



REVIEW OF GOVERNANCE AND OVERSIGHT OF THE EXECUTIVE BOARDS OF UNDP/UNFPA/UNOPS, UNICEF and UN-Women

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Background

In February 2023, the presidents of the Executive Boards of the United Nations Development Programme (UNDP), United Nations Fund for Population Activities (UNFPA), the United Nations Office for Project Services (UNOPS), United Nations Children's Fund, (UNICEF) and UN-Women (referred to as "Boards" or "Executive Boards" hereafter) requested the Joint Inspection Unit (JIU) to carry out an assessment of how the Executive Boards execute their governance and oversight functions, with a view to ensuring that these functions are aligned with international standards and best practices.

This request was prompted by the recent management failures and allegations of wrongdoing at UNOPS. Following consideration by the Joint Inspection Unit, the review was added to its programme of work for 2023.



Objectives & Purpose

The objectives of the review were to:

1. Assess how the Executive Boards execute their governance and oversight functions, including the role and capacity of relevant stakeholders;
2. Identify risks, gaps and opportunities among the current practices of the three Executive Boards and the relevant governance and oversight best practices from within and outside the United Nations system, including relevant international standards;
3. Recommend specific actions intended to streamline and enhance the governance processes of the Executive Boards.

JIU developed a benchmark against which the current arrangements of the three Executive Boards were assessed. The benchmark is comprised of six components: Board roles and responsibilities, Board structure, Board secretariats, Board

meetings, Board and oversight functions and, finally, Board and risk management.



What the JIU concluded

Overall conclusion. The Inspector concluded that none of the three Boards are fully aligned with the six components of the JIU benchmark. With few exceptions, all components need improvement and all key documents related to the governance and oversight roles of the Executive Boards need to be reviewed as do the practices related to the functioning of all three Boards. That will require member States to recognize their roles and responsibilities as Executive Board members and to reassess current practices in relation to governance and oversight of the five organizations. That must be done with full transparency and led by the Executive Board members themselves.

Component I: Board roles and responsibilities

The governance structures for all three Executive Boards are complex due to their relationships with other United Nations bodies. Documentation regarding the roles and responsibilities among the Executive Boards, the General Assembly and the Economic and Social Council is limited, as are those Boards' relationships with the Advisory Committee on Administrative and Budgetary Questions. General Assembly resolution 48/162, in which the Assembly created the Executive Boards, does not provide sufficient clarity on a number of important elements of responsibility. The resolution is also not in line with current best practices in board governance, which require that, among others, responsibility be taken for the oversight and risk management functions.

Executive Boards require a clear understanding of what constitutes a new initiative and which mechanisms should be used to seek approval from the Economic and Social Council and the General Assembly, as necessary (**recommendation 1**).

All three Executive Boards require, at a minimum, comprehensive terms of reference that describe their roles and the full range of their responsibilities, including reporting relationships and linkages with other United Nations entities (**recommendation 2**).

Executive Board members need clearly defined roles, responsibilities and expectations as do their Presidents and Vice-Presidents, who have to fulfil unique and specialized roles (**recommendation 3**).

Component II: Board composition and structure

In the effective governance of organizations both within and outside the United Nations system, board committees are integrated into governance structures to promote the efficiency and effectiveness of the work of the main board. Boards delegate time-consuming technical or complex matters to those committees, which can conduct in-depth assessments and provide analysis, advice and recommendations to the Boards.

None of the three Executive Boards makes use of committees, including in relation to budgeting, finance and oversight, unlike other organizations in the United Nations system, which have adopted such an approach as a good practice. Executive Board committees would improve the efficiency and effectiveness of the Board by appointing a smaller group of members to provide advice and recommendations to the main Board for adoption (**recommendation 4**).

One Executive Board committee that is essential for good governance is an independent oversight committee comprised of external experts to advise the Board on matters relating to internal and external oversight functions and risk management. The Executive Boards should strengthen the independence of oversight committees by having a direct reporting line to the Boards (**recommendation 5**).

Component III: Executive Board secretariat

The secretariats of the Executive Boards play a key role in enabling the Boards to fulfil their responsibilities. They should provide impartial and professional support and advice to their Bureaux and Executive Board members before, during and after Board meetings, member training, as well as support for assessment and improvement processes. The activities of the Executive Board secretariats primarily facilitate the effective conduct of the meeting agenda and ensure that the work of the respective Boards is performed in accordance with the established rules of procedure.

In the examination of the rules of procedure of the Executive Boards, the Inspector found that the role of their secretariats is expressed in terms that are too general and are limited to the secretariats being the focal points in the respective organizations for Board matters. The full range of activities carried out by the secretariats is not documented, so there is no visibility of the extent of their roles and responsibilities and the work that they are expected to perform. In addition, Executive Board members may benefit from a common training that covers shared aspects of all three Boards, such as the roles and responsibilities of Board members, rules of procedure and practices and other general governance and oversight principles relevant in the United Nations system, which could be supplemented with separate organization-specific training.

Recognizing that many Executive Board members serve on multiple boards, the terms of reference for the Board secretariats should be harmonized across all three Boards and should clarify the secretariat's roles and responsibilities, its functional reporting line to the Board, the impartiality of the function, requirements for the secretariat and the post of secretary of the Board and the process to ensure that adequate resources are available in the budget (**recommendation 6**).

Component IV: Executive Board meetings

Effective functioning of the Executive Boards requires comprehensive rules of procedure, the information and resources needed to carry out Board member duties, productive meetings and effective follow-up processes. Meetings are the Executive Boards' primary means for receiving information, having discussions about issues and making decisions. Yet none of the Executive Boards has a self-assessment mechanism in place to improve the effectiveness of its meetings. Time allocated to pertinent issues varies across the three Executive Boards; the review revealed that members of the Executive Board of UNDP/UNFPA/UNOPS were not satisfied with the time allocated to meetings, especially in relation to oversight issues.

Given the volume of materials required for Executive Board members to review prior to and in between meetings, a common Board portal to facilitate communication should be considered. Moreover, informal meetings of the Executive Boards were also a source of dissatisfaction. While Executive Board members found them helpful for discussion purposes, it was noted that there was no link between informal discussions and formal meetings, resulting in the need to duplicate discussions and any conclusions reached. For more effective and efficient meetings and decision-making, the Executive Boards should assess their current rules of procedure and working methods to support a more engaged participation by all members of the Board (**recommendation 7**).

Component V: Executive Board and oversight functions

Several gaps and risks have been pointed out in previous reviews with regard to all three Executive Boards in meeting their responsibilities in relation to oversight and accountability. Oversight includes functions such as internal audit, investigations, evaluations, including those carried out by the Board of Auditors or the Joint Inspection Unit, and internal advisory functions, such as ethics and ombuds services. All of those are critical elements for effective governance, ensuring that delegated duties and powers are appropriately performed and that information for decision-making and reporting is accurate. There are certain Executive Board responsibilities for oversight functions that are essential to ensure the independence of those functions and reflect best practices.

Based on results from the JIU survey, more than 60 per cent of respondents were not satisfied with the areas of Executive Board responsibility that pertain to the independence of oversight functions. Similarly, oversight professionals from the five organizations, as well as from external functions, expressed their frustration and concern with the current approach and arrangements, which did not provide for sufficient engagement by the Executive Boards. Several areas with regard to oversight need to be examined, from the length of time dedicated to oversight issues during Executive Board meetings to the substantive engagement between Board members and independent functions. For instance, in comparison with the governing bodies

of certain other United Nations system organizations, the engagement of the three Executive Boards with independent oversight functions and advisory committees is substantially less.

With regard to engagement with independent functions, the Executive Boards currently do not approve most of the charters for oversight functions. Also, there is no explicit role for the Executive Boards in the approval, selection, performance assessment, and renewal and termination of contracts of the heads of oversight functions, although they are consulted in certain cases. Reports on the follow-up to oversight recommendations are provided to the Executive Boards but these are generally fragmented and neither comprehensive nor integrated. Inadequate attention to the reports of and interaction with independent functions can affect their respective independence and expose the organizations to additional risks.

An oversight committee of the Executive Board could be an effective mechanism to take a Board-level view of oversight reports and engage substantively on Board issues with oversight and advisory functions. An independent oversight advisory committee could be tasked by the Executive Board oversight committee to provide an analysis of and recommendations on internal oversight functions, as is done in other United Nations system organizations.

To address the gaps identified in that component, the Executive Boards should ensure that their responsibilities in relation to the independent oversight and advisory functions and committees are clearly described in the Boards' terms of reference and include a direct reporting line to the Board. There should also be appropriate mechanisms in place to meet the oversight responsibilities of the Executive Boards, including sufficient and dedicated time for substantive interactions during Board meetings, and to ensure that the charters, frameworks and/or terms of reference of independent and advisory functions and committees reflect the roles and responsibilities of the Boards (**recommendation 8**).

Component VI: Executive Boards and risk management

Risk management is closely related to the overall responsibility of the Executive Boards to oversee strategy and performance. On that issue, Executive Boards must satisfy themselves that there are effective risk management policies and procedures in place so that the organization takes risks into account in developing strategies, planning and decision-making.

All five organizations have policies governing their risk management processes and procedures and, with the exception of UNDP, these policies describe roles for their respective Executive Boards in risk management. That said, some 40 per cent of respondents were dissatisfied with the level of information received on risk management, as well as with the mechanisms in place for the Executive Boards to provide advice to management on risks. Risk management is also an area in which the Board of Auditors, in its annual reports, has explicitly requested further improvements.

While it is best practice, and a clear indication of an Executive Board's coverage of and commitment to risk management, that there is an annual agenda item on the responsibilities of the Board in relation to risk management, the Inspector was not been able

to identify formal Board sessions with substantive coverage of risk management. Executive Boards should be aware of the arrangements of the respective risk management structures and frameworks for each organization. There are significant differences among the five organizations regarding the number and location of staff dedicated to risk management. There are also variations in relation to the types of tools used. It is important for Executive Boards to be satisfied with the adequacy of the overall arrangements for risk management and that their roles and responsibilities concerning risk management are appropriately reflected in their own terms of reference, as well as in organizational policies on risk management (**recommendation 9**).



Methodology & Approach

In accordance with JIU internal standards and working procedures, the present review was conducted by means of a range of qualitative and quantitative data-collection methods.

Evidence used in the preparation of the present report was current as of November 2023 and included the following:



Technical guidance and standards: documents reviewed, include, amongst others, the following publications: Institute of Directors Southern Africa, 2016, King IV Report on Corporate Governance for South Africa 2016; Organization for Economic Cooperation and Development (2023), OECD Corporate Governance Factbook 2023, OECD Publishing, Paris; International Finance Corporation, World Bank Group, 2016, The Corporate Secretary: The Governance Professional, Washington, etc.



Public information related to the five participating organizations and relevant Boards: Board rules of procedures, Board agenda items, key documents presented to the Board, observations from selected agenda items of the June 2023 Annual session of all three Boards, etc.



Additional information from participating organizations: A survey was sent to all Board members who provided the name of a focal point. The JIU received 63 responses in total, representing between 28 to 50 per cent of total Board members per organization. The JIU team also conducted approximately 100 interviews. These included interviews of Board members (individually and in groups) and of members of Board of Auditors and of the Advisory Committee on Administrative and Budgetary Questions. Interviews were also carried out with selected members of staff in each of the five organizations, including with the five Executive Heads the secretariats of the Board, the heads of oversight, risk management and ethics and the chairs of the oversight committees. In addition, interviews were also held with the other United Nations entities including the United Nations Secretariat.



Evidence from comparators: interviews were conducted with the Board Secretariats of UNHCR, WFP, World Bank and Gavi.



Costs of the review: Each of the five organizations equally contributed to covering the incremental expenses incurred by the JIU for travel and for consulting fees as part of this review.



What the JIU recommends

The present review includes 10 formal and 21 informal recommendations that are focused on strengthening the governance of the three Executive Boards, in particular, their oversight functions. To begin the change management process, an ad hoc committee of each Executive Board should be created to assess and prepare an action plan to address and implement those recommendations (**recommendation 10**).

The Executive Boards are called to:

- 1 Request that the Economic and Social Council clarify the definition of new initiatives, as outlined in the General Assembly resolution 48/162, and define a process by which new initiatives will be recommended for approval, through the Council, to the General Assembly, as necessary.
- 2 Develop terms of reference that fully describe their governance responsibilities and adhere to the best practices in relation to the JIU benchmark and submit them for approval by the Economic and Social Council and the General Assembly.
- 3 Develop based on the new terms of reference of the Boards, terms of reference for Board members that are aligned with the JIU benchmark, including for specialized positions, such as Bureau members.
- 4 As part of their overall structures, consider creating appropriate committees, and corresponding terms of reference.
- 5 Implement the recommendations made by JIU in its 2019 report on audit and oversight committees, including strengthening the independence of an oversight committee by having a direct reporting line to the Executive Board.
- 6 Request that their secretariats collaborate on the preparation of harmonized terms of reference for all Board secretariats, aligned with the JIU benchmark and submitted to their respective Boards for approval.
- 7 Assess their current rules of procedure and working methods to support more engaged participation of all Board members and more efficient and effective means for discussion and decision-making.
- 8 Direct their respective organizations to ensure that the charters, frameworks and terms of reference of independent and advisory functions and committees reflect the roles and responsibilities of the Boards, including in relation to reporting lines, access to the Board and consultations on human and financial resources, to ensure independence.
- 9 Direct their respective organizations to ensure that the roles and responsibilities of the Boards for risk management are appropriately reflected in the organizational policies on risk management.
- 10 Create, by the end of 2024, an ad hoc committee for each Executive Board to assess all recommendations (formal and informal) in the present review and prepare an action plan to address and implement them, including setting target dates and regular reporting on progress.



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JIU/REP/2023/1, Review of management and administration in the United Nations Population Fund (UNFPA)

JIU/NOTE/2022/1/Rev.1, Review of measures and mechanisms for addressing racism and racial discrimination in United Nations system organizations: managing for achieving organizational effectiveness

JIU/REP/2022/1, Review of management and administration in the United Nations Human Settlements Programme (UN-Habitat)

JIU/REP/2021/6, Review of business continuity management in United Nations system organizations

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