



UNITED NATIONS RELIEF AND WORKS AGENCY FOR
PALESTINE REFUGEES IN THE NEAR EAST

HEADQUARTERS
1 October 2020

ORGANIZATION DIRECTIVE NO. 24

**Terms of Reference of the
Advisory Committee on Internal Oversight**

PURPOSE

1. This Directive sets out the Terms of Reference of the Advisory Committee on Internal Oversight (ACIO).

MANDATE

2. The ACIO serves as an expert advisory panel to assist the Commissioner-General of UNRWA in respect, inter alia, of the Agency's financial reporting, risk management processes, internal control arrangements, evaluation system, ethics function, external audit matters and the internal oversight function, including internal audit, evaluation and investigation. The ACIO advises on these matters taking into consideration the applicable professional standards and UNRWA regulations, rules and other administrative issuances, policies and procedures, and best practices across the UN system, International Financial Institutions, and private sector.

AUTHORITY

3. This Directive is issued under the authority conferred on the Commissioner-General as chief executive of the Agency by resolution 302(IV) of 8 December 1949 of the General Assembly of the United Nations.

EFFECTIVE DATE

4. This Directive takes effect from 1 October 2020. It supersedes and replaces Organization Directive (OD) No. 24 signed on 14 November 2018.

REFERENCES

5. This Directive should be read in conjunction with OD No. 14 - Charter of the Department of Internal Oversight Services - and OD No. 30 - UNRWA Ethics Office.

COMPOSITION

6. The ACIO shall be comprised of up to five external members. Each member is appointed by the Commissioner-General through a process that is based on transparency, professionalism, integrity, competitiveness and equal opportunity for all, in line with good practices.
7. The composition of the ACIO should reflect a mix of recent public and private sector senior-level experience and expertise relevant to the mission of the ACIO, including related to financial accounting and reporting, risk management and internal control, IT security, internal audit, investigation, evaluation and ethics. Knowledge of structure and functioning international organizations, including of the United Nations system, is desirable. The composition of the ACIO should take into consideration equitable geographic and gender representation, as well.
8. Each year, at the closing of last meeting of the year, the members will select one of them to serve as Chairperson, for the following calendar year.
9. In the exceptional circumstance, where a member is unable to perform his/her functions for an extended period of time, the Commissioner-General may, at the unanimous recommendation of the remaining members, terminate the membership and appoint a new member.

SECRETARIAT

10. The Department of Internal Oversight Services (DIOS) shall assume the Secretariat function for the ACIO, providing the necessary secretarial, administrative and other support. In this regard, DIOS shall be provided with adequate financial resources necessary to provide the support to ACIO, including the resources for travel of ACIO members.
11. Other UNRWA employees shall assist the ACIO or attend meetings upon invitation from the Chairperson.

MEMBERS: TERMS AND CONDITIONS

12. Members shall be appointed for a term of three years, renewable once. Members are required to adhere to the best professional practices and ethics during their tenure on the ACIO.
13. Members shall not be entitled to fees or remuneration for their services. Travel cost and daily subsistence allowance, in accordance with the applicable UNRWA regulations, rules and other administrative issuances, shall be payable to cover the period of attendance at ACIO meetings and other activities deemed necessary to achieve the ACIO's mandate.
14. Members shall not be eligible for any form of employment with UNRWA for three years following the expiry of their terms. Former UNRWA staff members shall not be eligible for appointment to the ACIO for three years following their separation from service.
15. Members shall be independent of UNRWA. A member or candidate will not be considered as meeting the independence requirement if s/he:
 - a. Has an immediate family member who is or has been a senior staff member (P5 or above) of UNRWA within the last three years;

- b. Has an immediate family member who has received more than US\$ 50,000 in direct compensation from UNRWA during any twelve-month period within the last three years;
 - c. Has entered into or accepted any consulting, advisory or other compensatory contract with UNRWA within the past year.
16. All members of ACIO shall reflect the highest level of integrity and shall serve in their personal capacity, and in performing their duties they shall not seek or receive instructions from any Government, other person or external entities. Members shall not be held personally liable for decisions taken by the ACIO acting as a whole.

MEETINGS

17. The ACIO shall hold at least two regular meetings per year. As deemed necessary by the Chairperson or the Commissioner-General, or at the request of three members, additional meetings may be scheduled, either in person or by video/teleconference.
18. A minimum of three members shall constitute the quorum.
19. The ACIO will endeavor to make recommendations based on consensus. In case voting is necessary, the Chairperson shall have the deciding vote.
20. After each meeting, the ACIO shall inform the Commissioner-General of the matters reviewed, the conclusions reached and the advice provided for the Commissioner-General's consideration.
21. The ACIO shall meet the Commissioner-General in private session at least once annually.
22. At least once a year the Chair of the ACIO shall also brief the Advisory Commission on the issues and conclusions reached and any advice given. An additional meeting with the Advisory Commission Chair may be organized at the request of either party.

CONFIDENTIALITY AND CONFLICT OF INTERESTS

23. The deliberations of the ACIO and the minutes of meetings are confidential unless otherwise decided by the ACIO or the Commissioner-General and should be treated accordingly by all members and UNRWA employees.
24. Members shall sign an undertaking of confidentiality at the time of taking up their appointment to the ACIO.
25. Members shall sign a Conflict of Interest Form annually. In addition, Members shall promptly declare any actual or potential conflict of interest in relation to any item on the agenda of the ACIO. The Chairperson may require that the member concerned recuse him/herself from discussion of that particular item. In such a case, the remaining members should constitute a quorum.
26. Should matters before the ACIO concern the organization represented by a member, s/he will be excluded from discussions and from the distribution of relevant papers. However, a member acting in an official capacity who becomes aware, through ACIO activities, of significant

issues involving his/her organization may initiate appropriate action within his/her organization to address such issues.

RESPONSIBILITIES AND POWERS

27. The ACIO reviews and advises the Commissioner-General on:

- a. Policies significantly affecting financial accounting and reporting and financial regulations, risk management, internal control and accountability, the ethics function and internal oversight arrangements;
- b. Proposed policies affecting the management of human and financial resources of the organization;
- c. The Agency's risk management strategy and processes and the internal control framework and systems, including consideration of:
 - i. The steps taken to mitigate or manage significant risks and related exposure of the Agency;
 - ii. The Agency's improvement projects concerning internal controls and risk management;
 - iii. The Agency's policies and strategies to prevent, detect and respond to fraudulent, collusive and other corrupt practices by its employees and external parties and the arrangements for employees and external parties to raise concerns, in confidence, about wrongdoing in the management and conduct of operations;
 - iv. The adequacy of management responses to issues identified by the external auditors (UN Board of Auditors) and by DIOS and the adequacy and status of implementation of external audit and internal oversight recommendations, including sanctions and other actions taken in response to investigation findings of misconduct;
- d. The Agency's evaluation system, including decentralized evaluation;
- e. The report of the UN Board of Auditors on the Agency's financial statements and other relevant reports and management letters of the external auditors;
- f. The proposed annual work plans of DIOS, including the Internal Audit Plan, the Evaluation Plan and the work plans of the Investigation Division and of the Ethics Office, with a view to ascertaining adequate oversight coverage and coordination with the external audit function;
- g. The implementation of the annual work plans of DIOS and Ethics Office with a view to ascertain the effectiveness and efficiency of the functions performed by DIOS and Ethics Office, and their conformity to applicable UNRWA policies and professional standards, including consideration of:
 - i. The organizational independence of DIOS and Ethics Office;
 - ii. The sufficiency of resources available to DIOS and Ethics Office;
 - iii. The existing quality assurance mechanisms and the results of internal and external quality assurance reviews;
 - iv. The performance of Director of DIOS and the Chief of Ethics Office;

- v. The Annual Report of DIOS and Ethics Office;
 - h. In cases of significant impairment to independence and objectivity of DIOS, including actual or potential conflicts of interest, the ACIO shall advise the Director of DIOS and/or the Commissioner-General, on how to proceed;
 - i. The ACIO shall also periodically meet the Director of DIOS and the Chief of Ethics Office, respectively, in private session.
28. The ACIO establishes an annual plan to ensure that its responsibilities and stated objectives for the period are effectively managed.
29. The ACIO advises the Commissioner-General with regard to the appointment, extension and termination, if any, of Director of DIOS as indicated in this section:
- a. The Commissioner-General will consult the members of the ACIO on the short-listing of candidates for the Director of DIOS position;
 - b. For the purpose of selecting candidates for the Director of DIOS position, the Commissioner-General will appoint one member of the ACIO to the interview panel, in consultation with the Chairperson;
 - c. In case of allegations of misconduct against Director of DIOS, the ACIO shall advise the Commissioner-General on how to proceed. To that effect, the ACIO shall conduct or arrange a preliminary evaluation of the allegations made in order to determine whether an investigation is warranted;
 - d. The ACIO may convene a special meeting for the purpose of advising the Commissioner-General on terminating the services of Director of DIOS.
30. The ACIO shall present an annual report to the Commissioner-General including (i) the matters reviewed by the ACIO; (ii) the advice provided by the ACIO; and (iii) any matters of concern expressed by the ACIO. In turn, the Commissioner-General shall submit the report, which is not confidential, to Advisory Commission together with a management response.
31. In fulfilling its responsibilities, the ACIO will have authority to:
- a. Request information and documents required to carry out its work from Director of DIOS, Chief of Ethics Office, other Agency employees and external parties;
 - b. Access all reports and working papers produced by DIOS;
 - c. Seek explanations and such other information as is reasonably necessary in the discharge of its functions;
 - d. Request meetings with or assistance from Agency employees to facilitate discussions;
 - e. Meet privately (not recorded) with Agency employees and external parties, such as the UN Board of Auditors, as necessary;
 - f. Retain and meet with outside advisors and other subject matter experts as necessary;
 - g. ACIO shall have full and unrestricted access to the Commissioner-General and Advisory Commission.

LIMITATION OF THE ROLE

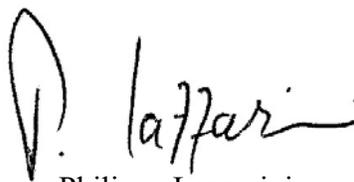
32. While the ACIO has the responsibilities and powers set forth above, it is not its duty to plan or conduct audits, evaluations, investigations, and work related to the ethics function.

PERFORMANCE ASSESSMENT OF THE ACIO

33. The ACIO shall conduct, every year, a self-assessment of its performance and may request periodic external reviews to ascertain whether its activities compare favorably with best practices adopted by oversight committees of other UN system organizations, the results of which will be communicated to the Commissioner-General, who in turn will submit it to the Advisory Commission.

AMENDMENTS TO THE TERMS OF REFERENCE

34. The Chairperson of the ACIO is responsible for applying the Terms of Reference contained in this Directive.
35. The ACIO shall periodically review these Terms of Reference and shall recommend amendments thereto as appropriate for approval by the Commissioner-General no less than every three years.



Philippe Lazzarini
Commissioner-General