

A. INTRODUCTION

1. This report covers the work of the Audit Advisory Committee (AAC) of the United Nations Development Programme (UNDP) for the calendar year 2014.
2. The AAC is composed entirely of members who are external to UNDP, and are therefore independent from UNDP and its administration and management. All the members of the AAC have individually declared that they had no conflicts of interest at the start of each pre-meeting briefing session.

The members are:

- Mr. Kamlesh Vikamsey (India) as Chairperson, effective 1 July 2014
 - Ms. Hilary Wild (United Kingdom) as Chairperson, term ended on 30 June 2014
 - Mr. Louis Wong (Australia)
 - Ms. Ellen Yaffe (USA)
 - Mr. Jayantilal Karia (Uganda) and
 - Ms. Sheila Fraser (Canada), new member effective 1 July 2014
3. The AAC is very appreciative of the support and cooperation it has received from UNDP and its 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. The AAC has also appreciated the dialogue on key issues that occurred in briefing sessions and in formal meetings, as this has helped us to formulate our advice to the Administrator.
 4. The AAC appreciated the opportunity to meet with the Administrator in April 2014. The main focus was the provision of advice on the draft financial statements for 2013. This meeting provided a useful opportunity to exchange views and for the AAC to hear about the priorities of the Administrator, which help frame the focus of the work of the AAC.
 5. This report consists of eight parts:
 - Introduction;
 - Terms of Reference (TOR) for the AAC;
 - Self-assessment and analysis undertaken by the AAC for 2014;
 - Strategic advice provided to UNDP via the Administrator and Associate Administrator during 2014;
 - Advice related to the internal audit and investigation functions and particularly OAI;
 - The responsibilities of the AAC in relation to the United Nations Board of Auditors (BOA);
 - Advice in relation to the Ethics Office;
 - UNDP Programme and Operations; and
 - Conclusion and 2015 Work Plan

B. TERMS OF REFERENCE

6. The AAC has operated under the TOR (attached) approved by the Administrator on 8 March 2011 for the whole of 2014.
7. As per the TOR, the AAC is required to review its TOR annually to ensure it remains in line with best practices and reflects the changing environment in which UNDP operates. Accordingly, the AAC reviewed the same and has no recommendations to make in this regard.

C. AAC SELF-ASSESSMENT AND ANALYSIS

8. As required by the TOR, the AAC carried out its annual self-assessment for 2014. Input from the Administrator and Associate Administrator was sought, and the results were shared with them. Based on this self-assessment, the AAC concluded that it had generally performed its duties and discharged its responsibilities in compliance with its TOR. Further, the AAC also requested UNDP to evaluate its performance during 2014 and advise on any areas for improvement.
9. The only area where the AAC believes there is room for improvement is with its interactions with the External Auditor. Whilst both AAC and External Auditor have worked to develop this relationship, there have been challenges due to other demands on the External Auditor's time. Further efforts will be invested in this during 2015 given the importance of the relationship between the External Auditor and the AAC.

10. Following its decision in 2011 to prepare an annual rolling work plan, the AAC has continued this process in 2014, dynamically adapting the plan to meet any emerging requirements. The AAC is of the opinion that this facilitates its work, helps to ensure that there is an appropriate focus on its responsibilities under its TOR, as well as assists UNDP in reporting on follow-up actions and planning for future briefings. Three on-site meetings were held in 2014 and the requirements of the fourth meeting were carried out virtually. The on-site meetings are all scheduled to meet corporate requirements of UNDP so that the advice given by the AAC is timely.

D. STRATEGIC ADVICE TO UNDP MANAGEMENT

Financial Statements

11. The AAC much appreciated the early receipt of the 2013 financial statements and noted that the text was accessible to lay readers. Given the technical requirements of IPSAS reporting, this was applauded. The AAC considers this a significant achievement that would not have been possible without the dedicated preparatory work across UNDP, the continued support of the Associate Administrator as the champion of this effort, and an appropriate focus on the management of the risks inherent in this project at the corporate level, thus leading to a strong commitment to meet all deadlines. The early receipt allowed the AAC to review the financial statements and in general, there were no significant comments on the content.
12. Further, the financial statements underwent changes primarily in the areas of presentation and disclosure. The AAC made certain suggestions on the accounting policies and added notes to the financial statements for clarity, all of which were agreed to by management. It was also noted that the financial statements may require further disclosure based on the outcome of discussions with the External Auditors.
13. The AAC was pleased to see that there had been an active exchange of views with the External Auditor on some accounting policy issues and that this had led to the agreed interpretation and application of all IPSAS related policies. The AAC wishes to commend the External Auditor for its contribution to the overall IPSAS project and the achievement of a clean audit opinion.
14. The AAC continues to emphasize its overall advice that IPSAS implementation reflects a new way of accounting and reporting that has significant implications, especially since it affects programme management, donor relations and financial reporting. The AAC was encouraged to see that the demands this placed upon UNDP in 2014 appear to have been well-managed, and that IPSAS is becoming incorporated into day-to-day activities.
15. The AAC was pleased to learn that the Hyperion project, which will automatically generate financial statements, is under implementation. The AAC was given a presentation on the executive snapshot and was impressed by the information and the level of detail the system provides.

Strategic Plan

16. During 2014, the AAC continued to follow progress on the work that was bringing together the Strategic Plan, the integrated budget, and the strategic results framework, as the AAC considers this is a crucial step in supporting an organization that is well-equipped to prioritize and respond to the increasing demands made upon it.
17. The AAC received a briefing on the following: the Strategic Plan and structural changes being implemented; programme alignment; integrated results framework; results framework; and accountability framework and the next steps. The AAC noted that the Strategic Plan changes appear to be progressing well. The AAC also noted that the people realignment process is being finalized.
18. The AAC also had a demonstration on the new corporate strategic planning and results-based management system and was impressed with it, citing the user interface and the simplicity of the technological approach, and noting that it imported data from other systems, such as Atlas. The AAC advised that management ensure the quality and accuracy of data and controls. It was further noted that the internal audit of the results-based management system will be done by OAI in the near future.

Structural Review

19. The AAC noted that the Structural Review is a major undertaking for UNDP and that the same has already been

implemented to a large extent. The AAC appreciated that implementation was well-done and completed in a swift manner, and was very impressed with the manner by which the human resource aspect was handled given the volume of work at hand. The AAC urged management to take the Structural Review process to the Country Office level to further reap the potential benefits of economy and efficiency.

20. The AAC was pleased to note that Phase 1 of the Structural Review of BOM had been completed. The AAC noted that Phase 2 of the Structural Review, still on the drawing board, was primarily focused on setting up a service delivery model within BOM to service internal and external clients.
21. During 2014, the AAC also had a presentation on the accountability framework and noted that a clear-cut document had been produced. The AAC advised that there was a need to review the current delegation of authority and make it consistent with the new accountability framework, and make changes where necessary. The AAC continues to welcome the focus being placed on strengthening accountability at all levels of UNDP, and has previously advised that clear, unambiguous, definitions of ownership of policies and procedures together with appropriate management oversight of compliance is a vital element of a strong accountability framework in a decentralized organization such as UNDP.
22. Whilst the AAC appreciates the need for a strategic realignment to meet not only the requirements of the new Strategic Plan, but also the present resource environment, the AAC cautions UNDP to ensure that the internal control framework is not diluted in the urge to reduce resource allocations for support areas. The AAC notes with some concern that the Structural Review places a significant demand upon the functions of BOM, as they are not only undergoing a significant structural shift, but are also supporting other Bureaux in their structural change. The AAC considers this is a risk that must be carefully managed and was pleased to hear that resources are being made available to support this effort.
23. The objectives of improving efficiency and effectiveness are important, and the AAC has continued to advise that care must be taken to ensure that an appropriate level of internal control is maintained, particularly in the area of procurement, so that the drive for efficiency does not create unintended consequences, specifically the removal or weakening of necessary control procedures.
24. The AAC noted that the Global Shared Services Centre in Kuala Lumpur will be expanded and the number of staff could scale up from 50 to 250. The Centre continues to operate smoothly and the AAC believes this can be a model for other support services within the overall programme of structural change.
25. The AAC noted that the e-recruitment module had been piloted in 15-20 countries and is planned to be expanded to other countries in 2015. The staff application and approval for leave had also been implemented, which had been a long-outstanding audit recommendation.

UNDP Financial Stability

26. The AAC noted that several operational developments have taken place that should bring about efficiencies and improve the management of financial market risk. These projects are:
 - centralization of local currency purchases;
 - common banking arrangements across the UN for field offices; and
 - the use of mobile payment technologyAll three initiatives are in pilot stages and the AAC expressed interest in hearing how this further develops.
27. The AAC was briefed on the financial situation, core and non-core contributions for 2014, and the projections for 2015. The AAC noted that core funding is continuing to go down, which is partly due to the foreign exchange rate fluctuations. The AAC was concerned with the impact of such reductions on maintaining 3-month liquidity, on core expenditures, on critical functions, and on the organization in general.
28. On Trust Fund management, the AAC commented that UNDP may wish to consider developing policy guidelines for the acceptance and management of Trust Funds to ensure that they are appropriately aligned with the UNDP Strategic Plan.
29. The AAC advised the Bureau of External Relations and Advocacy (BERA) that in setting up additional revenue streams, such as digital fundraising and targeting major foundations, current modalities in place at other international organizations as well as lessons learned be carefully reviewed. The AAC was pleased to hear that

there was good coordination between BERA and the entire organization on mobilizing resources.

30. The AAC received a briefing on investment strategy and risk management and noted that there is no major change in investment strategy.
31. The AAC noted that the ASHI Asset Liability management study was completed and requested an update on the study in a future meeting. The AAC was also pleased to note the planned resumption of funding of ASHI from core funds on a regular basis.
32. The AAC will continue to review the financial stability of UNDP in 2015.

Procurement

33. The AAC received a briefing on procurement and noted the implementation of audit issues and some audit issues that still need to be addressed. The AAC was informed that a realignment of procurement functions was being considered. The AAC advised management to complete and finalize the realignment. The AAC noted that the monitoring and compliance area was previously identified as needing to be strengthened and is therefore concerned that the restructuring exercise is reducing this capacity. The AAC urged management to look at how to strengthen this area in the future. The AAC noted the strengthening of procurement by developing a procurement dashboard for better risk profiling and oversight.
34. The AAC also noted the roll out of e-tendering, which should increase transparency and shorten processing time.
35. The AAC advised management to formalize a system to share with the personnel involved in procurement, lessons learned from investigations, audits, etc. to be incorporated in the risk profile.
36. The AAC was informed that approximately 50% of procurement activities are performed in the field. This then requires that staff performing procurement actions must have procurement expertise. Thus, the AAC expressed that appropriate monitoring must be in place. The AAC noted that there is limited international procurement expertise in the Country Offices. Hence, the AAC advised that appropriate measures be taken to ensure that the capacity of procurement in the field is strengthened.
37. The AAC commented that OAI has started proactive investigations with their risk profile model and that they would provide a lot of inputs in the procurement area.
38. The AAC received a briefing on the Advisory Committee on Procurement (ACP) and noted the following:
 - a) A new web-based ACP online application was rolled out, which considerably reduces processing time.
 - b) The virtual review of procurement cases results in the participation of other Country Offices, and that there is no need for physical presence.
 - c) An assessment of procurement and review capacity is being developed. The AAC advised that there be closer coordination on the exchange of information with investigations in this process.
 - d) The procurement team is monitoring procurement plans and ensuring that these are appropriately updated.
39. The AAC advised management to be vigilant to ensure that sanctioned vendors do not re-enter the UN procurement process under different names.

Harmonized Approach to Cash Transfers (HACT)

40. The AAC noted that UNDP is developing its guidance to implement the new framework issued by the UN Development Operations Coordination Office (DOCO) and will follow up on progress in the implementation of the review in 2015.

Information & Communication Technology (ICT) Management

41. The AAC noted that the governance of ICT has moved forward in a very positive manner and that user involvement is benefiting both the governance committee as well as business units.
42. The AAC was briefed on the developments in moving to 'Cloud' services and congratulates UNDP on this and on taking the lead across the UN system.

43. The AAC emphasized the importance of robust and appropriate security controls in the services contracted. The AAC continues to note that the role of a corporate ICT function, whilst clearly defined and agreed upon, should also encompass an entity-wide view of ICT systems and budgetary resources, which is necessary to ensure that operational efficiency is promoted and value for money is obtained in a scarce resource environment. The AAC looks forward to continued dialogue on this issue.

Enterprise Risk Management (ERM)

44. The AAC advised that focus should be placed on developing a simple system integrating all aspects of governance structure, in which risk management is an integral part of workflows. For this purpose, an ERM Committee to review the overall risk profile of UNDP was suggested. The same has been established and the AAC was briefed on the development of a corporate risk log.
45. While the AAC recognizes that UNDP manages risks on its ongoing operations, given the size and complexity of the organization, it suggested that UNDP consider appointing a Corporate Chief Risk Officer in the Executive Office. The Risk Officer could bring more structure to the function and focus on risks, policy, targets, management of risks, limits, education, as well as bring in best practices of large field-based organizations in this area.
46. The AAC continues to believe that the identification and continued management of a set of "Top audit-related management priorities" for a calendar year is a useful tool for keeping focus on important entity or agency-wide risks, and notes that the Organizational Performance Group monitors this regularly.

Regional Bureau for Latin America and the Caribbean (RBLAC)

47. The AAC had a presentation RBLAC activities in the region, its main programmatic priorities, particularities of the region, and sources of funding. The AAC found the discussion very informative.
48. The AAC advised that there was a need to change the national implementation modality (NIM) from 100% government implementation, to where UNDP provides assistance. The AAC also advised that controls in NIM projects be reviewed in view of recent experiences to avoid any recurrence and to avoid possible impacts on reputation. The AAC added that the issue on NIM needs to be viewed at the corporate level.
49. The AAC noted that RBLAC will work on a strategy on how to communicate the inherent risks in the NIM modality with the concerned governments and mitigate risks effectively.
50. Further, the AAC was asked to provide inputs on improvisation of government cost sharing and NIM modalities, and the AAC will work on the same.

Regional Bureau for Africa (RBA)

51. The AAC reported that it was the first time that the AAC had a briefing on the programme cycle of a Country Office. It was helpful in understanding the country programme and how it works on the ground and how it fits into the Strategic Plan and framework. The AAC noted that the programme is in line with the 4-year Strategic Plan and works well together with other agencies. The AAC also noted the mapping of projects.

E. ADVICE RELATED TO THE OFFICE OF AUDIT AND INVESTIGATIONS

OAI Work Plan and Resources

52. In accordance with its TOR, the AAC reported that it had a private meeting with the Director, OAI.
53. In its review of the OAI annual work plan for 2015, the AAC was pleased with the approach and the coverage of the work plan.
54. Recalling the comments in its previous reports, the AAC spent time in each meeting reviewing with OAI its overall level of resources, and the relationship of its resources to its ability to perform its work so that OAI may be able to achieve a satisfactory level of assurance. The AAC was encouraged to hear that OAI felt that a reasonable level of assurance could be provided. The AAC will continue to review this regularly.

55. The AAC welcomed the progress on OAI's work on performance audits, including the plan to integrate a performance audit approach into Country Office audits, as this would be a good tool to enhance the efficiency and effectiveness of UNDP operations. The AAC was also pleased to hear that OAI is now able to implement proactive investigations, as this a valuable mechanism to improve the integrity of UNDP.
56. The AAC noted that OAI has reduced the average number of days in issuing audit reports from 150-160 to 94 days, and congratulated OAI for the efforts in improving the report production process.
57. The AAC noted that OAI was generally on track on its work programme and that substantial improvement had been made on the timeliness of the issuance of audit reports, and in productivity.
58. On investigation matters, the AAC noted that the Social and Environmental Compliance Unit had been set up. The AAC was briefed on the Unit and its related Investigations Guidelines. The AAC recognized that it was difficult to estimate the work load and that OAI management would need to review this as complaints start to come in.
59. The AAC advised the senior management to regularly send out a message to all staff outlining the nature of cases investigated and the resultant sanctions imposed on proven cases of wrongdoing. This would serve two purposes: (a) encourage staff to come forward knowing that their allegations would be investigated and sanctions imposed where appropriate, and (b) alert potential fraudsters to the risk of being identified and sanctioned. In this regard, the AAC also reiterated its earlier advice that the Legal Support Office (LSO) be prepared to take quick action to avoid the deleterious effect of delayed processes vis-à-vis wrongdoing.
60. With regard to the audit of the Atlas system, the AAC expressed its concern about the vulnerability of the internet facing portal and was informed that the Office of Information and Systems Technology (OIST) is reviewing this issue in order to propose solutions that will safeguard key financial transaction processing access. The AAC took note that OAI will be redacting certain parts of the audit report prior to public disclosure to protect UNDP from exposure to this risk.

Audit Follow-up

61. The AAC was provided with information on audit recommendation follow-up efforts and was pleased to see that OAI has acted on their advice that UNDP management closely monitor long-outstanding recommendations and that the same was presented in the Organizational Performance Group (OPG) meetings. The AAC was also pleased that there were fewer long-outstanding recommendations.

The AAC also noted that there remain three very long-outstanding audit recommendations and that UNDP management is working with OAI to resolve these.

Disclosure of Internal Audit Reports

62. The AAC was pleased to note that the safeguarding policies and webpage designed to facilitate the public disclosure of all internal audit reports continued to operate satisfactorily.

F. ADVICE RELATED TO OTHER INTERNAL OVERSIGHT OFFICES

Ethics Office

63. The AAC reviewed the Ethics Office work plan and noted that resources continue to be limited. The AAC also compliments the Ethics Office on its sustained high quality communications. However, the AAC reiterated the importance of ensuring that adequate and secure resources are made available.
64. The AAC noted that the Ethics Office continues to develop leading edge practices and has maintained momentum in its outreach activities.

Independent Evaluation Office (IEO)

65. The AAC received a briefing on the IEO. The AAC found the initiative of the joint evaluation exercise of the

Global Environment Facility encouraging. The AAC noted that the IEO is working on several joint evaluation projects and an independent review of the evaluation policy is underway.

G. ADVICE TO EXTERNAL AUDITORS, UN BOARD OF AUDITORS (UNBOA)

66. As required under its TOR, the AAC met privately with the Director and Deputy Director of External Audit, the UNBOA, in December 2014. The main areas of discussion were UNBOA's planning methodology, IPSAS implementation and the related review of IPSAS financial policies, as well as the audit opinion on the 2013 financial statements. The AAC also expressed its disappointment with UNBOA for having missed AAC meetings and requested that they include in their work plan attendance in AAC meetings, which take place three times a year.
67. The AAC discussed the issue of the timing of the release of the financial statements for audit with UNBOA. Whilst appreciating the valid basis on which UNBOA has requested that the statements be made available earlier than the deadline foreseen in the Financial Regulations, the AAC also notes that UNDP management faces a number of challenges, some outside the control of UNDP, in meeting this objective. The AAC encourages UNDP management to work with UNBOA to find a mutually effective solution.
68. To improve overall audit effectiveness and avoid duplication of work, the AAC advised that UNBOA and OAI exchange annual audit work plans on a regular basis with copies to the AAC. The AAC also advised that UNBOA and OAI have a joint consultation before the start of the financial year.

H. Conclusion and 2015 Work Plan

69. The AAC has developed a work plan for 2015 to guide it in its work in the coming year. The AAC will continue to take a keen interest on the progress of the implementation of the Strategic Plan and Structural Review, as well as its effects on efficiency and internal controls. Other areas of focus will include gaining a further understanding of how accountability is being assured in UNDP, human resources management, and how the ERM processes are integrated into the management process. The AAC will follow up on its recommendations in regard to HACT governance and accountability and give continued attention to ICT governance as well as the financial stability of UNDP.

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;

- 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.

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.

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.

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: _____
Helen Clark, Administrator

Date: _____

