

Principles of Good Governance

for National Committees

Prologue

The family of National Committees for UNICEF represents a diversity of governance structures and legal, regulatory and cultural environments. We all recognize that good governance is a key foundation towards achieving our shared goals. A shared framework for good governance enables enhanced results for children, ensures the sustainability of our operations and safeguards against crises that might affect us all. Robust governance is instrumental in building and maintaining credibility and trust with stakeholders. The Board plays a critical role in ensuring robust governance, is a driver of values and culture and a reference point for integrity and ethics for the National Committee. All Board members are expected to rise to this responsibility and be a source of moral authority.

Accordingly, the National Committees hereby adopt these Principles of Good Governance and undertake to implement the Principles to the extent that is legally practicable in the context of their structures and national legal and regulatory environments. National Committees are governed by National Law and it is agreed that nothing in these Principles can override their requirements to comply with their National Laws. Our shared commitment ensures we collectively continue to operate in the vanguard of non-profit governance, as befitting our powerful UNICEF brand and mission for every child.

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Board and structure

1. Ensure strategic leadership, oversight and effectiveness**Strategic Board leadership and general responsibilities**

- 1.1 The primary and ultimate governance responsibility in the National Committee lies with the Board, including to implement a proactive oversight framework, encourage values-led, ethical and socially responsible behaviour, act with care, loyalty and integrity, achieve objectives and maximize results for children, and neutralize conflicts.
- 1.2 Board members are volunteers without compensation for Board services and:
- act in the best interest of the National Committee;
 - ensure they understand and meet their duties and responsibilities;
 - are suitable for the role and ensure they understand the work of the National Committee;
 - are committed, have capacity and allocate sufficient time to discharge their duties and responsibilities effectively and support the National Committee;
 - are fair, objective and act in a non-political and impartial manner;
 - avoid conflicts of interest, including the appearance thereof;
 - support the National Committee's activities in alignment with these Principles.
- 1.3 Board members are independent of Management. Neither the Executive Director nor other members of Management are a voting member of the Board or any of its regular subcommittees.

- 1.4 The Board exercises its leadership and stewardship role in support of diversity (in terms of gender, race, age and other forms), inclusiveness, sustainable performance and organizational resilience.
- 1.5 The Board operates on the basis of collective responsibility, and its collective roles and responsibilities and individual members' roles are clear and understood. All members of the Board share responsibility for any decisions made, including those made under delegated authority. No individual Board member, including the Chair, can exercise authority, instruct staff or make decisions unless empowered to do so by a specific decision of the Board or as provided by the National Committee Statutes and regulations, or National (and applicable) Law.
- 1.6 The Board approves an annual budget, ensures allocation of resources and adoption of policies that support the safeguarding of assets, the effective management of resources, risk management and delivery of objectives in a risk-informed manner and guided by environmental, social and governance (ESG) considerations.

Board size and composition

- 1.7 The Board is of appropriate size and composition to oversee and enable the National Committee to achieve its strategic objectives.
- 1.8 The Board ensures that clearly defined mechanisms are in place for the nomination, appointment and termination of its members (including the Board Chair and other designated roles) on the basis of formal, transparent procedures and agreed criteria.
- 1.9 The Board is diverse in terms of personal characteristics (including gender, race and age) as well as experience, expertise and skills. Diverse representation strategically aligns with the National Committee's purpose, objectives and activities, supports inclusiveness and collective literacy, and enables the Board to fulfil its role effectively.

- 1.10 Board members are nominated and appointed based on suitability and the Board's competency and composition mapping through a transparent process, and in alignment with the National Committee's purpose, strategy and needs analysis.
- 1.11 Terms and tenure of the Board Chair and Board members are limited to encourage renewal, and staggered to maintain knowledge continuity.
- 1.12 The Board ensures organizational sustainability through succession planning in the Board, its subcommittees and the Executive Director position to address current and future needs in alignment with the purpose and the strategy of the National Committee.

Board delegation, performance and development

- 1.13 The Board clearly defines the responsibilities of Management. Delegations of the Board's authority and authorization levels are recorded and periodically reviewed.
- 1.14 The effectiveness of the Board's collective performance, as well as of the Board's subcommittees, individual Board members and the Board Chair, is regularly assessed, with the results used to strengthen the effectiveness of the Board.
- 1.15 Board members receive onboarding that covers the work of the National Committee and the relationship with UNICEF, and they continuously develop in support of their duties and responsibilities.

Board meetings, information and decision making

- 1.16 Board meetings are held regularly, have active participation, encourage open dialogue and constructive dissent, with board minutes taken and decisions recorded.

- 1.17 Board members seek and are provided with accurate, relevant and timely information so they can perform their duties and responsibilities effectively.
- 1.18 The Board seeks the views of its mission-critical stakeholders and may seek the views of other stakeholders as relevant. The Board can appoint independent advisers with defined terms of reference.
- 1.19 Board decision making is informed by a sufficient understanding of the key activities of the National Committee, UNICEF's priorities and strategies, and organizational risks and how they are managed.

Board relationships

- 1.20 The Board acts in the best interests of the National Committee and in a manner that supports a constructive and collaborative relationship with the Executive Director and other members of Management, UNICEF and other relevant stakeholders. Appropriate and designated channels are used in case of differences.

2. Ensure effective Statutes

- 2.1 The National Committee has Statutes consistent with National (and applicable) Law, agreements with UNICEF and these Principles.
- 2.2 The Board periodically reviews Statutes and ensures that any updates are made in consultation with UNICEF.

3. Ensure effective legal form and organizational structure

- 3.1 The Board reviews its legal structure and governing organs periodically to ensure they support the efficient implementation of the strategy and the achievement of objectives by the National Committee.
- 3.2 The Board periodically reviews the functionality, effectiveness and cost-efficiency of its governing organs and other structural bodies of the National Committee.
- 3.3 The Board ensures that Audit and Nominations Committees (or equivalent board functions) are in place, and the Board can establish other subcommittees, all with suitable members, defined terms, terms of reference and levels of authority.
- 3.4 The Board periodically reviews the functionality, effectiveness and cost-efficiency of its governance framework and policies, and ensures that they are extended to and are accepted by the National Committee's decentralized committees, boards and related entities, as relevant.

4. Ensure effective strategy-setting

- 4.1 The Board ensures that the National Committee has a clear, risk-informed strategy that aligns its activities with its purpose, priorities and objectives agreed in plans between the National Committee and UNICEF.
- 4.2 The Board sets strategy that is aligned with overall organizational risk appetite and specific risk tolerance and encourages innovation.
- 4.3 The Board monitors and evaluates the financial and non-financial performance of the National Committee against the strategy and plans.

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Management and operations

5. Ensure responsible management and operations

- 5.1 The Board approves an annual budget that ensures the allocation of resources to key activities, provides oversight over the appropriate use of the National Committee's resources, and monitors financial and other risks, including the risk of insolvency of the National Committee.
- 5.2 Management is responsible for the daily operations and supervision of the implementation of activities in line with the strategy, plans (including agreed plans between the National Committee and UNICEF), policies and procedures.
- 5.3 Management adopts and implements operational-level financial, people and other operational policies and procedures.
- 5.4 Management ensures the implementation of policies and procedures that support the safeguarding of assets, the effective management of resources, risk management and the delivery of objectives in a risk-informed manner and guided by ESG considerations.
- 5.5 Management ensures that the National Committee has a lean and effective administrative cost structure, suitable to and appropriate for its context and that enables the achievement of agreed plans and targets.
- 5.6 The Board receives regular and timely reporting on all matters of significance regarding the National Committee, including its financial situation and overall financial and non-financial performance and risks.

6. Ensure effective people management

Executive Director

- 6.1 The Board has collective responsibility for the appointment and removal of the Executive Director.
- 6.2 The Board appoints a suitably qualified and experienced Executive Director through a formal and transparent merit-based recruitment process in consultation with UNICEF. The Board supports and ensures the Executive Director's development and regularly reviews their performance based on agreed key performance indicators.
- 6.3 The Executive Director and other members of Management act in a manner that supports a constructive and collaborative relationship with the Board, UNICEF and other relevant stakeholders. Appropriate and designated channels are used in case of differences.

Enabling work environment and people management

- 6.4 The Board is responsible for oversight of the overall work environment to ensure that it is safe, inclusive and enabling.
- 6.5 The Board ensures the adoption and implementation of policies and procedures for effective people management and development that support a safe, inclusive and enabling work environment and adequate staffing.
- 6.6 The Board ensures that systems are in place for the systematic and regular onboarding, training and development of all people working in the National Committee (including volunteers) on organizational policies, procedures, standards and technical areas, among others.

Recruitment, appointment and reviews

- 6.7 Management has the overall responsibility for the recruitment, performance assessment and separation of all people who work for the National Committee.
- 6.8 Management is responsible for the appointment of suitably qualified and experienced people through a formal and transparent merit-based recruitment process, and ensures individual performance management and development, regular performance reviews and well-being.
- 6.9 The Board ensures that a transparent and appropriate compensation structure for staff is in place that supports attracting and retaining qualified staff, and that the compensation structure is fair and consistent with National (and applicable) Law and relevant standards.
- 6.10 The Board ensures that Management implements a system in which every position has written terms of reference and individuals have written contracts that include compensation terms consistent with the requirements of National (and applicable) Law.
- 6.11 Management sets formal and transparent merit-based hiring practices and compensation for individual contract consultants undertaking assignments for the National Committee.

7. Ensure effective financial and operational management

- 7.1 Management ensures that contractual commitments of the National Committee are aligned with strategy, include appropriate approvals and are evidenced by appropriate contractual documentation.
- 7.2 The Board ensures that internal financial control mechanisms are effective and transparent and include the segregation of duties and delegation of authority.
- 7.3 The Board ensures that the National Committee adopts and implements financial and accounting policies and procedures consistent with the accounting and reporting requirements of National (and applicable) Law, applicable standards and agreements, and these Principles.

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Accountability to stakeholders

8. Exercise accountability to stakeholders

- 8.1 The Board ensures a strong and visible commitment to integrity, accountability and transparency, that the National Committee acts and is seen to act responsibly and responsibly, and the timely, accurate and complete disclosure of information regarding matters of significance to the National Committee's relevant internal and external stakeholders.
- 8.2 The Board ensures the adoption and implementation of a communication and disclosure policy and procedures to assist the National Committee in publicly disclosing information regarding matters of significance using appropriate communication channels, while protecting the National Committee's sensitive, proprietary and confidential information.
- 8.3 Relevant stakeholders are provided with an adequate opportunity to raise questions about how the National Committee is governed and managed and about its results, and receive timely and adequate information in response.
- 8.4 The Board ensures that the National Committee collaborates closely with UNICEF to fulfil its responsibilities in line with agreed plans and the Cooperation Agreement between the National Committee and UNICEF on financial and non-financial matters, including governance in the National Committee.
- 8.5 The Board ensures that compensation policies and practices are disclosed as necessary.

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Ethical environment

9. Ensure a strong organizational culture based on values and ethical standards

- 9.1 The Board and Management act with integrity and accountability, are non-political and impartial, and champion diversity, ethical conduct and an inclusive work environment.
- 9.2 The Board and Management are responsible for establishing and maintaining an inclusive, safe and harmonious work environment in which everyone is treated with dignity and respect, free from discrimination, harassment, sexual harassment and abuse of authority.
- 9.3 The Board ensures that a written Code of Conduct is adopted and implemented.
- 9.4 The Board ensures the adoption and implementation of policies, procedures and standards governing ethical conduct. The ethical framework covers conflicts of interest, child safeguarding, ethical fundraising, an ethical workplace, digital ethics, and speak up and whistleblower protection, among others.
- 9.5 The Board ensures systems are in place to make ESG considerations part of partnering and contracting decisions, and to ensure that the National Committee does not do business with or otherwise partner with entities or individuals whose activities are likely to bring disrepute to the National Committee or UNICEF.

- 9.6 The Board and Management put the organizational interests first in decision making and are not (and do not appear to be) influenced by personal or other interests or commitments, and in a timely manner disclose all relevant matters that may give rise to any conflict of interest.

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Control environment

10. Strengthen enterprise risk management and ensure a robust internal controls framework

- 10.1 The Board ensures that the National Committee complies with National (and applicable) Law, regulatory and standard-body requirements, internal rules and controls, and agreements.
- 10.2 The Board ensures that the National Committee has an effective enterprise risk management framework that reflects ESG considerations and that is aligned with the National Committee's strategy and objectives.
- 10.3 The Board ensures that the National Committee has a robust audit framework, consisting of an Audit Committee, external auditor and a competent internal audit function (depending on and appropriate to the National Committee context), and that audit recommendations are implemented.
- 10.4 The Audit Committee, as a subcommittee of the Board, an equivalent board function or a separate organ, is established and made up of at least three members who are financially literate, with at least one member who is a qualified accountant or auditor. The Board approves the composition of the Audit Committee (or equivalent function) and ensures that it has appropriate terms of reference.

- 10.5 An independent external auditor is appointed by the Board and is accountable to the National Committee through the Audit Committee or an equivalent function. The Board reviews the auditor and changes the lead auditor periodically.
- 10.6 A competent internal audit function with sufficient independence from Management and an independent reporting line to the Board (through the Audit Committee or an equivalent function) is established by the Board and implemented in a manner that considers and is consistent with the National Committee context. The internal audit function operates in accordance with professional standards and has appropriate terms of reference that include a requirement for regular quality reviews.
- 10.7 The Board ensures the adoption and implementation of an anti-fraud policy and procedures covering fraud, waste and misuse of organizational resources, as part of its internal controls.
- 10.8 The Board ensures that a robust data protection, cyber security and IT governance framework exists and protects, sustains and extends the National Committee's strategy and objectives.
- 10.9 The Board ensures that the National Committee has effective and up-to-date crisis preparedness and management and business continuity plans and systems in place.
- 10.10 The Board ensures that the National Committee has effective complaint and reporting mechanisms and independent investigation and sanction mechanisms in place, ensuring the effective implementation of its policies and procedures.

Endnotes

* These Principles of Good Governance were endorsed at the Extraordinary Meeting of National Committees held on 26 November 2020 and are incorporated in the Cooperation Agreement between UNICEF and each National Committee as Annex C thereto. Relevant terms have the meaning as set out in Annex A of the Cooperation Agreement.

** These Principles of Good Governance focus on the governance authority and responsibilities of National Committee Boards in the exercise of their role as governing body. It is acknowledged that, depending on the legal form and structure of a National Committee, a different governing body may have ultimate or shared governance accountabilities and responsibilities. For example, in associations, the Assembly has the highest (and on some matters exclusive) governance authority with day-to-day governance responsibility assigned to the Board, and some responsibilities of an audit subcommittee of the Board carried out by an audit commission. It is also noted that Management is responsible for the implementation of Board decisions and day-to-day operational matters, which is not the focus of these Principles.

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