

## Appendix 4

### TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF THE UNITED NATIONS JOINT STAFF PENSION BOARD

#### Section 1 Constitution

The Audit Committee (the Committee) is established as an advisory committee of the United Nations Joint Staff Pension Board (the Board). The terms of reference of the Audit Committee were approved by the Board and are included by reference in the Fund's Rules of Procedures.

#### Section 2 Purpose and objectives

2.1 The Audit Committee, established by the Board with the concurrence of the General Assembly, will provide assistance to the Board in fulfilling its oversight responsibility relating to:

- (a) the performance and independence of the internal audit function;
- (b) the accounting and financial audit reporting processes of the United Nations Joint Staff Pension Fund (UNJSPF or the Fund);
- (c) adherence to the Internal Audit Charter of the Fund, and UNJSPF regulations and Administrative Rules relating to audits.

2.2 The main objectives of the Committee are to:

- (a) Provide general oversight and offer recommendations for the Fund's audit arrangements, including both internal and external auditing;
- (b) Oversee the work of the Internal Auditors and consider the scope, particularly concerning risk management, results and effectiveness of the audit reports;
- (c) Consider the scope and recommendations in the Board of Auditors' reports and management letters as well as actions taken to implement the Board of Auditors' recommendations;
- (d) Review and assess, from time to time, the adequacy of the Internal Audit Charter, and recommend amendments thereto to the Board.

#### Section 3 Organization and composition

3.1 The Board will appoint at least three members from the Staff Pension Committees of UNJSPF Member Organizations reflecting the tri-partite composition of the Board. In addition to the members, the Board may select experts from outside the Board to serve in their private capacity with the Committee. One additional member will be appointed by the

Board to represent the UNJSPF retirees. The Committee's total membership shall always be an odd number, not exceeding nine (9).

- 3.2 All members of the Committee shall satisfy the following requirements: be independent, knowledgeable in accounting, auditing, financial management or compliance and have long-established exposure and demonstrated expertise in these fields. To be considered independent, a member must be independent of the UNJSPF's management, including Office of Investment Management, or of the Office of the Representative of the Secretary-General for Investments of the assets of the Fund. Members should be free from any relationship that in the opinion of the Board would result in actual or perceived conflict of interest situation. While performing their functions the Committee members shall exercise duty of care reasonably expected from them. The term of all Committee members shall be four years and they may not be selected for consecutive terms.
- 3.3 The Committee shall select a Chairperson and one Vice-Chairperson. To meet, a quorum of a majority of the Committee's membership is required.
- 3.4 The Chief Executive of Pension Administration of the Fund shall designate the Secretary of the Committee.
- 3.5 The Committee shall adopt its own rules of procedure, which shall be communicated to the Board. It shall meet at least twice a year, bearing in mind practice for audit committees in international organizations as well as industry practice.

#### Section 4

##### Authority

- 4.1 The Committee shall have unrestricted authority within the scope of its terms of reference. In this connection, the Committee shall review significant changes in the Fund's policies, as they relate to:
  - (a) risk management for all Fund activities, including investment management;
  - (b) internal control including fraud prevention; and
  - (c) accounting and financial reporting
- 4.2 When exercising its duties and responsibilities, the Committee may bring to the Board's attention any matters that have emerged through the audits. The Committee may also make observations and provide recommendations to the Board, including proposals to audit those specific areas of the Fund which the Committee considers necessary.

#### Section 5

##### Responsibilities

The Audit Committee has the following responsibilities:

##### Internal and External Audit

- 5.1 Discuss, with the Board of Auditors, the Internal Auditors, the Chief Executive of Pension Administration, and the designated Representative of the Secretary-General for the

investments of the assets of the Fund, the internal audit function responsibilities as defined in the Internal Audit Charter, normally once a year.

- 5.2 Consult with the Chief Executive of Pension Administration, the designated Representative of the Secretary-General for the investment of the Fund, the Board of Auditors and the Internal Auditors on matters related to the internal audit plan and audit procedures applied. The review of the internal audit plan shall focus on the scope and effectiveness of the internal audit function and the risk assessment of Fund activities, including those related to investments.
- 5.3 Ensure that the internal audit function of the Fund is performed in compliance with all the provisions of the Fund's Internal Audit Charter.
- 5.4 Review the internal audit reports submitted by the Internal Auditors in order to be fully informed of the Fund's financial exposures, management actions to address issues related to internal audit activities, and the Internal Auditors' evaluation of internal controls.
- 5.5 Provide opportunity (at least once a year) for the Board of Auditors and the Internal Auditors to meet privately with the members of the Committee to discuss matters which they may wish to bring to the Committee's attention.
- 5.6 Review the findings and recommendations of the Board of Auditors and of the Internal Auditors, and monitor management's responses to those findings and related corrective action plans.
- 5.7 Review the implementation of audit recommendations and assess the instances of recommendations for remedial action not accepted by management.
- 5.8 Maintain open lines of communication and consultation with the Board of Auditors, the Internal Auditors, the Pension Board, the Chief Executive of Pension Administration, and the designated Representative of the Secretary-General for the investments of the Fund.
- 5.9 The Audit Committee reviews and endorses annual internal audit plans, which are prepared by internal auditors, in close consultation with the Chief Executive of Pension Administration and the Representative of the Secretary-General for Investments.

#### Financial statements

- 5.10 Review and discuss the audited financial statements of the Fund with management and the Board of Auditors.

#### Compliance

- 5.11 Review the audit reports as to the effectiveness of the system for monitoring compliance with the Regulations of the Fund and obtain regular updates from management regarding compliance matters.

### Reporting responsibilities

- 5.12 Report annually on the Committee's activities to the Board or to the Standing Committee.
- 5.13 Conduct from time to time a self-assessment of the Committee's performance and effectiveness.

### Other responsibilities

- 5.14 Perform any other functions as requested by the Board, and review other relevant reports the Fund or auditors issue that relate to the Audit Committee's responsibilities. Review of these reports should protect their possible confidential nature and the identity of individuals concerned. In doing so, members shall protect the confidential nature of these documents as well as privacy of the individuals that may be concerned.