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Joint Inspection Unit

Review of audit and oversight committees in the United Nations system

Note by the Secretary-General

Addendum

The Secretary-General has the honour to transmit to the members of the General Assembly his comments and those of the United Nations System Chief Executives Board for Coordination on the report of the Joint Inspection Unit entitled “Review of audit and oversight committees in the United Nations system” (see [A/74/670](#)).



Summary

In its report entitled “Review of audit and oversight committees in the United Nations system” (see [A/74/670](#)), the Joint Inspection Unit undertook a review of audit and oversight committees across the United Nations system.

The present note reflects the views of organizations of the United Nations system on the recommendations provided in the report. The views have been consolidated on the basis of inputs provided by member organizations of the United Nations System Chief Executives Board for Coordination, which welcomed the report and partially supported its conclusions.

I. Introduction

1. In its report entitled “Review of audit and oversight committees in the United Nations system” (see [A/74/670](#)),¹ the Joint Inspection Unit undertook its first review focused exclusively on audit and oversight committees across the United Nations system, with a view to: (a) determining whether existing audit and oversight committees were adequately established and serving their purpose as originally envisaged in their terms of reference or charters; (b) assessing the degree to which such committees currently deviated from generally accepted standards and principles; and (c) identifying good practices and lessons learned and recommending their selective adoption by audit and oversight committees across the United Nations system organizations in accordance with the specific needs and characteristics of the entities that those committees served.

II. General comments

2. United Nations system organizations welcomed the inclusion in the report of an important review of the evolution of the role of audit and oversight committees in the system since the issuance by the Unit of its first report on the matter in 2006 and of subsequent oversight-related reports.

3. Organizations appreciated the fact that, in the report, good practices were appropriately highlighted and insight was provided into the structure and operation of audit and oversight committees in the various United Nations system entities. In that regard, organizations observed that a more in-depth analysis of the correlation between the committees’ structure and operation and the entities’ governance models, and of the rationale for having different models, would have enhanced the report.

4. Organizations also noted that an in-depth analysis of the committees’ effectiveness in supporting the organizations that they served, their expected governance role, and whether their feedback reached all stakeholders and their advice was used, would have enriched the review even further.

5. Organizations appreciated the Inspector’s statement that her intention in the review was not to propose a “one size fits all” model, which would not best suit the needs of each individual organization, as organizations varied in terms of their size, funding and mandate.

6. Organizations agreed with the Inspector that the internal oversight functions, which included audit, investigation and evaluation, were positioned to review and advise on the third line of defence in the internal control framework, as defined by the Institute of Internal Auditors ([JIU/REP/2019/6](#), para. 39 and figure I).

7. The organizations further noted that the review and advice provided by the audit and oversight committees as a third line of defence was valuable regardless of whether the committee reported to the organization’s legislative body, executive head or both.

8. Organizations in which the audit and oversight committees had been designated by the legislative and/or governing bodies to serve as an advisory instrument to the executive head found the wording of the proposed recommendation not to be actionable.

9. The organizations partially supported the proposed recommendations.

¹ The report of the Joint Inspection Unit is available under the symbol [JIU/REP/2019/6](#).

III. Comments on specific recommendations

Recommendation 1

The legislative and/or governing bodies of the United Nations system organizations that have not already done so should ensure that the terms of reference or charter of their respective audit and oversight committees are revised and updated by the end of 2021 to include specific references to their independence and reporting line to their legislative and/or governing bodies.

10. Organizations supported the recommendation, noting that they had already carried out such revisions and updates and that the recommendation was addressed to their legislative and/or governing bodies.

11. Some organizations would have welcomed greater clarity or options regarding ways of reconciling cases in which a governing body had formally delegated the authority to approve the committee's terms of reference to the organization's executive head.

Recommendation 2

The legislative and/or governing bodies of the United Nations system organizations that have not already done so should ensure that the terms of reference or charter of the audit and oversight committees of their respective organizations are revised to reflect all the internal oversight functions that are part of the responsibilities and activities of the committee, where applicable, by the end of 2021.

12. Organizations supported the recommendation, noting that the report was useful in highlighting that a "one size fits all" approach was not appropriate.

Recommendation 3

The legislative and/or governing bodies of the United Nations system organizations that have not already done so should ensure that provisions regarding the internal control framework and risk management are included in the terms of reference or charter of their respective audit and oversight committees by the end of 2021 in order to ensure that due attention is paid to addressing internal control weaknesses and emerging risks.

13. Organizations noted that the recommendation was addressed to their legislative and/or governing bodies.

14. While most organizations reported that the proposed provisions were already included in the committees' terms of reference, some further reported adding to their committees' agendas a standing item on internal control weaknesses and emerging risks, for consideration on a regular basis.

Recommendation 4

The legislative and/or governing bodies of the United Nations system organizations that have not already done so should give due consideration to including the oversight of ethics and anti-fraud activities in the revised terms of reference or charter of their audit and oversight committees in order to strengthen the accountability frameworks of their respective organizations by the end of 2021, provided that these audit and oversight committees meet the independence criteria.

15. Organizations noted that the recommendation was addressed to their legislative and/or governing bodies.

16. In the case of the Secretariat, due consideration had been given to including oversight of the activities of the Ethics Office by the Independent Audit Advisory Committee. The Secretary-General, in his report on the activities of the Office (A/73/89), had proposed measures to enhance the Office's independence. The measures had included a proposal to add a reporting line to the Committee for guidance with respect to the Office's workplans and the performance evaluation of the Head of the Office. The reporting relationship was fully supported by the Committee and indicated in the Committee's report on its activities for the period from 1 August 2017 to 31 July 2018 (A/73/304).

Recommendation 5

In order to meet the needs of the organizations, the legislative and/or governing bodies of the United Nations system organizations that have not already done so should consider revising and updating the terms of reference or charter of their audit and oversight committees to contain provisions related to the relevant skills and professional expertise of members, including a balanced mix of public and private sector experience at the senior level. In addition, a strong understanding of the structure and functioning of the United Nations system and/or intergovernmental and international organizations is desirable.

17. Organizations noted that the recommendation was addressed to their legislative and/or governing bodies.

18. Organizations reported that their committees' terms of reference already met the requirements of the proposed recommendation, noting the possibility of further enhancements as required in future revisions.

Recommendation 6

The legislative and/or governing bodies of the United Nations system organizations that have not already done so should request their audit and oversight committees to undertake a self-assessment every year and an independent performance evaluation every three years and report to them on the results.

19. While organizations noted that the recommendation was addressed to their legislative and/or governing bodies, they observed that undertaking an external independent assessment every three years was not fully aligned with industry standards. While that might be the standard in the private sector, it was deemed excessive given that the external independent assessment of oversight functions (namely internal audit, evaluation and investigation) was required every five years only. Furthermore, the cost implications of such external assessments would need to be included in the committees' budget.

20. Yearly or periodic self-assessments were already carried out by most entities.

Recommendation 7

The legislative and/or governing bodies of the United Nations system organizations that have not already done so should ensure that the terms of reference or charter of their audit and oversight committees are periodically revised and updated with a view to including emerging priorities of, and new challenges to, their respective organizations.

21. Organizations noted that the recommendation was addressed to their legislative and/or governing bodies.

22. They further noted that periodic reviews of terms of reference were being undertaken by many organizations and were a good practice that might be implemented on an “as needed” basis.
