

## Appendix 1



### UNITAID Finance & Accountability Committee Terms of Reference

Approved June 2016 (EB25/2016/R2)

#### 1. PURPOSE

1. The Finance & Accountability Committee ("the Committee") is established by the Board of UNITAID ("the Board") to assist the Board in fulfilling its responsibilities with regard to UNITAID's financial planning, management, performance and accountability as well as risk management and internal control<sup>1</sup>.
2. In particular, the Committee's work is focused on reporting to and advising the Board on the following two key areas:

**Finance.** The Committee handles matters related to financial risk, financial policy, financial planning, financial monitoring and financial performance; and

**Audit.** The Committee handles matters related to the integrity of financial reporting, the internal control system, the internal and external audit functions, risk governance and related topics (e.g. fraud).

#### 2. AUTHORITY

- 2.1 The Committee is constituted as a standing Board committee in accordance with Section 24a of the Board Operating Procedures ("the BOPs"). In accordance with Section 24a of the BoPs, the Committee shall serve the Board in an advisory function in all matters covered by these Terms of Reference. Final decision making for all matters considered by the Committee shall rest with the Board, except where the Board specifically delegates such authority to the Committee.

The composition and operation of the Committee shall be in compliance with the BOPs and in the event of any conflict between the BOPs and these Terms of Reference, the BOPs shall prevail.

<sup>1</sup> Internal control is broadly defined as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: Effectiveness and efficiency of operations; reliability of financial reporting; compliance with applicable laws and regulations (COSO definition).

### 3. COMPOSITION AND QUORUM

- 3.1 Membership.** The Committee shall be comprised of no more than seven Board members, including the Committee Chair and Vice-Chair. It is preferable that at least two members of the Committee have Financial/Accounting knowledge.
- 3.2 Term of office.** The term of office for the Committee Chair and Vice-Chair shall be two years, renewable once unless otherwise agreed by the Board and the term of membership of the Committee shall also be two years, renewable.
- 3.3 Quorum.** The Committee may only conduct business when a two-thirds majority of its members are present.
- 3.4 Independent Expert.** The Committee can ask an independent expert to join FAC meetings. The expert will be a non-voting member of the Committee.

### 4. OPERATIONS

- 4.1 Scheduling of meetings.** The Committee Chair and Vice-Chair shall, in consultation with the Secretariat, create an Annual Meeting Plan. Committee meetings will be scheduled at the discretion of the Committee Chair but in consultation with the other Committee members and UNITAID Secretariat.
- 4.2 Meeting agenda and Minutes.** The Committee Chair and Vice-Chair shall prepare meeting agenda, in consultation with the Secretariat Focal Point. Meeting agenda shall be made available to Committee Members at least 10 working days before each meeting. Minutes of the meetings shall be finalized within 20 days after the meeting.
- 4.3 Decision making.** The Chair of the Committee should aim for consensus on all decisions. If consensus cannot be reached, majority and minority positions shall be noted in the minutes of the meeting and shall be reported to the Board.
- 4.4 Minutes of the Meeting.** The Committee shall keep minutes of each meeting in English. Upon prior written request of a Board Member, these shall be translated into other United Nations languages. The Committee shall regularly report its meetings and other activities to the Board.
- 4.5 Transparency Policy.** The UNITAID Transparency Policy shall apply to the work of the Committee.
- 4.6 Conflicts of Interest.** Committee members shall disclose any conflicts of interest relating to the work of the Committee, as well as, any sub-committees.
- 4.7 Committee Accountability.** The Committee Chair in consultation with the Vice-Chair will annually review outputs of the FAC, assess its effectiveness and make appropriate recommendations to the Executive Board regarding FAC membership and mandate.

- 4.8 Secretariat Focal Point.** The UNITAID Secretariat will coordinate and facilitate the Committee's work. The Secretariat has appointed the Director of Finance and Administration to serve as the Secretariat Focal Point for the Committee ("the Secretariat Focal Point"), in accordance with Section 25 of the BOPs. The Secretariat Focal Point will be accountable to the Committee and will provide assistance and support to the work of the Committee, both in the preparatory stage and during the Committee meetings.
- 4.9** The Committee may seek information from UNITAID Management and staff, external auditors or outside consultants as necessary.

## **5. CONTEXT**

In carrying out its responsibilities, the Committee shall give due considerations to the provisions of the Memorandum of Understanding on 19 September 2006 concerning the hosting of UNITAID by WHO ("the Hosting Agreement"). In particular, members of the Committee shall note that in accordance with Article 2.3 of the Hosting Agreement, the hosting arrangement and the operations of the Secretariat shall in all respects be administered in accordance with WHO's rules, including WHO's financial rules, policies, procedures and practices.

Article 5 of the Hosting Agreement provides further indications on how UNITAID financial matters are expected to take place, among which are:

- The Office of the Chief Accountant of WHO must clear the financial statements of income and expenditure of UNITAID before they are provided to the Board.
- The Secretariat is solely and exclusively subject to internal audit and external audit review in accordance with normal WHO practice.

## **6. RESPONSIBILITIES**

The responsibilities of the Committee include the following:

### **6.1 Financial oversight**

#### **A. Financial risk management**

- Continuously review financial risks, review the Secretariat's assessments of their nature, likelihood and potential impact and ascertain the appropriateness of mitigating measures in place in a timely manner.

#### **B. Financial policy**

- Review proposed policies related to all areas of financial management prepared by the Secretariat and endorse them before the Board may approve them as necessary.
- Monitor the relevance and implementation of existing policies.

**C. Financial Planning**

- Oversee the plans and results for resource mobilization efforts to secure sustainable and appropriate funding levels so that UNITAID achieves its goals as set out in the Strategy and responds to risks and liabilities identified by WHO, the Secretariat, or the UNITAID Board/Committees.
- Review the funding capacity and cash flow forecasting twice yearly or as needed.
- Review initiatives or decisions that may have a significant long term financial implication for UNITAID (e.g. substantial reorganization, IT investments, office space).
- Review and endorse the annual expense budget before it may be approved by the Board.

**D. Financial Monitoring**

- Review the audited annual financial statements and endorse them before the Board may approve them.
- Review cash levels and the performance of the Trust Fund.
- Review the status of expenses against budget.
- Review disbursements to implementing partners in relation to grant/project performance.
- Review other elements as needed such as foreign exchange management.

**E. Financial Performance**

- Review UNITAID's performance against established indicators of financial health and performance.
- Review the performance of the grant portfolio in conjunction with the UNITAID Policy and Strategy Committee (PSC).
- Review the nature and results of relevant UNITAID Key Performance Indicators.
- Review the effectiveness of the Secretariat finance function.

**6.2 Risk Governance**

- Review risk management processes in place.
- Advise the Board on appropriate levels of risk tolerance.
- Review the results of risk assessments and the relevant management responses.

### **6.3 Audit**

#### **A. Internal Audit function**

- Review and advise on risk-based audit plans and monitor the status of implementation of the plan.
- Review internal audit recommendations and the responses of the Secretariat to them.
- Monitor the implementation by the Secretariat of internal audit recommendations.

#### **B. External Audit**

- Review audit recommendations and the responses of the Secretariat to them.
- Monitor the implementation by the Secretariat of external audit recommendations.

### **6.4 Ethics and Fraud**

- Ensure that UNITAID has appropriate systems in place to prevent and handle fraud and losses within its scope of control.
- Obtain updates on substantial compliance matters especially cases of non-compliance with the Ethics policy or WHO's Code of conduct.

### **6.5 Others**

- Perform other duties as necessary or appropriate to further the Committee's purposes, or as the Board may assign to it

## Appendix 2



### UNITAID Finance & Accountability Committee Terms of Reference

Approved June 2012 (EB16/2012/R3)

#### PURPOSE

1.1 The Finance & Accountability Committee ("the Committee") is established by the Board of UNITAID ("the Board") to assist the Board in fulfilling its responsibilities with regard to UNITAID's financial planning, management, performance and accountability as well as risk management and internal control<sup>1</sup>.

1.2 In particular, the Committee's work is focused on reporting to and advising the Board on the following two key areas:

**Finance.** The Committee handles matters related to financial risk, financial policy, financial planning, financial monitoring and financial performance; and

**Audit.** The Committee handles matters related to the integrity of financial reporting, the internal control system, the internal and external audit functions, risk governance and related topics (e.g. fraud).

#### AUTHORITY

2.1 The Committee is constituted as a standing Board committee in accordance with Section 24a of the Board Operating Procedures ("the BOPs"). In accordance with Section 24a of the BOPs, the Committee shall serve the Board in an advisory function in all matters covered by these Terms of Reference. Final decision making for all matters considered by the Committee shall rest with the Board, except where the Board specifically delegates such authority to the Committee.

The composition and operation of the Committee shall be in compliance with the BOPs and in the event of any conflict between the BOPs and these Terms of Reference, the BOPs shall prevail.

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<sup>1</sup> Internal control is broadly defined as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: Effectiveness and efficiency of operations; reliability of financial reporting; compliance with applicable laws and regulations (COSO definition).

## COMPOSITION AND QUORUM

- 3.1 **Membership.** The Committee shall be comprised of no more than seven Board members, including the Committee chair and vice-chair It is preferable that at least two members of the Committee have Financial/Accounting knowledge.
- 3.2 **Term of office.** The term of office for the Committee Chair and Vice-Chair shall be two years, renewable once unless otherwise agreed by the Board and the term of membership of the Committee shall also be two years, renewable.
- 3.3 **Quorum.** The Committee may only conduct business when a two-thirds majority of its members are present.
- 3.4 **Independent Expert.** The Committee can ask an independent expert to join FAC meetings. The expert will be a non-voting member of the Committee.

## OPERATIONS

- 4.1 **Scheduling of meetings.** The Committee chair and vice chair shall, in consultation with the Secretariat, create an Annual Meeting Plan. Committee meetings will be scheduled at the discretion of the Committee chair but in consultation with the other Committee members and UNITAID Secretariat. ~~Meetings will normally take place at least four weeks but no more than ten weeks prior to the following Board meeting.~~
- 4.2 **Meeting agendas and Minutes.** The Committee chair and vice chair shall prepare meeting agendas, in consultation with the Secretariat Focal Point. Meeting agendas shall be made available to Committee Members at least 10 working days before each meeting. Minutes of the meetings shall be finalized within 20 days of the meeting.
- 4.3 **Decision making.** The Chair of the Committee should aim for consensus on all decisions. If consensus cannot be reached, majority and minority positions shall be noted in the meeting minutes and shall be reported to the Board.
- 4.4 **Minutes.** The Committee shall keep minutes of each meeting in English. Upon prior written request of a Board Member, these shall be translated into other United Nations languages. The Committee shall regularly report on its meetings and other activities to the Board.
- 4.5 **Transparency Policy.** The UNITAID Transparency Policy shall apply to the work of the Committee.
- 4.6 **Conflicts of Interest.** Committee members shall disclose any conflicts of interest relating to the work of the Committee as well as any sub-committees.
- 4.7 **Committee Accountability.** ~~Each Committee shall conduct a self-assessment exercise every two years. The Committee Chair in consultation with the Vice-Chair will annually review outputs of the FAC, assess its effectiveness and make appropriate recommendations to the Executive Board regarding FAC membership and mandate.~~

- 4.8 **Secretariat Focal Point.** The UNITAID Secretariat will co-ordinate and facilitate the Committee's work. The Secretariat has appointed the Director of Finance and Administration to serve as the Secretariat Focal Point for the Committee ("the Secretariat Focal Point"), in accordance with Section 25 of the BOPs. The Secretariat Focal Point will be accountable to the Committee and will provide assistance and support to the work of the Committee, both during and in the preparation of Committee meetings.
- 4.9 The Committee may seek information from UNITAID Management and staff, external auditors or outside consultants as necessary.

## CONTEXT

In carrying out its responsibilities, the Committee shall give due considerations to the provisions of the Memorandum of Understanding of 19 September 2006 concerning the hosting of UNITAID by WHO ("the Hosting Agreement"). In particular, members of the Committee shall note that in accordance with Article 2.3 of the Hosting Agreement, the hosting arrangement and the operations of the Secretariat shall in all respects be administered in accordance with WHO's rules, including WHO's financial rules, policies, procedures and practices.

Article 5 of the Hosting Agreement provides further indications on how UNITAID financial matters are expected to take place among which :

- The Office of the Chief Accountant of WHO must clear the financial statements of income and expenditure of UNITAID before they are provided to the Board
- The Secretariat is solely and exclusively subject to internal audit and external audit review in accordance with normal WHO practice.
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## RESPONSIBILITIES

The responsibilities of the Committee include the following :

### **I- Financial oversight**

#### **Financial risk management**

- Continuously review financial risks, review the Secretariat's assessment of their nature, likelihood and potential impact and ascertain the appropriateness of mitigating measures in place in a timely manner

#### **Financial policy**

- Review proposed policies ~~and financial guidelines~~ related to all areas of financial management prepared by the Secretariat and endorse them before the Board may approve them as necessary



- Monitor the relevance and implementation of existing policies

### Financial Planning

- ~~• Review the plans and results of resource mobilization efforts with the objective of securing sustainable and appropriate funding levels for UNITAID~~
- ~~• Ensure proper resourcing is available to achieve UNITAID strategic objectives as set out in the Strategic Plan~~
- ~~• Ensure proper resourcing is available to respond to risks and liabilities identified by WHO, the Secretariat or the UNITAID Board~~
- Oversee the plans and results for resource mobilization efforts to secure sustainable and appropriate funding levels so that UNITAID achieves its goals as set out in the Strategy and responds to risks and liabilities identified by WHO, the Secretariat, or the UNITAID Board/Committees.
- ~~• Approve the methodology for determining the financial ceiling the Board may use to make funding decisions~~
- Review the funding capacity and cash flow forecasting twice yearly or as needed.
- Review initiatives or decisions that may have a significant long term financial implication for UNITAID (e.g. substantial reorganization, IT investments, office space)
- Review and endorse the annual ~~Revenue and Expense Budget~~ budget before it may be approved by the Board.
- ~~• Review cash flow projections~~

### Financial Monitoring

- Review the audited annual financial statements and endorse them before the Board may approve them
- Review cash levels and the performance of the Trust Fund
- Review the status of revenue and expenses against budget
- Review disbursements to implementing partners in relation to grant/project performance
- Review other elements as needed such as foreign exchange management

### Financial Performance

- Review UNITAID's performance against established indicators of financial health and performance.
- Review the ~~financial~~ performance of the grant portfolio in conjunction with the UNITAID Policy and Strategy Committee (PSC).
- Review the nature and results of the relevant UNITAID Key Performance Indicators
- Review the effectiveness of the Secretariat finance function

### ~~H- Other areas of performance oversight~~

- ~~• Endorse the annual report on Key Performance Indicators. Guide the definition of appropriate indicators in the area of organizational performance.~~

- ~~• Endorse plans for substantial changes in the structure and staffing of the Secretariat and periodically review their effectiveness~~

### **III- Risk Governance**

- Review risk management processes in place
- Advise the Board on appropriate levels of risk tolerance
- Review the results of risk assessments and the relevant management responses

### **IV- Audit**

#### **Internal Audit function**

- Review and advise on risk-based audit plans and monitor the status of implementation of the plan
- Review ~~key~~ internal audit recommendations and the responses of the Secretariat to them
- Monitor the implementation by the Secretariat of internal audit recommendations

#### **External Audit**

- Review key audit recommendations and the responses of the Secretariat to them
- Monitor the implementation by the Secretariat of external audit recommendations

### **V- Ethics and Fraud**

- Ensure that UNITAID has appropriate systems in place to prevent and handle fraud and losses within its scope of control.
- Obtain updates on substantial compliance matters especially cases of noncompliance with the Ethics policy or WHO's Code of conduct.

### **VI- Other**

- Perform such other duties as are necessary or appropriate to further the Committee's purposes, or as the Board may assign to it.
- ~~• Revise the Terms of Reference of the Committee as needed and evaluate the committee's performance on a regular basis, at a minimum of once every two years.~~

## Appendix 3

## FAC WORKPLAN

	June FAC Meeting (Q2)	October FAC Meeting (Q4)	Area
<b>Fixed items</b>	Prior year audited financial statements <i>(endorse)</i>	Following year proposed budget <i>(endorse)</i>	Financial oversight
	Prior year budget performance <i>(review)</i>	Projected budget performance <i>(endorse)</i>	
	Activities by Office of the Chair and Delegations <i>(update)</i>	Effectiveness of the Secretariat finance function <i>(review)</i>	
		Effectiveness and membership of the FAC committee <i>(review)</i>	
<b>Regular updates</b>	Resource mobilization		Financial oversight
	Project funding ceiling		
	Cash flow forecast		
	Financial KPIs		
	Performance of the grant portfolio (jointly with PSC)		Internal control
	Internal audit		
	Risk management processes and results of risk assessments		
	Matters related to ethics and wrongdoing		
<b>As needed</b>	Monitor status of audit recommendations (external and internal)		Financial Oversight
	Endorse proposed finance policies		
	Review performance of trust fund		
	Review arrangements in place for allegations of wrongdoing		Ethics & Fraud
<b>Outside the meetings</b>	Review of quarterly financial report		Financial oversight
	Proposed budget revisions <i>(endorse)</i> - as needed		

## Appendix 4



### UNITAID Independent Expert to the Finance and Accountability Committee Terms of Reference

Approved June 2016 (EB25/2016/X#)

#### PURPOSE

1. As an independent expert to the Finance & Accountability Committee (FAC), the purpose of the independent expert is to advise the FAC, and, through it, the Executive Board (EB) in fulfilling their oversight of UNITAID's financial planning, management, performance and accountability as well as risk management and internal control<sup>1</sup>.

#### AUTHORITY

2.1 The independent expert to the FAC is a non-voting member, holds no authority, and acts solely in the capacity of advisor on the financial and accountability aspects of the Secretariat overseen by the FAC.

#### TERM OF OFFICE

3.1 The independent expert will be appointed to the FAC upon agreement by the Committee for a term of two years, renewable once unless otherwise agreed by the FAC membership.

#### QUALIFICATIONS

4.1 The independent expert shall possess relevant professional financial qualifications and senior-level experience in accounting, auditing, risk management or other relevant administrative matters.

4.2 The independent expert must be independent. They shall serve in their personal capacity and shall neither seek nor accept instructions in regard to their performance on the Committee from a government or other external authority. They must also be required to sign a declaration of interest and a confidentiality agreement in accordance with UNITAID practice in this respect.

4.3 The independent expert shall have or acquire rapidly a good understanding of UNITAID's objectives, governance structure and accountability, the relevant regulations and rules, and its organizational culture and control environment.

<sup>1</sup> Internal control is broadly defined as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: Effectiveness and efficiency of operations; reliability of financial reporting; compliance with applicable laws and regulations (COSO definition).

#### OPERATIONS

- 5.1 The independent expert will attend the FAC meetings in person (normally twice a year), as well as any teleconference or ad hoc meetings held during the year.
- 5.2 The independent expert will be provided with access to all of the FAC documents at the same time as the FAC members unless there are sensitive items which would be disseminated for advice by the independent expert upon the discretion of the Committee chair.
- 5.3 An honoraria equivalent to the WHO rates for a senior consultant will be provided for services rendered. The annual cost will be budgeted under Governing Bodies in the UTD budget.
- 5.4 The time commitment is expected to be no more than 4 days per full FAC meeting.