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AUDIT AND EVALUATION ADVISORY COMMITTEE TERMS OF REFERENCE

Purpose and Context

1. The purpose of the Audit and Evaluation Advisory Committee (the Committee) is to assist the Administrator in fulfilling his/her responsibilities regarding oversight, financial management and reporting, internal audit and investigation, external audit, risk management, the evaluation and ethics functions, and systems of internal control and accountability. The primary role of the Committee is to advise the Administrator, taking into consideration the Financial and Staff Regulations and Rules as well as policies and procedures applicable to UNDP (including UNV) and its operating environment, as well as one of its affiliates, United Nations Capital Development Fund (UNCDF).
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 (UNBOA) performs the external audit of UNDP operations and the Office of Audit and Investigations (OAI) provides internal audit and investigation services.
6. The Independent Evaluation Office (IEO) is governed by the organization's Evaluation Policy and conducts two types of independent evaluations: thematic and programmatic.
7. UNDP's Ethics Office (EO) is independent of all units, offices, and bureaux, and reports directly to the Administrator.

Mandate

8. The Committee shall:
 - a) Review and advise the Administrator on policies significantly affecting financial management and reporting, the internal audit and investigation functions, the evaluation function and the effectiveness of UNDP's systems of internal control and accountability; including its governance, risk management and control processes;

- b) Review and advise on the ethics function including the code of ethics and whistle blower policy, as well as the fraud and corruption prevention policy;
- c) Consult on any proposed changes to the Financial Regulations and Rules;
- d) Review and advise on UNDP's financial statements and reports including any significant changes in accounting policies, presentation and disclosures;
- e) Review and advise on UNCDF's financial statements and reports, including any significant changes in accounting policies, presentation and disclosures;
- f) Promote the understanding and effectiveness of the audit and investigation functions, provide a forum to discuss internal control and matters raised by the UNBOA and OAI as well as strive to maintain open communication with them;
- g) Promote the understanding and effectiveness of the evaluation function, provide a forum to discuss evaluation matters raised by thematic and programmatic evaluations as well as strive to maintain open communication with the IEO.
- h) Promote the understanding and effectiveness of the ethics function, provide a forum to discuss ethics related matters as well as strive to maintain open communication with the EO.
- i) In relation to OAI, review and advise the Administrator 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.
- j) In relation to UNBOA, review and advise the Administrator on:
 - (i) Audit scope and related matters;
 - (ii) UNBOA reports and relevant management letters;
 - (iii) The status of implementation by management of audit recommendations.
- k) Consider the risk and control implications of audit reports and management letters and highlight, as appropriate, issues that may need further examination with due consideration as to confidentiality and due process;

- l) Review and advise on the governance, development and management of information technology systems impacting financial management and reporting;
- m) In relation to IEO, review and advise the Administrator on:
 - (i) The Evaluation Policy;
 - (ii) The appointment, performance evaluation, extension and dismissal of the Director;
 - (iii) The strategy and annual work plans;
 - (iv) The quality assurance system, including internal and external assessments;
 - (v) The status of implementation by management of evaluation recommendations.
- n) Consider the programming implications of evaluation reports and management letters/responses and highlight, as appropriate, issues that may need further examination.
- o) In relation to EO, review and advise the Administrator on
 - (i) The Code of Ethics and Whistleblower Policy
 - (ii) The appointment, performance evaluation, extension and dismissal of the Director;
 - (iii) The strategy and annual work plans;
 - (iv) The quality assurance system, including internal and external assessments;
 - (v) The status of implementation by management of recommendations of the EO;
 - (vi) Consider the implications of reports of the EO and management letters/responses and highlight, as appropriate, issues that may need further examination.

Authority

9. 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 UNDP personnel or request information generated from UNDP's systems and require all UNDP 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.

10. The Committee shall meet individually with the Directors of OAI, IEO and EO at least annually in a private session.

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

Membership

12. The Administrator shall appoint a maximum of eight members of the Committee. All members will be independent and external to UNDP.

13. In appointing members, the Administrator shall ensure that the Committee as a whole is made up of people with working knowledge and familiarity of finance, accounting, governance, internal audit and investigation, external audit, internal control, evaluation, ethics and risk management practices and principles.

14. The Administrator shall designate a Chairperson from amongst the maximum of 8 members of the Committee. The terms of office for members shall be three years, renewable once.

Remuneration

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

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

Secretariat

17. The Associate Administrator will provide the Secretariat to the Committee, through the Office of Audit and Investigations. The Secretariat will convene meetings at the request of the Chairperson.

Number and Organization of Meetings

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

19. The Committee shall normally meet at least three times a year at Headquarters. The Committee may meet in a regional setting, as it determines appropriate. The Chairperson, any member, the Administrator, the Associate Administrator, the Director of OAI, the Director of IEO, the Director of EO and the UNBOA may request additional meetings. Meetings will normally be face to face, but where circumstances demand, meetings may be conducted virtually such as by video or teleconference.

20. 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 Administrator/Associate Administrator. Time will be allowed for any pre-briefing of the Committee by UNDP staff and the UNBOA, as the Committee shall deem appropriate.

21. 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 staff invited to brief the Committee) one week prior to the relevant meeting.

22. The UNBOA may also submit documents.

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

Attendance

24. All meetings of the Committee at Headquarters will be attended by the Associate Administrator or his/her representative and by the Director of OAI or his/her representative, Director of IEO or his/her representative, Director of EO or his/her representative, Chief Finance Officer or his/her representative, Director of the Bureau for Management Services or his/her representative. Other UNDP staff may attend at the invitation of the Chairperson.

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

Quorum

26. A simple majority of members, present in person or virtually, shall constitute a quorum. An alternate cannot represent a member.

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

Disclosure of Interest

28. 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 Director of EO prior to any meeting at which they expect to raise any potential conflict of interest and to inform the Chairperson and Administrator of the outcome of such consultation. A register of interests will be maintained by the Secretariat to record members' interests in general or on specific matters. Where an actual or potential conflict of interest arises, the interest will be declared and will cause the member(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

29. 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

30. The Secretariat will prepare and keep minutes of all meetings. The Committee shall approve the minutes no later than at the next meeting.

Self-Assessment and Reporting

31. The Chairperson will interact regularly with the Administrator/Associate Administrator on the results of the Committee deliberations as well as on forthcoming issues relevant to its business.

32. 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 Administrator for approval.

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

Confidentiality

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

35. 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

36. 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.



Approved: _____
Helen Clark, Administrator

Date: 10 June 2016