

Headquarters, Copenhagen

4 November 2019

Executive Office Instruction Ref. EOLED.2019.01

Audit Advisory Committee

1. Authority

1.1. This Executive Director Instruction (EOI) is promulgated under Executive Office Directive Ref. EOD.ED.2017.02 - Organizational Principles and Governance Model, by the Executive Director on the basis of authority under UNOPS Financial Regulations 3.02 and 4.01, Rule 104.03, as issued by the Executive Board through decision 2012/5, and the authorities granted through Executive Board decisions 2008/37, 2009/4, 2015/4 and 2015/12.

2. Purpose

2.1. This EOI provides terms of reference for the UNOPS Audit Advisory Committee.

2.2. The EOI effectuates the merger of the Audit Advisory Committee with the former Strategic Advisory Group of Experts, as conveyed to the Executive Board in connection with the First Regular Session in 2019.

3. Effective Date

3.1. This EOI shall become effective immediately.

4. Consequential Changes

3.1. This EOI replaces Organizational Directive No. 5 (rev 5) of 1 September 2015.

[signature redacted]

Grete Faremo

Executive Director, UNOPS

Audit Advisory Committee

Terms of Reference

Purpose and context

1. The purpose of the Audit Advisory Committee (“Committee”) is to assist the Executive Director in fulfilling his/her responsibilities regarding oversight, financial management and reporting, internal audit and investigation, external audit, risk management, systems of internal control and accountability, and application of best practice and industry standards for strategy implementation. The primary role of the Committee is to advise the Executive Director, taking into consideration the Financial and Staff Regulations and Rules as well as the policies and procedures applicable to UNOPS and its operating environment.
2. The Committee has an independent advisory role and is not a governance body; no language or clauses in these Terms of Reference (“TOR”) shall imply otherwise.
3. The Committee shall seek to promote proper governance and high ethical standards, as well as the adoption and use by management of best practices in risk and financial management.
4. Members of the Committee shall act in an independent, non-executive capacity. Members shall not be held personally liable for decisions taken by the Committee acting as a whole.
5. The United Nations Board of Auditors (“BOA”) performs the external audit of the UNOPS operations and the Internal Audit and Investigations Group (“IAIG”) provides internal audit and investigations services.

Mandate

6. The Committee shall:
 - a) Review and advise the Executive Director on policies significantly affecting financial management and reporting, the internal audit and investigations functions, and the effectiveness of the UNOPS systems of internal control and accountability; including its governance, risk management and control procedures;
 - b) Review and advise on the fraud and corruption prevention policy, ethics function including the code of ethics and whistle blower policy;
 - c) Consult on any proposed changes to the Financial Regulations and Rules;

- d) Review and advise on the UNOPS financial statements and reports, including any significant changes in accounting policies, presentation and disclosures;
- e) Promote the understanding and effectiveness of the audit and investigations functions, provide a forum to discuss internal control and matters raised by the BOA and IAIG as well as strive to maintain open communications with them;
- f) In relation to IAIG review and advise on:
 - i) The Charter;
 - ii) The appointment, performance evaluation, extension and dismissal of the Director;
 - iii) The strategy, annual work plans, budget and periodic reports;
 - iv) The quality and assurance improvement programme, including internal and external assessments;
 - v) Relevant reports and management letters;
 - vi) The status of implementation by management of audit recommendations;
 - vii) Policy for disclosure of internal audit reports and implementation thereof.
- g) In relation to the BOA review and advise the Executive Director on:
 - i) Audit scope and related matters;
 - ii) BOA reports and relevant management letters;
 - iii) The status of implementation by management of audit recommendations.
- h) Consider the risk and control implications of audit reports and management letters and highlight, as appropriate, issues that may need further examinations with due consideration as to confidentiality and due process;
- i) Review and advise on strategy implementation, including positioning, communications, management and leadership, organizational culture, and strategic initiatives;
- j) Review and advise on the governance, development and management information technology systems impacting financial management and reporting;
- k) Review and advise on any issues arising from activities covered by these TOR.

Authority

7. The Committee has the authority and the responsibility to review all activities that it deems appropriate and relevant to these TOR. In exercising this responsibility, the Committee may;

- a) Obtain all information and/or documents it considers necessary to perform its mandate including all internal and external audit reports;
- b) Seek any information from any UNOPS personnel or request information generated from the UNOPS systems and require all UNOPS personnel to cooperate with any request made by the Committee in performing its mandate; and
- c) Obtain legal or other independent professional advice, as it deems appropriate.

8. The Committee shall meet with the Director of IAIG at least annually in a private session.

9. The Committee shall meet with the representatives of the BOA at least annually in a private session.

Membership

10. The Executive Director shall appoint three to seven members of the Committee. All members will be independent and external to UNOPS.

11. In appointing members, the Executive Director shall ensure that the Committee as a whole is made up of people with senior level working knowledge and familiarity of finance, accounting, governance, internal audit and investigation, external audit, internal control and risk management practices and principles. The Executive Director may appoint members with expert knowledge and experience which (s)he deems significant and relevant for furthering strategy realization, development of the organization and its business portfolio. In addition, the Executive Director will seek to ensure a balanced gender and geographical representation.

12. The Executive Director shall designate a Chairperson from amongst the members of the Committee. The terms of office for members shall be three years, renewable once. Continuance of membership will be reviewed annually, and confirmed through signature of affidavit. To ensure continuation of the Committee the appointment of members should be staggered.

Appointment and selection of members

13. The Executive Director initiates and decides the most appropriate means of solicitation for new members. This may span private and public announcements, including use of executive search. Members may be recommended by any individual, internal or external to UNOPS, including by any member of the UNOPS senior management team.

14. The Executive Director determines the most appropriate means for screening of potential candidates, with a view to determining their fit against the Committee criteria and current

composition, including gender balance and geographical representation. Prior to their appointment, members will be reviewed for any potential conflict of interest. The Executive Director will keep the Executive Board informed of changes in the membership.

15. The Committee secretariat shall facilitate the appointment and selection process drawing on support and expertise from relevant functions.

Remuneration

16. Members will not be remunerated for activities undertaken in their capacity as members of the Committee.

17. UNOPS will reimburse all committee members for any travel and subsistence costs that are necessarily incurred in relation to participation in Committee meetings.

Secretariat

18. The Executive Director will provide the Secretariat to the Committee. The Secretariat will provide substantive support. It will convene meetings at the request of the Chairperson and draw on ancillary support from relevant business units.

Number and organization of meetings

19. The Committee shall establish an annual programme of work.

20. The Committee shall normally meet three to four times a year. The Committee may meet in a regional setting, as it determines appropriate. The Chairperson, any member, the Executive Director, the Deputy Executive Director, the Director IAIG, and the BOA may request additional meetings. Meetings will be conducted in person or virtually.

21. The time and duration of a meeting will be scheduled to reflect the quantum of work and as decided by the Chairperson in consultation with members and the Executive Director/Deputy Executive Director. Time will be allowed for any pre-briefing of the Committee by UNOPS personnel and the BOA, as the Committee shall deem appropriate.

22. The Chairperson, in consultation with the members, will prepare a provisional agenda, which will be circulated by the Secretariat together with all supporting documents, including any proposed presentations by personnel invited to brief the Committee one week prior to the relevant meeting.

23. The BOA may also submit documents.

24. Members of the Committee shall normally be given at least 21 days' notice of meetings.

Attendance

25. All meetings of the Committee at Headquarters will be attended by the Executive Director, the Deputy Executive Director or his/her representative, and for relevant items, by the Director of IAIG, the Chief Finance Officer, and the Ethics and Compliance Officer, or their designated representatives. Other UNOPS personnel may attend at the invitation of the Chairperson.

26. If the Chairperson designated by the Executive Director is not present at a meeting, the members will elect an acting Chairperson from amongst the members present.

Quorum

27. Any three members present, in person or virtually, shall constitute a quorum. An alternate cannot represent a member.

28. It is expected that members will be present for meetings in person. Exceptionally, members may attend meetings by video or teleconference.

Disclosure of interest

29. It is the responsibility of the individual Committee member to disclose a conflict of interest or the appearance of a conflict of interest to the Committee.

30. All members of the Committee shall sign a statement of disclosure of interest. In order to avoid any appearance of doubt, members shall consult the Ethics Officer, prior to any meeting at which they expect to raise any potential conflict of interest and to inform the Chairperson and Executive Director of the outcome of such consultation.

31. Members shall promptly inform the Executive Director in writing of any personal or professional conflict of interest, or appearance thereof, related to the activities of the Committee or the knowledge gained through serving on the Committee.

32. Where an actual or potential conflict of interest arises, the interest will be declared and will cause the members(s) to be excused from the discussion and abstain from voting on the matter. In such an event, a quorum will be required from the remaining members.

Voting

33. The Committee's decisions will be made by the members present (including by video or teleconference) by voting and based on a simple majority. Should the votes be equally divided, the Chairperson shall have the casting vote. However, as the desired option, the Committee should strive to achieve decisions on a consensus basis of all members attending the meeting.

Minutes

34. The Secretariat will prepare and keep minutes of all meetings. The Committee shall approve the minutes at its subsequent meeting.

Self-assessment and reporting

35. The Chairperson will interact regularly with the Executive Director/Deputy Executive Director on the results of the Committee deliberations as well as on forthcoming issues relevant to its business.

36. The Committee shall perform from time to time a self-assessment relative to the Committee's purpose, duties, and responsibilities outlined herein and also review its TOR to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Executive Director for approval.

37. The Committee shall prepare a report on its work for the previous calendar year for presentation to the Executive Director by 31 March of every year. The report will be made available to the Executive Board at its annual session. Upon request, the Chairperson shall present this report.

Confidentiality

38. All members of the Committee shall sign a statement of confidentiality on first appointment.

39. The deliberations of the Committee and the minutes of the meetings are confidential unless otherwise decided. The documents and informational material circulated for the consideration of the Committee shall be used solely for that purpose and treated as confidential.

Indemnity of members

40. Committee members will be indemnified from actions taken against them as a result of activities performed in the course of exercising their responsibilities as members of the Committee, as long as such activities are performed in good faith and with due diligence.

