

**Decision IDB.48/Dec.5 Terms of reference of the Independent Oversight
Advisory Committee**

The Industrial Development Board:

(a) Took note of the proposal by the Chairperson of the Independent Audit Advisory Committee on the terms of reference of the Independent Oversight Advisory Committee (document [IDB.48/21](#));

(b) Decided to change the name of the Independent Audit Advisory Committee to Independent Oversight Advisory Committee;

(c) Approved the attached revised terms of reference of the committee, as contained in the annex to document [IDB.48/21](#).¹

*6th plenary meeting
25 November 2020*

¹ In the course of the deliberations on this decision, the Board amended the draft terms of reference annexed to document [IDB.48/21](#). The attached revised terms of reference reflect these changes.

Annex

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION INDEPENDENT OVERSIGHT ADVISORY COMMITTEE

Terms of Reference

A. Purpose and mandate

1. The Independent Oversight Advisory Committee (the “Oversight Committee”) is an advisory committee established pursuant to Rule 63 of the Rules of Procedure of the Industrial Development Board (the “Board”) to advise the Board and the Director General on issues within the Oversight Committee’s mandate.
2. The Oversight Committee’s mandate shall be to review and advise on:
 - (a) Financial regulations and rules, accounting policies, as well as financial reports;
 - (b) Governance, internal controls, compliance and risk management;
 - (c) Internal audit function;
 - (d) Evaluation function;
 - (e) Investigation function, limited to investigation policy, standards, and operational arrangements, without accessing any information on individual cases;
 - (f) External audit, including:
 - (i) Provisions to ensure an independent and effective external audit;
 - (ii) Audit reports and management letters;
 - (iii) Actions to address external audit reports;
 - (iv) Other matters raised by the External Auditor;
 - (g) Actions taken by management and legislative bodies to address JIU recommendations.

B. Reporting

3. The Oversight Committee shall report to the Board through an annual report containing its advice, as well as the results of an annual self-assessment of the effectiveness and compliance with these terms of reference. The report will be submitted to the Secretariat well in advance of the legislative deadline for the issuance of documentation for the Board session of that year. The report will be presented to the Board, including any Management response. The Chairperson of the Oversight Committee, or in his/her absence the Vice-Chairperson, will be invited to attend the session of the Board considering the report.

C. Composition, qualifications and selection of member

4. The Oversight Committee shall be comprised of at least three and no more than five members appointed by the Board. They shall serve in an independent, non-executive and personal capacity, and their responsibilities cannot be delegated.
5. To qualify as members, they shall possess relevant professional qualifications and senior level experience at international, United Nations and/or public or private sector organizations in the areas covered by these terms of reference, including finance, accounting, auditing, evaluation, investigation, or risk management. They shall be free of any relationship that would interfere (or give the appearance of interfering) with the exercise of independent judgment. They shall be external to and independent of the Organization and reflect the highest level of integrity and professionalism. In performing their duties, they shall not seek or receive instructions from any government or other authority external to or within UNIDO.

6. Former UNIDO staff, employees and consultants are disqualified from serving on the Oversight Committee unless their employment or contractual relationship with UNIDO terminated at least five years prior to their nomination to the Oversight Committee. A five-year period shall apply to any person employed or contracted by a former or current supplier of goods or services to UNIDO. Government officials serving in Vienna-based delegations shall not be eligible to serve on the Oversight Committee.

7. The Director General will provide an open call for nominations to the Oversight Committee to Member States. Following consultations with Member States, the Enlarged Bureau of the Board shall submit to the Board a non-exhaustive list of possible candidates for membership in the Oversight Committee. Members of the Committee shall be appointed by the Board. No two members shall be nationals of the same State. In the selection process, due regard shall be given to the principle of equitable geographical representation and gender balance.

D. Term of office

8. Members shall serve for renewable terms of three years each with a maximum of six years. Rotation of membership shall be staggered to allow for continuity as outlined in Board decision IDB.45/Dec.13, and details should be included in the Oversight Committee's internal procedures (refer para. 25). The term of office will commence on the date of the Board's appointment, and it will expire upon conclusion of the three-year term or upon the appointment (or reappointment) of a member at the regular Board session of the relevant year, whichever is later.

9. A Chairperson and Vice-Chairperson of the Oversight Committee shall be selected by its members to serve in this capacity for at least two years on a rotational basis, once renewable.

10. In the event of resignation, incapacity, death or any other circumstance whereby the term of office of an Oversight Committee member is cut short, the Enlarged Bureau of the Board shall appoint a replacement for the remainder of his or her term of office.

11. Members shall sign a statement of confidentiality and disclosure of interest. If any matter before the Oversight Committee presents an actual or perceived conflict of interest for a member, it shall be timely disclosed to the Oversight Committee. The Oversight Committee will then determine whether the actual or perceived conflict of interest is such that the member should be excused from the discussion and abstain from the matter. All such declared conflicts of interest will be recorded in a register maintained by the Secretariat of the Oversight Committee. The Oversight Committee may establish more detailed conflict-of-interest policies in consultation with the Director General and representatives of Member States.

12. Members will not be held personally liable for decisions taken by the Oversight Committee acting as a whole.

13. Members shall not be eligible for any employment or contractual relationship with UNIDO during their term of office and for at least five years immediately following the last day of their term of office.

E. Expenses

14. Members serve on a voluntary basis and will not be remunerated. UNIDO will reimburse subsistence costs and other direct expenses associated with attending meetings of the Oversight Committee in compliance with applicable UNIDO rules and regulations.

F. Budget

15. The biennial programme and budgets shall include a specific allocation for the Oversight Committee to budget for the costs associated with the activities foreseen in these terms of reference, namely, the regular meetings (whether in Vienna or by videoconference), attendance by the Chairperson to the Board, and other meetings, as required.

G. Meetings and administrative arrangements

16. The Director of the Office of Evaluation and Internal Oversight will designate a Secretariat to the Oversight Committee from among their staff.

17. The Oversight Committee will meet at least two times a year in regular face-to-face sessions. All meetings shall be convened by the Chairperson and be held either at UNIDO Headquarters or by videoconference. The Chairperson, the Vice-Chairperson, any Oversight Committee member, the External Auditor, the Director General, and the Director of the Office of Evaluation and Internal Oversight may propose additional meetings, which may be conducted by videoconference.

18. Provisional agendas are prepared by the Chairperson in consultation with members of the Oversight Committee and the Secretariat. The approved provisional agenda will be circulated together with invitations to the members at least 21 days prior to the date of the meeting. Supporting documents and briefing materials will be circulated at least seven days prior to the meeting.

19. The Oversight Committee may invite the Director of the Office of Evaluation and Internal Oversight, management, auditors, evaluation officers, investigator or other UNIDO staff to attend its meetings to serve as resource persons and/or to assist in its deliberations.

20. The deliberations and minutes of Oversight Committee meetings will be kept confidential unless otherwise decided by the Oversight Committee. Documents and information material circulated for the consideration of the Oversight Committee shall be used solely for that purpose and treated as confidential.

21. The Oversight Committee shall provide its corresponding advisory briefings and/or written reports to the Director General, and, if so decided, to representatives of Member States, as soon as possible after each meeting.

22. The Oversight Committee is expected to maintain free and open communication with the External Auditor, the Director of the Office of Evaluation and Internal Oversight, and management. It is empowered to:

(a) Obtain all relevant records and documents necessary to perform its responsibilities, including the Office of Evaluation and Internal Oversight and external audit reports;

(b) Meet in executive session with the Director General and other appropriate managers to discuss any issues that the Oversight Committee believes should be discussed privately;

(c) When required, meet separately with the Director of the Office of Evaluation and Internal Oversight to discuss any matters that the Oversight Committee or the Office of Evaluation and Internal Oversight believes should be discussed privately;

(d) When required, meet separately with the representatives of the External Auditor to discuss any matters that the Oversight Committee or the External Auditor believes should be discussed privately;

(e) When required, meet separately with Members of the Board or its Enlarged Bureau to discuss any matters that the Oversight Committee or those representatives believe should be discussed privately.

23. The Oversight Committee will establish a rolling multi-year plan or road map as a basis for a biennial work programme to ensure that its responsibilities and stated objectives for the period are effectively addressed.

24. The documentation of the Oversight Committee shall follow UNIDO's document retention policy.

H. Rules of procedure

25. Except as otherwise provided in these terms of reference, the Oversight Committee may adopt its own rules of procedure, which shall be communicated to the Board. If considered appropriate, the Committee may, in addition, be guided by the Rules of Procedure of the Board concerning conduct of business and decision-making.

26. Three Oversight Committee members, including the Chairperson or Vice-Chairperson, shall constitute a quorum. The Oversight Committee shall work on a consensus basis and by simple majority in the absence of consensus.

I. Amendment

27. The Oversight Committee shall periodically review the present terms of reference to revalidate their content or recommend necessary amendments, as appropriate. Any proposed amendment to these terms of reference shall be submitted to the Board for approval before becoming effective.