Alliance Risk Appetite Statement, and the Alliance forecasting process, which included a deep-dive of the forecasting methodology, and PPC's prioritisation logic.
- Lastly, the following topics were discussed in closed sessions: Secretariat Review, including progress on achieving the Gavi 6.0 Budget, Market Shaping Deals, Global Fund Task Force, Alliance Roles & Responsibilities, 6.0 Grant Agreement Provisions.
- The Committee will continue to focus efforts on high priority areas.
- AFC decisions and recommendations to the Board are attached as Annex A.
- Subjects reviewed are noted under Section B and matters to be reviewed in upcoming meetings are presented under Section C.

Section B: Subjects reviewed

1 Office of the CFO Update

1.1 Management Reporting

- The Committee reviewed the 2025 and full **Gavi 5.1 (2021-2025) financial results**. The Committee recognised that 2025 marked the close of the five-year strategic period with strong overall performance. Total 2025 expenditure of **US$ 3.7 billion** was in line with the 5.1 forecast (v23) at **98%** and demonstrated a high degree of financial discipline and forecast accuracy. In addition, 2025 was a record year with **1.2 billion** (incl. CoFin) vaccine doses delivered to countries.

- **During Gavi 5.1,** the Secretariat delivered total resources of **US$ 31.5 billion** (incl. Core, CoFin, COVAX, and financial instruments) against expenditure of **US$ 27.5 billion**, reflecting continued progress in programme delivery by effective financial management.

- **Q1 2026 programmatic performance** was strong, particularly in resources and vaccines. Repurposed contributions were the primary driver of progress against 2026 resource targets. The Committee noted that finalising key contribution agreements to unlock new direct funding remains a priority for the organisation.

1.2 Financial Reporting (incl. *External Audit and Review of Control Environment)*

- The AFC reviewed the Annual Financial Report (AFR) and the report of the external auditor (Deloitte) for the year ended 31 December 2025. No material issues or adjustments were raised by Deloitte, and the AFC recommended the AFR for approval to the Board. The AFR was approved by the Board on 17 June and Deloitte issued an unqualified audit opinion.

- The Treasury Team reported that Market, Operational and Credit Risks were stable, while Liquidity Risk increased as Pledges were still to be confirmed and received in cash with a risk of significant decrease in liquidity during H2 2026. The Committee will continue to focus on liquidity needs and supports the drawdown of the EIB facility if necessary.

- **European Commission (EC) Audit Expenditure Verification:** The AFC reviewed and approved a request to appoint Deloitte to provide an independent verification of expenditure on the Grant Agreement NDICI CHALLENGE/2022/438-020*.*

- The EC requested to initiate an audit of Grant Agreement **No. FED 2020/421-803** by Forvis Mazars, which was approved by written resolution.

- The AFC reviewed the Finance and Treasury Control Environment. The Secretariat’s strong focus on Financial Operational risks during the period of change in late 2025 was highlighted, acknowledging that while controls are in place and operating effectively, the organisation is facing increasing operating risk pressures, including as a result of lower headcount and the reorganisation.

1.3 Financial Forecast for Gavi 6.0 (2026-2030)

- The AFC reviewed the Financial Forecast at both its May and, recognising the financial implications of the May PPC agenda, again at its June meeting and recommends the financial forecast to the Board for approval which remains consistent with the Board recalibration.
- Gavi 6.0 resources forecast is **US$ 10.2 billion** and includes **US$ 189 million** in **AVMA+ resources** (subject to Board approval) which could be available for Gavi programmes. The Secretariat continues to finalise Gavi 6.0 replenishment activities and since the last Board report, Qualifying Resources have increased by US$ 617 million to US$ 9.3 billion as Gavi 6.0 pledges are finalised**.** **US$ 978 million** remain to be converted into Qualifying Resources to achieve the resource calibration target.
- The total expenditures forecast are **US$ 10.2 billion.** In light of increased country demand for guaranteed vaccine budgets the forecast reflects the programming of the **US$ 184 million** additional resources in line with the PPC recommendation to make up to **US$ 222 million** (**US$ 139 million** vaccine funding from AVMA+ and **US$ 83 million** from supply credits held in a vaccine contingency) additional resources available for Vaccine Budgets.
- In the context of the remaining funding gap and limited flexibility (in line with the Board recalibration outcomes and implementation of country vaccine and cash budgets ceilings), the AFC noted the PPC recommendation that if the funding gap remains, the Secretariat will perform a review of all Gavi funding envelopes and bring to the Board for decision. The Committee reviewed the risks and opportunities and will continue to monitor these closely.
- In addition, the Committee noted an increase in foundational support of **US$ 80 million** (subject to Board approval)**,** of which **US$ 30 million** is as set out in the partner roles and responsibilities review and **US$ 50 million** drawn from AVMA+ resources available for AVMA+ Ecosystem Support and increased partner support.
- The Committee reviewed the other Board-approved programmes funded by repurposed COVAX AMC funds and approved **US$ 50 million** drawdown from the FRF to support the Alliance’s response to the Ebola Bundibugyo Virus (BVD) outbreak and up to **US$ 0.2 billion** (*subject to Board approval)* to support Gavi 6.0 through AVMA+ programming.

1.4 Treasury update, including Currency Hedging & Liquidity

- The AFC was updated on Treasury activities, including an overview of short-term investment portfolios and liquidity positions across CORE and Gavi

Board-approved programmes. This does not include the portfolio managed by the Investment Committee.

- CORE free cash stood at approximately US$ 1.2 billion as of March 2026, broadly in line with forecasts, with escrow balances at US$ 580 million and additional portfolios managed under AVMA and the First Response Fund.
- Year-to-date investment income remains broadly aligned with benchmark conditions, with portfolio returns tracking closely to SOFR levels in a stable interest rate environment (total March YTD US$ 42 million)
- All Treasury risk metrics, including market, liquidity, and counterparty exposures—remain within established policy limits, consistent with the Security, Liquidity and Yield (SLY) framework
- In parallel, FX exposure management remains active, with pledge hedging ratios typically ranging between 50% and 75% (approximately 55% at portfolio level)

1.4.1 Amendment and utilisation of the European Investment Bank (EIB) Frontloading Facility Update

- The AFC reviewed and recommended to the Board for approval the amendment and utilisation of the European Investment Bank (EIB) Frontloading Facility.
- The Committee noted the high strategic value of maintaining access to this instrument in the context of heightened funding uncertainty under Gavi 6.0 (noted in the Financial Forecast), including its role in providing timely and flexible liquidity to manage donor cash flow volatility, support market shaping, and ensure continuity of core programme financing. The AFC further recognised the competitive terms of the Facility and the importance of preserving this longstanding partnership with the EIB as part of Gavi's broader innovative finance toolkit. Consistent with past practice, the AFC recommended that the Board approve the ratification of the amendment and the proposed authorisation of utilisation.

2 Audit and Investigation Update

- Audit and Investigation provided routine updates covering activities against the 2025 and 2026 plans previously approved by the AFC (the AFC originally approved the 2026 plan in October 2025 and amended it in February 2026 following Wave 2 of the Secretariat Review). The updates covered country-focused audits, Secretariat-focused audits and advisory work, and reporting and investigating misconduct. The AFC discussed issues arising from Secretariat audits and advisories including the 2024/2025 procurement audits, noting that management reported that all outstanding points have been addressed, and was briefed on the Secretariat's responses to those issues. Notably since the last AFC Chair's report to the Board, issues emerged from the audits of expense claims, Gavi's engagement with CSOs, SAP (Gavi's financial management system) and Gavi's first Artificial Intelligence Policy; and from advisory work in the areas of the Secretariat Review, Gavi's culture journey and Gavi's support to IFFIm. The Committee discussed actions already taken by the Secretariat and future plans to address the issues.

- The AFC was also updated on the results of 10 country programme audits, and discussed three focus themes: vaccine-preventable disease surveillance, financial management and accounting, and follow up and resolution of audit recommendations.
- 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 reviewed Gavi's recovery of misuse determined following programme audits and in-country investigations. Following through on misuse ensures that accountabilities are maintained at country level.
- Finally, in closed session at its February 2026 meeting, the AFC reviewed the results of closed investigations – there is nothing that warrants reporting to the Board.

3 Ethics, Risk and Compliance Update

- In February 2026, the Ethics, Risk and Compliance Office (ERCO)'s workplan for 2026 was shared with the AFC for guidance, defining key objectives and milestones contributing to ERCO's delivery on its vision. The AFC also was provided the upcoming consultation process on identifying the 2026 strategic risks, which is intended to align to the new 6.0 strategic period and reflect the key internal and external challenges. Lastly, the proposed approach for updating the Gavi Alliance Risk Appetite Statement was presented for guidance, highlighting key areas for simplification and the introduction of a new methodology.
- In April 2026, a technical briefing was held with the AFC on the Gavi Alliance Risk Appetite Statement and related risk concepts. This was followed by the May 2026 AFC session, where the AFC received the draft of the Gavi Alliance Risk Appetite Statement for guidance. A draft list of 2026 strategic risk candidates was also shared for guidance, which had been developed following a series of consultations with AFC members and other key stakeholders. The draft list will be used to facilitate the launch of the strategic risk process, with the 2026 strategic risks to be further refined and finalised through ongoing consultations as the process progresses.
- At the June 2026 AFC session, the AFC received the latest draft of the Gavi Alliance Risk Appetite Statement version 4.0, which incorporated feedback

received since the previous session. The AFC provided its recommendation to the Gavi Alliance Board for approval.

4 Digital & Technology Strategy and Solutions Update

- At its 18 February meeting, the AFC reviewed the DTSS update covering delivery, risk posture, and the forward roadmap.
- **Delivery:** Strong 2025 performance across digital transformation, cybersecurity and compliance, including delivery of the Base GMS, automation of UNICEF cash transfers, strengthened SAP controls, ISO 27001 recertification (to Dec 2028), and full rollout of Partnerlink.
- **Risk:** Active management through the DTSS risk register with increased focus on cyber and organisational risks. Key risks include ransomware, AI-enabled attacks and data leakage. New risks (AI-driven social engineering and loss of technical knowledge) are being addressed through awareness and structured knowledge retention. Security is being strengthened through Zero Trust, enhanced monitoring and external assurance.
- **Cyber awareness:** High training compliance and improved phishing results demonstrate progress, though failure rates (~16%) remain above industry benchmarks, requiring continued focus.
- **Roadmap:** The 2026–2030 Digital Roadmap prioritise Grant Management Reform and remains on track. 2026 plans incorporate cost-efficiency measures from the Secretariat Review, including workforce optimisation and increased automation, alongside continued reliance on outsourced services. IT operating costs are expected to rise in line with planned digital investments.

Section C: Subjects to be reviewed in upcoming AFC meeting of 14-15 October 2026

- Chair’s report (DOI, Workplan)
- CEO updates
- Quarterly Financial Reporting
- Financial update (incl. Gavi 6.0 Financial Forecast)
- Digital Investment Roadmap update
- Risk Management update (incl. Risk and Assurance report)
- Audit and Investigations report + 2027 plan
- IRS Form 990 (2025)
- Annual Legal Update
- Annual Insurance Update
- Holistic view of Gavi risk management process, including the Risk Policy.
- Technical briefing on incident response processes and Innovation Finance Instruments (EIB, Scale-Up Facility, MDB multiplier etc.)
- Review of decisions and any other business

Annexes

Annex A: AFC decisions and recommendations to the Gavi Alliance Board

Decision Set One (18 February 2026)

The Gavi Alliance Audit and Finance Committee:

Approved the revised Audit and Investigations Plan 2026 as set out in Annex E of Doc 03.

Decision Set Two (7-8 May 2026)

The Gavi Alliance Audit and Finance Committee **reviewed** the **Financial Forecast,** confirmed that sufficient funding is available in the current strategic period, and recommended to the Gavi Alliance Board that it:

- **Note** that the Audit and Finance Committee reviewed the financial implications of the recommendations to be made to the Programme and Policy Committee (PPC) and concluded that the recommendations relating to the current strategic period could be approved by the Gavi Alliance Board in accordance with the Programme Funding Policy noting that any options guided by the PPC to make additional funding available must be funded from existing forecast resources including from other Board approved programmes as noted in c) below;
- **Approve** the Gavi 6.0 Financial Forecast (2026-2030) of Qualifying Resources of US$ 9.1 billion and Forecast Expenditure of US$ 10.0 billion, noting that the Gavi 6.0 Financial Forecast (2026-2030) Resources are US$ 10.0 billion (of which at this point in time US$ 4.4 billion is secured through contractual agreements as replenishment pledges are turned into signed agreements) and that the Secretariat will only commit funds aligned with available Qualifying Resources and cash flow forecasts;
- **Approve** the 2026 – 2030 forecast for other Board-approved, funded programmes of Forecast Resources of US$ 2.0 billion and Forecast Expenditure of US$ 0.5 billion (the African Vaccine Manufacturing Accelerator (AVMA), the Pandemic Prevention Preparedness and Response (PPPR) coalition, the First Response Fund (FRF) and legacy COVAX AMC funded programmes) of which subject to Board approval up to US$ 0.2 billion could support Gavi 6.0 programmes through AVMA+ in addition to Gavi 6.0 forecast resources of US$ 10.0 billion.

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

- **Approve** the ratification of the amendment to the European Investment Bank (EIB) Frontloading Facility executed by the Chief Executive Officer in December 2025 as set out in Annex C to Doc 08; and
- **Approve** the utilisation of the EIB Frontloading Facility through drawdowns of up to EUR 500 million, subject to satisfaction of all conditions precedent.

The Gavi Alliance Audit and Finance Committee

- **Noted** that the audit rights applicable to the Facility, as approved by the Audit and Finance Committee on 30 November 2022, remain valid and in force, for five years from the final maturity date of any loan under it, consistent with prior approvals.

Decision Set Three (4 June 2026)

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

- **Approve** the 2025 Annual Financial Report and the 2025 Gavi Statutory Financial Statements as set out in Annexes B and C of Doc 03.

The Gavi Alliance Audit and Finance Committee:

- **Approved** the engagement of Deloitte to provide an independent verification of expenditure on the Grant Agreement NDICI CHALLENGE/2022/438-020 for an estimated fee of EUR 85,000. Should the scope of work escalate requiring a revision of fee, an additional request will be made to the Committee.

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

- **Note** that the Audit and Finance Committee reviewed the financial implications of the recommendations made by the Programme and Policy Committee (PPC) and concluded that the recommendations could be approved by the Gavi Alliance Board in accordance with the Programme Funding Policy;
- **Note** the recommendation from the Programme and Policy Committee that:
    - Additional resources in the financial forecast v23.2 (approximately US$ 222 million) will be allocated following the revised prioritisation logic. This would likely cover most of the additional 2026 and 2027 needs from the draft v23.2 financial forecast.
    - If a funding gap in guaranteed budgets and the Initial Self Financing (ISF) floor persists, the Secretariat will conduct a holistic review of all Gavi funding envelopes to fill that gap and bring it to the Board for decision.
    - The Secretariat will conduct a review of the Vaccine Budget policy in 2028 and update it as needed.
- **Approve** the Gavi 6.0 Financial Forecast (2026-2030) of Qualifying Resources of US$ 9.3 billion (including US$ 0.2 billion of AVMA+ resources which, subject to Board approval, could support Gavi 6.0 programmes) and Forecast Expenditure of US$ 10.2 billion, noting that the Gavi 6.0 Financial Forecast (2026-2030) Resources are US$ 10.2 billion and the Secretariat will only commit funds aligned with available Qualifying Resources and cash flow forecasts;

- **Approve** the 2026–2030 forecast for other Board-approved funded programmes of Forecast Resources of US$ 2.0 billion and Forecast Expenditure of US$ 0.5 billion (the African Vaccine Manufacturing Accelerator (AVMA), the Pandemic Prevention Preparedness and Response (PPPR) coalition, the First Response Fund (FRF) and legacy COVAX AMC funded programmes) noting that this includes (i) US$ 50 million drawdown from the FRF to support the Alliance's response to the Ebola Bundibugyo Virus (BVD) outbreak and (ii) up to US$ 0.2 billion which, subject to Board approval, could support Gavi 6.0 through AVMA+ programming.

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

- **Approve** the Gavi Alliance Risk Appetite Statement version 4.0 as set out in Annex A to Doc 07.

The Gavi Alliance Audit and Finance Committee:

- **Delegated** to the Audit and Finance Committee Chair the authority to review and approve any further amendments necessary to finalise the Gavi Alliance Risk Appetite Statement version 4.0 before submission to the Gavi Alliance Board for approval.