

Terms of reference for the review of the internal control systems, risk management and overall governance structures of the United Nations Office for Project Services

Introduction

At the request of the United Nations Office for Project Services (UNOPS), a third-party entity is invited to conduct an advisory review of the internal control systems, risk management and overall governance structures in UNOPS.

The background for the study emanates from the concern expressed by UNOPS' Executive Board in June 2022 at the reported irregularities, potential financial losses and alleged misconduct linked to the S3i investments.

[The UNOPS Executive Board has requested that UNOPS provide two reviews. The first pertaining to the oversight mechanisms that existed for the S3i investments. The RFP for this review was published on 21 July 2022 with a closing date of 18 August 2022.]

Objective, Scope and Methodology

This second more forward looking review is to cover UNOPS' internal control systems, risk management and overall governance structures, including an assessment of the integrity of the wider UNOPS portfolio and a review of UNOPS' cost structures. These Terms of Reference provide a description of the scope and the timeline for this engagement.

The review will take place over September and October 2022 and will include on site work at UNOPS Headquarters in Copenhagen.

The review will include the following areas:

1. UNOPS Mandate - performance and governance

- Performance with reference to the mandate given by the UN Executive Board and the UN General Assembly
- Accountability mechanisms
- Organizational structure, segregation of duties and reporting lines

2. Risk management, control environment and the three lines of defence

- Policies and procedures
- Organizational culture, ethics and compliance
- Risk management
- Oversight arrangements

3. Corporate strategy and implementation

- Strategic planning, monitoring and evaluation of operations
- Management of reserves to secure effective business development and risk management

4. Performance management and accountability

- Costing and pricing methodology
- Customer satisfaction and transparency
- Due diligence procedures for projects and partnerships
- Accountability for results

Methodology

The engagement methodology will include: (a) interviews and/or focus groups with key personnel; (b) review of relevant documentation; and (c) analytical review of data.

Any significant changes in the scope of the review will be discussed with UNOPS.

Communicating results

At the conclusion of fieldwork, an exit conference will be held with UNOPS to discuss the preliminary results. Members of the UNOPS Executive Board will be invited and may join the exit conference.

A draft report will be issued to UNOPS for providing written comments to ensure factual accuracy of the results and the feasibility of implementing the recommendations. The final report will be submitted to UNOPS and concurrently to UNOPS' Executive Board President.

Milestones and reporting dates

The planned milestones and reporting dates for this advisory review are as follows:

Milestone	Planned date
Entry on site	First week of September
Exit conference	Early October 2022
Draft report	21 October 2022
Final report	30 November 2022

Areas of review and sources of review criteria proposed to be used

No.	Review area	Sources of review criteria
1	Mandate performance and governance	<ul style="list-style-type: none"> ● General Assembly resolutions relevant to UNOPS ● Rules of Procedure and relevant decisions of the UNOPS Executive Board ● Terms of reference of the Audit Advisory Committee ● Relevant Executive Orders/Instructions ● Other relevant documentation on UNOPS' mandate and governance structure
2	Risk management, control environment and three lines of defence	<ul style="list-style-type: none"> ● Secretary-General's bulletin ST/SGB/2007/11 on United Nations system-wide application of ethics: separately administered organs and programmes ● Three line of defence model for common positioning in the United Nations system (endorsed by HLCM) ● UNOPS legislative framework ● UNOPS Financial Regulations and Rules ● Relevant Executive Office Instructions ● Charter of the Internal Audit and Investigations Group (IAIG) ● UNOPS Procurement Manual ● UNOPS risk management framework ● Other relevant documentation on control environment and three lines of defence
3	Corporate strategy and implementation	<ul style="list-style-type: none"> ● UNOPS Strategic Plan, 2022-2025 ● UNOPS assets structure and allocation ● Relevant decisions of the Executive Board ● Quality Assurance policies and procedures ● Other relevant documentation pertaining to corporate strategy and implementation
4	Performance management and accountability	<ul style="list-style-type: none"> ● Relevant Executive Office Instructions including on Delegation of Authority and Accountability Framework ● UNOPS budget estimates and results-based management framework ● UNOPS costing and pricing methodology ● Other relevant documentation on performance management and accountability