

GAVI Alliance Audit and Finance Committee Meeting

14 December 2009
Washington, DC, USA

FINAL Minutes

Finding a quorum of members present¹, the meeting commenced at 9.02 Washington time. The Committee reviewed the minutes of its meeting on 28 October 2009 (Doc #1 in the committee pack).

DECISION

The GAVI Alliance Audit and Finance Committee:

Approved the minutes of its meeting on 28 October 2009.

1 Report of the Internal Auditor

The Chair introduced Cees Klumper, GAVI's new Director Internal Audit. Mr. Klumper tabled to the Committee draft terms of reference for the internal audit function along with his proposed workplan for the next three months (Doc #2). Discussion followed:

- The Whistleblower Policy is sufficiently robust but will need to be reviewed from time to time. Internal audit would be involved in such reviews.
- A full year workplan for the internal audit function is being developed and will be tabled to the Committee in due course. It was noted that often an organisation's internal audit function includes evaluating compliance as well as the robustness of risk management and that GAVI's internal audit function should as well.
- Committee members questioned whether the current arrangement of the internal auditor reporting both to the CEO and the Board was appropriate or if instead the function should report solely to the Board in order to enhance independence. The Committee determined that reporting to both may allay fears of unintentionally creating an adversarial relationship between internal audit and management. The Committee agreed that it would monitor the reporting lines and assess it from time to time.
- The Committee wanted to ensure that Mr Klumper had the necessary resources to perform effectively. He suggested that he report back to the Committee after approximately 12-18 months in order to give him time to establish the function and perform a peer review of it. Mr Klumper indicated when asked that he expects to be able to perform 20 to 30 discrete audits annually.
- Some committee members expressed caution about establishing local audit presence in-country as this would be contrary to what GAVI was intended to be, which was described as cooperation among already established partners.

¹ Participants are listed in Attachment A.

- The Committee wishes to receive regular reports from the Director of Internal Audit. Further, the Committee requested that he be included in the preparation of the Committee's agendas and briefing papers.

DECISIONS

The GAVI Alliance Audit and Finance Committee:

- 1.1 Endorsed the Terms of Reference for GAVI Internal Audit and the list of proposed audit and review topics for December 2009-February 2010.

2 Risk Register

Tony Dutson, Acting CFIO and Louis Mkanganwi, Director of Financial Reporting reviewed the updated risk register (Doc #3). Based on the COSO framework for internal control, the revised risk register captures the most important control objectives, risks, internal controls and monitoring activities with a view to ensuring accurate, complete and timely recording of transactions that have a financial impact to GAVI. Discussion followed:

- The risk register will be maintained by the finance team but the internal auditor will review the document, suggest improvements, and draw upon it, among other resources, to test controls. All in all, the internal audit function will not take the lead in identifying and implementing controls but rather will review whether controls are robust and right.
- The risk register presented to the Committee only covers financial accounting and reporting risks. It is the Secretariat's intention to expand it to cover other risk areas.

3 Accounting Policies

Mr. Mkanganwi reviewed several new accounting policies for Committee input (Doc #4). Discussion ensued:

- GAVI's external auditor, KPMG, either has, or will have, reviewed each of the policies prior to the Secretariat implementing them. The Chair requested that the Secretariat report back to the Committee on any material comments KPMG has on the policies.
- Some of the policies refer to control relationships between the GAVI Alliance and the IFFIm Company and GAVI Fund Affiliate ("GFA"). The controls referenced are accounting controls and not legal controls. The Committee wanted to make sure this is carefully monitored so that the relationships are not misconstrued. To this end, the Chair requested Tim Nielander, General Counsel to check with GAVI's English law advisors, Linklaters, to ensure the policies did not establish any legal controls.

DECISIONS

The GAVI Alliance Audit and Finance Committee:

- 3.1 Acknowledged it reviewed the following policies and the Secretariat's intention to implement them pending consent from consultation with KPMG and Linklaters:

- 3.1.1 Basis of Consolidation
- 3.1.2 Programme Grants Payable
- 3.1.3 Foreign Currency Transaction
- 3.1.4 Allocations of Expenses
- 3.1.5 Transfers of GAVI Fund Assets and Liabilities
- 3.1.6 Change in Reporting Entity

4 Q3 2009 Financials

Mr. Dutson reviewed GAVI's financial statements as of the end of Q3 2009 (Doc #5). There was no discussion. Mr Klumper made the suggestion of including qualitative commentary in addition to the financial statements in the future.

5 IFFIm Update

Mr. Nielander asked committee members if there were any follow-up questions on his report on IFFIm from October 2009. Committee members noted they were satisfied with a report circulated previous to the meeting which incorporated input from General Counsel and Linklaters.

6 Programme Funding Adjustment

Because of a timing issue, the Executive Committee was asked to extinguish a programme liability because the IFFIm Company and GAVI Fund Affiliate intended to fund the programmes. Mr Berson noted he reviewed the financial implications of the transfer in order to advise the Executive Committee though he disclosed to the Executive Committee that he serves as Chair of GFA.

DECISIONS

The GAVI Alliance Audit and Finance Committee:

- 6.1 Acknowledged the Chair's message to the Executive Committee in December 2009 with regard to review of the implications of extinguishing a programme liability.

There being no further business, the meeting was adjourned.

Mr Kevin Klock, Assistant Secretary

Attachment A

Participants

Committee Members

- Wayne Berson, Chair
- David Crush
- Magid Al-Gunaid (by telephone)
- Clarisse Paolini (by telephone)
- Jean-Louis Sarbib

GAVI Secretariat

- Tony Dutson
- Helen Evans
- Ruth Hogland
- Kevin Klock
- Cees Klumper
- Louis Mkanganwi
- Tim Nielander