



**United Nations Development Programme
Audit Advisory Committee**

**Annual Report
for the Calendar Year 2010**

I. Introduction

1. This Report covers the work of the Audit Advisory Committee (AAC) of the United Nations Development Programme (UNDP) for the Calendar Year 2010.
2. The AAC is composed entirely of members who are external to UNDP, and are therefore independent from UNDP and its administration and management. The list of current members of the AAC is attached as Annex 1. During 2010, the terms for Mr. Verasak Liengsrirawat and Ms. Bonge Kunene ended in June. They were replaced by Mr. Louis Wong (Australia) and Mr. Kamlesh Vikamsey (India).
3. A detailed listing of the AAC meetings and other sessions in 2010 is found in Annex 2. Annex 3 contains a summary of issues discussed during the sessions in 2010.
4. The AAC is very appreciative of the support and cooperation it has received from UNDP offices during this past year. The presentations and briefings to the AAC have been of the highest quality, reflecting a great deal of thought and attention. We have also appreciated the dialogue on key issues that occurs in briefing sessions and in formal meetings.
5. This report will be divided into four parts. The first will address the revised Terms of Reference (TOR) for the AAC which are appended as Annex 4; the second will summarize the self-assessment that the Committee undertook in 2010; the third will address the overall areas of strategic advice which has been provided to UNDP via the Administrator and Associate Administrator during 2010; and the fourth will address the activities of the AAC related to the internal audit and investigation functions and particularly the Office of Audit and Investigations (OAI).

II. Revised Terms of Reference:

6. The TOR for the AAC have included a provision that the Annual Report of the AAC should address recommendations with respect to changes in its mandate. During 2010, the AAC undertook a review of its TOR for the purpose of updating them to reflect best practice and changes in the context in which it operates.
7. A revised TOR developed by the AAC and approved by the Administrator is attached as Annex 4. The following are key elements of change in the TOR.
 - a. Specifically includes the ethics function as an entity that comes under the review of the AAC.



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- b. Makes specific the role of the AAC in review of Financial Rules and Regulations.
- c. Provides explicitly for review and advice on management of information technology systems impacting financial management and reporting.
- d. Repositions for clarity the mandates related to review of the activities of OAI and the United Nations Board of Auditors (BOA).
- e. Provides criteria for the composition of the whole committee in terms of desired skills and knowledge that must be represented.
- f. Defines the terms of each member as three years, renewable once.
- g. Provides for administrative detail for the AAC operations, including disclosure of interest procedures, and self assessment.

III. AAC Self-Evaluation and Analysis

8. In 2010, the AAC undertook a self-evaluation, using an assessment tool that had been developed for its 2008 self-evaluation. This evaluation was shared with the Administrator and Associate Administrator for their use. Based on this self-evaluation, the AAC concluded that it had performed its duties and discharged its responsibilities in compliance with its TOR.

9. To complement its evaluation and to assist in the ongoing review of its activities, the AAC developed a summary of the topics that it had considered from its 10th to its 17th meetings. This summary is attached as Annex 5.

IV. Strategic Advice to UNDP Management

International Public Sector Accounting Standards (IPSAS)

10. The AAC received briefings at each of its meetings in 2010 on the status of IPSAS implementation. It was pleased to hear at its first meeting in 2010 that the new Associate Administrator of UNDP undertook to be a champion of this effort, sending a strong message of top level management commitment as the project began its key implementation phases.

11. At the same time, the AAC continued to emphasize to UNDP the concerns which had been outlined in its 2009 Annual Report, and in its three previous Annual Reports, regarding the need for adequate change management resources to support the new system, and in particular timely decisions on adequate numbers of qualified staff with proper training in the new system to



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support its implementation. These concerns were heightened for the AAC as the OAI Annual Report for 2008 showed finance related issues to be the leading cause of audit recommendation in country offices, and the wide range of financial control issues referenced in the BOA report for the biennium ended 31 December 2009.

12. Once a decision had been taken on the IPSAS change management and support activities, to include a Global Shared Service Centre, the AAC encouraged UNDP to “fast track” its implementation to avoid any downsides from further delays in implementation. The AAC has further advised UNDP that sustained attention needed to be paid to the information and communication technology (ICT) changes related to IPSAS, given the very short time left for implementation before IPSAS is scheduled to become operational in 2012.

13. While UNDP was faced with significant budget challenges in 2010, the AAC noted that little in the implementation plan for IPSAS going forward could be altered without significant consequences for the organization. It repeated for UNDP its overall advice that IPSAS implementation reflects a new way of accounting that has significant implications since it affects programme management, donor relations and financial reporting.

14. The AAC also expressed an interest in reviewing all financial policies that will be affected by IPSAS implementation, and designated one of its members to be briefed on these policies as they are developed.

Harmonized Approach to Cash Transfers (HACT)

15. The AAC was briefed on two occasions regarding the implementation of the HACT program and reviewed the results of a joint UNDP/UNFPA/UNICEF audit of the HACT program in Vietnam. The AAC noted to UNDP concerns about inconsistency in HACT implementation, and the lack of follow up on various aspects of the HACT implementation plans adopted for a country. It appears that there is considerable ambiguity as to ultimate responsibility for HACT implementation at the country level. As the HACT modality may result in fewer NGO/NIM audits in a country, it lowers the assurance level achieved through audits. However, HACT has introduced other tools such as micro and macro assessments and spot checks to provide a level of assurance that is designed to support a reduced number of scheduled audits.

16. One key issue for the HACT program is that the spot checks and micro and macro assessments are not consistently done, and that there may not now be assurance levels comparable to those found in NGO/NIM audits. The AAC noted the high risk of lack of accountability as decisions regarding HACT in a country are made at the UN Country Team level, and it is difficult to clearly identify accountability for making needed improvements in the systems that underpin HACT. UNDP has indicated that it will prepare guidance for spot checks,



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and on other issues that have arisen in the early implementation stages of HACT. The AAC has not yet seen these materials.

17. Another issue related to HACT is a specific focus on providing support to country offices to develop the capacity to get to HACT compliance. The AAC would like to see more information on specific activities either by UNDP alone or in conjunction with Country Team partners at the country level to increase capacity for HACT. This is an important element of the development agenda that HACT seeks to achieve. The AAC will continue to focus on this matter and will raise the issue with the Audit Committee chairs of its sister agencies for possible joint discussion. The AAC notes that the BOA also referenced an apparent lack of a specific corporate office in UNDP responsible for overseeing HACT implementation.

18. The AAC was most pleased to see the cooperation in developing a joint audit framework among the three agencies conducting the joint audit of HACT in Vietnam.

Information & Communication Technology (ICT) Management

19. The AAC received one briefing on ICT management in 2010, in which the overall strategies and roadmaps for ICT were shared. The AAC continued to emphasize the need for a corporate view of ICT systems, and understands that the Associate Administrator has requested a review of the overall ICT corporate governance, which is still underway. The AAC looks forward to continued dialogue on this issue, which has been a subject of strategic advice in its previous annual reports.

Internal Control Framework/Integrated Work Plan /Enterprise Risk Management

20. The AAC received briefings on a variety of subjects under the general category of Enterprise Risk Management (ERM). The AAC recognizes that UNDP is working to rationalize the overall accountability requirements that it imposes on its various headquarters and country offices. Chief among these efforts is the integrated work plan and the development of systems solutions which will help tie this work plan to overall corporate risks. The AAC has provided UNDP with a number of suggestions for clarifying corporate risk statements and for assigning owners of risk. Work still needs to be done to clarify the difference between lead offices, which need to make sure the risk is addressed, and the “owners” of risk who have the more direct responsibility for risk mitigation.

21. The AAC continues to believe that the identification and continued management of a set of “Top audit priorities” for a calendar year is a useful tool for keeping focus on important corporate or agency wide risks, and is pleased to see that this list is incorporated into corporate risk logs. However, the AAC believes that UNDP needs to focus on better statements of risk and



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descriptions of mitigation. It is pleased to see the evolution of the ERM system, with basic fundamentals now in place.

22. The AAC received and reviewed a revised Internal Control Framework (ICF) document, and encouraged UNDP to align the requirements in this document with the work on ERM activities. It is the AAC view that staff should understand that control activities are required to mitigate risk and that a properly managed control framework can streamline risk processes.

Procurement Management

23. During the course of 2010, the AAC received several briefings from UNDP management on the systems it has designed to provide needed controls in the procurement process. The AAC raised this issue with UNDP management after reviewing information from OAI that showed 25 per cent of investigation complaints related to alleged procurement fraud and that procurement issues were the second largest source of audit findings. UNDP has developed a procurement roadmap which outlines various improvement steps, including proper delegation of procurement responsibilities at country offices, regional bureaux, and Headquarters offices. The AAC is of the opinion that UNDP faces continued challenges in implementing the roadmap, including making changes in current Atlas modules, procuring and implementing new Atlas modules, improving vendor management, and coordination with other agencies on vendor management. A review of the level of procurement which is subject to UNDP controls and that done for UNDP by other entities was provided to the AAC.

UN Board of Auditors Report for the Biennium ending 31 December 2009

24. In accord with its TOR, the AAC met privately with the BOA during 2010. The AAC notes that UNDP received an unqualified audit opinion for the biennium and considers this a positive indicator. Of particular interest to the AAC were the management recommendations of the BOA. The AAC recognized the improvements in bank reconciliations and NGO/NIM audits (areas which were the subject of previous reports).

25. The issues identified as subjects of ongoing attention for the AAC from these discussions were multi-donor trust funds, and how to assure continued accountability for programs funded in this manner; ICT changes which relate to the overall governance issue identified by the AAC; HACT monitoring and implementation referred to in paragraphs 16 and 17 above, and Trust Fund balances (an area which has shown improvement, but requires continued monitoring). The BOA noted two issues related to IPSAS implementation that the AAC will follow: the management of leave and the unresolved legacy system balances.



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V. Advice Related to the Office of Audit and Investigations

OAI Work Plan and Resources

26. The AAC approved the 2010 annual work plan for OAI in December of 2009, and in subsequent meetings received updates on performance against plan. The AAC noted improvement in the overall presentation of data, and progress against plan over the course of its four meetings. It also noted that the rate of timely completion of final reports improved over the year, after the AAC commented initially on the delays and the effects they have on the value of audits.

27. Recalling the comments of the AAC in its 2009 report, and noting the overall budget constraints of UNDP in 2010, the AAC spent time at each meeting reviewing with OAI its overall level of resources, and the relationship of its resources to its ability to perform its work. Several points were made to UNDP management regarding resources, as outlined in the paragraphs below.

28. The investigations function of OAI has experienced continued growth in workload, which has been addressed to some extent by changes in work processes. The AAC is pleased to note the appointment of a new Deputy Director as Head of Investigations early in the year. The AAC notes the increased use of technology in this office and the efforts to coordinate its work with other United Nations agencies and with local authorities. OAI have provided the AAC with continued analysis of the challenges and the level of unaddressed workload which constitutes a backlog. The AAC has noted for UNDP the risks to the overall integrity and reputation of UNDP that unaddressed investigation cases may present.

29. In the areas of audit, the AAC has noted several developments which affect the ability of OAI to meet its overall audit plans. The first of these is the need for UNDP to find dedicated audit resources to address high profile, non-core-funded programmes such as the Afghanistan programme, whose overall resource levels have risen dramatically in the past two years. Having the costs of audits of such programmes taken from core resources creates an imbalance which might result in risk of OAI not meeting its basic audit goals for the rest of the organization. The growth in the number of Directly Implemented or DIM projects raises a similar issue. The AAC does not believe that funding for such audits should be subject to project by project negotiation as part of the project budgets. Instead the AAC urged UNDP management to develop a corporate policy on DIM projects which would provide a fixed percentage of resources from these projects to be devoted to costs such as audit.

30. Similarly, the AAC has noted the increase in OAI work related to the growth in multi-donor trust fund activities, such as the Peace Building Fund, and the portfolio of Global Fund programmes. All of these activities create work outside the normal country office or Headquarters offices audits. We note that some relief has been provided by dedicated Global



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Fund auditors. However, in a time of overall budget constraint, the growth in audit requirements for these types of programs requires careful monitoring to avoid crowding out of core audit activities and possible new approaches to resourcing these special activities.

OAI Impact on the Organization/Leadership in the United Nations system

31. During the course of 2010, the AAC was provided with copies of OAI reports prepared for UNDP Operations Group and Management Group. The AAC complimented OAI for the thoroughness of these reports in summarizing the nature of long outstanding audit recommendations, the issues noted in audits and the country offices and programmes which required management attention. The AAC found these reports particularly valuable in seeing how the work in internal audit is utilized in the organization and how it contributes to overall staff understanding of internal controls. The AAC considers UNDP management's continued affirmation of the audit function and use of its results to be a good example of setting a strong management message regarding the importance of internal controls.

32. The AAC also commends OAI for its leadership role in the United Nations audit community. In particular, the AAC has noted OAI efforts to move towards a more integrated approach to auditing large multi-donor and multi-agency programmes such as the Sudan Common Humanitarian Fund, in which OAI coordinated the audit activities of the participating organizations involved (OIOS, UNHCR, IOM, UNICEF and others). We commend the efforts already mentioned elsewhere in this report to provide for joint audits of HACT implementation. While these joint efforts continue to present issues such as follow up on audit recommendations from so many entities, the inter-agency work done to date is most valuable for UNDP, as well as the larger United Nations community.

Audit Follow Up

33. The AAC was provided information on audit recommendation follow up and voiced its concern to UNDP over the number of recommendations that remain open after 18 months particularly those that are of a critical nature, such as those pointing to a lack of internal controls. The AAC advised that these need to be acted upon quickly and urged that they be given priority consideration for follow up. As for the NGO/NIM audit process, the AAC commended all parties concerned for the progress made in finalization, receipt and review of these audits in a timely manner. The AAC requested UNDP for analysis of those NGO/NIM audits which were qualified for several years, and any actions taken by country offices to address these situations.

32. The AAC commends OAI for an improved CARDS system, which provides for timelier update on the status of audit recommendations. The Joint Inspection Unit also commended UNDP for this system. The AAC is able to access this system for its own review.



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33. The AAC has been kept apprised of the number and nature of requests from member states for disclosure of internal audits. The AAC has no concerns about the operations of the disclosure process, except to note the rise in the number of requests.

VI. Summary/Future Concerns

34. The AAC will be developing an annual work plan to guide it in its work in the coming year. In addition, the AAC notes that it will continue to engage UNDP in discussions on how to resource the extraordinary requirements for audit that present themselves to OAI. It will also seek to gain a further understanding of how assurance can be provided in multi-agency mechanisms such as HACT. And, finally, the AAC will closely follow the effects of budgetary constraints on the organization, and the internal audit and investigation functions. As 2011 is the final year before full IPSAS implementation, the AAC expects to closely follow the issues it has identified as being of concern in this significant work.



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ANNEX 1: List of current members of the Audit Advisory Committee

1. Mary Ann Wyrsh (USA) -- Chairperson (21 April 2006 to 30 June 2011)

Associate Deputy Secretary for Management, United States Department of Labor, 2009-2010.

Former Deputy High Commissioner, United Nations High Commissioner for Refugees, 2001-2003

2. Hilary Wild (UK) (1 July 2009 to 30 June 2011)

Former Comptroller and Director Business Change, Co-Director Global Management System, World Health Organization, 1999-2007

Former Director Dresdner RCM Global Investors, 1997-1999

3. Louis Wong (Australia) (1 July 2010 to 30 June 2012)

Former Auditor General, Asian Development Bank (ADB), 1995-1999

Former Director General, North American Representative, ADB 1999-2001

4. Kamlesh Vikamsey (India) (1 July, 2010 to 20 June 2012)

Former President, Institute of Chartered Accountants of India, 2005-2006

Former President, Confederation of Asian and Pacific Accountants, 2007-2009

Former Board member, International Federation of Accountants, 2005-2008

5. Fernando Fernandez (Argentina) (31 July 2007 to 30 June 2011)

Former Principal Advisor Risk Management, Development and Effectiveness and Strategic Planning Department, Inter-American Development Bank.



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ANNEX 2: List of AAC Meetings and Other Sessions in 2010

- 1) Official Meetings: The AAC met in official session four times in Calendar Year 2010, at UNDP Headquarters in New York on 26 March 2010 (14th meeting), 9 July 2010 (15th meeting), 15 October 2010 (16th meeting); and 3 December 2010 (17th meeting).
- 2) Briefing Sessions: The meetings in UNDP New York were preceded by two days of briefings and informal discussions on issues of concern to the AAC.
- 3) External Auditor Coordination and Communication: Representatives of the Board of Auditors attended the 14th, 15th and 16th briefing sessions.



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ANNEX 3: Summary of subjects and issues discussed in 2010

Meeting Date	Subjects and Issues Discussed
14 th Meeting, 26 March 2010	<ul style="list-style-type: none"> (a) Treasury operations (b) HACT implementation (c) IPSAS implementation (d) ERM (e) ICT Governance (f) External audit matters (g) Internal audit and investigation matters such as the work plan and client survey report
15 th Meeting, 9 July 2010	<ul style="list-style-type: none"> (a) Integrated work plan (b) ERM (c) HACT implementation (d) IPSAS implementation (e) Internal control framework (f) Treasury risk management (g) External audit matters (h) Internal audit and investigation matters
16 th Meeting, 15 October 2010	<ul style="list-style-type: none"> (a) Internal audit and investigations matters such as, the work plan and budget (b) UNDP budget situation (c) ICT governance (d) External audit matters (e) Procurement roadmap (f) IPSAS implementation (g) Development of the employee benefit risk management platform and integrated work plan
17 th Meeting, 3 December 2010	<ul style="list-style-type: none"> (a) UNDP budget situation (b) Procurement (done for UNDP by other agencies) (c) Top 10 audit related management priorities (d) IPSAS implementation (e) Management response to BOA report (f) Internal audit and investigation matters such as the charter and 2011 work plan



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ANNEX 4: Revised Terms of Reference of the AAC

United Nations Development Programme



AUDIT ADVISORY COMMITTEE

TERMS OF REFERENCE

Purpose and Context

1. The purpose of the Audit Advisory Committee ("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, 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 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 UNDP operations and the Office of Audit and Investigations ("OAI") provides internal audit and investigation services.

Mandate

6. The Committee shall:
 - a) Review and advise the Administrator on policies significantly affecting financial management and reporting, the internal audit and investigation functions, 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 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 UNDP's financial statements and reports, including any significant changes in accounting policies, presentation and disclosures;



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- e) Promote the understanding and effectiveness of the audit and investigation functions, provide a forum to discuss internal control and matters raised by the BOA and OAI as well as strive to maintain open communication with them;
- f) In relation to OAI 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 Administrator 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 examination with due consideration as to confidentiality and due process;
- i) Review and advise on the governance, development and management of information technology systems impacting financial management and reporting;
- j) 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 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.



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8. The Committee shall meet with the Director of OAI 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 Administrator shall appoint five members of the Committee. All members will be independent and external to UNDP.
11. 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 and risk management practices and principles.
12. The Administrator shall designate a Chairperson from amongst the five members of the Committee. The terms of office for members shall be three years, renewable once.

Remuneration

13. Members will not be remunerated for activities undertaken in their capacity as members of the Committee.
14. UNDP will reimburse all committee members for any travel and subsistence costs that are necessarily incurred in relation to participation in Committee meetings.

Secretariat

15. The Associate Administrator will provide the Secretariat to the Committee. The Secretariat will convene meetings at the request of the Chairperson.

Number and Organization of Meetings

16. The Committee shall establish an annual programme of work.
17. The Committee shall normally meet at least four 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 OAI, and the BOA 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.
18. 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 BOA, as the Committee shall deem appropriate.



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19. 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.

20. The BOA may also submit documents.

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

Attendance

22. 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, Chief Finance Officer or his/her representative, Director of the Bureau of Management or his/her representative. Other UNDP staff may attend at the invitation of the Chairperson.

23. 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

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

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

Disclosure of Interest

26. 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, Office of Ethics, 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

27. 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.



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Minutes

28. The Secretariat will prepare and keep minutes of all meetings. The Committee shall approve the minutes by correspondence within a month of each meeting.

Self-Assessment and Reporting

29. 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.

30. 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.

31. 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, the Chairperson shall present this report.

Confidentiality

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

33. 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

34. 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:  Date: 8/3/11
Helen Clark, Administrator



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ANNEX 5: Summary of topics considered by AAC for the past two years (10th to 17th meetings, 2009-2010)

Issue/Subject	Meeting No.							
	10	11	12	13	14	15	16	17
AAC								
AAC TOR								X
AAC Annual Report								X
AAC Work and Frequency of Meetings								X
Evaluation of Director OAI							X	
AAC Self Assessment							X	X
CORPORATE GLOBAL								
Accountability Framework				X				
Enterprise Risk Management		X			X	X	X	X
Inter-Agency Accounts		X						
IPSAS	X	X	X	X	X	X	X	X
Contractual Reform			X		X			
Integrated Work Plan				X		X	X	
Management Action Plan and Management Priorities							X	X
JIU Report							X	
Policy on Disclosure of Audit Reports			X					
IM/IT								
Atlas Platform Upgrade	X	X	X					
Information Management Strategy	X							
IT Governance inc. Audit Thereof				X	X		X	
GENERAL CONROLS								
Top Audit Issues/Priorities	X	X					X	X
Internal Control Framework		X				X		
FINANCIAL CONTROLS – in the main emanating from audit reports								
Bank Reconciliation		X	X					
Inter-Agency Accounts		X	X					



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Issue/Subject	Meeting No.								
	10	11	12	13	14	15	16	17	
Treasury Operations			X						
HACT Implementation		X		X	X	X			
NIM/NGO Task Force, NEX/NIM/DIM				X					X
TREASURY									
Funds Management					X	X			
MANAGEMENT CONTROLS									
Procurement							X	X	
Programme and Budget RBM		X	X	X			X	X	
Harmonization of Contractual Modalities		X							
MUTI DONOR FUNDING									
EXTERNAL AUDIT									
Implementation of UNBOA Audit Recommendations	X								X
Audited Financial Statements							X	X	
General Briefing					X	X			
OAI									
Implementation of Internal Audit Recommendations	X		X	X		X	X		
Quarterly Progress Report	X	X	X	X	X	X	X		
Strategy and Work Plan	X			X					X
OAI Annual Report		X			X				
OAI Budget		X	X				X		
Internal Quality Assurance Review		X							
Quality Assurance Review of OAI			X						
Audit Client Survey			X		X				
UNDP Response to OAI and AAC Report		X							
Investigation Guidelines					X				
Audit and Investigation Plans, Issues			X				X		
OAI Charter									X
Reimbursable Service Account									X



**United Nations Development Programme
Audit Advisory Committee**

**Annual Report
for the Calendar Year 2010**

Issue/Subject	Meeting No.								
	10	11	12	13	14	15	16	17	
Analysis of Procurement Fraud							x		
DPKR Audit				x		x			
GOVERNANCE AND OVERSIGHT									
Within the UN System									
EVALUATION									
UNDP Evaluation Function									
OPERATIONAL MATTERS									
Regional Bureau for Latin America and the Caribbean			x						
ETHICS FUNCTION									
Code of Conduct		x							
Annual Report		x							
Strategic Plan		x							
Financial Disclosure Process		x							