

GAVI Alliance Audit and Finance Committee teleconference

23 March 2009

FINAL Minutes

Finding a quorum of members present¹, the meeting commenced at 10.00 Washington time on 23 March 2009. The Committee selected Wayne Berson to be chair of the meeting.

1 Pneumococcal Advanced Market Commitment

Tania Cernuschi, AMC Manager and Tim Nielander, General Counsel updated the Committee on the Pneumococcal Advanced Market Commitment (“AMC”) (Doc #1 in the committee pack). They confirmed that entering into the AMC agreements sets the parameters for the deal but does not constitute a funding decision. Further, they noted the procurement services fee for UNICEF was in line with previous fees.² Finally, Teresa Taube, Director of Financial Reporting reviewed the AMC Accounting Policy. Discussion followed:

- Approval of AMC-related financial commitments would follow normal IRC/Board programme approval processes.
- The Secretariat is allocating headcount for a position devoted to refining the AMC financial model. (For example, the staff member will evaluate and adjust inflation rate assumptions as the programme progresses.) The Committee requested updates on the model and underlying assumptions from time to time.
- After review of the AMC Accounting Policy, the Committee acknowledged the Secretariat’s intention to implement it.

RECOMMENDATION

The GAVI Alliance Audit and Finance Committee:

- 1.1 Recommended to the Executive Committee that it authorise the CEO on behalf of the GAVI Alliance to enter into the relevant AMC transaction documents upon the advice of legal counsel.
- 1.2 Recommended to the Executive Committee that it approve a supplemental programme expenditure of **US\$ 6,000,000** to UNICEF for procurement services.

2 Policies

Kevin Klock, Corporate Governance Officer, reviewed the draft whistleblower, document retention, and delegation of authority policies (together the “board policies”) (Doc #2). The purpose of the whistleblower policy is to provide a way for board member and employee concerns to be raised without fear of retribution. The document retention policy would outline the rules for preserving important GAVI documents. A delegation of authority policy would help to define certain delegations to the officers and other authorised signatories. Having these documents in place is considered best practice in many jurisdictions. Mr. Klock also tabled the Procurement Policy enacted by the Board in March 2008 for further consideration (Doc #2). Finally, the Secretariat tabled a suite of management accounting policies for review (Doc #3). Discussion followed:

¹ Participants are listed in Attachment A.

² Doc #1 erroneously listed the US\$ 6 million fee as the *total* fee requested by UNICEF. Instead, this fee represents a supplemental fee in addition to \$3.2 million already approved and expended.

- The Governance Committee will also review and, if thought fit, recommend to the Board the board policies at its meeting on 15 April 2009.
- The Secretariat will follow the board and management accounting policies as much as possible when conducting business on behalf of affiliated entities such as the International Finance Facility for Immunisation (“IFFIm”) and the GAVI Fund Affiliate (“GFA”). However, the boards of affiliated entities retain control over their own policies.
- The Committee recommended no further substantive changes to the existing Procurement Policy. It made some formatting suggestions.
- After review of the management accounting policies, the Committee acknowledged the Secretariat’s intention to implement them.

RECOMMENDATION

The GAVI Alliance Audit and Finance Committee:

- 2.1 Recommended to the Board that it approve the Whistleblower, Document Retention, and Delegation of Authority Policies.

3 GAVI’s Funding Model – Risk and Programme Delivery

Alice P. Albright, EVP and Alliance CFIO initiated a discussion on GAVI’s funding model and financial position (Doc #4). She suggested the Committee consider GAVI’s key financial risks, determine the implications of various strategies on GAVI’s risk profile, and consider methods for managing risk. Discussion followed:

- GAVI has already embarked on the most aggressive trajectory presented - making moral commitments to countries before funding is in hand. Therefore, the real question is how to manage this risk profile. GAVI is a successful enterprise and countries must continue to have confidence in GAVI’s ability to deliver on promises.
- GAVI should benchmark its commitments profile against similar organisations. If GAVI’s profile is significantly out of line, it should perhaps make adjustments to its commitments process.
- The Board and Executive Committee should view cash forecasts as they consider future financial commitments so they are aware of the programmes’ effect on GAVI’s financial position.
- As part of its fundraising strategy, the Alliance should mobilise civil society to build support in industrialised country governments with the objective of keeping immunisation high on their development agendas.
- GAVI’s programme liability accounting policy is sufficient for GAVI’s risk profile.
- The Board should add this issue to its June 2009 agenda. Further, it should be added to GAVI’s risk register and reviewed by the Committee from time to time. Also, GAVI’s executive team should regularly discuss this issue so it can advise the Board.

4 Risk Register/Programme Liability Financials

Ms. Taube provided an overview of GAVI’s risk register (Doc #5). After reviewing the listed risks, she encouraged committee members to provide input on missing, misidentified, or unsuitably mitigated risks. Also, she reviewed the programme liability financials which provided a snapshot of

disbursements related to country financial commitments made through December 2008. Discussion followed:

- The Committee praised the reports and felt they gave a wide-ranging analysis of GAVI's risk profile and commitments. Additions to the risk register would be provided to the Secretariat off line as they emerged.

5 Audit Calendar

Ms. Taube reviewed GAVI's 2008 audit calendar. The GAVI Alliance will need to approve its standalone accounts only; the target completion date is 30 June 2009. Discussion followed:

- The GAVI US entity will approve the GAVI consolidated financial statements since the GAVI Fund was the consolidating entity in 2008. It is anticipated Mr. Berson will be invited to advise the GAVI US entity board during its deliberation.
- So far coordination and communication with the external auditor has been excellent.
- The Secretariat anticipates requesting a meeting of the Committee during May 2009 to seek a recommendation on the accounts.

There being no further business, the meeting was adjourned.

Mr. Kevin Klock, Assistant Secretary

Attachment A

Participants

Committee Members

- Wayne Berson, Chair of the Meeting
- George Bickerstaff
- Majid Al-Junaid
- Alice Miller
- Jean-Louis Sarbib

Guests

- Clarisse Paolini

GAVI

- Alice P. Albright
- Tania Cernuschi
- Tony Dutson
- Kevin Klock
- Tim Nielander
- Teresa Taube