



The Joint Inspection Unit of the United Nations system

JIU Review of the governance and oversight functions of the Executive Boards of UNDP/UNFPA/UNOPS, UNICEF and UN-Women

JIU Review of 3 Boards (JIU/REP/2023/7)

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21 January 2025

Objectives of the review

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

JIU approach and methodology

Review of relevant technical guidance and good practices

- Technical guidance from various sources (e.g. COSO, guidance from various Institutes of Directors)
- Governance arrangements and practices of selected UN and non-UN organizations (chosen based on their ability to provide relevant comparative elements for the review) complemented by selected interviews (e.g. GAVI, World Bank, WFP)
- Other JIU reports

Observation and review of practices and documents of the 3 Boards/5 organizations

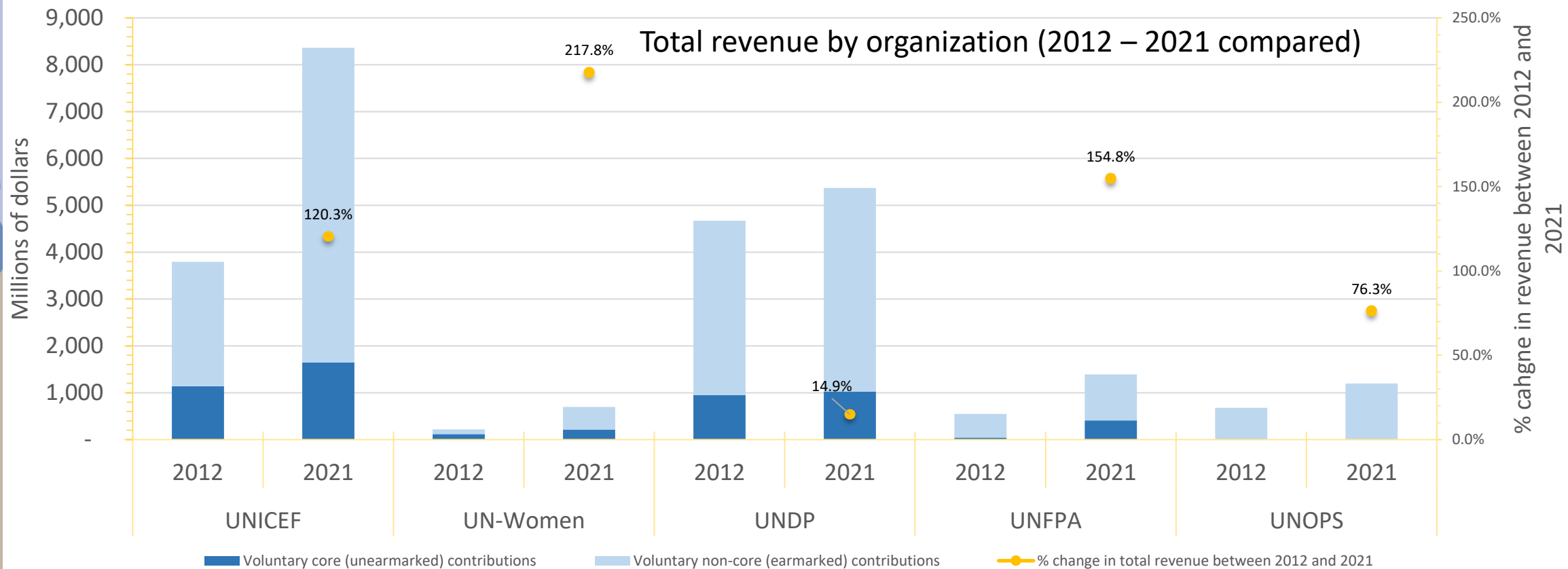
- Desk review of current governance arrangements and practices of the 3 Boards
- Observations of selected sessions of the annual meetings of the 3 Boards in June 2023
- Survey of Board members (94 questions): 63 responses, 28-50 per cent of total number of Board members of each Executive Board
- Interviews of selected Board members, Executive Heads and key management and oversight staff of the 5 organizations
- Interviews of members of the Board of Auditors and of the ACABQ

Development of a tailored “good practice” Benchmark (JIU Benchmark)

Gap analysis of current practices of the 3 Boards/5 organizations vs JIU Benchmark

Context of the request

- UNOPS management failures and allegations of misconduct
- Significant increase in revenue of the relevant funds and programmes: *increase by almost 65 per cent, from \$11 billion in 2012 to almost \$18 billion in 2021*



Source: JIU on data from audited financial statements of each organization

JIU benchmark and overall conclusions

1. Improvements are needed with respect to all 6 JIU benchmark components
2. The majority of recommendations (10 formal and 21 informal) are applicable to all 3 Boards and 5 organizations

	JIU Benchmark component	Key elements covered	Number of formal recommendations
I	Board roles and responsibilities	<ul style="list-style-type: none"> • Role and responsibilities of the Board; Role and responsibilities of Board members; • Relationship with ECOSOC/GA/Secretary-General; Accountability to Stakeholders 	3
II	Board composition and structure	<ul style="list-style-type: none"> • Board structure and composition; Committees of the Board; • Board Member Representation; Advise to the Board 	2
III	Board secretariat	<ul style="list-style-type: none"> • Role and responsibilities of Board Secretariat; Qualifications; • Capacity of the Secretariat function 	1
IV	Board meetings	<ul style="list-style-type: none"> • Effectiveness of meeting and decision-making processes; • Involvement and inclusion of stakeholders in Board meetings 	1
V	Board and oversight functions	<ul style="list-style-type: none"> • Board responsibilities regarding internal audit, investigations, evaluation, Board of Auditors; • Interaction with related UN bodies, such as ACABQ, IAAC and JIU 	1
VI	Board and risk management	<ul style="list-style-type: none"> • Role of the Board in ERM; Required reporting 	1
	All components		1

I. Board role and responsibilities

Potential general risks related to this component

- a. Boards make decisions for which they do not have the delegated authority
- b. Boards validate decisions taken by management for which management does not have the delegated authority
- c. Boards do not exercise guidance and oversight on all the areas in which they should be involved
- d. Board members are unclear about what is expected of them thus limiting the efficiency and effectiveness of the Boards

JIU findings

1. Boards lack a terms of reference which describe their roles and responsibilities. Current documentation on roles and responsibilities assigned to the Executive Boards is very limited.
2. Boards do not have a role in the performance assessment of their executive heads.
3. The annual reporting by the Boards to ECOSOC does not describe how the Boards have fulfilled their responsibilities nor makes recommendations to ECOSOC, despite this being mandated by the GA resolution 48/162.
4. The Boards benefit from advice on financial plans and budgets from the ACABQ although the work of the ACABQ is directed to the GA mostly.
5. Boards lack a formally defined mandate in several areas, such as oversight, risk management, and ethics, despite having taken on aspects of most of these responsibilities in practice.
6. No terms of reference for Board members.

II. Board composition and structure

Potential general risks related to this component

- a. Because of lack of time for review and discussion on board documents, lack of in-depth technical expertise, or lack of sufficient independent expert advice, Boards may be taking decisions or taking note of management decisions or other management or oversight information without being fully aware of the risks and of the implications of their actions

JIU findings

1. Boards do not make use of formal Board committees to deal with complex and specialized areas of their mandates.
2. With exception of UNOPS, the three Boards and their organizations have not adopted the JIU recommendation to strengthen the independence of their oversight advisory committees.
3. Boards' ability to review reporting from and communicate directly with the internal oversight functions is sufficient, but this task would be better delegated to an expert and independent oversight committee of the Board.

III. Board secretariat

Potential general risks related to this component

- a. Board practices as proposed by the Board secretariats may be informed by past practices instead of latest best technical practices
- b. Proposals by the Board secretariats may be reflecting priorities of management instead of those of the Boards

JIU findings

1. The formal role of Board secretariats is too general and limited to the secretariats being the focal points of the organizations for Board matters. The role of the Board secretary is not clearly defined.
2. Full range of Board secretariat activities is not documented, allowing for no visibility of the extent of their role and the work they should perform.
3. Basic training content for new Board members varies significantly among the three Executive Boards and is not aligned with the provisions in the benchmark.
4. Available resources vary in terms of staffing capacity and budget allocations, with no clear explanation for the variations.

IV. Board meetings

Potential general risks related to this component

- a. The time of Board members may not be used as efficiently and as effectively as possible
- b. The views of all Board members and other stakeholders may not be adequately heard in advance of important Board decisions.

JIU findings

1. Executive Boards lack mechanisms by which to assess the effectiveness of their meetings.
2. Time allocated for standard agenda items for consideration and decision across all three Executive Boards varies greatly.
3. The joint segment within the sessions of the Executive Board of UNDP/UNFPA/UNOPS is relatively limited and not sufficiently leveraged to discuss cross-cutting topics, especially oversight.
4. Informal meetings lack a clear purpose with no direct inputs to the decision-making processes of the formal sessions.
5. Executive Boards do not have a specific portal to share documents among board members or members of a more restricted group.
6. Executive Board members and executive heads are often not in attendance throughout all Board sessions and participation is uneven.
7. The Executive Board decision-making process is based primarily on consensus rather than voting.
8. Executive Board members spend a lot of time drafting detailed decisions during and between sessions.

V. Board and oversight functions

Potential general risks related to this component

- a. Heads of oversight functions may not be able to in a position provide fully independent and adequate advice to Board members
- b. Board members may not be able fully understand the overall implications of the recommendations being raised by the different independent oversight bodies, and not take them into account when making their decisions.

JIU findings

1. The length of time dedicated to independent oversight issues during the sessions of the Executive Boards is concerning.
2. None of the Executive Boards currently approve the charters for their oversight functions, although three of the five organizations do share them for information.
3. The Executive Boards play no explicit role in the approval, selection, performance assessment, and renewal and termination of contract of the heads of the oversight and evaluation functions, although they are consulted in certain cases.
4. There are no subcommittees, working groups or other mechanisms dedicated to oversight.
5. Reports on the follow-up to oversight recommendations are provided to the Executive Boards but they are generally fragmented and neither comprehensive nor integrated.

VI. Board and risk management

Potential general risks related to this component

- a. Because of a lack of comprehensive and coherent information on risks, Boards may be taking decisions or taking note of management decisions or other management or oversight information without being fully aware of the risks and of the implications of their actions

JIU findings

1. Executive Boards have taken on some review responsibilities in absence of a formal role in risk management.
2. There are significant differences among the five organizations regarding the number and location of staff dedicated to risk management.
3. The Executive Boards have been more active in requesting additional information on risks, both from the heads of the internal audit and the investigations functions and, to a certain extent, from management.

Suggestions for some immediate changes

- Positive signals from recent Board meetings have been observed already (e.g. information on risks, and interaction with Board of Auditors)
- In line with Recommendation 10 of the JIU report: *“Boards should create an ad-hoc committee to assess both formal and informal recommendations arising from this review and prepare an action plan to address and implement them, including setting clear target dates and having regular reporting on the progress of implementation.”*
- The table below includes some suggestions for changes that could be implemented in the short term whilst the other JIU formal recommendations are discussed and addressed:

	JIU Benchmark component	Actions
I	EB roles and responsibilities	<ul style="list-style-type: none"> • Be very familiar with the current Board Rules of Procedure, including the role of ECOSOC. • Be very familiar with all the delegations of authority of the Executive Heads
II	EB composition and structure	<ul style="list-style-type: none"> • Form Committees of the Board to support discussions on the most technical issues • Request Board secretariats to prepare a joint general Governance induction for all Board members
III	EB secretariat	<ul style="list-style-type: none"> • Ensure that Board secretaries and their teams have adequate technical expertise
IV	EB meetings	<ul style="list-style-type: none"> • Prepare a self-assessment checklist based on the JIU Benchmark and start using it to reflect on the effectiveness of meetings • Reach out to colleagues in the field for evidence on the activities of the organization, which can be leveraged when reviewing documents presented by management to the Board
V	EB and oversight functions	<ul style="list-style-type: none"> • Request the presence of Executive Head during all the oversight presentations, so as to be able to discuss findings and recommendations directly with them • Increase the time allocated for questions by the Board to the Heads of oversight and to management.
VI	EB and risk management	<ul style="list-style-type: none"> • Ask for the Board agenda to include an overall presentation on key risks and mitigating actions at least once a year.

Final remarks

- **Maintaining the status quo is not a viable option for achieving adequate governance and oversight**

Modern governance standards demand clearly defined roles in oversight, risk management, and ethics. While progress has been made, significant gaps remain, which must be addressed to align with best practices.

- Board members must acknowledge their roles and responsibilities while making a commitment to undertake a thorough reassessment of current practices related to governance and oversight
- Understanding the framework of accountability (to whom and for what) remains fundamental
- Board members should remember that governance processes extend to all facets of the organization/entity (e.g. for UNDP it also includes the activities of UNV, UNMPTF, UNCDF, etc.)
- Board members should remain alert to the peculiar inherent risks of the different organizations
- **It is important to adopt a holistic approach:** failure to apply a well-rounded approach can lead to an increase of the risks faced by the organizations
 - E.g. any changes in current Financial Rules and Regulations need to address the risks identified in this report*
- Board members should leverage the fact that many of them are members of more than one Board and should leverage these synergies

Thank you!



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