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الغذية والزراعة
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FINANCE COMMITTEE

Hundred and Seventy-eighth Session

Rome, 4 - 8 November 2019

Office of the Inspector General

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EXECUTIVE SUMMARY

- This document responds to a request made by the Committee to receive a document addressing a number of matters pertaining to the Office of the Inspector General (OIG) and OIG Charter.
- This document addresses the following matters: (a) establishment of term limits for the Inspector General; (b) procedure for the appointment of the Inspector General; (c) procedure for termination of the appointment prior to expiry of contractual arrangement and/or term limit; and (d) other matters relating to the Charter of the Office of the Inspector General and the role of the Audit Committee.
- While on item (a) the Finance Committee could make a recommendation to the Council, items (b), (c) and (d) would require further elaboration before possible inclusion in a revised Charter for the Office of the Inspector General.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is invited to review this document and make such comments and observations thereon as appropriate.

Draft Advice

The Committee :

- **approved the proposal set forth in paragraph 10 to introduce a term limit of seven years for the Inspector General's assignment; and**
- **supported the proposal for a revision of the Charter of the Office of the Inspector General to reflect latest best practices in the United Nations system, as well as FAO's strengthened oversight activities, including the role of the Audit Committee in the appointment and termination of the Inspector General.**

INTRODUCTION

1. This document responds to a request by Members of the Finance Committee that a document be prepared on a number of matters pertaining to the Office of the Inspector General (OIG) and OIG Charter.
2. Following consultation, including with the Inspector General *ad interim*, this document was prepared in order to address the following issues: (a) establishment of term limits for the Inspector General; (b) procedure for the appointment of the Inspector General; (c) procedure for termination of the appointment of the Inspector General prior to its set expiry date; and (d) matters relating to the Charter of the Office of the Inspector General and the role of the Audit Committee.

ESTABLISHMENT OF A TERM LIMIT FOR THE INSPECTOR GENERAL

3. Currently, there are no term limits for the Inspector General of FAO, nor is there any provision excluding the possibility of further employment in other positions or units within the Organization for an individual having served as Inspector General.
4. At its Hundred and Seventy-Fifth Session (18-22 March 2019), the Finance Committee supported the proposal contained in document FC 175/15¹ on the application of term limits for the Inspector General with a fixed term of seven years, subject to further consultation with the Audit Committee². The Council, at its Hundred and Sixty-First Session (8-12 April 2018), endorsed the Finance Committee's position.³
5. This proposal was in line with the recommendation of the UN Joint Inspection Unit (JIU), in its report on the Oversight Lacunae in the United Nations System, that the appointments of heads of internal oversight be limited to a non-renewable tenure of five to seven years, with no expectation of any further employment within the same organization at the end of the term.⁴
6. The JIU reaffirmed this recommendation in its report on the State of the Internal Audit Function in the United Nations system, adding that clarity on the term limit at the time of appointment is “[a] means of safeguarding both the independence and objectivity of the head of internal audit/oversight”⁵. The JIU further considered that term limitation is “a way of limiting the risk of impaired audit reporting in order to achieve long-term employment” and “a mechanism to enhance objectivity and independence and avoid conflict of interest by periodically replacing the head of audit/oversight”⁶.
7. In the same report, the JIU noted that half of the internal audit services in the United Nations system organizations have a term limitation for their head of internal audit/oversight, and that 59 percent has imposed restrictions on re-employment in another position within the same organization⁷.

¹ See Document FC 175/15, on the Review of the Independence of the Office of the Inspector General and the Ethics and Ombudsman Functions.

² Cf. CL 161/4, paragraph 38 (d).

³ Cf. CL 161/REP, paragraph 19(j).

⁴ See JIU/REP/2006/2, recommendation 10, which states that “[w]ith respect to the appointment of the head of internal oversight, the legislative bodies in each organization should decide that: [...] (d) [a] non-renewable tenure of five to seven years should be established, with no expectation of any further employment within the same United Nations organization at the end of the term.”

⁵ See JIU/REP/2016/8, paragraph 71.

⁶ See JIU/REP/2016/8, paragraph 73

⁷ See JIU/REP/2016/8, paragraph 74 and Figure 2, page 18

8. Examples of United Nations system organizations that have introduced a term limitation for their head of internal audit/oversight include UNDP and UNICEF, which have a five-year term renewable once. In WFP, the Inspector General serves for a four-year term, also renewable once. A recent Vacancy Announcement for the position of Inspector General (D-2 level) published by the UNHCR states that the Inspector General's tenure will be of a six year-term, with no possibility of renewal or further employment in UNHCR at the end of the term. The announcement further states that should a UNHCR staff member be selected for this position, a new Letter of Appointment will be issued for a non-renewable term of six years, which would supersede any existing fixed-term or indefinite contract held by the staff member.

9. It is considered that a term of seven years would enable the Organization to benefit from the experience and knowledge obtained by the Inspector General during his or her mandate, while still addressing the priority requirement of safeguarding independence and objectivity.

10. Based on the aforementioned considerations, and following best practice emerging throughout the United Nations system, it is proposed that a non-renewable tenure of seven years be established for the Inspector General. The Inspector General would be offered a seven-year contract upon appointment. At the end of the seven-year term, he/she would not be eligible for appointment in any other position in the Organization. Should an FAO staff member be selected for this position, a new Letter of Appointment would be issued, which would supersede any existing terms of employment held by the said staff member in the Organization.

PROCEDURE FOR THE APPOINTMENT OF THE INSPECTOR GENERAL

11. The current procedure for the appointment of the Inspector General is set out in the Charter of the Office of the Inspector General (the "Charter"), contained in Appendix A to Section 107 of the Administrative Manual (Annex I), and in the Terms of Reference (the "ToR") of the Audit Committee (Annex II), contained in Appendix C to Section 146 of the Administrative Manual.

12. This framework provides for consultation by the Director-General with the Finance Committee and the Audit Committee in the selection and appointment of the Inspector General. In this respect, the JIU recognized that FAO is one of the few organizations where the head of internal audit/oversight is appointed in consultation with both the Oversight Committee and the Governing Body⁸.

13. Thus, Section IV of the Charter of the Office of the Inspector General, on "accountability and independence" provides that the Director-General is required to appoint a technically and professionally qualified individual as Inspector General after consultation with the Finance Committee (paragraph 16).

14. Moreover, the Audit Committee "*reviews and advises the Director General and the Finance Committee*" on proposals of the Organization to recruit an Inspector General (paragraph 2.1(d) (ix), ToR). This was included in the mandate of the Audit Committee following revision of its ToR in June 2018, but is currently not reflected in the Charter⁹.

15. It proposed that the Charter of the Office of the Inspector General be amended to reflect the role of the Audit Committee in the appointment of the Inspector General.

⁸ REP/JIU/2016/8, paragraph 67 notes that "*In only a few organizations is the head of internal audit/oversight appointed in consultation with both the oversight committee and the governing body*" and recognizes FAO as one of these organizations.

⁹ The updated Terms of Reference were approved by the Finance Committee at its 170th session (21-25 May 2018), and subsequently endorsed by the Council at its 159th session (4-8 June 2018). See CL 159/4, paragraph 27 and CL 159/REP, paragraph 13 (d)).

PROCEDURE FOR TERMINATION OF THE APPOINTMENT OF INSPECTOR GENERAL

16. The Charter provides that the Director-General shall consult with the Finance Committee before the termination of the appointment of the Inspector General (paragraph 16). The ToR of the Audit Committee further indicate that proposals for the termination or non-renewal of the appointment of an Inspector General should be reviewed by the Audit Committee (paragraph 2.1(d) (ix)).

17. In connection with this matter and in light of situations such as the one currently experienced as regards the Inspector General of FAO, a more detailed procedure for the termination of the appointment of the Inspector General during his/her mandate could be warranted to address situations which could arise justifying the termination of the appointment of the Inspector General:

- a) where there has been unsatisfactory performance;
- b) where there has been misconduct; and
- c) for health reasons, where the Inspector General is incapacitated for further service.

18. The Office of the Inspector General and the Audit Committee appear to have been considering this matter with a view to proposing a set of substantive provisions on the matter. In such a case, specific rules defining the role of the Audit Committee in the assessment of the performance of the Inspector General may also be warranted.

19. As regards procedural aspects, there may be a need for either the Director-General or the Audit Committee, acting on their own initiative, to make proposals. The Audit Committee would offer its views on any proposal, to both the Director-General and the Finance Committee.

20. In formulating any proposals, it is expected that reference would be made to procedures in place in other organizations of the United Nations system, including any relevant best practices.