

Terms of Reference of the Finance Committee

1. Purpose

The Finance Committee is responsible for accompanying the administration in developing and implementing a financial management strategy to ensure the organization's long-term sustainability and oversee proper use of resources and compliance with the organization's financial provisions with respect to country authorities. In addition, it ensures that financial management is aligned with its aims.

The Committee analyzes the organization's financial statements and recommends approval of the annual budget to the NSC. It also receives the financial statements reviewed in external audits and presents them to the NSC and subsequently to the assembly for approval. Together with the administration, it follows up on recommendations arising from the external audit.

2. Membership and composition

The Finance Committee will be a permanent body of the NSC. The acting treasurer of the NSC will chair the Committee. A second member of the NSC is suggested as vice chair. Regarding the two NSC representatives, each should preferably have experience in finance and the accounting-administrative area. The NSC chair and treasurer will propose a person as vice chair, who must be ratified by the full NSC. The treasurer will propose Committee members, who must be ratified by the full NSC and do not necessarily need to be NSC members; outgoing or former NSC members may be considered, and/or associates who substantiate their incorporation. It is recommended that the number of members be no more than five. These appointments will be for a period of one year and may be extended for an additional year subject to joint ratification by the chairs of the Finance Committee and the NSC. Should there exist an audit or equivalent Committee in the NSC, members of the Finance Committee may not serve in

both simultaneously. In addition, the ND and head of the organization's finance and administration area will be ex officio members; this close interaction facilitates operating in a generative mode.

Members of the Finance Committee will have voice and vote, and decisions will be made by simple majority.

3. Responsibilities

- i. Review and recommend the organization's Annual Financial Plan to the full NSC for its approval
- ii. Review audited financial statements and recommend their approval
- iii. Ensure that the organization's financial management serves its mission and purposes
- iv. Review and update, as appropriate, policies regarding the financial administration of the organization's resources in the following specific areas:
 - a. Long-term investment of financial assets
 - b. Use of credit lines and financing of capital goods
 - c. The organization's risk management and insurance programs
 - d. Know and follow up on mitigation plans presented to the NSC with regard to financial risks identified in the organization's risk mapping. Systems of institutional information technologies for purposes of the organization's financial tracking.
 - e. Analyze the KPIs periodically sent by the area office and other indicators that help monitor the organization's sustainability and facilitate comparison with other NOs in the HFH network
 - f. Ensure resolution of and compliance with the findings of internal and external audits

- v. Jointly with the Audit Committee or equivalent, assessment and recommendation to the NSC on hiring a qualified external auditor to review the financial statements each year
- vi. On an annual basis, the Finance Committee will evaluate its performance with regard to its powers and responsibilities and, if necessary, propose any change to the NSC for approval.

4. Meetings and reports

It is recommended that the Finance Committee meet monthly. Meeting agendas will be prepared and provided for members in advance, along with any appropriate informational material. The minutes of the meeting will be recorded, and the Committee chair will report to the NSC in accordance with the agenda.

5. Resources

With prior authorization from the NSC, the Committee may hire legal, financial, accounting or other type of advisors if so required. The Committee may request that an officer or employee of the organization, external lawyer or independent auditor attend and participate in a meeting as guest after first coordinating with the ND. The Committee may create subcommittees for work as considered appropriate, reporting to the Committee chair.