Conclusion

Our audit procedures were designed to provide assurance to management and the Gavi Board that the investment management processes are well designed and operating effectively.

Through our audit procedures, we have confirmed that the key risks associated with the investment management processes are well understood and are being effectively managed. In particular, there is effective governance and oversight of the investment portfolio and the audit determined that the key controls in relation to recording investment-related transactions are effectively designed and implemented. We have identified certain areas where there is opportunity to improve the design and operating effectiveness of the internal controls so as to ensure that there is greater transparency on the risks associated with the investment portfolio and that there is evidence of the operating effectiveness of the internal controls.

Internal Audit Issue Summary

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<th>Issue Description</th>
<th>Rating</th>
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<td>Socially Responsible Investment Screening</td>
<td>M</td>
<td>2015-04.01</td>
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<td>On-Going Investment Monitoring</td>
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<td>2015-04.02</td>
<td>6</td>
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<td>Due Diligence Procedures</td>
<td>L</td>
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<td>Approval of Investment Transactions</td>
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<td>2015-04.05</td>
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Summary Performance Ratings on Areas Reviewed

For ease of follow up and to enable management to focus effectively in addressing the issues in our report, we have classified the issues arising from our review in order of significance: High, Medium and Low.

In ranking the issues between ‘High’, ‘Medium’ and ‘Low’, we have considered the relative importance of each matter, taken in the context of both quantitative and qualitative factors, such as relative magnitude, the nature and effect on the subject matter. This is in accordance with the Committee of Sponsoring Organisation of the Treadway Committee (COSO) guidance and the Institute of Internal Auditors standards.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Implication</th>
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<tbody>
<tr>
<td>High</td>
<td>Address a fundamental control weakness or significant operational issue that should be resolved as a priority</td>
</tr>
<tr>
<td>Medium</td>
<td>Address a control weakness or operational issue that should be resolved within a reasonable period of time</td>
</tr>
<tr>
<td>Low</td>
<td>Address a potential improvement opportunity in operational efficiency/effectiveness</td>
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Distribution
Title
Managing Director, Finance and Operations
Chief Investment Officer

For Information
Title
Chief Executive Officer
Deputy Chief Executive Officer
Managing Director, Audit & Investigations
Executive Team
Senior Director, Finance and Chief Accounting Officer
Senior Manager, Investments
Senior Manager, Treasury
Director, Governance
Director, Legal
Head, Risk
Audit Objective

Our audit assessed the design and operating effectiveness of the key internal controls in the investment management processes.

Audit Scope and Approach

We adopted a risk-based audit approach informed by our assessment of the system of accounting and internal controls and tested where necessary a sample of investment transactions to validate the proper operation of these controls.

This audit was designed to assess the:
- Design and operating effectiveness of the key controls;
- Economy and efficiency of the utilisation of resources;
- Quality of implemented governance and risk management practices; and
- Compliance with relevant policies, procedures, laws, regulations and where applicable, donor agreements.

The scope of this audit covered investment transactions in the period 1 January 2014 to 31 August 2015. In particular, the audit covered the following key processes governed by the Gavi Investment Policy:
- Investment strategy;
- Investment purchases and sales; and
- Monitoring of the investments.

Please note that the following areas were excluded from the audit scope because of the following reasons:
- Cash management, cashflow forecasting and currency hedging are core functions of treasury management have a distinct risk profile and are therefore considered separately;
- International Finance Facility for Immunisation (IFFIm) and Advanced Market Commitment (AMC): the investment portfolios for IFFIm and AMC are managed by the World Bank Group;
- Valuation and financial report of the investment portfolio: these areas are audited by the external auditor as part of the year-end audit process.

Background

The short-term and long-term investment portfolios are managed by the Treasury and Investment teams with oversight by the Investment Committee and the Audit and Finance Committee (for elements of the short-term portfolio).

The short-term portfolio is made up of donor contributions (which are typically spent within one year) and is invested in cash, money market funds, currency derivative contracts and the UNICEF procurement account. The composition of the short-term portfolio is based on a rolling twelve-month cash forecast and current spending needs. The objectives of the short-term investment portfolio are to preserve the value and safety of the principal investment, maintain liquidity to meet anticipated operating requirements, provide prudent diversification to minimise credit and market risk exposure, and generate income.

The long-term portfolio is invested in fixed income, equity and tactical asset funds managed by external investment managers. The composition of the long-term portfolio is based on long-term financial forecasts and spending needs. The objectives of the long-term portfolio are to generate a positive return, generate income for current spending, provide prudent growth in assets to support future spending, provide prudent diversification to minimise correlation among investment strategies, maintain liquidity to meet unanticipated operating requirements and maintain volatility within acceptable risk levels. The long-term portfolio is also available to be draw-down to meet programme liabilities in the event of a funding shortfall.

The composition and strategy of the investment portfolios are managed by the Investment and Treasury teams in accordance with the policies approved by the Investment Committee: Investment Policy (February 2014), Asset Allocation Statement (September 2014) and Socially Responsible Investment Policy (May 2015).

The long-term investment portfolio consists of investments in funds managed by external investment managers. The appointment and termination of investment managers is subject
Summary of Findings

to approval by the Investment Committee. The Investment team conducts detailed due diligence on investment managers and externally managed funds prior to investment and on an on-going basis.

An overview of the investment portfolio is reported to the Executive Team and Investment Committee on a monthly basis. In addition, a detailed analysis of the construction and performance of the investment portfolio is reported to the Investment Committee on a quarterly basis.

The total investment portfolio was valued at US$ 1.34 billion as at 31 August 2015 (excluding the UNICEF procurement account balance of US$ 548 million).

The short-term portfolio (excluding the UNICEF procurement account) makes up 36% (US$ 486 million) of the total portfolio balance with funds being held in operating accounts (US$ 89 million; 18%), money market funds (US$ 155 million; 32%) and short-term fixed income funds (US$ 242 million; 50%). A portion of the funds held in operating accounts and money market funds are required as collateral for currency hedge contracts (US$ 81m).

The long-term portfolio makes up 64% (US$ 863 million) of the total portfolio balance with investments in fixed income (US$ 570 million; 66%), equity (US$ 240 million; 28%) and tactical assets (US$ 53m; 6%).

The investment portfolio generates income through interest and distributions received, realised gains from sale of investments and unrealised gains from capital appreciation. This income is used to cover Gavi’s programmatic and operating costs. The investment portfolio generated US$ 39 million in investment income and US$4.8 million in investment losses for the periods ending 31 December 2014 and 31 August 2015, respectively. The current losses are primarily due to unrealised losses in the long-term portfolio for Q3 2015 which have been partially off-set by realised gains recognised on sale of investments in Q1 and Q2 2015.

Conclusion

Our audit procedures were designed to provide assurance to management and the Gavi Board that the investment management processes are well designed and operating effectively.

Through our audit procedures, we have confirmed that the keys risks associated with the investment management processes are well understood and are being effectively managed. In particular, there is effective governance and oversight of the investment portfolio and the key controls in relation to recording investment-related transactions are effectively designed and implemented.

We have identified certain areas where there is opportunity to improve the design and operating effectiveness of the internal controls so as to ensure that there is greater transparency on the risks associated with the investment portfolio and that there is evidence of the operating effectiveness of the internal controls.

Summary of Issues Arising

Our audit identified two medium-rated and three low-rated audit issues. A summary of the issues identified along with the agreed management actions is provided below:

Socially Responsible Investment Screening

Gavi’s approach to socially responsible investing and the formal Socially Responsible Investment (SRI) Policy was reviewed and approved by the Investment Committee in May 2015.

The SRI Policy includes certain restrictions to ensure that the investments held are consistent with Gavi’s role as an organisation focused on saving children’s lives and protecting people’s health. The underlying holdings in the investment portfolio are reviewed on a six-monthly basis to identify any holdings in breach of the SRI Policy requirements.

Our audit procedures were designed to assess Gavi’s overall approach to SRI as well as compliance with the approved SRI Policy.
Summary of Findings

We reviewed the SRI screening results for the past 18 months and noted that three funds have been in excess of the SRI thresholds, with two funds exceeding the thresholds more than once. We confirmed that the Investment team has communicated these exceptions to the Investment Committee and engaged with the relevant investment managers, but note that a formal internal evaluation has not been conducted and Gavi is still investing in these funds.

We also considered Gavi’s SRI approach more broadly in conjunction with Gavi’s investment policy and risk appetite. As Gavi is invested in externally managed funds, the Investment team cannot change the portfolio construction of a fund. Therefore, ultimately, Gavi has the option of divesting from a fund if it is unable to meet the SRI Policy requirements but it is unclear how and when this decision should be made, and the priority of the other factors to be considered (e.g. transaction fees, investment performance of the fund, etc.).

In addition, the current SRI approach does not apply to funds with non-transparent holdings (such as hedge funds). Currently about 31% of the long-term investment portfolio (based on 31 August 2015 values including the short-term fixed income funds) is not subject to the SRI restrictions due to being invested in funds with non-transparent holdings. Therefore, the higher the value of funds invested in non-transparent holdings, the higher the percentage of funds not subject to the SRI policy restrictions as this is currently not capped.

Given the strategic and reputational risks associated with Gavi’s SRI policy, management will consider engaging the Gavi Risk function to assist in undertaking a cross-functional risk assessment of the SRI approach to ensure the residuals risks are consistent with the Board’s risk appetite. In addition, the SRI Policy will be updated to provide further guidance in relation to the required actions when a fund breaches the set limits and it will be ensured that these actions are completed for all funds that breach these limits.

On-Going Investment Monitoring

The Investment team completes an annual risk review of each of the investment managers to determine the level of on-going monitoring to be performed. For those managers with higher risk ratings, the Investment team performs an annual onsite due diligence visit as well as quarterly calls and monthly performance reviews.

During our audit procedures, we found that on-going annual onsite due diligence visits had not been completed consistently for three of the managers selected. However, for these managers, we were able to confirm that other monitoring procedures were being carried out.

In addition, approximately 66% of the investment portfolio (based on 31 August 2015 portfolio values and including the short-term fixed income funds) is invested with investment managers with ‘higher risk’ ratings. Currently, there are no restrictions on how much of the portfolio can be invested into higher risk managers bearing in mind the fact that there are resource constraints within the Investment team to effectively monitor these managers on an on-going basis.

Management will assess the capacity of the Investment team as well as review the risk-based monitoring framework to ensure that on-going monitoring of investment managers is appropriately completed and in accordance with the underlying risks. Results of the risk review will also be reported to the Investment Committee on an annual basis.

Any other issues identified were considered to be low risk. A detailed analysis of all issues raised has been provided in the appendix. We will continue to work with management to ensure that these audit issues are adequately addressed and the required actions are undertaken.

We take this opportunity to thank the Investment team for their assistance during this audit.

Chrysantus Nyongesa,
Head of Internal Audit
### Appendix 1: Detailed Findings and Recommendations

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<th>Target Completion Date</th>
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</table>
| 2015-04.01 | MEDIUM       | Socially Responsible Investment Screening | It is recommended that Management: | 1a. Update the SRI Policy to clarify the actions required when a fund breaches the set limits, particularly the factors to be considered where a fund is consistently in breach.  
1b. Ensure the actions required by the SRI Policy are completed for those funds that breach the set limits, including an internal evaluation.  
2a. Ensure the Investment Committee papers include how long funds have been in breach of the SRI limits and the percentage (and value) of the portfolio covered by the SRI screening starting in 1Q2016. | 1a. The current language in the policy to review the previous six months when there is breach of the limit is unclear. It was never the intent to review six consecutive months of holdings, nor is it feasible based on available resources. The intent was for semi-annual reviews. We will update the SRI Policy to clarify the wording.  
1b. The Investments team does discuss specific holdings with the investment managers that have breached the limit. We will include the internal evaluation as part of our regular semi-annual memo to the file.  
2a. The Investment Committee documents will include how long funds have been in breach of the SRI limits and the percentage (and value) of the portfolio covered by the SRI screening starting in 1Q2016. | Managing Director, Finance & Operations | 31 December 2016 | Open |

Gavi's approach to socially responsible investing and the formal Socially Responsible Investment (SRI) Policy was reviewed and approved by the Investment Committee in May 2015.

The SRI Policy includes certain restrictions to ensure that the investments held are consistent with Gavi's role as an organisation focused on saving children's lives and protecting people's health.

An external firm has been engaged to complete a screening of the investment portfolio’s underlying holdings (where available) on a six-monthly basis in order to identify any holdings that breach the SRI Policy requirements. Additional SRI restrictions are available for screening by the firm if required.

1. We reviewed the SRI screening results for the past 18 months and noted that three funds have been in breach of the SRI thresholds, with two funds breaching the thresholds more than once.

The SRI Policy implies that a review of the previous six months’ holdings for each fund in breach should be conducted as well as an 'internal evaluation'. We have been unable to evidence that these actions have been taken although we have confirmed with the Investment team that they have engaged with the relevant investment managers and reported the breaches to the Investment Committee.

The investment portfolio may contain significant investments in companies or securities that are in conflict with Gavi’s mission and role as an organisation. The risks being taken in relation to the investment portfolio may not be aligned to the Board’s risk appetite. The investment portfolio may not be compliant with the SRI Policy.

1a. Updating the SRI Policy to clarify the actions required when a fund breaches the set limits, particularly the factors to be considered where a fund is consistently in breach.  
1b. Ensure the actions required by the SRI Policy are completed for those funds that breach the set limits, including an internal evaluation.  
2a. Ensure the Investment Committee papers include how long funds have been in breach of the SRI limits and the percentage (and value) of the portfolio not covered by the SRI screening.

2b. Consider engaging the Head of Risk to assist in conducting a cross-functional risk assessment in relation to Gavi’s SRI Policy and approach to ensure the risks are considered in the broader context of Gavi’s strategic objectives and the Board’s risk appetite.

Chief Investment Officer
Appendix 1: Detailed Findings and Recommendation

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<tr>
<td></td>
<td></td>
<td>Where a fund consistently breaches the SRI Policy requirements, it is not clear what action should (or can) be taken. As Gavi is invested into externally managed funds, the Investment team cannot change the portfolio construction of a fund. Therefore, ultimately, Gavi has the option of divesting from a fund if it is unable to meet the SRI Policy requirements but it is unclear how and when this decision should be made, and the priority of the other factors to be considered (e.g. investment performance of the fund, transaction fees).</td>
<td></td>
<td>2b. We will engage the Head of Risk and conduct a cross-functional risk assessment of the SRI Policy</td>
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<td>The current SRI Policy does not apply to funds with non-transparent holdings (such as hedge funds). Therefore, 31% of the long-term investment portfolio (based on 31 August 2015 values including the short-term fixed income funds) is not subject to the SRI restrictions due to being invested in funds with non-transparent holdings. Therefore the higher the value of funds invested in non-transparent holdings, the higher the percentage of funds not subject to the SRI policy restrictions as this is currently is not capped.</td>
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<td>Given the strategic and reputational risks associated with Gavi’s SRI policy, it is important that the risks have been considered in the broader context of Gavi’s strategic objectives and the Board’s risk appetite. In our opinion, it is particularly important that the residual risks associated with Gavi’s SRI Policy are consciously accepted given that there is currently no cap on value of funds that can be invested in non-transparent holdings and the fact that Gavi is neither able to control the composition of the portfolio nor screen a portion of it.</td>
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<tbody>
<tr>
<td>2015-04.02</td>
<td>MEDIUM</td>
<td>On-Going Investment Monitoring</td>
<td>The Investment team complete an annual risk review of each of the investment managers based on a set of criteria covering complexity, transparency, size, internal controls, compliance, stability, reporting, responsiveness and style drift.</td>
<td>It is recommended that Management:</td>
<td>1. Considers making the process for determining the overall risk rating for each manager more explicit with guidelines to clarify how the overall risk rating for each manager is decided. 2. Ensures the results of the annual risk review are reported to the Investment Committee; 3. Ensures the on-going due diligence procedures are completed as required including annual onsite due diligence visits and quarterly calls for all higher risk managers. 4. Considers, along with the Investment Committee, how to strike a balance between the number of investment managers to be appointed for the investment portfolio and the available capacity to undertake on-going monitoring (particularly for the higher risk managers).</td>
<td>Managing Director, Finance &amp; Operations</td>
<td>30 April 2016</td>
<td>Open</td>
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</table>

The risk ratings for managers (which are used to determine the level of on-going monitoring required) may not be consistent leading to managers not being appropriately monitored. The Investment Committee may not have transparency of the risk ratings across the investment portfolio and therefore their investment decisions may not be fully informed. The Investment team may not have the capacity to monitor investment managers to the required level.

1. We recently developed guidelines to direct how the overall rating is decided.
2. We will implement a formal process to report the results of the annual risk review to the Investment Committee.
3. We are currently considering modifying the due diligence requirements based on available resources, while still ensuring a robust oversight of managers. We also have other monitoring activities, including regular calls, the review of financial statements and internal control reports, quarterly compliance certifications, and performance reviews.
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<td>4.</td>
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<td>We have an ongoing project to benchmark the level of effort required for due diligence based on the number of investment managers and strategies in the portfolio. This exercise is in consultation with the Investment Committee, and will inform a decision on the range of managers that can be adequately covered in the portfolio based on staff capacity.</td>
<td>Managing Director, Finance &amp; Operations</td>
<td>31 March 2016</td>
<td>Closed</td>
</tr>
</tbody>
</table>

completed for three of the managers. In addition, for one of these managers, quarterly calls could not be evidenced on a consistent basis. However, for these managers, we were able to confirm that other monitoring procedures were being carried out including calls, office visits, performance reviews, reviews of financial statements and compliance certificates.

4. Approximately 66% of the investment portfolio (based on 31 August 2015 portfolio values and including the short-term fixed income funds) is invested with investment managers with ‘higher risk’ ratings. Currently, there are no restrictions on how much of the portfolio can be invested into higher risk managers and the implication of this on the Investment team’s capacity to effectively monitor these managers on an on-going basis.

2015-04.03 LOW Due Diligence Procedures

The Investment team, in conjunction with an external investment consulting firm, conducts detailed due diligence on investment managers and externally managed funds prior to recommending them to the Investment Committee.

The level of due diligence completed for each new fund varies based on a number of factors including the type of fund, the complexity of the investment strategy, whether Gavi has invested with the manager before, and whether the investment consultant has prior knowledge of the fund and/or manager.

It is recommended that Management:

1a. Sets risk-based guidelines, including minimum requirements, for the due diligence procedures to be undertaken prior to a new investment manager being appointed or a new fund being invested into.
1b. Agrees with the Legal team which investment strategy parameters require legal review.
1a. We will document guidelines for due diligence procedures for new managers. The depth of due diligence depends on the complexity of the strategy and whether it has already been reviewed by the investments consultant, who also conducts manager research or if we have
2016-03.06 LOW Due Diligence Procedures

The Investment team, in conjunction with an external investment consulting firm, conducts detailed due diligence on investment managers and externally managed funds prior to recommending them to the Investment Committee.

The level of due diligence completed for each new fund varies based on a number of factors including the type of fund, the complexity of the investment strategy, whether Gavi has invested with the manager before, and whether the investment consultant has prior knowledge of the fund and/or manager.

It is recommended that Management:

1a. Sets risk-based guidelines, including minimum requirements, for the due diligence procedures to be undertaken prior to a new investment manager being appointed or a new fund being invested into.
1b. Agrees with the Legal team which investment strategy parameters require legal review.
1a. We will document guidelines for due diligence procedures for new managers. The depth of due diligence depends on the complexity of the strategy and whether it has already been reviewed by the investments consultant, who also conducts manager research or if we have
### Appendix 1: Detailed Findings and Recommendation

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<td></td>
<td></td>
<td>In addition, for certain higher risk structures (such as hedge funds and limited liability companies), the Legal team is engaged to review the subscription documents.</td>
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<td>already used the manager in the past. 1b. We have provided Legal with a set of parameters, which will address this recommendation.</td>
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<td></td>
<td>1. There is currently no framework in place outlining the level of due diligence to be completed in each situation and there are no minimum due diligence requirements in place for all new managers and funds. However, we note that the Investment team are currently working with the Legal team to agree on which funds/structures require legal review going forward.</td>
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<td>a) For one of the new investment managers selected, we were unable to evidence the completion of a formal due diligence review by the Investment team prior to investment. We confirmed with the Investment team that this was due to the investment manager being on the external investment consultant’s short-list and therefore having been vetted already by the consultant. In addition, Gavi had invested with the same portfolio manager previously and therefore the Investment team were already familiar with the investment processes.</td>
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<td>b) For two of the new investment managers selected, the Legal team did not perform a review of the subscription documents prior to investment. We confirmed with the Investment team that this was due to these two funds being considered low risk (one was a highly regulated mutual fund structure and the other had a simple investment strategy).</td>
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<tr>
<td>2015-04.04</td>
<td>LOW</td>
<td>Approval of Investment Transactions</td>
<td>LOW</td>
<td>It is recommended that Management:</td>
<td></td>
<td>Managing Director, Finance &amp; Operations</td>
<td>31 May 2016</td>
<td>Open</td>
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</table>

According to the Investment Committee Charter, the Investment Committee is responsible for approving the appointment and termination of investment managers. Therefore, Investment Committee approval is required prior to appointing a new manager or terminating an existing manager.

The approval process for reallocations between existing managers is not clearly documented in the existing policies and procedures. However, the Treasurer of Gavi (currently the Managing Director, Finance and Operations) has been delegated authority by the Board to enter into transactions on behalf of Gavi. Therefore (without further delegation of authority) all investment transactions between existing managers should be approved by the Treasurer.

During our audit procedures we identified three instances (out of a sample of six selected) where formal approval by the Investment Committee for the appointment or termination of a manager could not be evidenced in the minutes or other written communication. However, for all three cases, we were able to confirm that the recommendation for the appointment or termination was included in the Investment Portfolio Review paper to the committee. In addition, we confirmed that subsequent reporting to the Investment Committee detailed the change in the portfolio as a result of the appointment or termination.

Investment transactions may not be appropriately approved, or evidence of appropriate approval may not be maintained.

1a. Ensures that there is clear evidence of the Investment Committee approval for all new and terminated managers (in accordance with the Investment Committee charter) either in the minutes or through separate written communication.
1b. Considers whether evidence of the underlying approval (or further details stating how and from whom approval was given) can be included in all requests to authorised signatories to execute documents.
1c. Clearly documents the process for the approval and execution of investment transactions with existing managers.

1a. Investment Committee meeting presentations provide evidence of discussion and approval of new and terminated managers, and may be more explicit than the Investment Committee minutes. We will have a discussion with Governance on how discussions and actions are recorded in meeting minutes.
1b. We reference Investment Committee approval in the cover pages of letters to provide context to the signatories.
1c. We can prepare a document that explains the process for approval
## Appendix 1: Detailed Findings and Recommendation

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<td>2015-04.05</td>
<td>LOW</td>
<td>Compliance with the Investment Policy and Asset Allocation Statement</td>
<td>If compliance with the Investment Policy and Asset Allocation Statement is not being monitored then there is a risk that the policies are not being complied with and breaches are going unidentified and unreported. The responsibilities between the Treasury team and Investment team for management of the short-term portfolio may not be clear and therefore this may lead to a lack of clarity on accountability and potential overlap or gaps in processes.</td>
<td>1. Reviews the Investment Policy and Asset Allocation Statement and ensures that all requirements are appropriate, can be complied with and formal monitoring/reporting is in place where required. In particular, the following areas should be considered: a. guidance in relation to how exceptions should be treated and in what circumstances exceptions can be approved; b. concentration limits for fund of fund structures and the UNICEF procurement account; c. introduction of a specific multi-exposure asset class and target range to reflect the actual underlying portfolio. 2. Implement formal reporting of the concentration of the investment portfolio against limits to the Investment Committee.</td>
<td>1. We will update the Investment Policy and Asset Allocation Statement to: a. Include guidance on how exceptions should be treated. b. Exclude the UNICEF procurement account in concentration limits. The amounts in the UNICEF Procurement Account are beyond our control. c. The introduction of a multi-exposure category in the investments policy statement has was discussed with the Investment Committee at the November 2015 meeting. 2. We will inform the Investment Committee of</td>
<td>Managing Director, Finance &amp; Operations</td>
<td>30 June 2016</td>
<td>Open</td>
</tr>
</tbody>
</table>
Appendix 1: Detailed Findings and Recommendation

<table>
<thead>
<tr>
<th>Issue No.</th>
<th>Issue Rating</th>
<th>Issue Description</th>
<th>Risk/Implication</th>
<th>Recommended Actions</th>
<th>Management Comments</th>
<th>ET Member/Action Owner</th>
<th>Target Completion Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>Under one of the approved asset classes. As a result, the underlying portfolios of the multi-exposure funds are manually separated on a monthly basis (based on investment manager statements) into the required asset classes. As at 31 August 2015, 35% of the long-term portfolio was invested in multi-exposure funds.</td>
<td></td>
<td>3. Clarify and document the split of responsibilities between the Treasury and Investment teams in relation to the management of the short-term portfolio.</td>
<td>Breaches of concentration limits at our quarterly meetings.</td>
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<td>2.</td>
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<td>In addition, we noted that the Investment Policy and Asset Allocation Statement currently do not contain provisions for approving exceptions to the policies.</td>
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<td>3.</td>
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<td>We also believe there is an opportunity to further clarify the roles and responsibilities of the Investment and Treasury teams in relation to certain aspects of the short-term portfolio.</td>
<td></td>
<td></td>
<td>We will discuss and document the split of responsibilities between Treasury and the Investment Team in relation to the management of the short-term portfolio.</td>
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<td>The short-term portfolio is currently managed by the Investment and Treasury teams, with oversight by the Investment Committee and Audit &amp; Finance Committee for different aspects of the portfolio. Different aspects of the short-term portfolio are governed by the Investment Policy, the Asset Allocation Statement, the Currency Hedging Policy and the Accounting Procedures.</td>
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<td>Currently, the split of responsibilities is not clearly documented, and the interaction between the Investment Policy/Asset Allocation Statement and Currency Hedging Policy is not clear.</td>
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