1. **Chair’s Report**

1.1 Finding a quorum of Audit and Finance Committee (AFC) members present, the meeting commenced at 14.20 Geneva time on 26 November 2019. 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 10 October 2019 (Doc 01 b). The Committee also reviewed its action sheet (Doc 01c) and Workplan (Doc 01d).

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Decision One

The Gavi Alliance Audit and Finance Committee:

Approved the minutes of its meeting on 10 October 2019.
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2. **Finance Update**

2a **Gavi abridged interim financial statements (Q3 2019)**

2a.1 Pauline Caywood, Head, Financial Accounting & Reporting, presented the Gavi standalone abridged interim financial statements for the third quarter of 2019 (Doc 02a).

2a.2 In reviewing the third quarter financial statements, Ms Caywood noted income and expense related to the Coalition for Epidemic Preparedness Innovation (CEPI) programme. Specifically compared to the prior year, US$ 77 million of the increase of US$ 114 million in contribution revenues is related to CEPI.

**Discussion**

- The AFC noted Gavi received reimbursement of costs incurred associated with supporting the CEPI transaction.
2b **Currency hedging update**

2b.1 Assietou Diouf, Managing Director, Finance and Operations, briefly introduced this item by reminding the AFC of an independent review conducted earlier this year of Gavi’s Currency Hedging Policy resulting in no major changes to Gavi’s Currency Hedging Policy.

2b.2 Tony Dutson, Senior Director, Finance & Chief Accounting Officer, presented the outcome of recent consultations with three large financial institutions on Gavi’s currency hedging approach (Doc 02b).

2b.3 Mr Dutson informed the Committee that Gavi’s proposal for a differentiated approach aligns with the conclusions from the FX experts.

2b.4 He also noted the importance of educating the donor community in advance of Gavi 5.0 pledging about potential FX risk. The Secretariat is working on how to help mitigate risk through the sharing of timing and value of pledges prior to donors making pledges.

**Discussion**

- An AFC member asked if natural hedges could be effectively applied. Mr Dutson noted that 95% of Gavi’s exposure is in US dollars. The Secretariat will look to mitigate risk from other received monies through expenditures.

- AFC members asked if any changes to Gavi 5.0 donor agreements are expected. The Secretariat noted that it is too early to determine if donor contract agreements will be changed but currency exposure should be discussed so contracts can be finalised with donors having a clear understanding of currency exposure risk.

- In response to a question about the precise costing of a forward contract, the Secretariat commented that it depends on the currency and length of the contract.

- The AFC Chair highlighted the importance of being transparent with donors about currency exposure and having contracts specify a hedging approach.

- Ms Diouf concluded the discussion by acknowledging Mr Dutson’s work in relation with this critical work for ensuring a successful replenishment.

2c **Standalone Swiss audit and internal control requirements**

2c.1 Pauline Caywood, Head, Financial Accounting & Reporting, presented this item (Doc 02c)

2c.2 Ms Caywood reviewed in detail additional reporting requirements Gavi must comply with under the Swiss Code of Obligation (SCO) from the year ending 31 December 2019.
Discussion

- The AFC Chair enquired about additional costs and work required to satisfy the requirements. Ms Caywood noted a gap analysis is underway to assess the impact on both the deliverables and timetable of the financial reporting cycle for the year ending 31 December 2019.

- An AFC member asked if any other entity is impacted by the additional SCO requirements and the Secretariat noted the only other is IFFIm.

- In response to a question from the AFC, the Secretariat noted that actions to fulfil the SCO requirements will likely be incorporated into the current AFC workplan and agenda so no additional AFC meeting will be required in 2020.

2d  European Commission Request for Audit

2d.1 Tony Dutson, Senior Director, Finance & Chief Accounting Officer, provided a brief update on the European Commission’s Directorate General for International Development and Cooperation’s (DG DEVCO’s) request to audit the expenditure of grant number DCI-HUM/2014/342-776 (Doc 02d).

2d.2 He noted the request made in September 2019 was withdrawn but DG DEVCO requested a no-objection approval for future audit requests from either DG DEVCO or the European Court of Auditors. The Secretariat noted Gavi’s By-laws only permit no-objection approvals in certain specified circumstances and this was not one of them.

Discussion

- The Secretariat noted that the only way an approval of the nature required could be executed outside of a scheduled meeting of the AFC, could be by unanimous consent decision electronically and that in some instances this could be concluded quicker than a no-objection process anyway.

- The AFC Chair stated that the unanimous consent process worked effectively in January 2019 and suggested working with DG DEVCO on advance planning of audit requests, when possible.
3 Audit and Investigations

3a 2020 Audit plan

3a.1 Simon Lamb, Managing Director, Audit & Investigations (A&I), referred the Committee members to Doc 03a in their pack. Mr Lamb introduced this item indicating Chrysantus Nyongesa, Head, Internal Audit, and Edmund Grove, Director, Programme Audit, would address questions related to their areas of functional responsibility.

3a.2 Mr Lamb updated the Committee on country reimbursement status, noting the current recovery rate remains 95% (Annex A).

3a.3 He then reported that five programme audits will be posted to the Gavi website on 29 November and that donor briefings had already been provided consistent with normal procedure.

3a.4 It was noted Gavi’s external quality assessment had commenced as planned and it was agreed to provide the A&I evaluation results as input into the external evaluation audit process following today’s closed session.

3a.5 The 2020 Audit plan was then presented, with reference to Annexes A-C. The plan includes internal and programme audit elements, a ‘shadow plan’ of additional items to be monitored, and a mapping of proposed activities against top risks. The audit plan newly incorporates the audit of management’s mitigation actions against top risks. The use of the shadow plan is a transparent mechanism which will now allow Gavi to respond with more agility when changes occur in Gavi’s risk perception or the environment during the course of 2020.

3a.6 Five proposed audits within the audit plan were highlighted briefly. Namely, audits focused on top risks mitigation, risk and control culture, the monitoring of recommendation implementation by Country Support, vaccine supply chain management, and the Partners’ Engagement Framework (PEF).

3a.7 The Secretariat noted that Gavi has not audited the risk and control culture directly before which will include environmental factors impacting accountability, such as an individual’s comfort level raising concerns and issues.

3a.8 Mr Nyongesa explained the top risks mitigation audit will evaluate the effectiveness of mitigation measures in place to address Gavi’s top risks and the PEF audit will now evaluate the value for money of technical assistance provided in-country by Gavi’s partners.

3a.9 Previous programme audits have highlighted ineffective vaccine supply chain processes and systems in some countries. Mr Grove noted a proposed vaccine supply chain management audit will allow A&I to review the effectiveness of Gavi’s strategic investment in cold chain supply.
Discussion

- The AFC expressed support for the shadow plan and risk mapping approach, noting the importance of focusing on high-risk items while also monitoring items of lower risk.

- The AFC enquired why items related to the implementation of grant management systems and Gavi 5.0 operationalisation are included in the shadow plan versus the core plan of high-risk items. The Secretariat explained these items are some of Gavi’s highest risks but specific timing, scope and sequencing of the work is still to be determined. Once the Gavi 5.0 and grant management system workstreams evolve, the A&I team will determine risk exposure levels and come back to the Committee with engagement recommendations.

- In relation to country transition readiness, the Secretariat noted this item is part of the programme audit process so changing or emerging risks will be discussed with the AFC upon completion of the programme audit.

- In response to a question from an AFC member, the Secretariat agreed to provide a programme audit coverage map spanning the past four years. The Committee noted this information could be helpful to inform Gavi’s programme audit coverage.

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Decision Two

The Gavi Alliance Audit and Finance Committee:

Approved the proposed 2020 audit plan as set out in Doc 3a and 3b, Annex A.

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3b Counter-Fraud Strategy

3b.1 Simon Lamb, Managing Director, Audit & Investigations (A&I), presented an update on Gavi’s counter-fraud strategy (Doc 03b).

3b.2 Mr Lamb provided a summary analysis of prioritised fraud risks and the corresponding action plan, noting that this had been derived through consultation with relevant management (Annex D).

Discussion

- The AFC Chair commended progress made and suggested incorporating inherent risks in the analysis as a future consideration.

- Committee members agreed to review the status of the counter-fraud strategy throughout 2020, ensuring progress is made toward having a fully aligned process
in place by year-end that affirms Gavi is identifying and prioritising high fraud risks, and is putting resources against them.

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4 Any other business

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

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5. Closed session for members only – Finance function review and evaluation, and A&I function evaluation and MD performance

5.1 Members of the Secretariat left the room and the Committee proceeded with the closed session to evaluate the A&I and Finance functions (see separate notes from the closed sessions).

Philip Armstrong
Secretary
Attachment A

Participants

Committee Members
- David Sidwell, Chair
- Gisella Berardi
- Beniamin Carcani (Items 1, 2a-c and 3)
- Maty Dia
- Emmanuel Maina Djoulde (Items 2b, 2d and 3)
- Etleva Kadilli
- Irene Koek
- Tom Morrow (Items 1, 2a-b, 2d and 3)
- Andreas Karlberg Pettersen
- Teresa Ressel

Secretariat
- Seth Berkley
- Philip Armstrong
- Pauline Caywood
- Assietou Sylla Diouf
- Tony Dutson
- Joanne Goetz
- Edmund Grove (Agenda Item 3)
- Simon Lamb
- Chrysantus Nyongesa (Agenda Item 3)
- Jacob van der Blij
- Melissa Wolfe

Regrets
- Kwaku Agyeman Manu

Observers
- Kelly Jarrett, Bill & Melinda Gates Foundation