

# FINANCE AND RISK COMMITTEE

## TERMS OF REFERENCE

### A. PURPOSE

The Finance and Risk Committee is a standing committee established by the GPE Board of Directors (the “Board”) to ensure that resources are being managed efficiently, effectively, and consistently with GPE’s mission, goals, objectives, and policies. The Committee will oversee risk management practices and financial management and audit arrangements of GPE.

### B. FUNCTIONS

The Board has delegated its authority to the Finance and Risk Committee to exercise the following powers and perform the following functions:

#### *Decision-making authorities*

- Establish risk management and financial management policies and practices, based on periodic reviews of the adequacy of policies and practices.

#### *Monitoring and oversight (with recommendations to the Board for any major changes)*

- Review financial and operational risks in order to advise the Board on strategic risks in relation to GPE’s business model, operating model and strategic plan delivery.
- Review the risk matrix and make recommendations to Board (as well as advising the Executive Committee) as to whether responsibilities set out are sufficient.
- Review the overall efficiency, transaction costs and value for money of GPE operations at global and country levels and make recommendations to the Board on improvements.

## *Reporting to the Board*

- Written recommendations on GPE funding, financing and risk and on actions to drive improvement – twice-yearly (or more frequently if required).

### **C. ROLES OF THE COMMITTEE CHAIR AND MEMBERS**

As a principle, Committee chair and members should be able to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of GPE. They must (a) perform a monitoring and oversight role over GPE's financing, funding, and risk, and (b) where delegated authority by the Board, make decisions in the best interest of GPE, to achieve the strategic plan adopted by the Board. As applicable, they use their best endeavors to consult with their constituency category before committee meetings, prepare for and attend all meetings unless there is a notified and valid reason not to do so, and actively participate and contribute during meetings.

Information on committee operations can be found in the [Board and Committee Operating Procedures](#). (revision forthcoming).

### **D. COMPOSITION, SKILLS AND RULES OF PROCEDURES**

#### **1. Size and Composition**

The Committee will be composed of nine to eleven (9-11) members, including the following:

- a. A Chair; the Finance and Risk Committee will be chaired by a Board Member or Alternate or another constituency representative of equivalent seniority, acting in her/his capacity in the best interests of GPE and not as a representative of her/his constituency.
- b. Eight (8) to ten (10) Committee members in addition to the Chair.

In addition to the nominations and appointment of Committee Chair and members according to the [Board and Committee Operating Procedures](#), the following considerations shall apply:

- a. There will be a consideration of gender balance in Committee composition;
- b. There will be a consideration of constituency balance in Committee composition;
- c. In the case of a gap in the specialized skills, there is the option to appoint one independent member from outside the constituencies.

## **2. Skills, Knowledge, and Experience**

Committee members will be selected on the basis of relevant expertise and relevant experience, as noted in Annex A.

## **3. Rules of Procedure, Member Roles and Responsibilities**

The rules of procedure of the Committee, including procedures for quorum, and the roles and responsibilities of Committee chair and Committee members shall be as set forth in the [Board and Committee Operating Procedures](#). The Committee is expected to meet approximately quarterly in virtual session, and additionally as needed.

Prior to service, Committee members must acknowledge the [GPE Conflict of Interest Policy](#) and [Code of Conduct](#).

### **E. TRANSPARENCY**

Committee discussions are part of the deliberative process of the Board. They are therefore considered confidential and Committee documents and meeting summaries are not considered to be public documents. It is expected that Committee members will circulate meeting documents and meeting summaries to the constituency categories they represent for consultation and report-back purposes. Committee meeting documents and summaries are also made available to Board constituencies via the GPE Governance Portal.

### **F. EXCEPTION TO TRANSPARENCY FOR ETHICS MATTERS AND MISUSE OF FUNDS**

It is recognized that Committee members may routinely have conflicts of interest, most often with respect to specific funding frameworks and specific grant applications, as beneficiaries of related allocations. Conflicts of interest for matters discussed at the Finance and Risk Committee will be handled in accordance with the [Policy on Conflicts of Interest](#).

Due to the sensitivity of the matters delegated by the Board in the [Policy on Conflicts of Interest](#) and confidentiality of information related to misuse of funds:

- a. Members of the Finance and Risk Committee shall sign the Misuse of Trust Funds – confidentiality statement and the Conflict of Interest Policy acknowledgment.
- b. Members of the Finance and Risk Committee should maintain the confidentiality of deliberations on such matters, as appropriate and as directed by the Chair, except where required in order to comply with the rules and procedures of their own organizations.

## **ANNEX A**

### **Skills, Knowledge and Experience:**

The Finance and Risk Committee members shall possess the following:

- a. General knowledge of GPE's mandate, vision, mission, global aid architecture, the education sector, issues of gender equality, and other matters of equity and access.
- b. Knowledge of developing country education systems.
- c. Significant knowledge and experience in financial management, risk management and systems of internal control, and audit.

In addition, each Finance and Risk Committee member shall have a demonstrated track record in at least one of the following:

- a. Experience developing and overseeing complex budgets or work plans.
- b. Knowledge of donor or grant agent legal and administrative agreements.
- c. Knowledge of and experience in innovative funding mechanisms.
- d. Experience with managing a multi-million multi-year budget.
- e. Knowledge of trust fund issues.
- f. Experience serving on a comparable body.
- g. Competency in accounting and finance, including development finance.
- h. Competency in assurance processes, including internal and external audit.
- i. Experience in risk management policies and frameworks
- j. Experience serving on Board/Committee with multi-stakeholder composition.

## Annex B

### Criteria for independent members of the Finance and Risk Committee

1. Members of the governance and administrative bodies of the Global Partnership for Education (hereafter “Global Partnership”) may not serve as independent Committee members.<sup>1</sup>
2. In addition, a candidate will not be considered independent if he or she:
  - a. Has been a Global Partnership official at any time within the last three years;
  - b. Has been within the last three years an employee of a firm that has provided audit, assurance or other oversight services to the Global Partnership;
  - c. Has been within the last three years an employee of a firm that has provided services to the Global Partnership;
  - d. Has participated or attended deliberations of the governance, advisory and administrative bodies of the Global Partnership within the last three years as a delegate for a constituency of the Board;
  - e. Has been within the last three years an employee of a company or an organization that has directly or indirectly funded or received funding from the Global Partnership in any of the last three calendar years;
  - f. Holds any professional responsibilities that might infringe on her/his independence.

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<sup>1</sup> Global Partnership for Education officials include, but not limited to, Board members and alternates, members of Board Committees, members of the Independent Technical Advisory Panel (ITAP) and other advisory bodies, and employees, consultants and contractors of the Secretariat.

## **Declaration of Independence for the Finance and Risk Committee**

I declare to the best of my knowledge that having read the criteria for independence appended to the Terms of Reference of the Finance and Risk Committee (the "Committee"), I am eligible to serve as an independent member of that Committee. I undertake to discharge my functions and responsibilities as a member of the Committee with the interests of the Global Partnership for Education alone in mind, and I will not seek or accept instructions regarding the performance of these functions from any constituency of the Global Partnership for Education, including any government, constituent organization or other authority, other than through action by the Board.

Should there be any change in my relationship with the Global Partnership for Education concerning the criteria for independence, I will immediately inform the Board Chair and Committee Chair.

Signed:

Date: