



WATER SUPPLY AND SANITATION COLLABORATIVE COUNCIL

Annex 7: Terms of Reference for Finance Standing Committee

1 Purpose

The WSSCC Steering Committee has established the Finance Standing Committee (FSC) to support the Steering Committee in fulfilling its oversight responsibilities in a timely manner in respect of the organization's financial planning and management, risk and control framework, internal and external audits, and adherence to appropriate standards of good practices and ethics, as well as the Hosting Agency policies, in particular the financial rules and regulations.

The FSC will review, monitor and make recommendations to the Steering Committee on the areas within its scope of responsibilities and on any other matters that the Steering Committee may request.

2 Composition

The composition of the FSC should allow it to function efficiently and effectively in fulfilling its functions and responsibilities. The FSC is independent from the WSSCC Secretariat and comprised of individual Steering Committee members suitably competent in financial management so as to be able to provide the Steering Committee and the WSSCC Secretariat with independent advice and guidance.

The FSC shall comprise not less than three persons in addition to the designated FSC chair. A majority of the FSC members shall comprise Steering Committee members. Non-voting expert advisers may be appointed by the Steering Committee members to the FSC, or invited to participate on a non-paid basis in FSC meetings at the discretion of the FSC Chair on a permanent or ad hoc basis. The role of expert advisers is to support the FSC on highly technical or specialized issues that come before the FSC for its consideration, and to provide guidance and/or advice that the FSC may consider in its deliberations.

The Chair and the FSC members shall be appointed by the Steering Committee on the recommendation of the Standing Committee on Governance. FSC members shall be appointed for a term of two years with renewable terms of a further two years. All nominees to the FSC should be evaluated by the Standing Committee on Governance to ensure each individual meets the membership requirements set out above prior to appointment, and that the individual's competencies fit with the required competencies of the FSC.

3 Qualifications

The combined qualifications of the FSC 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 accreditation in financial accounting.
- Forecasting and resource mobilization, and financial risk management.
- Setting, approving, and monitoring annual budgets that present issues of comparable breadth and complexity to those presented by the annual budgets of the WSSCC.
- Preparing, reviewing, analyzing 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 forensic investigations of financial expenses, internal controls, or other oversight duties, including assurance processes and mechanisms, including internal and external audit.
- General principles of law, regulations, compliance matters and ethics.
- Principles of Value for Money – efficiency, effectiveness and economy.

The overall balance of skills within the FSC shall be periodically evaluated by the Standing Committee on Governance to ensure that the needs of WSSCC and its Steering Committee are being met.

The Chair of the FSC shall be a member of the WSSCC Steering Committee with extensive oversight experience of accounting and audit, but shall not be the Steering Committee Chairperson.

The Chair of the FSC shall:

- Plan and oversee the conduct of FSC meetings.
- Report to the Steering Committee and/or the Executive Director and the Host Agency on relevant and material matters as appropriate.
- Oversee the preparation of the annual list of activities for SFC.
- Participate in and advise the selection of FSC members in conjunction with the Steering Committee and the Standing Committee on Governance.

A Senior WSSCC Financial Officer shall be an ex-officio member of the FSC and Secretary of the FSC.

The Secretary shall:

- Provide the link between the FSC, the WSSCC Secretariat and the Host Agency.
- Assist the FSC in developing good governance practices.
- Ensure that the agenda, meeting papers and minutes and other materials to support the FSC are provided in a timely manner.
- Prepares minutes from FSC meetings for Chair of FSC review and approval.

4 Authority

The FSC is established by the Steering Committee in accordance with the Governance Guidelines and is a Standing Committee of the Steering Committee. The FSC will have oversight, review and advisory functions to, and for, the Steering Committee and will make recommendations for Steering Committee decision/approval.



The FSC has no executive powers and is not a decision-making body unless it has powers directly delegated to it by the Steering Committee. It shall regularly report on FSC activities to the Steering Committee and shall maintain open communications between FSC members and the Steering Committee. The FSC shall have the power to delegate on an exceptional basis, and in consultation with the Steering Committee chairperson, its authority and duties to the FSC Chair or individual committee members, as it deems appropriate. The FSC shall have unrestricted access to information, WSSCC personnel and relevant other WSSCC parties and external expertise, as appropriate.

5 Roles and responsibilities

It is the responsibility of the FSC to provide the Steering Committee with timely, independent and objective advice and it shall undertake the following activities:

- Provide oversight of the financial management of the WSSCC resources and advise the Steering Committee on financial planning and management; ensure prioritization of funding decisions based on the WSSCC Strategic Plan, annual workplans, and in view of funding limitations; and risk identification, management and oversight, by providing financial review of the WSSCC Secretariat's Strategic Plan and workplan against available and projected resources.
- Provide overview on Value for Money in WSSCC operations, including efficiency of work, effectiveness of activities, and economy; and make recommendations for improvements.
- Monitor the performance and provide an analysis of the "year-to-date" expenditures. Highlight any areas of concern to the Steering Committee and risks that may result in prioritization of activities due to limited funds and/or risks associated with the late arrival (or absence) of anticipated funds related to existing donor commitments. This includes monitoring liquidity issues and ensuring there is adequate funding for future commitments.
- Report to the Steering Committee on the financial health of the WSSCC Secretariat, including identifying changes to financing sources, areas of shortfall or surplus and recommending re-allocation as appropriate; and maintaining a reserve fund sufficient to cover operational costs for a minimum period of time (e.g. 1 year).
- Work closely with the WSSCC Secretariat and Host Agency in the preparation of the annual financial reporting and make recommendations to the Steering Committee for approval or proposed changes. The FSC will also assist the Host Agency in terms of ensuring that the financial reporting is presented to the Steering Committee in a clear and concise manner that will enable Steering Committee members to engage in a dialogue on the annual financial reporting.
- Support the Executive Director in his/her responsibility on overseeing the preparation of the Secretariat annual budget for Steering Committee approval.



- Advise the Executive Director on the financial implications of any proposed changes to the Strategic Plan and workplan and new opportunities that may arise, and reviewing any proposed budget adjustments that would result from such changes.
- Support internal and external audits and monitor the implementation of any audit recommendations, which may arise from audits conducted by the host agency, and report on implementation to the Steering Committee¹.
- Review and recommend to the Steering Committee the programme funding policy and that programme funding requests are within available and anticipated funding.
- Review and recommend to the Steering Committee the country-level accountability, assurance oversight and reporting mechanisms, including approaches for mitigation, addressing and following up on arising issues, applied by WSSCC.
- Review WSSCC long-term financial forecasts and recommend to the Steering Committee that they appropriately reflect WSSCC expenditure needs and available resources.
- Review WSSCC arrangements for the management of business continuity, and the operation of information systems.
- Identify specific risks to be brought to the Steering Committee for review and discussion of whether the aggregate level of risk is acceptable or mitigated appropriately.

6 Modes of Operation

All Steering Committee members, who are not serving on the FSC, have the right to attend meetings of the FSC as observers, but they may not speak or participate in the proceedings except at the invitation of the FSC Chair. The Executive Director, other WSSCC personnel and the representative of the hosting agency shall make themselves available to attend all FSC meetings as appropriate, at the invitation of the Chair of the FSC.

Meetings shall be coordinated to occur prior to Steering Committee meetings and shall be coordinated with the Standing Committee on Governance. The FSC shall establish an annual calendar of activities so that the dates of meetings are known well in advance. A notice of each meeting confirming the date, time, venue and agenda shall be sent by email to each member of the FSC and other invitees in the week prior to the date of such meeting. The notice will include relevant supporting papers for the agenda items to be discussed. The FSC Chair shall establish Committee meeting agendas with the Secretary of the FSC, and in consultation with FSC members and relevant members of the Secretariat.

The quorum for the FSC shall be a majority of FSC members. The FSC Chair should aim for consensus on all decisions. If a consensus cannot be reached, majority and minority positions shall be reported to the Steering Committee as appropriate.

¹ Note: FSC is not a decision-making body. It does not audit the financials of WSSCC, create the report for the financial year-end, nor compile the audit for the WSSCC.