



16th Executive Board

12-13 June 2012

WHO Headquarters, Salle D

Geneva, Switzerland

Resolution n°3

Finance and Accountability Committee (FAC) Terms of Reference

The Executive Board, having considered the recommendations of the Finance and Accountability Committee (FAC), adopts the revised FAC Terms of Reference attached as Annex 1.

A handwritten signature in black ink, appearing to read "P. Douste-Blazy".

Philippe Douste-Blazy

Appendix 1 Terms of Reference of the Finance and Accountability Committee of the Board



UNITAID Finance & Accountability Committee

1. 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 control¹.
- 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).

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.

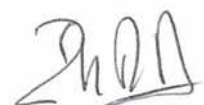
¹ Internal control is broadly defined as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: Effectiveness and efficiency of operations; reliability of financial 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
- 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.

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. 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.
- 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.

5. 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.

6. 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
- Approve the methodology for determining the financial ceiling the Board may use to make funding decisions
- 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 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
- Review the nature and results of the relevant UNITAID Key Performance Indicators
- Review the effectiveness of the finance function

II- 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** (approve) 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 non-compliance 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.