

Internal Audit Terms of Reference

Revised and approved by the GAVI Alliance Board
on 11-12 June 2013

Introduction

Internal Audit ("IA") is an independent and objective assurance and consulting activity designed to add value and improve the operations of the GAVI Alliance ("GAVI"). IA assists GAVI in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control, and governance processes.

The scope of IA's work extends not only to the Secretariat but also to the programs and activities carried out by GAVI's grant recipients and partners.

Professional Standards

IA staff shall govern themselves by adherence to The Institute of Internal Auditors' Code of Ethics. The Institute's International Standards for the Professional Practice of Internal Auditing shall constitute the operating procedures for the department. The Institute of Internal Auditors' Practice Advisories will be adhered to as applicable. In addition, IA will adhere to GAVI's policies and procedures.

Authority and confidentiality

Authority is granted for full and unrestricted access to all GAVI records, physical properties, and staff relevant to any area under review. All employees are requested to assist IA in fulfilling its function.

Documents and information obtained by IA will be handled in the same prudent and confidential manner as by those employees normally accountable for them.

Independence

The Director of IA reports to the Board, who appoints and terminates the Director upon recommendation of the Board's Audit and Finance Committee, and the Chief Executive Officer. The Audit and Finance Committee also assesses IA's organisational structure, mandate and operating budget to ensure that these are appropriate and sufficient to meet agreed activities. The Director of IA has free and unrestricted access to the Chair and Vice-Chair of the Board and to the Chair of the Audit and Finance Committee.

All IA activities shall remain free of influence by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in performing the function.

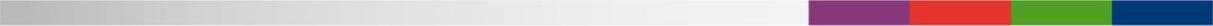
IA shall have no direct operational responsibility or authority over any of the activities it reviews. Accordingly, it shall not develop nor install systems or procedures, prepare records, or engage in any other activity which would normally be considered management or staff's responsibility.

The Board shall review and approve, as appropriate, the annual audit plan and budget, based upon the advice and recommendation of the Audit and Finance Committee. The Director of IA will report to the Board at least annually, or more frequently, ad hoc if considered necessary by the Board or the Director of Internal Audit.

Audit Scope

IA's scope encompasses the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management process, system of internal control, and the quality of performance in carrying out assigned responsibilities to achieve GAVI's stated goals and objectives. It includes:

- Monitoring and evaluating the effectiveness of GAVI's risk management system.
- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- Reviewing the adequacy of the systems established to ensure compliance with policies, plans, procedures, laws, and regulations and establishing whether GAVI is in fact in compliance.
- Reviewing the adequacy, implementation and operation of GAVI's Transparency and Accountability Policy and of other anti-corruption, fraud and related misuse policies and procedures.



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- Acting as the Compliance Officer for GAVI's Whistleblower Policy and investigating whistleblower complaints and allegations of misconduct or fraud.
- Auditing internal control processes at the Secretariat and country level including income, non-grant expenditure, internal projects, information and communication, grant application and grant awards, funds disbursement, and risk assessment processes.
- Reviewing the means of safeguarding assets and, as appropriate, verifying their existence.
- Reviewing and appraising the economy and efficiency with which resources are employed.
- Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Conducting specific reviews or tasks requested by the Board, the Audit and Finance Committee or the CEO, provided such reviews and tasks do not compromise IA's independence or objectivity.

Audit Planning

IA shall regularly submit to the CEO and Audit and Finance Committee an up-to-date summary of the audit plan. The budget for the function is prepared and presented annually. The Audit and Finance Committee will advise upon and recommend, as appropriate, the annual audit plan and budget to the Board. The audit plan is developed based on a prioritisation of the audit universe using a risk-based methodology. Any significant deviation from the formally approved plan shall be communicated to the CEO and the Audit and Finance Committee through periodic activity reports.

Reporting

A written report will be prepared and issued following the conclusion of each audit or review and will be distributed as appropriate. A copy of each report will be forwarded to the CEO and the Chairman of the Audit and Finance Committee.

The audit report ordinarily will contain the auditee's response and corrective action (to be) taken in regard to the specific findings and recommendations, including a timetable for anticipated completion and a justification for any recommendations not addressed.

IA shall monitor the appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open issues file until cleared.

Periodic Assessment

IA shall develop and maintain a quality assurance and improvement program that covers all aspects of its activities. The Director of IA periodically assesses whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable IA to accomplish its objectives. In addition, in conformity with The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing, an external assessment will be conducted at least every five years by a qualified independent reviewer from outside the organisation. The results of these internal and external assessments are communicated to the CEO and with the Audit and Finance Committee.