



United Nations Population Fund

Oversight Advisory Committee

Terms of Reference

Mission

1. In accordance with Section V. F of the United Nations Population Fund (UNFPA) oversight policy, approved by the Executive Board, the Audit Advisory Committee, provisionally referred to as the Oversight Advisory Committee¹ (OAC) constitutes a fiduciary oversight body of UNFPA and shall assist the Executive Director in fulfilling her/his responsibilities for accountability, risk management, internal controls, financial management and reporting, and the fiduciary oversight process, including external audit matters, internal audit, investigation and evaluation functions and ethics. The primary role of the OAC is to advise the Executive Director, taking into account the organization's process for monitoring compliance with the Regulations adopted by the UNFPA Governing Body and Rules promulgated thereunder.

Authority

2. The OAC has the authority and the responsibility to review any activity relevant to these Terms of Reference. This includes, but is not limited to:

- a) Seek any information and documents that it requires from external parties or employees – all of whom are directed to cooperate with the OAC's requests;
- b) Ask any UNFPA official to assist the OAC with its discussions on any particular matter;
- c) Retain outside counsel or persons having special competence, as necessary;
- d) Meet with UNFPA's officials, the United Nations Board of Auditors (External Auditor) or outside counsel, as necessary; and

3. The OAC will meet with the Executive Director, the Director of the Office of Audit and Investigation Services (OAIS), the External Auditor and the Ethics Advisor at least annually in separate private sessions. The OAC will also meet with the Director of the Evaluation Office (EO), the Chairperson of the Vendor Review Committee and the Chairperson of the Implementing Partners Review Committee at least annually.

Composition

4. In line with the UNFPA oversight policy and Financial Rule 117.4, the OAC shall be composed of five members, external to the organization, appointed by the Executive Director to serve three-year terms, renewable once. Membership will be staggered to provide continuity. The selection process of members should take into account the overall expertise and relevant criteria, including gender balance and geographical representation. Members of the OAC shall have the required level of expertise in oversight (fiduciary and managerial, as defined in the UNFPA oversight policy), ethics and programme matters. A strong understanding of the structure and functioning of the United Nations system and intergovernmental or international organisations

¹ Referred to as the Audit Advisory Committee in the UNFPA Oversight Policy Section V. F approved by the Executive Board in decision 2015/2 dated 30 January 2015

would be desirable. In addition, the composition of the OAC should reflect a balanced mix of private and public sector experience at the senior level.

5. The OAC shall elect a Chairperson annually.

6. The Office of the Executive Director will provide the secretariat to the Committee, through the Executive Board Branch. The secretariat will convene all meetings and undertake all tasks at the request of the Chairperson.

Meetings

7. The OAC will meet at least three times a year. For these meetings, a minimum of three members must be in attendance to constitute a quorum, whether in person or by means of remote communication.

8. The Chairperson may convene additional meetings (in person or virtual) as deemed necessary. For these additional meetings, at least three members must be in attendance to constitute a quorum.

9. The Chairperson may designate a member to act in the Chairperson's capacity.

10. The Executive Director may ask the OAC to convene further meetings to discuss particular issues on which advice is sought.

Reporting

11. The minutes of each meeting, including action points, shall be prepared by the secretariat and sent to the members of the OAC for approval.

12. The OAC will report back to the Executive Director after each meeting.

13. The OAC shall submit a report on its work for the previous year to the Executive Director each year; the report is provided to the Executive Board, appended to the annual report on internal audit and investigation activities, and is available to the public. Upon request by the Executive Board, the Chairperson shall present this report.

Interaction with the Executive Board

14. The Chairperson of the OAC has free and unrestricted access to the Executive Board and its President.

15. To facilitate interaction with the Executive Board, the Chairperson will be available to answer any questions or requests for clarification from Member States, on the OAC report, at the relevant informal and formal sessions of the Executive Board.

16. The Executive Director will, on an annual basis, invite the OAC Chairperson and the President of the Executive Board to a trilateral meeting to discuss matters of shared interest.

Responsibilities

17. The OAC shall:

a) In general terms:

i. Review policies significantly impacting financial management and reporting; the internal audit, investigation, evaluation and ethics functions; and the effectiveness of the UNFPA systems of internal control and accountability.

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- ii. Review, as appropriate, the UNFPA financial statements and reports.
- b) Bring to the attention of the Executive Director any strategic or otherwise significant opportunities and/or threats (related to the Committee's area of competence, *per 17a above*) that the organization could take advantage of or mitigate against. These could include, *inter alia*: (i) new directions and innovations in the world of finance and accounting e.g. innovative financing, digitalization, operational reform; and (ii) emerging and growing threats e.g. cyber security.
- c) With regard to external audit:
 - i. Discuss external audit work plans.
 - ii. Review relevant reports and management letters by the External Auditor, including reports on the UNFPA financial statements and related internal controls.
 - iii. Discuss internal controls and matters raised by the External Auditor.
 - iv. Review the adequacy of management response to the observations and recommendations of the External Auditor and assess the status of implementation thereof.
- d) With regard to risk management:
 - i. Advise on risk management strategy and the internal control framework, processes and issues.
 - ii. Review any significant risk and exposure to UNFPA and the steps UNFPA management has taken to minimize or manage such risks, including compliance with policies and regulations.
 - iii. Advise on the UNFPA fraud prevention and detection policies and activities.
 - iv. Review the arrangements in place to raise concerns in confidence about fraud, ethics, conflict of interest, violations of rules and regulations, and other oversight matters, and how these are expedited.
 - v. Review the process for ensuring regulatory compliance.
- e) With regard to OAIS:
 - i. Review OAIS, including the OAIS Charter, as well as the office's scope, plans, activities, resources, staffing and organizational structure.
 - ii. Assess whether OAIS has sufficient authority, support and access to personnel, facilities and records to carry out its work without restrictions or limitations.
 - iii. Review relevant reports by OAIS.
 - iv. Discuss internal controls and matters raised in internal audits and investigations.
 - v. Review the adequacy of management's response to issues identified by the internal audit and investigation function and assess the status of implementation of recommendations made, including those of the vendor review and sanctions mechanism.
- f) In line with the UNFPA oversight policy, participate in, review and advise on the selection and any intended removal of the Director of the Office of Audit and Investigation Services (OAIS) prior to the end of the term of appointment and at

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least 30 days in advance of any such action being taken; and provide input to the performance assessment of the Director of OAIS.

- g) With regard to the Evaluation Office (EO):
- i. Review the office's scope, plans, activities, resources, staffing and organizational structure.
 - ii. Assess whether the EO has sufficient authority, support and access to personnel, facilities and records to carry out its work without restrictions and limitations.
 - iii. Review relevant reports by the EO.
 - iv. Discuss matters raised in evaluations.
 - v. Review the adequacy of management response to issues identified by the evaluation functions and assess the status of implementation of recommendations made.
- h) With regard to the Ethics Office:
- i. Review the office's scope, plans, activities, resources, staffing and organizational structure, including whistleblower protection and financial disclosure.
 - ii. Assess whether the Ethics Office has the requisite autonomy and support, as well as access (as relevant) to personnel and records, in order to carry out its work without restriction or limitation.
 - iii. Review relevant reports by the Ethics Office.
 - iv. Review the adequacy of management response to issues identified by the ethics functions and assess the status of implementation of recommendations made.

Limitation on the OAC role

18. While the OAC has the responsibilities and powers set forth in these Terms of Reference, it is not the duty of the OAC to plan or conduct audits, investigations or evaluations, or to determine that the UNFPA financial statements and disclosures are complete and accurate and are in accordance with applicable accounting principles and rules and regulations.

Membership Independence

19. For a candidate member to be considered independent, she/he should be independent in character and judgment and may not have any material relationship with UNFPA. In addition, a candidate may not be considered *prima facie* independent, if she/he:

- a) Is or has been an employee of UNFPA, or served on its Executive Board, within the last three years;
- b) Is or has been a member, or has an immediate family member who is or has been a senior member of the Government of a Member State within the last three years;
- c) Has an immediate family member who is or has been a senior official of UNFPA within the last three years;

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- d) Has received or has an immediate family member who has received during any 12-month period within the last three years more than USD 50,000 in direct compensation/fees from UNFPA, UNDP or UNOPS (other than OAC fees);
- e) Is a current employee of an entity in the United Nations system or an employee of a member of the United Nations Board of Auditors;
- f) Is, or has an immediate family member who is, a current director, executive officer, partner, employee or substantial shareholder (with 5 per cent or more ownership) of a company/organization that has made payments to or received payments from UNFPA, UNDP or UNOPS in any of the last three fiscal years; and
- g) Holds any other Board mandates or Member State Government appointed position that might infringe on his/her independence.

20. Each member of the OAC shall declare annually, or if circumstances change, the existence of any of the above relationships to the OAC Chair, who in turn will inform the Executive Director. The OAC Chair and the Executive Director shall then determine the independence of the member.

Amendment of the Terms of Reference

21. The Chairperson of the OAC is responsible for applying these Terms of Reference. The Terms of Reference shall be revised periodically and updated if necessary. The Executive Director approves the Terms of Reference.

Performance Assessment of the OAC

22. The OAC will conduct an annual self-assessment of its performance and report on the results to the Executive Director. The OAC will further conduct an independent performance evaluation every three years and report on the results to the Executive Director.

Disclosure of Conflict of Interests

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

Confidentiality

24. All members of the OAC, and all members of its secretariat, shall sign a statement of confidentiality at the time of appointment. The deliberations of the OAC and the minutes of the meetings are confidential, unless otherwise decided by the OAC. The documents and information material provided for the consideration of the OAC and the secretariat shall be handled in the same prudent and confidential manner as by those employees normally accountable for them.

Voting

25. Decisions will be made by voting and based on a simple majority of all members of the OAC as set forth in paragraphs 7 and 8.

Liability and Indemnity of members

26. Members shall act in an independent, non-executive capacity while performing their advisory role on the OAC. As such, members shall not be held personally liable for decisions taken by the OAC acting as a whole.

27. The members will be indemnified by UNFPA from actions taken against them as a result of activities performed in the course of business of the OAC, so long as such activities are performed in good faith and with due diligence.

Fees and Costs

28. Members of the OAC serve in their personal capacity and not as representatives of a Government, an institution, corporate body or any other authority external to UNFPA. They are Individual Consultants to UNFPA and neither "staff members" under the Staff Regulations of the United Nations, nor "officials" for the purpose of the Convention on the Privileges and Immunities of the United Nations, dated 13 February 1946.

29. Members of the OAC will receive from UNFPA a fee for Committee services performed in order to compensate them for the time needed to fulfil their responsibilities under these Terms of Reference. Special consideration should be given to the extra responsibilities of the Chairperson.

30. Members of the OAC will be reimbursed for any travel, subsistence and communications costs that are necessarily incurred in relation to their activities as members of the OAC.

31. Details on the fee and travel arrangements are provided as an annex to these terms of reference (Annex 1).

Effective Date

32. These revised Terms of Reference (outlined above) will take effect on 1 July 2021.

Date: 12 May 2021



**Dr. Natalia Kanem
Executive Director
United Nations Population Fund**

UNFPA Oversight Advisory Committee

Terms of Reference¹

Annex 1: Fees, Travel and Subsistence entitlements

A. Annual Stipend

Members of the United Nations Population Fund (UNFPA) Oversight Advisory Committee (OAC) shall receive from UNFPA an annual stipend of USD \$8000.00 (USD \$10,000.00 for the Chairperson) per year for all Committee services performed. This stipend is provided in recognition of the time required by OAC members to fulfill their responsibilities under the Terms of Reference of the OAC.

B. Travel & DSA

- (i) Members of the OAC shall be reimbursed for the travel, subsistence and communications costs that are necessarily incurred in relation to their activities as members of the OAC.
- (ii) Members are entitled to fly in business class and shall receive terminal expenses (per the established UN rates).
- (iii) Members will receive a daily subsistence allowance (DSA) for their participation in OAC in-person meetings. The DSA provided will be in accordance with the schedule of standard rates established periodically by the International Civil Service Commission (ICSC). The daily subsistence allowance shall comprise the total contribution of UNFPA towards such charges as meals, lodging, gratuities and other such payments made for services rendered during official travel for OAC in-person meetings.

¹ per revised ToR for UNFPA OAC, with effective date of 1 July 2021