

## International AIDS Vaccine Initiative, Inc. Audit & Finance Committee Charter

### Mission

The Committee is established by the Board of Directors to oversee IAVI's audit process, to ensure the independence and effectiveness of the audit function, to monitor IAVI's risk management policies and procedures and to oversee the budget and the financial and capital investment policies and objectives of IAVI.

### Composition

1. Membership. The Committee shall be a standing committee of the Board consisting of at least three members. Committee members shall be appointed by the Board on an annual basis upon the recommendation of the Board Chair. The Board Chair and President are ex officio members.
2. Qualifications. Members of the Committee shall meet the following qualifications:
  - a. Financial/Accounting Knowledge. Members of the Committee shall have a working familiarity of finance and accounting practices.
  - b. Financial Expert. At least one member of the Committee shall possess expertise in finance and accounting at a level appropriate to the complexity of IAVI's operations, including an understanding of financial statements, internal controls, procedures for financial reporting and audit committee functions.
  - c. Independence. Each member of the Committee must be free from any relationship that would interfere with the exercise of his or her independent judgment as a member of the Committee. In addition, no employee of IAVI may serve on the Committee, and members of the Committee may not receive any compensation from IAVI other than in their capacity as members of the Board.
3. Chair. The Chair of the Committee shall be appointed by the Board, upon the recommendation of the Board Chair.
4. Removal and Replacement. The members of the Committee may be removed or replaced, and any vacancies on the Committee shall be filled, by the Board.

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## **Operations**

1. Meetings. The Chair of the Committee, in consultation with the other Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least three times per year. The Committee shall meet separately with the independent auditor as frequently either the Committee or the independent auditor shall request, but in any event at least once per year.
2. Agenda. The Chair of the Committee shall develop and set the Committee's agenda, in consultation with the other Committee members. The agenda and all available information concerning the business to be conducted at each Committee meeting shall, to the extent practicable, be delivered to the Committee members sufficiently in advance of each meeting to permit meaningful review.
3. Reports to Board. The Committee shall keep minutes of its meetings and regularly report on its meetings and other activities to the Board.
4. Assessment of Charter. The Committee shall assess the adequacy of this Charter on an annual basis and recommend any changes to the Board.

## **Duties and Responsibilities**

1. Independent Auditor. The Committee shall be responsible for the appointment, retention, compensation and termination, if necessary, of IAVI's independent auditor. The independent auditor shall report directly to the Committee.
2. Internal Auditor. The Committee shall review and approve the hiring of the internal auditor. The internal auditor, in addition to any operational reporting obligations to IAVI management, shall have a direct reporting relationship to the Committee. Management shall inform the Committee of any decisions relating to the annual review, compensation or changes to the job description of the internal auditor.
3. Audit and Related Matters. The Committee shall review IAVI's internal and external audits and monitor IAVI's financial and accounting practices, internal controls and compliance with laws, regulations, and policies. Specifically, the Committee shall:
  - a. approve all non-audit services to be provided by the independent auditor;
  - b. review with management, the internal auditor and the independent auditor the scope, planning and staffing of the proposed independent audit for the current year;
  - c. review the plans, results and staffing in connection with the internal audit for the current year;

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- d. obtain and review, at least annually, a written statement by the independent auditor describing all relationships between the independent auditor and IAVI;
  - e. review the independent auditor's letter to management and management's response to any issues raised by the independent audit;
  - f. resolve any disagreement between management and the independent auditor regarding financial reporting;
  - g. consider major changes with respect to auditing and accounting principles and practices to be used in preparing IAVI's financial statements;
  - h. in consultation with the independent auditor and the internal auditors, review the adequacy of IAVI's internal controls and any findings regarding risks and exposures;
  - i. review the adequacy of IAVI's Whistleblower Policy for the reporting and investigation of complaints regarding accounting, internal accounting controls, or auditing matters;
  - j. review procedures for the receipt and treatment of complaints regarding all other employment, human resources and legal matters;
  - k. review the adequacy of IAVI's Conflict of Interest Policy and report to the Board with respect to all actual or potential conflicts of interest;
  - l. review IAVI's risk management policies and procedures; and
  - m. pre-approve the hiring of any employee or former employee of the independent auditor who was a member of IAVI's audit team during the preceding three fiscal years.
4. Finance: review IAVI's annual and planning budget; long-term financial and investment plans and strategies, including its investment objectives;
- a. review and make recommendations to the Board regarding IAVI's annual operating budget;
  - b. review and make recommendations to the Board regarding any proposed capital expenditure that is required to be approved by the Board;
  - c. review and make recommendations to the Board with respect to any proposal to divest any asset, investment, real or personal property or business interest of IAVI, if such divestiture is required to be approved by the Board;

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- d. review IAVI's major banking, insurance and other financial relationships;  
and
- e. review IAVI's federal, state and local tax filings with the independent and internal auditors.

### **Authority and Resources**

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its duties. The Committee shall have the power to delegate its authority and duties to individual Committee members as it deems appropriate.

Any Board member who is not a member of the Committee may attend Committee meetings as non-voting observer. In addition, The Chair may request any officer or employee of IAVI to attend a Committee meeting.