

FINANCE COMMITTEE TERMS OF REFERENCE

Revised November 2018

PURPOSE:

The Finance Committee has been established to provide the RBM Partnership Board with senior-level advice regarding the organisation's business, finance objectives and oversight responsibilities in a timely manner in respect of financial planning and management, risk and control framework, support internal and external audits, adherence to appropriate standards of good practices and ethics as well as Hosting Agency policies, in particular the financial rules and regulations. The Committee is a Sub-Committee of the RBM Board and a governance body of the RBM Partnership. The Committee is responsible to the RBM Board and supports the Chief Executive Officer in fulfilling his/her financial oversight responsibilities in accordance with relevant best practices and industry standards. The Terms of Reference are approved by the RBM Board and may be modified from time to time, as necessary.

1. Membership

- 1.1 The membership, including the Committee Chair, shall comprise RBM Board Members, at least one of whom shall have significant, relevant, and recent financial experience. Further, the Committee Chair shall endeavour to ensure that at least one member of the Committee will have significant and relevant experience working within the UN system. UNOPS as the RBM Partnership Host will be represented on the Committee as a full member.
- 1.2 The composition of the Committee should allow it to function efficiently and effectively in fulfilling its functions and responsibilities. The combined composition of the members should allow for the Committee to be competent in aspects of financial planning and management, risk management and control, and audit and collectively have a balance of skills, expertise, experience and knowledge of:
 - Financial and audit experience including professional accounting accreditation;
 - Forecasting and resource mobilisation, and financial risk management;
 - Setting, approving, and monitoring budgets that present issues of comparable breadth and complexity to those presented by the annual budgets of RBM;
 - Preparing, reviewing, analysing or evaluating financial statements;
 - Managing human resource strategies, policies and procedures, risk management and systems of internal control;
 - Oversight in regard to financial audits and/or investigations of financial expenses, internal controls, or other oversight duties;
 - General principles of law, regulations, compliance matters and ethics; and
 - Principles of Value for Money – efficiency, effectiveness and economy.
- 1.3 The overall balance of skills within the Committee shall be periodically evaluated by the Board to ensure that the needs of RBM and its Board are being met.

- 1.4 Non-voting expert advisers may be appointed by the Board to the Committee or invited to participate on a non-paid basis in the meetings at the discretion of the Committee Chair, on a permanent or ad hoc basis. The role of expert advisers is to support the Committee on highly technical or specialized issues that come before the Committee for its consideration and to provide guidance and/or advice that the Committee may consider in its deliberations.
- 1.5 Members of the Committee may be recommended by the RBM Board. The members of the Committee shall recommend the appointment of one of their number to be the Committee Chair. The Chair of the RBM Board will consider the recommendation with a view to approving the appointment.
- 1.6 The Chair of the Committee should have good experience of oversight activities in areas of financial management, programme management, audit or related activities. The Chair of the Committee shall:
 - Plan and oversee the conduct of Committee meetings;
 - Report to the Board on relevant and material matters as appropriate;
 - Oversee the preparation of the annual list of activities for the Committee; and
 - Participate in and advise the selection of Committee members.
- 1.7 The CEO, in consultation with the Committee Chair, shall appoint one of the RBM Management Team as Secretary to the Committee to:
 - Provide the link between the Committee, the Secretariat and the Host Agency;
 - Assist the Committee in developing good governance and oversight practices;
 - Ensure that the agenda, meeting papers and minutes and other materials to support the Committee are provided in a timely manner; and
 - Prepares minutes of Committee meetings for Committee Chair review and approval.
- 1.8 Members of the Committee, including the Committee Chair, shall be appointed for a two-year term, renewable at the discretion of the RBM Board.
- 1.9 The Committee membership will consist of at least four members. All members are expected to attend Committee meetings on a regular basis.
- 1.10 The Committee members shall not be remunerated for their services, but shall be reimbursed for expenses according to RBM standard travel policies, including airfare and DSA.
- 1.11 Each Committee member shall promptly inform the Committee Chair in writing of any personal or professional conflict of interest, or appearance thereof, related to the activities of the Committee or the knowledge gained through serving on the Committee.

2. Attendance at Meetings

- 2.1 The Committee may have at its disposal, and by invitation of the Committee Chair, members of the Management Team including the Chief Executive Officer, any members of the RBM Partnership, and external experts or consultants.
- 2.2 The Secretary to the Committee will record the Minutes of the Committee Meetings.
- 2.3 Committee members are expected to attend all Committee meetings. A quorum of three members is necessary for a meeting to take place. The spirit of the Committee's purpose is to encourage group discussion and the Committee shall endeavour to ensure maximum attendance at its meetings.

2.4 The Finance Committee will apply the RBM Board Policy for Observers and Advisers.

3. Frequency of Meetings

3.1 Meetings shall be held, ideally, four times annually, but not less than three times each calendar year.

3.2 The Committee Chair, or any two members of the Committee, may request any additional meetings if they are needed.

4. Access to Resources

4.1 The Committee may be allocated resources by the RBM Board to assist with the performance of advisory tasks that could require outside counsel, legal opinions, professional accounting firm assistance, best practice literature, and other resources. The Committee Chair will recommend deployment of those resources to assist with the Committee activities.

5. Principal Duties

5.1 The Committee will act on behalf of the Board to provide detailed consideration of the RBM Partnership financial arrangements and will oversee the preparation of the annual Budget.

5.2 The Committee will seek to streamline Board finance processes, financial reporting, internal and external audit, and risk management of the RBM Partnership activities.

5.3 Advisory Duties

Committee members shall be encouraged to assess, discuss, and advise the Board and Chief Executive Officer and other RBM Partnership members who may attend Committee meetings regarding key issues, as they arise. These key issues may include such topics as:

5.3.1 Financial performance of the RBM Partnership against the annual Budget and set targets and key performance indicators;

5.3.2 General composition of the Management Team or organizational structure;

5.3.3 Succession planning for essential management positions;

5.3.4 Staff retention and staff development initiatives;

5.3.5 Major operational initiatives such as implementation of new IT systems, adoption of new accounting standards or large-scale business process improvements; and

5.3.6 Risk mitigation processes such as those that consider, insurance programmes, reputation risk, personal security, and other potential factors that will mitigate harm to the organisation.

5.4 Budget Scrutiny

With the guidance of the Committee Chair the Committee will review and provide advice regarding the preparation and presentation of the annual RBM Budget. In particular the Committee will consider:

5.4.1 On a regular basis the wider picture of in-year revenue and expenditure and whether they are appropriately balanced;

5.4.2 A coherent and justifiable division and prioritisation of planned programmes

- within the annual Work Plan;
- 5.4.3 The Value for Money and the extent to which expenditure plans and their allocations are achieving outcomes; and
- 5.4.4 The annual Budget Process to assess the integration between planning and performance and financial management.

5.5 Financial Reporting

At the discretion of the Committee Chair, the Committee may be requested to review and provide advice regarding the following financial reporting and compliance documents/issues:

- 5.5.1 Operational/Narrative Reports prepared by the Management Team in accordance with the relevant donor contribution agreements:
 - 5.5.1.1 Annual result-based narrative reports by 31 March following the end of each calendar year.
- 5.5.2 Financial reports prepared by the Management Team and Host Agency:
 - 5.5.2.1 Quarterly interim financial statements including cashflow forecast for the Partnership Management Team's operations, as of 31 March, 30 June, 30 September and 31 December, by 30 April, 31 July, 31 October, and 31 January of the following calendar year; and
 - 5.5.2.2 Annual financial statements for the Partnership Management Team's operations as of 31 December, by 30 June of the following calendar year.
- 5.5.3 Review financial results, and other published information such as the audited financial reports, and advise the Chief Executive Officer regarding best practices and regulatory trends that may be relevant to the integrity of the reports.
- 5.5.4 Disclosures made during the certification process for the audit reports about any significant deficiencies or material weaknesses in the design or operation of internal financial controls and any fraud involving the Management Team or other employees who have a significant role in internal control over financial reporting.
- 5.5.5 Review annually the internal control framework and make recommendations to the Chief Executive Officer and Management Team.

5.6 Internal Audit

- 5.6.1 The Committee may meet occasionally with the UNOPS Director of Internal Audit and Investigations Group (IAIG), if and when required. It may, but is not required to, meet in the absence of other members of the Management Team.
- 5.6.2 At the discretion of the Committee Chair, the Committee will review and provide advice regarding the following internal audit activities and issues:
 - 5.6.2.1 The internal audit function including plans and performance; adherence to the UNOPS systems and statutory audit requirements and reports on risk management processes and the standards of risk management and internal control;
 - 5.6.2.2 Support internal and external audit exercise for the Partnership conducted by the Host Agency and in the monitoring of implementations of recommendations and report to the Board;
 - 5.6.2.3 Non-recurring reports, such as those involving fraud, and comment to the Chair of the RBM Board and RBM Board concerning any suggestions for appropriate action; and
 - 5.6.2.4 The Chief Executive Officer and Management Team's responsiveness to the findings and recommendations of the internal auditors.

5.7 External Audit

- 5.7.1 External audits of UNOPS are undertaken by the UN Board of Auditors (UNBOA). Should there be any findings in the UNOPS external audit which impact the RBM Partnership, the Committee may meet with the UNOPS Director, Geneva Office or Director, Internal Audit and Investigations Group (IAIG). The meeting may be held in the absence of other members of the Management Team.
- 5.7.2 At the discretion of the Committee Chair, the Committee may be requested to review and provide advice regarding the following external audit activities and issues:
 - 5.7.2.1 UNBOA annual audit reports if relevant to the RBM Partnership, including relevant correspondence and related material;
 - 5.7.2.2 Material reports or findings, such as those involving fraud or irregularities, which are issued by the UNBOA or IAIG. The Committee, based on advice and inputs from IAIG, may wish to provide advice to the Chair of the RBM Board and RBM Board regarding best practices for handling such situations;
 - 5.7.2.3 The Management Team's responses to the findings and recommendations of the UNBOA and IAIG.
 - 5.7.2.4 Activities, outputs, and communications from the UNBOA and IAIG, and where appropriate, make recommendations to the Chair of the RBM Board and RBM Board; and
 - 5.7.2.5 Discuss any reports from the UNBOA and IAIG on critical accounting policies, including the Management Team's implementation plans.
- 5.7.3 Should a separate audit be requested by an RBM Donor, as may be agreed to in the specific donor agreements, the Finance Committee will review this request, in consultation with the UNOPS Europe and Central Asia Region (ECR) Regional Director and IAIG.

5.8 Risk Management

- 5.8.1 The Committee Chair will request the CEO and Management Team to prepare annually an RBM Risk Register for review by the Committee and presentation to the RBM Board; and
- 5.8.2 At the discretion of the Committee Chair, the Committee may be requested to review and provide advice regarding regulatory and compliance activities.

6. Other

- 6.1 The Committee may, at the discretion of the Committee Chair:
 - 6.1.1 Review any other matter referred to it by the Management Team or the members of the Committee;
 - 6.1.2 Delegate the review or research tasks to one or more of its members or to an external expert or consultant, if the Committee Chair deems this appropriate;
 - 6.1.3 Review annually the overall financial viability of the RBM Partnership as a going concern;
 - 6.1.4 Advise the Management Team of business process improvements, including comments regarding best financial practices or sound business processes.
 - 6.1.5 Review the adequacy of the operational reserves from time to time, and the general financial strength of the organization; and
 - 6.1.6 Review reports, if any, produced by the Chief Executive Officer or Management

Team which highlight the primary recommendations made by the Committee.

6.2 The Committee shall:

6.2.1 Provide the Chief Executive Officer with an report before each Board meeting which the Chief Executive shall communicate to the RBM Board; and

6.2.2 Review the soundness of the risk management systems and provide its conclusions in respect thereof in its annual report.

7. Subcommittees

7.1 The Committee Chair may appoint subcommittees that would comprise members of the Committee and/or members of the Management Team and/or external experts or consultants; and

7.2 The purpose of the subcommittees may serve a particular purpose or provide assistance to the Committee in several areas, and for varying durations.

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