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Administrative and managerial matters

For approval

Executive Board documents are available on WFP's website (<https://executiveboard.wfp.org>).

Revised title and terms of reference of the Audit Committee

Draft decision*

The Board approves the revised title and terms of reference of the Audit Committee set out in document WFP/EB.2/2021/9-A.

Background

1. In 2019 and 2020, the Joint Inspection Unit (JIU) issued two reports with specific recommendations to implement changes in the terms of reference of the audit and oversight committees in the United Nations system. Those recommendations read as follows:
 - a) JIU/REP/2019/6 (Review of audit and oversight committees in the United Nations system), 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."

* This is a draft decision. For the final decision adopted by the Board, please refer to the decisions and recommendations document issued at the end of the session.

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- b) JIU/REP/2019/6 (Review of audit and oversight committees in the United Nations system), 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.
 - c) JIU/REP/2020/1 (Review of the state of the investigation function: progress made in the United Nations system organizations in strengthening the investigation function): “The legislative bodies of the United Nations system organizations that have not yet done so should request that organizations update the terms of reference of their respective audit and oversight committees by the end of 2021 to include, where necessary, appropriate provisions to: (a) review the independence and mandate of the internal oversight office/investigation function; (b) review its budget and staffing requirements; (c) review its overall performance; and (d) issue related recommendations.”
2. The three recommendations were reviewed by the Bureau as part of its annual review of the JIU recommendations addressed to the legislative bodies and it was agreed to proceed to their implementation, as indicated in the document [“Reports by the Joint Inspection Unit relevant to the work of WFP”](#) submitted to the Board for its consideration at its 2021 first regular session.
 3. This document presents the required changes for the revision of the Audit Committee terms of reference, as well as some minor additional modifications to update the frequency of meetings of the Audit Committee and the position of the Board Secretariat within the structure of the organization.
 4. Based on the inclusion of all internal oversight functions the revised title, Independent Oversight Advisory Committee, more accurately reflects its responsibilities and activities.

Revised terms of reference of the Independent Oversight Advisory Committee

Purpose

1. The Independent Oversight Advisory Audit Committee (IOAC) serves in an expert advisory capacity and provides independent, expert advice to the Executive Board and the Executive Director in fulfilling their governance responsibilities, including ensuring the effectiveness of WFP's internal control systems, risk management, audit and oversight functions and governance processes. The ~~AC~~ IOAC aims to add value by strengthening accountability and governance within WFP.
2. The ACIOAC will provide advice to the Executive Board and the Executive Director on:
 - a) the quality and the level of financial reporting, governance, risk management, ethics and internal controls in WFP;
 - b) the independence, effectiveness and quality of the internal audit functions and of the reports of the External Auditor; and
 - c) strengthening interaction and communication among Executive Board members, external and internal auditors, and WFP management.

Responsibilities

3. The specific responsibilities of the ~~AC~~ IOAC include advising the Executive Board and the Executive Director on the following:
 - ~~a) internal oversight/internal audit/investigation function: provide advice on the independence and mandate of the Office of the Inspector General; review its budget and staffing requirements; review its overall performance and issue related recommendations, provide advice on the selection and performance of the Inspector General and Director, Oversight Office and on the annual plan for oversight activities;~~
 - ~~internal audit: the staffing, resources and performance of the internal audit function and the appropriateness of the independence of the internal audit function, including advice on the selection and performance of the Inspector General and Director, Oversight Office and on the annual plan for oversight activities of the Oversight Office;~~
 - ~~d)b) risk management and internal controls: the effectiveness of WFP's internal control systems, including risk management and internal governance practices;~~
 - ~~e)c) financial statements: issues arising from the audited financial statements of WFP, and reports to WFP management and the Executive Board produced by the External Auditor;~~
 - ~~f)d) accounting: the appropriateness of accounting policies, standards and disclosure practices and any changes and risks in those policies;~~
 - ~~g)e) external audit: the External Auditor's work plan and reports, including any comments for consideration by the External Auditor in the independent determination of their work plan and issued reports; the ~~AC~~ IOAC may provide, upon request of the Executive Board, advice on the selection of the External Auditor, including the costs and scope of the services to be provided, and to the Executive Board regarding the fees charged by the External Auditor and on extensions of the audit work or additional work required of the External Auditor;~~

h)f) values and ethics: the systems established by WFP to maintain and promote international civil service values, and to ensure compliance with applicable norms and policies, and high standards of integrity and ethical conduct, to prevent conflicts of interest and misconduct; and

g) allegations of inappropriate activity: the process for handling and investigating significant allegations.

i)h) evaluation: evaluation policy; evaluation strategy and charter; annual work plan and budget; quality assurance systems for the evaluation function; and external assessments. Review the effectiveness of the evaluation function and provide a forum to discuss matters raised in WFP evaluations.

i) management response and follow up: provide advice on the adequacy of management response and follow-up to audit, ethics, ombudsman and evaluation recommendations.

Authority

4. The ~~AC-IOAC~~ shall have all the necessary authority to fulfil its responsibilities including access to WFP information, records, facilities and staff. The ~~AC-IOAC~~ shall receive the same access to privileged and confidential information as is afforded to the External Auditor under the Financial Regulations of WFP. Management shall provide updates to the ~~AC-IOAC~~ in a timely manner. The ~~AC-IOAC~~ shall afford time to the management to meet confidentially.
5. The Inspector General and Director of the Oversight Office, the Director of the Ethics Office and Chief Ethics Officer, the Director of Evaluation and the External Auditor shall have unrestricted and confidential access to the IOACAC.
6. The Executive Board and the Executive Director shall take the necessary actions to ensure periodic review of these terms of reference (TOR). Any proposed amendment shall be submitted to the Executive Board for approval.
7. The IOACAC, as an advisory body, has no management decision-making responsibility, executive authority or other operational responsibilities.

Composition

8. The ~~AC-IOAC~~ shall comprise five independent expert members serving in their personal capacity.
9. Professional competence and integrity shall be of paramount consideration in the selection of members.
10. Membership of the ~~AC-IOAC~~ shall be balanced, in terms of nationalities from developed and developing countries, public- and private-sector experience, and gender, to the full extent practical. Due regard shall be paid to equitable geographical representation. No more than one member of the ~~AC-IOAC~~ shall be a national of the same WFP Member State.
11. To the extent possible, at least one member shall be selected on the basis of his/her qualifications and experience as a senior oversight professional, auditor or senior financial manager, preferably in the United Nations system or in another international organization.
12. To undertake their role effectively, members of the ~~AC-IOAC~~ should collectively possess recent and relevant knowledge, skills and senior-level experience in the following areas:
 - a) finance and audit;
 - a)b) evaluation;
 - b)c) organization governance and accountability structures, including risk management;
 - c)d) understanding of general legal concepts;

- ~~d)e)~~ senior-level management experience; and
 - ~~e)f)~~ the organization, structure and functioning of the United Nations system and/or other intergovernmental organizations.
13. Members shall have or acquire an understanding of the objectives of WFP, its mission, governance and accountability structure and the rules governing it.

Independence

14. Since the role of the ~~AC- IOAC~~ is to provide objective advice, members shall remain independent of the WFP Secretariat and the Executive Board, and shall be free of any real or perceived conflict of interest.
15. Members of the ~~AC- IOAC~~ shall:
- a) not hold positions with companies that maintain a business relationship with WFP or otherwise engage in activities that might impair, or appear to impair, their independence in carrying out their functions as members of the AC;
 - b) not currently be, or have been within the five years prior to appointment on the ~~IOACAC~~, employed or engaged in any capacity by the WFP or a WFP Executive Board delegation, or have an immediate family member (as defined in WFP Staff Rules and Manual provisions) working for or having a contractual relationship with the WFP or an WFP Executive Board delegation;
 - c) be independent of the United Nations Panel of External Auditors and the Joint Inspection Unit; and
 - d) not be eligible for any employment with WFP for at least five years immediately following the last day of his/her tenure on the ~~IOACAC~~.
16. AC members shall serve in their personal capacity and shall not seek or accept instructions in regard to their work on the ~~AC- IOAC~~ from any government or other authority internal or external to WFP.
17. Members of the ~~AC- IOAC~~ shall sign and submit to the President of the Executive Board an annual declaration of independence and statement of financial interests, following a process that the ~~AC- IOAC~~ shall establish under its Rules of Procedure.

Selection, Appointment and Term

18. The Executive Director shall:
- a) invite Members of WFP to nominate candidates for membership in the ~~IOACAudit Committee~~ who are deemed to possess high qualifications and senior-level experience; and
 - b) place in reputable international magazines and/or newspapers, and on the Internet, a call for expressions of interest from suitably qualified and experienced candidates.
19. The process for selection of members of the ~~AC- IOAC~~ shall involve a selection panel, which shall include five representatives, one from each of the electoral Lists of the Executive Board, appointed by the Executive Board. A sitting member of the ~~IOACAudit Committee~~ selected by the ~~IOACAudit Committee~~ shall advise the panel as necessary. The selection panel shall appoint its own Chairperson. Two members of the Secretariat selected by the Executive Director may support the Secretariat of the panel and serve as a resource to provide procedural guidance and information to the members of the panel. These members of the Secretariat should not be involved in the decision-making regarding the selection.
20. The selection panel shall report its recommendations to the Executive Director and to the President of the Executive Board.

21. The Executive Board shall consider candidates recommended by the selection panel for approval of appointment.
22. Members of the ~~AC IOAC~~ shall be appointed for a term of three years, renewable for a second and final term of three years, which need not be consecutive.
23. The Chairperson shall be selected by ~~AC IOAC~~ members from amongst their number. If the Chairperson is unable to attend the meeting, the members present shall elect an acting Chairperson.
24. A member of the ~~AC IOAC~~ may resign his/her membership by giving notice in writing to the President of the Executive Board and the Executive Director.
25. An appointment to the ~~AC IOAC~~ may only be revoked by the Executive Board after consulting the Executive Director.

Meetings

26. The ~~AC IOAC~~ shall meet ~~four at least three~~ times per year, normally at WFP's Headquarters. Any meeting held at another venue shall be approved by the President of the Board and the Executive Director. The exact number of meetings per year will depend on the agreed workload and the most appropriate timing for consideration of specific matters to be determined by the ~~IOAC AC~~ in consultation with the President of the Executive Board and the Executive Director. The ~~AC IOAC~~ may, in exceptional circumstances, meet by videoconference or teleconference.
27. Subject to these TOR, the ~~AC IOAC~~ shall establish its own rules of procedure to assist its members in executing their responsibilities. The ~~AC IOAC~~ rules of procedure shall be communicated to the Executive Board and the Executive Director for their information. As part of its rules of procedure, the ~~AC IOAC~~ shall conduct an annual self-assessment of its performance and an independent performance evaluation will be undertaken every three years and report thereon to the Executive Board and the Executive Director.
28. The quorum for the ~~AC IOAC~~ is three members. Generally, the ~~AC IOAC~~ shall work on the basis of consensus. Where consensus cannot be reached, decisions shall be arrived at by a majority of the members taking part in a meeting. Should the votes be equally divided, the Chairperson shall have the casting vote.
29. The Executive Director, the Inspector General and Director of the Oversight Office, the Chief Financial Officer and the Director of the Ethics Office and Chief Ethics Officer, the Director of Evaluation or their representatives, shall attend meetings when invited by the ~~IOAC AC~~. Other WFP officials with functions relevant to the items on the agenda may likewise be invited. The External Auditor may also attend the meetings when invited by the ~~IOAC AC~~.
30. The ~~AC IOAC~~ may obtain independent counsel or have recourse to other outside experts; related expenditures not covered by the budget of the ~~AC IOAC~~ shall be subject to the approval of the President of the Executive Board and the Executive Director, through established procedures.
31. All confidential documents and information submitted to or obtained by the ~~AC IOAC~~ shall remain confidential unless otherwise determined. Members of the ~~AC IOAC~~ shall acknowledge this obligation in writing at the time of their appointment.

Reporting

32. The Chairperson of the ~~AC IOAC~~ shall submit the committee's findings to the President of the Executive Board and the Executive Director after each meeting, and shall present an annual report, both in writing and in person, for consideration by the Executive Board at its Annual Session.
33. The Chairperson of the ~~AC IOAC~~ may inform the President of the Board and/or the Executive Director at any time of any serious governance issue which, in his/her view, requires attention.

Indemnification

34. Members of the ~~AC IOAC~~ 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 ~~IOACAC~~, as long as such activities are performed in good faith and with due diligence.

Administrative Arrangements

35. Members of the ~~AC IOAC~~ will provide their services pro bono.
36. Members of the ~~AC IOAC~~ shall receive a daily subsistence allowance and shall be entitled to reimbursement of travel expenses to attend ~~AC IOAC~~ sessions in accordance with the procedures applying to appointed staff of WFP.
37. The Executive Board Secretariat under the Office of the ~~Assistant Deputy~~ Executive Director ~~of the Partnerships and Governance Department~~ shall provide Secretariat support to the ~~IOACAC~~, in addition to the functional support provided by the Inspector General.
38. As part of onboarding activities, incoming members shall receive a one-day induction, similar to that arranged for new Executive Board Members and Observers, prior to their first meeting.