

GAVI Alliance Audit and Finance Committee Meeting

29 November 2010

Kigali, Rwanda

FINAL MINUTES

Finding a quorum of members present¹, the meeting commenced at 16:45 Kigali time on 29 November 2010. Wayne Berson chaired the meeting.

1 Review of Minutes

The Committee reviewed the minutes of the meeting of 25 October 2010 (Doc #1 in the committee pack).

Decision One

The GAVI Alliance Audit and Finance Committee moved to:

Approve the Committee's minutes from its meeting on 25 October 2010.

2 GAVI Alliance Financial Forecast Update

Barry Greene, Managing Director, Finance & Operations tabled the financial forecast update (Doc #2) to be discussed at the board meeting on 30 November. The Secretariat reviewed three scenarios that projected how GAVI could meet its funding requirements under each scenario. Discussion followed:

- The Committee observed that numbers in some summary tables in the forecast document may appear not to add correctly because of rounding (to one-tenth of a billion) and asked the Secretariat to consider ways to minimise any misperception in that regard. It noted that the more detailed underlying numbers (expressed in millions) were also provided in the document.
- It would be helpful that the Board understand the firmness of the sources of funding that are described as "Assured Funding." The Chair informed the Committee that he had performed this analysis with the Executive Committee on 4 November.
- The Board must also understand that a significant step change of funding is needed in the short-medium term. While the summary numbers describe needs through 2015, GAVI will require assured funding in the next couple years, as is indicated in the year-by-year tables. On the other hand, it is expected that as countries graduate or step up co-financing, there could be some decrease in needs in the longer term.

¹ Attendees are listed in Attachment A

3 GAVI Alliance Business Plan Update

Tony Dutson, Senior Director, Finance and Chief Accounting Officer updated the Committee on the Business Plan Budget (Doc #3). Since the last meeting, the Secretariat took on board the Committee's comments and presented a budget for recommendation to the Executive Committee (EC). Mr Dutson informed the Committee of the EC's discussions and conclusions, including that it had recommended the budget to the Board with the proviso that the EC Chair and Interim CEO would work together to determine which new staff positions are critical and must be filled without delay and which positions can wait until after the new CEO is appointed. Discussion followed:

- The Committee was satisfied with the Executive Committee's conclusions and recommendations.
- Cees Klumper, Director of Internal Audit, informed the Committee he would maintain his 2011 budget at the same level as 2010. At this point, the Director of Internal Audit does not feel a need to expand the personnel budget but will keep the Committee apprised.
- In the future, the internal audit budget might be expanded particularly in light of risks posed by GAVI's cash-based programmes. Mr Klumper advised that, given the risk of funding misuse in GAVI recipient countries, the current size of the TAP team will also be evaluated in early 2011 to ensure that it is appropriately staffed to manage this risk.

4 2010 Audit and Tax Engagement Letters

The Board is responsible for appointing GAVI's independent auditor on the advice of the Audit and Finance Committee. Accordingly, Mr Dutson provided the Committee with KPMG's proposal for 2010 audit and tax services in Switzerland and the United States (Doc #4).

Decision Two

The GAVI Alliance Audit and Finance Committee moved to:

- **Recommend** to the Board that it appoint KPMG SA/AG as independent auditor of, and to provide Swiss tax services for, the GAVI Alliance for 2010
- **Recommend** to the Board that it appoint KPMG LLP to provide US tax services for the GAVI Alliance for 2010
- **Recommend** to the Board that it approve the audit and tax engagement letters with KPMG SA/AG and KPMG LLP.

5 Q3 2010 Consolidated Financials

Mr Dutson led a brief review of abridged versions of the GAVI Alliance's unaudited consolidated financial statements for the nine months ended 30 September 2010 (Doc #5) and reviewed any significant balances and fluctuations.

6 2009 IRS Form 990

Mr. Dutson presented GAVI's 2009 IRS Form 990 for the Committee's information (Doc #6). The Committee noted this document was prepared by external consultants and reviewed by the Secretariat's legal staff, KPMG, and the Committee Chair prior to its filing with the IRS.

7 Internal Audit Report

Mr Klumper reported his evaluation of management's consideration of risk in the preparation of the business plan and budget (Doc #7). Specifically, he reported that GAVI's current Risk Register, which has been provided to the Board, provides a good overview of the key risks and mitigation activities and that he is not aware of any other important risks that should be brought to the Board's attention. Further, for each of the more highly-rated risks, the Secretariat has provided the Board with a good description of the nature of each risk and how it proposes to mitigate it through activities described in the business plan.

There being no further business, the meeting was adjourned.

Mr Barry Greene, Treasurer

Attachment A

Participants

Committee Members

- Wayne Berson, Chair
- Dwight Bush
- David Crush
- Anne Schuchat

Regrets

- Magid Al-Gunaid
- Clarisse Paolini

Secretariat

- Tony Dutson
- Barry Greene (until 17:15)
- Stephen Nurse-Findlay
- Cees Klumper

Guests

- Rob Lin, Bill & Melinda Gates Foundation