

**THE WORKING GROUP ON GOVERNANCE
PROPOSED
RE-ALLOCATION OF FUNCTIONS AND
RESPONSIBILITIES ACROSS GOVERNANCE BODIES
- OPTION 1**

This diagram displays the **proposed re-allocation of functions and responsibilities** across the Board, Coordinating Group and a set of three new Board Committees, which was presented by the TGC to the Board at its retreat in July 2015.

Some text has been modified to (1) **incorporate internal and external audit functions under the new Audit and Finance Committee** and (2) **inclusion or reinstatement of the certain governance functions under the Ethics and Governance Committee.**

BOARD
* Strategy Development & Principles of Grant Making
* Governance Oversight (Appoint members; establish committees; Select, assess ED/IG)
* Commitment of Financial Resources (approve funding proposals; approve workplans and budget; Annual report and financial statements)
* Assessment of Organizational Performance
* Risk Management (Establish Risk Management Strategy and Risk Tolerance framework)
* Partnership Engagement/Resource mobilisation/Advocacy
Risk oversight
* setting the risk management strategy
* Review committee oversight of risk
* Ensure cross-committee collaboration on risk
* Recommend potential modifications to risk registry or assigning new areas of risk oversight
* Follow-up to Board and committee decisions

COORDINATING GROUP
Oversight of Institutional performance
* Institutional performance (oversight of committee KPI tracking; inter-committee collaboration on KPI reporting)
Effective Administration of Governance Processes and Systems
* Board priorities, agenda setting and communications
* Appropriate documentation and timely distribution
* Budget management (reviewing and monitoring resources) of core governance mechanisms (Board Chair, Vice Chair, Board, committees and advisory bodies)
* Oversight of institutional memory

LEGEND OF TERMS FOR COMMITTEE FUNCTIONS

Decision Making Functions: Responsible in making decisions on areas delegated by the Board

Advisory: Responsible for reviewing analysis and making recommendations to the Board.

Oversight: Responsible for monitoring key activities through reporting mechanisms.

COLOR CODING:

Brown: present Board activities
Blue: present OR former (**) Coordinating Group functions
Purple: present SIIC functions
Orange: present FOPC functions
Green: present AEC functions
Pink: present new governance-related functions identified and allocated by the Working Group on Governance and the TGC

*** the Terms of Reference of the Coordinating Group were revised and approved by the Board at its 32nd Meeting in November 2014. Performance of Board, Board Leadership, Committees Committee Leadership and support SIIC in assessment of advisory bodies and monitor performance trends and certain risk oversight related tasks are no longer under within the Coordinating Group remit.*

Strategy Committee
Mandate: strategy and the implementation of the strategy.
Decision Making Functions
* Strategic Funding Policies
* Methodology and KPIs for Assessment of Performance of grant portfolio
* Approve advisory bodies TORs
* Appointment of advisory bodies members
* Guidelines/workplans of advisory bodies
* Frameworks for reprogramming of grants and funding commitments
Advisory Functions
* Institutional strategies
* Modifications to the organization/operations
* Modifications to funding strategies
* Strategies for investment impact and value for money
* Modifications to funding policies on eligibility, prioritization and counterpart financing
* Modifications to advisory bodies mandates
* analyses on key risk areas
Oversight functions
* Grant portfolio activities
* Advisory bodies including their evaluation and assessments
* Implementation of strategic policies
* Impact and effectiveness of investments
* Annual review of disease landscape
* Annual review of forecasted demand for funding
* Risk implementations of strategies and initiatives

Audit and Finance Committee
Mandate: combined audit and finance responsibilities
Decision Making Functions
* Methodology and KPIs for assessment of financial management
* Asset and liabilities strategies
* Fiduciary control framework for grant management
* Risk stratification matrix of countries and territories where the Global Fund has grants
* Human resources policies
* Minimum standards for external auditors of grants
* Methodology and KPIs for performance assessment of the OIG
* OIG's annual audit and investigation Work-plan
* Approval of approaches for releasing and communicating about OIG reports
* Methodology and KPIs for performance assessment in operations and corporate management
* Modification to Board approved operational policies
* Policy frameworks to guide development of operational policies
Advisory Functions
* Appointment of the external auditor
* Mandate and functions of the OIG
* Effectiveness of communication policies on OIG findings
* Multiyear budget and cash flow projections
* Policy frameworks regarding receipt and management of contributions
* Comprehensive Funding Policy
* Resource mobilization strategy
* Annual operating budget (Secretariat and OIG)
* Efficiency and effectiveness of the fiduciary control framework for grant management
* Efficiency and effectiveness of the risk management strategy; modifications to the risk management strategy
* Analyses on key risk areas
* Tolerance in management of fiduciary risks
* Annual audited financial statements
* Policies on preparation and presentation of annual financial statements
Oversight functions
* Financial management (annual review of financial forecasts; status of pledges and contributions; Trustee activities; financial management performance against KPIs)
* Corporate management and operations (annual review of risk assessment and management processes, response to certain audit recommendations, performance against corporate management KPIs)
* Annual expenditures against Board approved budget and Corporate Work Plan
* Resource mobilization strategies and activities (including replenishment, private sector engagement and innovative funding initiatives, in-kind donations)
* Efficiency and effectiveness of fiduciary controls and financial risk management (incorporation of audit findings, fiduciary obligations of grant recipients, key risk areas, sanctions regarding fraud and misuse of grant funds)
* Adequacy and effectiveness of fiscal management policies (foreign exchange, commitment of assets)
* Strategies for enhancing value for money
* Corporate administrative policies and activities
* Production of annual financial statements (activities of external auditors; and accounting and reporting policies used)
* Secretariat's responsiveness to findings of the external auditor
* OIG matters including: performance against OIG KPIs, audit and investigation guidelines, allocation of resources
* Compliance by OIG to applicable policies and procedures
* Identification of key areas of emerging risks such as those that arise from OIG reports

Ethics and Governance Committee
Mandate: combined ethics and governance functions
Decision Making Functions
* Remedial actions to deficiencies in ethical standards and any ethics-related complaints
* Waivers related to conflict of interest
* Secondments of employees
* Appointment of external members of the Sanction Panel
Advisory Functions
* Tolerance in management of ethical risks
* Strategies and guidelines on ethical matters
* Analyses on key risk areas
* Performance of Board, Board Leadership, Committees, Committee Leadership, and advisory bodies; and monitor performance trends
* Strengthen board constituency engagement (promote processes for selection of Board Members)
* Attract, develop and retain Board talent (framework for induction; continued engagement between meetings)
* Nomination and selection of Board Chair and Board Vice-Chair
* Review statutes, bylaws, committee charters and other governing documents
* Legal issues that warrant board attention (<i>reinserted function</i>)
* In collaboration with the Board Leadership to nominate Chair and Vice Chairs of Committees (<i>new governance function</i>)
* CCM matters related to governance and ethics concerns (<i>reinserted governance function</i>)
Oversight functions
* Compliance with ethical guidelines
* Implementation of codes of conduct from the Values and Integrity Framework
* Adequacy of systems and procedures to adhere to ethical standards
* Oversight of the process to select and appoint committee members (<i>new governance function</i>)
* Review of Privileges and Immunities reports produced by the PIAG (<i>new governance function</i>)
* Oversight of financial implications of the governance activities (<i>new governance function</i>)