



GAVI Alliance Audit and Finance Committee Meeting

5 October 2012

Teleconference

FINAL MINUTES

1. Chair's report

- 1.1 Finding a quorum of members present, the meeting commenced at 10.00 Washington time on 5 October 2012. Wayne Berson, Audit and Finance Committee Chair, chaired the meeting.
- 1.2 Standing declarations of interest were tabled to the Committee (Doc 1a in the Committee pack).
- 1.3 The Committee noted the minutes of its meeting on 25 July 2012 (Doc 1b), which were approved by no-objection on 27 August 2012. It also noted the minutes of the decision taken by unanimous consent on 19 September 2012 to recommend the 2011 Annual Financial Report to the Board (Doc 1c).

2. Financial forecast / Programme approvals – unrestricted countries

- 2.1 Tony Dutson, Senior Director of Finance and Chief Accounting Officer, informed the Committee of the updated financial forecast for 2011-2020. He reported that the Secretariat intended to request from the Executive Committee endorsement of programme budgets and approval of near-term financial commitments from programme budgets (Doc 2).
- 2.2 During this section, he did not address budgets and financial commitments for Myanmar and Sudan.
- 2.3 For the other countries, the Executive Committee will be asked to endorse a net decrease to multi-year programme budgets in the amount of US\$ 95,415,236 and a net increase to near-term programme liabilities in the amount of \$823,194,105. He confirmed the Secretariat's assessment that GAVI could make these approvals in accordance with the Programme Funding Policy.

Discussion

- Indicative cash outflows increase substantially from 2012 to 2013, but then fall in 2014. The increase is a result of a large number of new introductions of

pneumococcal and rotavirus vaccine in 2013, along with funding of buffer stock and programme introduction grants. In 2014, it is anticipated that the net average cost for pneumococcal vaccine will fall as a result of the average price reducing towards the ‘tail price’.

- The Committee reviewed the types of decisions the EC was being asked to take. First, the EC is asked to “endorse” new IRC-recommended programmes and their associated multi-year budgets. An endorsement sends a positive signal that GAVI intends to fund a programme over its entire lifespan, subject to performance and availability of funds. Secondly, the EC is asked to “approve” near-term liabilities through the current and next calendar years. At a later time, if the Monitoring IRC believes sufficient progress has been made, additional tranches of funding will be approved out of the multi-year budgets. This process allows GAVI to signal endorsement of an entire multi-year programme, but only approve the financing needs for the near-term and to approve subsequent tranche of funding when progress is made.
- One member asked why funding of malaria vaccine was not present in the 2020 forecast if GAVI is considering supporting it. The Secretariat replied that the Board has not yet approved a funding window for malaria and so it is too soon to include it in the forecast. However, the Board will consider an updated vaccine strategy in 2013, and if malaria is approved for the strategy, then it would be reflected in the forecast.
- The Committee took note of the additional resources that would be needed starting in 2015 to fully fund forecasted demand.

Decision One

The GAVI Alliance Audit and Finance Committee:

- **Noted** that it reviewed the financial implications of the Programme Funding Plan for unrestricted countries, and that it could be approved by the Board or Executive Committee in accordance with the Programme Funding Policy.

2a. Financial forecast / Programme approvals – restricted countries

- 2a.1 During this section of the meeting (2a), Wayne Berson, Dwight Bush, and Anne Schuchat did not participate in discussion or voting. Derek Strocher was not present.
- 2a.2 Tony Dutson informed the Committee in session without American citizens and residents that the Secretariat intended to request from the Executive Committee endorsement of programme budgets and approval of near-term financial commitments from programme budgets for programmes in Myanmar and Sudan.

- 2a.3 The Executive Committee will be asked to endorse a net increase to multi-year programme budgets in the amount of US\$ 631,079 and a net increase to near-term programme liabilities in the amount of \$4,033,080. He confirmed the Secretariat's assessment that GAVI could make these approvals in accordance with the Programme Funding Policy.

Decision Two

The GAVI Alliance Audit and Finance Committee in session without American citizens and residents:

- **Noted** that it reviewed the financial implications of the Programme Funding Plan for Myanmar and Sudan, and that they could be approved by the Board or Executive Committee in accordance with the Programme Funding Policy.

Wayne Berson, Dwight Bush, Anne Schuchat, and Derek Strocher did not participate in discussion and voting on this decision.

3. IRS Form 990

- 3.1 Louis Mkanganwi, Director of Financial Reporting, reported that the Secretariat had completed the IRS Form 990 for the year ended 31 December 2011 and tabled it to the Committee for comment (Doc 3). The Form 990 is GAVI's annual return to the United States' Internal Revenue Service (IRS), which is required for entities that are exempt from income tax under US law. Once final, the Form 990 will be signed by Barry Greene as GAVI Alliance Treasurer and filed with the IRS by the 15 November 2012 filing deadline.

Discussion

- The Chair confirmed the form was largely unchanged from the previous year. Nevertheless, it was commented that it is a long and technical document and so the Committee should ensure it is comfortable with the process in constructing it. The Secretariat noted that internal tax experts, along with tax experts at outside consultants RAFFA and KPMG were involved with putting it together. KPMG was finishing its review, and the Secretariat offered to circulate an email to the Committee to report if anything came out of that review.
- It was noted that the 990 reflects the financial position of the GAVI Alliance on a standalone basis (apart from affiliated entities such as the International Finance Facility for Immunisation) and on a cash-basis.

4. Review of decisions

- 4.1 Kevin A. Klock, Head of Governance and Assistant Secretary, reviewed and agreed the language of Decision One with the Committee.

- 4.2 Tony Dutson reviewed and agreed the language of Decision Two with the Committee in session without American citizens and residents.

After determining there was no further business, the meeting was brought to a close.

Barry Greene
Treasurer

Attachment A

Participants

Committee Members

- Wayne Berson, Chair (except item 2a, 4.2)
- Dwight Bush (except item 2a, 4.2)
- Dirk Gehl
- Micheline Gilbert
- Tom Hunstad
- Anne Schuchat (except item 2a, 4.2)

Regrets

- Derek Strocher
- Yifei Li

Secretariat

- Tony Dutson
- Helen Evans
- Barry Greene
- Kevin A. Klock (except item 2a, 4.2)
- Louis Mkanganwi (except item 2a, 4.2)

Guests

- Natalie Revelle, Bill & Melinda Gates Foundation (except item 2a, 4.2)