AUDIT

OF

UNDP

LEGAL SUPPORT OFFICE

Report No. 1420
Issue Date: 15 April 2015
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Report on the audit of UNDP’s Legal Support Office

Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP’s Legal Support Office (the Office) from 17 November to 5 December 2014. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the following areas and sub-areas:

(a) the mandate and organizational structure of the Office;
(b) adequacy of the management and processes of the Office;
(c) the Office’s preparedness to advise on legal matters related to the consequences of the Structural Review;
(d) the operational procedures, controls and workflow management in the Office, and the information technology systems and tools used; and
(e) the coordination and cooperation with other UNDP offices and bureaux as well as with other United Nations agencies.

The audit covered the activities of the Office from 1 January 2013 to 30 November 2014. The Office recorded programme and management expenditures totalling $6 million. This was the first audit of the Office.

The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

Overall audit rating

OAI assessed the Office as partially satisfactory, which means, “Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.” This rating was mainly due to the need for improvements in the following areas: mandate and organizational structure, management and processes, and coordination with other United Nations entities.

Key recommendation(s): Total = 7, high priority = 1

The seven recommendations aim to ensure the following: (a) achievement of the organization’s strategic objectives (Recommendation 1); (b) reliability and integrity of financial and operational information (Recommendation 6); (c) effectiveness and efficiency of operations (Recommendations 2, 4, 5); and (d) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendations 3, 7).

For the high (critical) priority recommendation, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. The high (critical) priority recommendation is presented below:

Management of disciplinary cases (Issue no. 2) 

There were delays in the processing of disciplinary cases, whereby these cases required on average two years to be concluded from the time the staff member was notified. The UNDP’s Legal Framework stipulates that the period between the time when the staff member is notified that he or she is the subject of an investigation and the time when he or she is advised of either the exoneration
from the allegations of wrongdoing, or the charges brought against him or her, should normally not exceed six months. UNDP management announced in June 2014 the establishment of a working group composed of representatives from the various stakeholders, such as OAI, Ethics, Legal Support Office and Office of Human Resources to consider improvements in processes and ways of working on an ongoing basis. This working group met only once, in June 2014, and it reconvened in April 2015.

Recommendation: Reconvene and reactivate the working group to collaborate to reduce the processing time for disciplinary cases with the goal to achieve the six-month target. In this regard, consider a complete business process review of the management of disciplinary cases, as well as a reassessment of the capacity of the Office.

Management comments and action plan

The Director of the Bureau of Management and the Director of the Legal Support Office accepted all of the recommendations and are in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Issues with less significance (not included in this report) had been discussed directly with management and actions have been initiated to address them.

Helge S. Østveiten
Director
Office of Audit and Investigations
I. About the Office

The Office consists of a multi-disciplinary team of lawyers providing advice to senior management, headquarters units, Regional Centres and Country Offices.

There are two separate Practice Groups within the Office: the Corporate and Institutional Law Practice Group, and the Administrative Law Practice Group. There is also one post with functions dedicated to financing and cost-sharing agreements. The Office provides advice and assistance on a range of legal matters related to UNDP’s operations in programming and administration, including two affiliated agencies (United Nations Capital Development Fund and United Nations Volunteers). The last UNDP Products and Services Survey of 2012 resulted in high scores regarding the services provided (75 percent favorable scores for all types of legal services).

II. Audit results

Satisfactory performance was noted in the area of operational procedures and controls.

OAI made one recommendation ranked high (critical) and six recommendations ranked medium (important) priority.

Low priority issues/recommendations were discussed directly and agreed with the Office and are not included in this report.

High priority recommendation:

Reconvene and reactivate the working group to collaborate to reduce the processing time for disciplinary cases with the goal to achieve the six-month target (Recommendation 2).

Medium priority recommendations, arranged according to significance:

(a) Enhance organizational structure and capacity (Recommendation 1).
(b) Design and submit for approval to UNDP senior management a policy note on settlement agreements (Recommendation 3).
(c) Procure or otherwise acquire a case and a document management system, with a proper intake and monitoring mechanism (Recommendation 5).
(d) Strengthen the request for management evaluation process (Recommendation 4).
(e) Require the submission of the detailed breakdown of invoices prior to agreeing to the payment of fees to the Office of Legal Affairs (Recommendation 6).
(f) Liaise with the responsible partners in the Development Operations Coordination Office as well as the High Level Committee on Management in order to assign UNDP a role in the Legal Advisors Network that is consistent with UNDP’s role in United Nations coordination (Recommendation 7).

The detailed assessment is presented below, per audit area:

1. Mandate, organizational structure and capacity

Issue 1 Insufficient organizational structure and capacity
UNDP’s Accountability Framework stipulates that clarity of organizational responsibilities is one of the guiding principles of corporate accountability. Moreover, management arrangements need to be conducive to the achievement of corporate goals.

The draft Terms of Reference of the Bureau of Management, issued in May 2014, listed the main functions of the Office. While acknowledging the draft status of the Bureau of Management’s Terms of Reference, the audit identified some issues which could be addressed as part of the ongoing Bureau of Management project (BOM 2.0) and any ongoing effort to finalize the Office’s Terms of Reference and structure.

(a) According to the draft organogram, staffing was expected to be reduced from 16 to 13 staff members. In addition: There was a scheduled reassignment of two Legal Specialists to the Office of Human Resources, as well as the abolition of a lawyer post in the Administrative Law Section. This meant that the Administrative Law caseload previously processed by six lawyers would be handled by only three lawyers in the future. The audit came across many valid concerns regarding delays in handling disciplinary cases in UNDP (refer to Issue 2). Further, UNDP senior management had commented in responding to the OAI Annual Report for 2013 that they would “assess the need to strengthen the capacity in the Legal Support Office whilst opportunities continue to be leveraged to improve business processes in tandem, to ensure that an increased caseload of disciplinary cases can be effectively handled within the relevant timeframes”. Given the changes planned as part of the Structural Review, OAI concluded that it will be difficult for the Office to cope with the existing caseload of disciplinary cases and requests for management evaluations.

(b) At the time of the audit, the Office was part of the Bureau of Management, and as such, the Director reported to the Deputy Director of the Bureau of Management. This organizational arrangement may present a potential conflict of interest when dealing with Bureau of Management-related disciplinary or corporate cases, and when dealing with requests for management evaluations (refer to Issue 4).

(c) The Director of the Office issued warrants of authority to two lawyers working for the UNDP Country Offices in Brazil and the Democratic Republic of the Congo. Another lawyer, whose terms of reference included regional duties, was being recruited by the UNDP Country Office in Nicaragua and not the Regional Centre located in Panama and was to be issued a warrant of authority by the Office as well. These warrants of authority described the legal authorities of these lawyer staff members, who reported to the respective Resident Representatives/Resident Coordinators. This arrangement dated back to the period when legal services were part of the Office of Legal and Procurement Support in UNDP and thus had been in place for several years. In addition, one UNDP Country Office in Central Asia hired a lawyer to handle legal matters without consulting with the Legal Support Office or involving it in the recruitment process. The absence of a direct organizational reporting line between the Director of the Legal Support Office and the local lawyers and the lack of involvement of the Legal Support Office in their recruitment constitute a risk regarding the consistency or even appropriateness of any legal advice provided by UNDP.

(d) According to the draft Terms of Reference, the Office was expected to provide leadership and legal advice, and include lessons drawn from jurisprudence from the internal system of justice. The analysis and response to legal issues was being done informally, rather than formally through official memos or reports mainly due to time constraints or conflicting priorities. In the absence of a documented process, it could not be determined whether critical legal issues had been brought to the attention of UNDP senior management, for example, the judgments made by the UN Tribunals which could have an impact.

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1 At the time of finalizing this report, the reassignment had not taken place.
on UNDP policies or highlight specific risks that can negatively impact the Organization (staff performance, contract extensions, abuse of authority). The same applied to reports issued by the Joint Inspection Unit, which on occasion addressed legal issues and provided recommendations. However, there was no formal follow-up by the Office to identify decisions and/or recommendations and suggest policy amendments for UNDP based on these recommendations.

An insufficient organizational structure may impede the Office from achieving its objectives.

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<tr>
<th>Priority</th>
<th>Medium (Important)</th>
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<tbody>
<tr>
<td><strong>Recommendation 1:</strong></td>
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<tr>
<td>Enhance organizational structure and capacity by:</td>
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<td>(a) reviewing the adequacy of staffing in light of the current delays in the management of disciplinary cases (see Issue 2), the expected caseload increase as well as the changes originating from the Structural Review;</td>
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<td>(b) ensuring the Office’s independence, when dealing with Bureau of Management-related disciplinary, and corporate and institutional cases as well as requests for management evaluations by developing a set of guiding principles to manage such cases;</td>
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<td>(c) developing a clear approach towards regional legal support and streamlining the reporting relationships between non-headquarters-based lawyers and the Office, as well as having region-based lawyers report to the Office for all but administrative purposes; and</td>
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<td>(d) ensuring that jurisprudence from the internal system of justice and other external sources is formally captured and monitored.</td>
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<tr>
<td><strong>Responsible HQ bureau:</strong> Bureau of Management, Legal Support Office</td>
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<td><strong>Management action plan:</strong></td>
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<tr>
<td>The Office and the Bureau of Management will draft Terms of Reference for the Legal Support Office for the approval of the Administrator. These Terms of Reference will, inter alia, address the issues identified above.</td>
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<td><strong>Estimated completion date:</strong> 31 July 2015</td>
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<tr>
<td>The Office and the Bureau of Management will consider the adequacy of resources for disciplinary cases, and other legal work, once the Terms of Reference are approved, in light of the overall resources available to UNDP.</td>
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<td><strong>Estimated completion date:</strong> 30 September 2015</td>
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2. **Office management and processes**

**Issue 2** Delays in management of disciplinary cases
UNDP's Legal Framework stipulates, “the period between the time when the staff member is notified that he or she is the subject of an investigation and the time when he or she is advised of either the exoneration from the allegations of wrongdoing, or the charges brought against him or her, should normally not exceed six months.”

OAI identified considerable delays in the processing of disciplinary cases where disciplinary cases required an average of about two years to be concluded from the time the staff member was notified that he or she was the subject of an investigation. This time of processing also involved the investigation performed by Office of Audit and Investigation. OAI noted that in the Office, the average processing time for 29 disciplinary cases concluded in 2013 and 2014 was around 10 months. Further, 21 cases pending as of 30 September 2014 had been pending for an average of 12 months, with four cases having been pending for up to three years.

Based on interviews with the Office and OAI Investigations Section staff members, the delays in the due process were mainly due to the range of legal issues handled by the Administrative Law Practice which ranged from privileges and immunities, negotiation of settlement agreements and the recovery of funds, and formal cases before the United Nations Tribunals, including appeals against both administrative cases and disciplinary cases. The delays were further driven by the complexities of the cases and the high case load, with each investigator and lawyer being assigned multiple cases simultaneously. In addition, staff members charged with alleged misconduct also contributed to the overall delays as they frequently sought extensions of time to respond to the charges against them. On the Office side, these delays were increased due to requests for management evaluations and cases for the UN Dispute Tribunal, which are regulated by strict statutory deadlines. As such, any incoming request for management evaluation or UN Dispute Tribunal case would immediately halt the work on the disciplinary cases, thus causing delays in the process. In addition, lawyers engage in a large number of advisory services while they are working on disciplinary cases, thus causing additional processing delays.

At the time of the audit fieldwork, 10 requests for management evaluation had been received by the Office, originating from the Structural Review. This workload, combined with resource changes planned for the Administrative Law Practice Group and an expected increase of disciplinary caseload would likely lead to longer delays.

These delays had already been mentioned in the 2013 Annual Report of the Ethics Office as well as in the 2010, 2011, 2012 and 2013 Annual Reports of the UNDP Audit Advisory Committee, all of which had pointed to the financial and/or reputational and integrity risks such delays may cause for the entire organization. Further, in its response to the 2013 Annual Report of the Ethics Office, UNDP management announced in June 2014 the establishment of a working group composed of representatives from the various stakeholders, such as OAI, Ethics, Legal Support Office and Office of Human Resources to consider improvements in processes and ways of working on an ongoing basis. This working group met only once, in June 2014. The working Group reconvened in April 2015.

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<th>Priority</th>
<th>High (Critical)</th>
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**Recommendation 2:**

Reconvene and reactivate the working group to collaborate to reduce the processing time for disciplinary cases with the goal to achieve the six-month target. In this regard, consider a complete business process review of the management of disciplinary cases, as well as a reassessment of the capacity of the Office as recommended under Recommendation no.1.
**Estimated completion date:** 30 September 2015

**Responsible HQ bureau:** Bureau of Management, Legal Support Office

**Management action plan:**

The Bureau of Management will reconvene the working group. Refer also to Management Action Plan under issue 1: ‘The Office and the Bureau of Management will consider the adequacy of resources for disciplinary cases, and other legal work, once the Terms of Reference are approved, in light of the overall resources available to UNDP’.

**Estimated completion date:** 31 May 2015

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**Issue 3**  
Lack of written policy for settlement agreements

A settlement agreement is a document which sets out the terms and conditions agreed by two parties to settle a potential employment tribunal claim or a commercial dispute. In some cases, a claim or dispute may be settled after tribunal or arbitration proceedings have commenced. Once signed, it is legally binding and it is a final resolution of the claim or dispute. Every organization is expected to develop a clear policy on settlements, which is to be used by its legal staff when involved in any type of settlement.

The Office is mainly involved in two types of settlements. The first type relates to the Office being approached by the Office of Human Resources regarding the separation of staff members who may have been charged with misconduct or terminated. In such cases, the agreement would be negotiated with the staff member by the Office of Human Resources, the Bureau of Management, or the Executive Office. The Office should ensure that the terms and conditions of the agreement are reflected in the settlement agreement. The Office has no authority to agree to a settlement – its role is primarily related to the documentation of the process.

The second type of settlement relates to cases of appeals processes, where the interests of UNDP may be best served by a compromise rather than by a Tribunal resolution. This settlement may take place at a very early stage or even midway through Tribunal proceedings. This is when the Office would usually identify that there is a risk for the organization, should the matter be resolved through a formal dispute adjudication.

OAI reviewed 22 settlement agreements between UNDP and different staff members prepared by the Office during 2013 and 2014.

There was no specific policy guidance on when settlements could be made, who had the authority to make a final decision for cases involving alleged misconduct, or what were the acceptable financial terms and other limits for settlements were. The analysis of the available information related to the requests for management evaluations showed a higher proportion of settlements within UNDP (22 percent) than in UNICEF (12 percent), and UNHCR (15 percent).

This lack of policy also applies to commercial settlements, whereby two different staff members from the Office may reach different conclusions on the amount settled. OAI also observed ambiguities in how the Office should be involved in such processes. In two specific cases, UNDP Country Offices signed commercial settlement agreements with vendors (including one NGO), but the process was not cleared by the Office. Thus, there was a risk that other offices would sign commercial settlement agreements without referring to the Office.
A non-harmonized approach to settlements among UNDP and other United Nations agencies might create a perception that the organization is more risk averse, which may then have an impact on the number of appeals and requests for management evaluations.

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<th>Priority</th>
<th>Medium (Important)</th>
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**Recommendation 3:**

Design and submit for approval to UNDP senior management a policy note on settlement agreements, including commercial settlements, that would define:

(a) when and in which cases settlements could be made;
(b) who has the authority to make a final decision; and
(c) a harmonized approach and framework for settlements with other United Nations agencies.

**Responsible HQ bureau:** Bureau of Management

**Management action plan:**

The Office will prepare a policy note on settlements for senior management approval.

**Estimated completion date:** Policy note to be submitted to the Director, Bureau of Management by 31 July 2015.

**Issue 4**  
**Absence of procedure to deal with requests for management evaluations**

According to the ‘Staff Rules and Staff Regulations of the United Nations’, a staff member wishing to formally contest an administrative decision alleging non-compliance with his or her contract of employment or terms of appointment, including all pertinent regulations and rules pursuant to staff regulation 11.1, shall, as a first step, submit to the Secretary-General in writing a request for a management evaluation of the administrative decision.

If the staff member works in a separately administered Fund or Programme, the letter should be addressed to the Executive Head of the Fund or Programme. This has to occur no more than 60 days after the staff member is notified of the contested decision. This initial review, which normally should be concluded within 45 days (30 days for New York Headquarters), will assess whether the contested decision was made in accordance with the rules. The management evaluation process affords the organization an important opportunity to review, and if necessary correct administrative decisions that affect the terms and conditions of the employment of staff members. Significant legal and managerial lessons for the organization may be learned from management evaluations. In addition, this process contributes to fostering a culture of accountability.

The audit results indicated that there was limited communication on requests for management evaluations and no readily available written procedure on how to handle them within UNDP.

The authority to respond to requests for management evaluations was delegated to the Assistant Administrator and Director, Bureau of Management. In responding to such requests, the Assistant Administrator and Director was assisted by the Office, which reviewed the requests from a legal standpoint and prepared a draft reply. This draft was then reviewed by two managers drawn from a Management Evaluation Roster, who provided input on
the reply from a management perspective. Delegating this process to the Assistant Administrator and Director, Bureau of Management may constitute a conflict of interest for management decisions taken (e.g. abolishment of posts or non-renewal of contracts). For example, the Assistant Administrator and Director, Bureau of Management was signing the letters informing staff members about the abolishment of their posts, which may have a negative impact on the request for management evaluation process since the final decision on the request rests with him. A comparative study of 10 United Nations agencies (including the United Nations Secretariat) showed that in six agencies, the ultimate decision was being taken by the Director-General or the Under-Secretary-General for Management, while in UNDP, the ultimate decision rested with the Assistant Administrator and Director of the Bureau of Management.

The audit results further indicated that lessons learned from requests for management evaluation processes were not formally documented. UNDP may be in a position to benefit from significant lessons learned from management evaluations. These not only include legal lessons learned but more importantly lessons for the management of UNDP in how the organization handles risk, in which areas managers make mistakes, the reasons for these mistakes and if and how they learn from them. UNDP will also receive information on areas in which managerial decision-making works well and those areas where management evaluation requests are mostly rejected.

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<td><strong>Recommendation 4:</strong></td>
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<tr>
<td>Strengthen the request for management evaluation process by:</td>
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<td>(a) ensuring better communication regarding the request for management evaluation option to staff members;</td>
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<td>(b) establishing a written procedure on handling staff requests for management evaluation; and</td>
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<td>(c) formally capturing lessons from the requests for management evaluation process and submit them as part of the annual report to the Administrator.</td>
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<td><strong>Responsible HQ bureau:</strong></td>
<td>Legal Support Office</td>
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| Management action plan: | |
| (a), (b) The Office will improve communication on its intranet page in regard to the right of staff members to make requests for management evaluations, as well as the processes within UNDP by which requests for management evaluations are considered. | |
| (c) The Office will prepare an annual report to the Administrator on requests for management evaluations in UNDP. | |
| **Estimated completion date:** | |
| (a) June 2015 | |
| (c) February 2016 | |
**Issue 5**  
**Absence of case and document management system**

Law firms and legal offices use case and document management systems to improve their efficiency and effectiveness in managing cases. Case management software allows firms to track information about a case, such as staffing, settlement offers, opposing counsel contact information, tasks to perform, and court data. Document management software tracks document information. With staff turnover, a significant amount of information may be lost. A document management system allows legal offices to retain documents, notes, emails, and other supporting items.

The Office was using Microsoft Excel to track its cases and to produce statistics regarding its work. While Excel may be a good solution for a small office with a limited number of cases, the amount of cases that the Office deals with per year (over 2,500 in 2013) cannot be dealt with effectively by using an Excel-based tracking tool.

The existing tracking approach relied on the continuity of staff in the Office, as any background information of cases was largely recorded in the files/individual computers of the staff members.

Even though the Office’s Corporate and Institutional Law Practice Group has started to develop practice notes and most staff members have been with the Office for five or more years, there is a risk that the absence of a proper case management system may jeopardize the consistency of legal advice, and may prohibit the efficient tracking of legal advice given.

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<td><strong>Recommendation 5:</strong></td>
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<tr>
<td>Procure or otherwise acquire a case and document management system, with a proper intake and monitoring mechanism.</td>
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<td><strong>Responsible HQ bureau:</strong> Legal Support Office</td>
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<tr>
<td><strong>Management action plan:</strong></td>
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<tr>
<td>The Office will review and acquire appropriate case and document management systems.</td>
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<td><strong>Estimated completion date:</strong> November 2015</td>
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3. **Coordination with other United Nations entities**

**Issue 6**  
**No cost breakdown provided for fees charged to UNDP by Office of Legal Affairs**

The Office of Legal Affairs in the UN Secretariat is the sole authority for the privileges and immunities of all United Nations entities and, on request, provides advice in legal matters and represents UNDP in arbitrations. For the services rendered to UNDP, there was a request for payment of $1.3 million for the biennium 2014-2015 (previous biennium amount for 2012-2013 was $1.45 million).
Despite having processed the request for payments from the Office of Legal Affairs, neither the Office nor UNDP as a whole had an exact cost breakdown regarding the fees charged. Since UNDP issues letters of appointments on behalf of UNOCHA and UNDSS, it is likely that UNDP’s cost allocation from the Office of Legal Affairs includes costs attributable to the other two United Nations agencies. Yet, in the absence of an exact cost breakdown analysis, UNDP cannot charge the agencies for their share of the Office of Legal Affairs services received.

OAI tried to meet with the Office of Legal Affairs during the audit fieldwork but was referred to the UN Controller Office who confirmed the amount charged. OAI requested further details on the breakdown of services for which the Office was being charged, but no response was provided.

In the absence of a detailed breakdown, UNDP will not be able to recover the incurred costs on behalf of other United Nations agencies.

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<td><strong>Recommendation 6:</strong></td>
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<tr>
<td>Require the submission of a detailed breakdown of invoices prior to agreeing to the payment of fees to the Office of Legal Affairs.</td>
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<td><strong>Responsible HQ bureau:</strong></td>
<td>Bureau of Management</td>
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<tr>
<td><strong>Management action plan:</strong></td>
<td>The Bureau of Management will enter into dialogue with the Office of Legal Affairs regarding its fees, with a view to obtaining more itemization of amounts.</td>
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<td><strong>Estimated completion date:</strong></td>
<td>Discussions to begin in April 2015</td>
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**Issue 7**  
**UNDP not part of High Level Committee on Management’s Legal Advisors Network**

The High Level Committee on Management promotes harmonization of business practices across the United Nations system, including general management issues, to ensure management coherence from the global to the country level. The Committee has several networks, *inter alia* on procurement, human resources, legal and others. As part of its role in United Nations coordination, UNDP usually plays an active role in these networks and even hosts the Procurement Network.

OAI noted that the Legal Advisors Network was being managed by the UN Secretariat’s Office of Legal Affairs and excluded agencies such as UNDP, UNICEF, UNOPS and UNHCR. The exclusion of UNDP and the Office from the High Level Committee on Management was not in line with the Terms of Reference of the Director of the Office, who is required to “represent UNDP’s interests...in the High Level Committee of Management Legal Network” and with the Bureau of Management’s draft Terms of Reference dated May 2014, which require the Office to “provide support to United Nations coordination and harmonization through UNDG processes.”

Despite repeated requests by the Office, the rationale for excluding UNDP from the Network has not been clarified or communicated to the Office.
Lack of participation in the High Level Committee of Management’s Legal Advisors Network prevents UNDP from contributing to United Nations coordination in legal affairs.

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<th>Priority</th>
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<td><strong>Recommendation 7:</strong></td>
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<td>Liaise with the responsible partners in the Development Operations Coordination Office as well as the High Level Committee on Management in order to assign UNDP a role in the Legal Advisors Network that is consistent with UNDP’s role in United Nations coordination. At the very least, obtain a reason for the exclusion of UNDP from the Legal Advisors Network.</td>
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<td><strong>Responsible HQ bureau:</strong> Bureau of Management</td>
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**Management action plan:**

The Bureau of Management will informally raise this issue with UNICEF, UNOPS, UNFPA and UNHCR and then table this at the High Level Committee of Management meeting.

**Estimated completion date:** September 2015
Definitions of audit terms - ratings and priorities

A. AUDIT RATINGS

- **Satisfactory**
  Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.

- **Partially Satisfactory**
  Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.

- **Unsatisfactory**
  Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised.

B. PRIORITIES OF AUDIT RECOMMENDATIONS

- **High (Critical)**
  Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP.

- **Medium (Important)**
  Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP.

- **Low**
  Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are **not included in this report.**