1. **Chair’s report**

1.1 Finding a quorum of Audit and Finance Committee (AFC) members present, the meeting commenced at 14.45 Central European Time. David Sidwell, AFC Chair, chaired the meeting.

1.2 Standing declarations of interest were tabled to the Committee (Doc 01a in the Committee pack) alongside the minutes of its meeting on 13 February 2020 (Doc 01b).

1.3 The Committee also noted its action sheet (Doc 01c) and workplan (Doc 01d).

1.4 The Chair commended the Secretariat for its work during the COVID-19 pandemic.

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2 **COVID-19 Operational Implications**

2.1 Anuradha Gupta, Deputy Chief Executive Officer, presented an update on how the COVID-19 pandemic has impacted Gavi’s operations over the past few months.

2.2 She highlighted four immediate impacts on Gavi Secretariat operations, including additional demands placed on staff, the need for the Alliance to engage differently with its stakeholders and partners amid lockdown restrictions, the urgency for Gavi to reimagine its approach to supporting programmes especially in light of 36 scheduled vaccine campaigns being either postponed or at high-risk of cancellation, and positioning Gavi appropriately within the global endeavour to bring forward a vaccine for COVID-19.

2.3 Ms Gupta highlighted the Secretariat’s guidance to managers to lead with flexibility and empathy. She stated staff have adapted well to the new working environment and staff survey results show employees are feeling supported by management.

2.4 She then noted the programmatic priority to prevent COVID-19 escalation and support countries with routine health services and routine immunisation services to prevent a resurgence of vaccine-preventable diseases.

2.5 Ms Gupta highlighted that management has agreed to align organisational deliverables and staff performance at the Secretariat to six priorities for the remainder of the year: staff health and well-being, business continuity of essential
activities, providing leadership in the COVID-19 pandemic, preventing a resurgence of vaccine-preventable diseases, supporting a successful Gavi replenishment and engaging actively with external stakeholders and Gavi’s governing bodies.

Discussion

- In response to an enquiry from the Chair about new risks associated with maintaining routine immunisation services during the pandemic, Ms Gupta noted the Secretariat is monitoring infection rates and disruptions to the vaccine global supply chain. She highlighted how the Secretariat will remain flexible and adaptive to changing conditions and is focused on protecting health care workers and ensuring Gavi-supported countries are aware of issues, challenges and risks. She also noted how Gavi has authorised reprogrammed support to countries to assist Gavi-supported countries respond to the pandemic given resource and fiscal constraints facing countries at this present time.

- In response to a question from an AFC member about prioritisation and scenario planning, the Secretariat noted the challenge with building scenarios with such a high level of uncertainty at this stage of the pandemic and how reprioritisation will be required on an ongoing basis. Prioritisation will be discussed at the 11 May Gavi Alliance Board meeting and more detailed scenarios will be presented to the Gavi Alliance Board in June.

- In response to a question about potential impacts on vaccine manufacturing capacity, the Secretariat noted it is working closely with UNICEF on ensuring there remain sufficient supplies of vaccines to support existing routine immunisation programmes.

- In response to a question from an AFC member about assessing Secretariat size and capacity to manage Gavi’s additional workstreams, it was noted that an organisational review had begun in early 2020 and is scheduled to resume in June and one area of focus would be to assess resource capacity levels within the Secretariat.

3. Financial Update

3a Financial update: 2019 actuals, 2020 forecast and Gavi 5.0 Forecast (2021-2025)

3a.1 The Chair introduced the item, highlighting how the current financial forecast should be taken as a baseline that will require adjustments. It was noted that neither the impact of COVID-19 on routine immunisation programs nor direct COVID-19 implications are reflected in the current forecast. Financial flexibilities being granted to the CEO and Gavi-supported countries to respond to COVID-19 will impact the current period. Gavi’s role in direct response to COVID-19 is being defined.
Assietou Diouf, Managing Director, Finance & Operations outlined to the Committee the estimated expenditure for 2020 and the period 2021-2025 noting the Gavi Alliance Board and Programme and Policy Committee will consider programmatic decisions in the next several weeks after which a reforecast will likely be necessary.

Ms Diouf explained the forecast consists of the baseline figures provided at the December 2019 Board meeting and there are no material changes in the forecast since then. Resources available for the current strategic period (2016-2020) remain at US$ 0.4 billion.

**Discussion**

- In response to a comment from the Chair about having a high-level of control in programmatic decision-making including related to COVID-19, the Secretariat responded that controls are in place to guide and track operational and reprogramming decisions. These controls will guide the Secretariat as it considers emerging COVID-19 priorities.

- AFC members noted that decisions taken today relative to UNICEF fees are based on information provided to date and governed by the existing Memorandum of Understanding (MoU8) between Gavi and UNICEF. AFC members noted that the fees do not include any COVID-19 related amounts and are likely to change.

- It was noted that the next Memorandum of Understanding (MoU9) related to procurement in the 2021-2025 strategic period is scheduled for Gavi Board consideration in December 2020. Revisions to the 2021 fees may be necessary to reflect the outcome of MoU9 discussions as well as the potential financial impacts of COVID-19. Several Committee members concurred it would be helpful to recommend to the Board that it look at and approve UNICEF procurement fees twice a year and particularly later in 2020 when a more accurate projection is possible.

- An AFC member asked if UNICEF fee projections for the Gavi 5.0 strategic period 2021-2025 could be provided in the next financial update and the Secretariat will see if this is possible.

- In response to a question from the Committee about financial risks, the Secretariat noted that scenario planning has been performed on Gavi’s balance sheets and Gavi’s investment portfolio with no significant amounts identified. In relation to the investment portfolio, the Secretariat noted the Q1 2020 return was negative which will be discussed in the 12 May Investment Committee meeting. The Secretariat will come back to the AFC if concerns arise about not achieving a balanced budget at year end.

- In response to a question from a Committee member about increasing costs associated with the Partners Engagement Framework (PEF) and if the current forecast is enough, the Secretariat commented there are existing flexibilities within the 2020 budget and no changes expected in 2020 PEF amounts. It was further
noted that the 2021 financial forecast for PEF may change as it includes a built-in assumption that more countries would transition out of Gavi support.

- It was further noted that to help address the impact of COVID-19 on existing programmes, current budget flexibilities include CEO ability to vary Board-approved allocation of programmatic funding by 20% in 2020 and 2021, and reprogramming of Health Systems Strengthening (HSS) funding. Any new programmes related to COVID-19 vaccine procurement and deployment would require additional resources.

- The AFC requested the Secretariat to consider updating the Forecast when more is known about the implications of COVID-19. It may be necessary for more frequent updates to keep the Gavi Alliance Board updated on decisions taken by the Secretariat in line with the approved flexibilities.

Decision One

The Gavi Alliance Audit and Finance Committee, noting the recommendations do not include COVID-19 considerations and recognising the recommendations may require adjustments as needed, **recommended** that the Gavi Alliance Board:

a) **Approve**, within the overall Partners Engagement Framework:

   i. An increase of US$ 2 million to the already Board-approved 2020 UNICEF Supply Division fees for the procurement of vaccine and related devices in 2020;

   ii. A budget of US$ 21.4 million for UNICEF Supply Division fees for the procurement of vaccines, related devices and yellow fever surveillance and diagnostics equipment in 2021; and

   iii. A budget of US$ 4.3 million for UNICEF Supply Division fees for the procurement of cold chain equipment for 2021.

b) **Note** that the Audit and Finance Committee reviewed the financial implications of the recommendations as set out in Figure 1 in Doc 3a and concluded that these could be approved by the Board in accordance with the Programme Funding Policy.

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3b **Compliance with Financial Reporting requirements**

3b.1 Pauline Caywood, Head, Financial Accounting & Reporting, presented the item highlighting financial reporting requirements for 2019 and actions taken to comply with the requirements.

3b.2 She noted the completion of standalone financial statements for Gavi and the documenting of internal control system processes for the consolidation and standalone statements as now required under the Swiss Code of Obligations
(SCO). She further noted that with respect to the US generally accepted accounting policies (GAAP), Gavi complied with the major accounting policy change in respect to donor contributions and programme expenses in line with the methodology discussed previously with the Committee and this is reflected in the draft financial statements presented to Deloitte for Audit.

3b.3 Ms Caywood reported that in response to an observation by Deloitte and as requested by the AFC Action Plan, the Secretariat’s accounting policies (Annex B, Doc 3b) include a summary of standard terms commonly found in Gavi’s donor agreements and the resulting accounting treatment under the new accounting standards.

3b.4 Ms Caywood highlighted that following a review of the Financial Accounting Standards Board’s 2020 accounting standards changes, the Gavi Secretariat concluded the impact will be non-material for Gavi.

3b.5 In relation to Swiss GAAP and US GAAP policy requirements, Ms Caywood noted Gavi’s Swiss GAAP statements were prepared in accordance with US GAAP with adjustments only if the SCO explicitly permitted or prohibited an accounting treatment as this approach is permissible by SCO.

3b.6 Finally, she noted key risks and corresponding controls related to the financial reporting processes have been documented and sent to Deloitte for assessment (Annexes E and F, Doc 3b). She reminded the Committee that certain International Finance Facility for Immunisation (IFFIm) controls are in scope including some maintained by the World Bank as IFFIm’s Treasury Manager. The relevant controls related to IFFIm have been documented in accordance with the requirements and are being assessed by Deloitte.

Discussion

- AFC members commended the Secretariat’s management of the new SCO requirements and acknowledged the helpful collaboration of the World Bank on documenting controls related to IFFIm.

3c Draft 2019 Annual Financial Reports (AFR)

3c.1 Pauline Caywood, Head, Financial Accounting & Reporting, introduced the item, noting the draft pro forma AFR was presented for the Committee’s information in Doc 03c, which includes the consolidated annual financial statements and the Gavi standalone financial statements.

3c.2 Ms Caywood reported that the Swiss authorities granted an extension to Gavi to file its financial statements by 30 September 2020. She noted the AFR will reflect updated reporting standards as discussed earlier in item 3b and IFFIm’s standalone financial statements will be removed as these were included previously on a voluntary basis and are not required. She further noted the AFR will report a
subsequent event related to COVID-19 with the disclosure expected to be updated from that currently in the proforma to reflect emerging practise as it is established.

Discussion

- The lead audit director from Deloitte confirmed the pro forma has been received and the audit work is proceeding as planned. The Secretariat confirmed the team is working well remotely without challenges.

4. Audit and Investigations Report

4.1 Simon Lamb, Managing Director, Audit and Investigations (A&I), referred the Committee to Doc 04 and indicated that Paul Catchick, Head, Investigations and Counter-Fraud, and Edmund Grove, Director, Programme Audit, were available to address questions related to their areas of responsibility.

4.2 Mr Lamb referred the Committee to the A&I Terms of Reference (Annex H, Doc 04) which will be presented to the Gavi Board for approval in June. Mr Lamb explained that the proposed amendments are not material and mostly clarifications following recommendations from the External Quality Assessment (EQA).

4.3 Mr Lamb presented a revised A&I plan due to the significant impact of COVID-19, referring to Annex B, Doc 04. Given the Secretariat’s inability to do in-country programme audit work and limited ability to do internal audits, the timing of planned activities has shifted and follow-up items from the EQA have been added as this work can be completed with minimal impact outside the A&I team. Mr Lamb noted the recut plan outlines a new sequence of work activities keeping in consideration that A&I will continue to monitor work across Gavi and respond to changing circumstances as appropriate.

4.4 In relation to the plan, it was noted the Gavi Alliance Board will be updated on A&I response to current circumstances and the status of ongoing monitoring.

4.5 Mr Grove then provided information in relation to using country resources to support assurance work, noting the Secretariat is looking to leverage national assurance mechanisms to supplement Gavi’s oversight of in-country programme monitoring. Mr Grove highlighted the Secretariat is in discussions with two coordinating organisations and once travel restrictions are lifted, the Secretariat will look to continue building relationships with these two entities and seek additional in-country audit and assurance institution resources.

Discussion

- In response to a question from a Committee member on the increased risk of funds misuse since in-country programme monitoring has been halted, the Secretariat explained that while there is concern of increased risk of misuse, other oversight mechanisms such as fiduciary agents and partner agreement framework requirements are all in place. It was noted that Gavi-supported countries can apply
to have HSS grants repurposed for COVID-19 so there is no additional spending to monitor at this point and the grant submission process to the Secretariat is within previously-agreed upon parameters established by the Independent Review Committee (IRC).

• Given the Secretariat’s inability to conduct in-country programme audits at this time, a Committee member asked about risk implications of unfinished programme audits from last year. The Secretariat noted that all field work for 2019 was completed so only 2020 programme audit work will be impacted.

**Decision Two**

The Gavi Alliance Audit and Finance Committee:

a) **Approved** a revised version of the previously approved Audit and Investigations plan for 2020 reflecting amendments necessary to reflect the changing operating circumstances of the A&I function following the coronavirus outbreak and the dislocation to normal work arrangements, Annex B of Doc 04.

b) **Recommended** for approval by the Gavi Alliance Board a revised version of the A&I Terms of Reference to incorporate certain changes resulting from observations made in the recently conducted External Quality Assessment, Annex H of Doc 04.

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**5. Whistleblowing Policy**

5.1 Phillip Armstrong, Director, Governance, noted the Whistleblowing Policy has not undergone a comprehensive review since its inception in 2009. He explained that considering a number of policy changes necessitated by Gavi 5.0, the Secretariat is reviewing the policy to make it fit for purpose to current and future requirements.

5.2 Mr Armstrong outlined findings from an initial internal review and discussed proposed updates to the policy that would incorporate additional enhancements and clarifications related to third party stakeholder reporting and reporting within the Secretariat.

5.3 It was explained that after incorporating some recommendations from the Institute of Business Ethics in the United Kingdom, which had undertaken an external third party review of the revised and updated policy, a draft policy will be circulated to the AFC for review so a final draft can be tabled at the AFC meeting on 22 June 2020 and to then be submitted to the Gavi Board for approval at its 24-25 June meeting.

**Discussion**

• The Committee noted the utility of having this policy updated.
- In response to comments from AFC members, the Secretariat confirmed best practices from multiple global organisations will be reviewed along with Switzerland jurisdictional guidelines.

- In response to a question from the Chair, the Secretariat affirmed that it would be helpful for AFC members to share the draft policy with their legal teams keeping in mind the Secretariat’s request for a quick review period.

6. **IFFIm COVID-19 Arrangement Proposal**

6.1 The Chair introduced the item, commenting that the AFC should clearly understand the strategy behind using IFFIm to support Gavi’s mission and any limits to IFFIm’s capabilities.

6.2 Marie-Ange Saraka-Yao, Managing Director, Resource Mobilisation, Private Sector Partnerships and Innovative Finance, presented the proposal noting the Gavi Alliance Board advised the Alliance to help accelerate the availability of COVID-19 vaccines and expressed support for the use of IFFIm in relation to pandemic response.

6.3 Ms Saraka-Yao explained that following a request from the Kingdom of Norway, the Secretariat explored a proposal from Norway for Gavi to facilitate funding of the Coalition for Epidemic Preparedness Innovations (CEPI) COVID-19 vaccine development efforts. The Secretariat developed a set of criteria to assess the financial implications and risks for Gavi not only for the Norway proposal but for other potential transaction proposals aimed at accelerating the development of a COVID-19 vaccine.

6.4 She concluded by reviewing the assessment framework criteria and acknowledging the collaborative work of IFFIm, Gavi and the World Bank.

**Discussion**

- In response to a question from the Chair about the CEPI transaction arrangement, Ms Saraka-Yao explained that CEPI would be a Gavi programme allowing IFFIm to frontload Norway’s pledge of NOK 2 billion.

- In response to a question about the World Bank’s assessment that the Norway pledge could be frontloaded to 99% of its present value without any material impact on Gavi, the World Bank noted existing challenges with forecasting 5-10 years ahead and how there are working assumptions such as currency exchange rates to consider. All assured resources from IFFIm are subject to market conditions but the Treasury Manager affirmed there is high confidence the proposed Norway transaction would have no material impact on Gavi’s finances as things presently stand.
In response to questions from AFC members, the Secretariat noted the IFFIm Board is supportive of the Norway transaction and IFFIm donors responded positively to the assessment framework criteria.

The Committee discussed the assessment framework noting a precedent is being set and that further requestors should be informed that decisions will be made on their own merits and not every transaction request may be granted. The Secretariat noted that while a few donors have expressed interest, no further requests have been received to date.

AFC members noted the importance of tracking Gavi’s engagement in activities related to COVID-19 and was supportive of recommending the proposed CEPI transaction and assessment framework as set out in Doc 07 to the Gavi Alliance Board for approval, having been informed that the transaction will not impede Gavi’s ability to use IFFIm for other donor pledges and transactions, and the transaction should not have any material impact on Gavi’s finances.

Andreas Karlberg Pettersen made a brief statement on behalf of Sweden, which is part of the Norway-anchored constituency, and recused himself from the discussion.

7. Risk Management update

7.1 Jacob van der Blij, Head, Risk, outlined significant changes in Gavi’s risk profile since the last Risk & Assurance report in December 2019 and updated the Committee on emerging risks related to COVID-19.

7.2 Mr van der Blij noted the COVID-19 pandemic has had considerable impact on Gavi’s risk profile and while uncertainties exist regarding the severity of the pandemic, the Secretariat must plan for risk mitigation and flexibility in how it manages its risk mitigation strategies.

7.3 He then proceeded to outline different scenarios that could result amid the ongoing pandemic and during the eventual recovery phase. He noted Gavi may need to have a higher risk appetite due to ongoing uncertainties and potential disruptions to routine immunisation programmes.

Discussion

- In response to a question from the Committee on how the Secretariat will assess risk within its decision-making processes, the Secretariat noted it is already standard procedure and a part of Gavi’s culture to consider risk implications in key decisions and ensure risks are captured in reports and discussions.

- The Committee acknowledged there are new risks associated with the pandemic response and although this is already a part of Gavi 5.0, it will be important to focus on equity. The Secretariat confirmed ensuring equitable access to vaccines across all Gavi-supported countries will continue to be a key operating principle.
and the Secretariat is willing to consider taking on additional risk to ensure there is equitable access to a potential COVID-19 vaccine.

- In response to a question from an AFC member on risk-related resources, the Secretariat noted global risk reports are reviewed regularly and internally, risks have been identified against all of Gavi’s strategic priorities. Additionally, Gavi’s governing bodies such as its Risk Committee, Programme and Policy Committee, and the Gavi Alliance Board are all engaged in risk discussions.

- The Chair highlighted how mitigation of many previously-identified risks will be more challenging now and it will require additional work to maintain progress on routine immunisations while also addressing COVID-19.

- One member commented that it would be useful to discuss Secretariat capacity in a future meeting to see if there are sufficient staffing resources to manage Gavi 5.0 and the accompanying COVID-19 work.

8. **Any other business**

8.1 After determining there was no further business, the meeting was brought to a close and it then convened in closed session.

9. **Closed session for members only**

9.1 Members of the Secretariat left the room and the Committee proceeded with the closed session (See separate notes from the closed session.)

Philip Armstrong
Secretary
Attachment A

Participants

Committee Members
- David Sidwell, Chair
- Gisella Berardi
- Beniamin Carcani
- Emmanuel Maina Djoulde (items 1-2, 9)
- Etlva Kadili
- Irene Koek
- Tom Morrow
- Andreas Karlberg Pettersen
- Teresa Ressel
- Rafael Vilasanjuan

Regrets
- Kwaku Agyeman Manu

Other Board Members or Alternate Board Members
- Sarah Goulding, Vice Board Chair

Observers
- Kelly Jarrett, Bill and Melinda Gates Foundation
- Imre Hollo, WHO

Secretariat
- Philip Armstrong
- Pascal Baroller (items 1-3, 6, 9)
- Jacob van der Blij (items 1-8)
- Laura Boehner (items 6, 8-9)
- Paul Catchick (items 4-7)
- Pauline Caywood (items 1-5, 7)
- Adrien de Chaisemartin (items 1-2a, 3, 4)
- Assietou Diouf
- Tanguy Flahault (item 6)
- Edmund Grove (items 4-7)
- Anuradha Gupta
- Alison Jensen (item 6)
- Simon Lamb
- Jelena Madir (items 5-9)
- Minzi Lam Meier (items 1-3)
- Andy Mends (item 1-2)
- Kenneth Musiime (items 4-8)
- Thabani Maphosa (items 1-5, 7)
- Marie-Ange Saraka-Yao (items 3-7)
- Jeanne Shen (items 1-3)
- Paolo Sison (items 1, 2, 6-7)
- Wendy Tagama (items 3-7)
- Melissa Wolfe

Guests
- Lisa Watson, Deloitte (items 1-5, 7)