

# CHARTER FOR THE OFFICE OF INTERNAL OVERSIGHT

## 1. Purpose and Oversight Standards

1.1 The purpose of this Charter is to provide the general framework, mandate, authority, and responsibilities of the Office of Internal Oversight (OIO).

1.2 This Charter is approved by the Council of the International Civil Aviation Organization (ICAO). It has been prepared in accordance with, and adherence to, mandatory guidance issued by the Institute of Internal Auditors (IIA), which includes the Core Principles for the Professional Practice of internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). It also takes into account the Norms and Standards for Evaluation approved by the United Nations Evaluation Group (UNEG).

## 2. Oversight Definitions

2.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes<sup>1</sup>.

2.2 An evaluation is an assessment, conducted as systematically and impartially as possible, of an activity, project, programme, strategy, policy, topic, theme, sector, operational area or institutional performance. It analyses the level of achievement of both expected and unexpected results by examining the results chain, processes, contextual factors and causality using appropriate criteria such as relevance, effectiveness, efficiency, impact and sustainability. An evaluation should provide credible, useful, evidence-based information that enables the timely incorporation of its findings, recommendations and lessons into the decision-making processes of organizations and stakeholders<sup>2</sup>.

2.3 The ICAO Evaluation Policy has been established with the approval of the Council, and it may be amended by it, as required, under the overarching framework of this Charter.

## 3. Mandate

3.1 The mandate of OIO is to assist the Secretary General in ensuring that ICAO is managed effectively, efficiently and economically and in conformity with the applicable regulations and rules, and to provide him/her with independent and objective assurance, advice, insight and foresight through performing internal audits, evaluations, and other oversight assignments.

3.2 OIO must assess and contribute to the improvement of governance, risk management, and control processes; and to the improvement of programme management and achievement of results, using a systematic and disciplined approach that ensures accountability for the effective and efficient use of organizational resources in accordance with the approved Budget and Business Plan.

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<sup>1</sup> This Definition of Internal Auditing is a mandatory element of the International Professional Practices Framework (IPPF) promulgated by the Institute of Internal Auditors (IIA).

<sup>2</sup> The definition of evaluation is taken from the UNEG Norms and Standards for Evaluation (2016).

#### **4. Objectives of the Office of Internal Oversight**

4.1 OIO's objectives include assessing:

- a) The effectiveness, efficiency, relevance and economy of ICAO's internal procedures, systems and processes as well as the use of resources and means of safeguarding assets;
- b) The effectiveness of the Organization's risk management processes;
- c) Whether the system of internal controls is adequate and operates as intended,
- d) Compliance with the applicable Financial Regulations and Rules, the ICAO Service Code and other Administrative Instructions; and
- e) The relevance, coherence, effectiveness, efficiency, impact and sustainability of strategies, programmes and projects.

#### **5. Authority**

5.1 The Chief, OIO reports administratively to the Secretary General but is not part of operational management. The Chief, OIO enjoys operational independence from management in the conduct of his/her duties. In the exercise of his/her functions, he/she takes advice from the Evaluation and Audit Advisory Committee (EAAC). He/she has the authority to initiate, carry out and report on any action, which he/she considers necessary to fulfil his/her mandate.

#### **6. Independence and Objectivity**

6.1 The Chief, OIO and staff shall be independent of all programmes, operations and activities, to ensure impartiality and credibility of the work undertaken.

6.2 Without prejudice to the other provisions of this Charter, OIO shall be free from managerial interference in determining its annual work plan; in establishing the scope of internal audits, evaluations and other reviews; in the performance of its work; and in reporting the results of its work.

6.3 For the performance of his/her duties, the Chief and OIO staff shall have unrestricted, direct and prompt access to all ICAO records, files, documents, accounts, physical property, assets, officials or personnel, holding any ICAO contractual status, and to all the premises. ICAO staff members, consultants, other personnel and contractors have the duty to cooperate with any duly authorized internal audits/evaluations.

6.4 The Chief, OIO shall have unrestricted access to the President of the Council, the Council, and the EAAC through both formal and informal lines of communication. Chief, OIO shall participate in meetings of the ICAO Council and its Committees, as required.

6.5 The Chief, OIO and staff shall conduct oversight work in a professional, impartial and objective manner and in accordance with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, the UNEG Norms and Standards for Evaluation, and other generally accepted good practices applied by the United Nations system organizations.

6.6 OIO shall have no direct operational responsibility or authority over any of the activities audited/evaluated.

6.7 OIO staff shall exhibit the highest level of professional objectivity in gathering, assessing, and communicating information about the activity or process being examined. OIO shall make a balanced

assessment of all the relevant circumstances and shall not be unduly influenced by others in forming judgements.

6.8 OIO staff shall take appropriate steps to protect the confidentiality of information gathered or received in the course of an internal audit or evaluation, and shall use such information only in so far as it is necessary for the performance of his/her duties.

6.9 The Chief, OIO shall confirm to the ICAO Council, at least annually, the independence of the internal audit/evaluation activities, and whether there has been inappropriate scope or resource limitations.

## **7. Duties and Responsibilities**

7.1 The scope of internal audit, encompasses, but is not limited to, the examination and assessment of the adequacy and effectiveness of the organization's governance, risk management, and internal controls. Types of audits should include, but are not limited to, operational/performance audits, compliance audits, and IT audits.

7.2 OIO is responsible for carrying out independent centralised evaluations. Centralized evaluations will largely focus on strategies, policies, partnerships, outcomes and thematic areas and programmes that will add value to governance and higher-level strategic decision making. All evaluations conducted directly by or contracted out to third-party service providers by other ICAO bureaus or offices are decentralized evaluations. OIO's role in decentralized evaluation includes providing guidelines and tools, assisting with the quality of independent decentralized evaluations, and helping with capacity building and support.

7.3 In addition to its core responsibilities, OIO may be required to provide objective professional advice and guidance to improve the Organization's governance, risk management and internal control processes. In so doing, OIO shall act solely in an advisory capacity and shall not assume a management role or make decisions. OIO shall also be mindful of the need to maintain independence and objectivity for any subsequent audits or evaluations which may be conducted in those areas where advice or assistance is requested.

7.4 In formulating its oversight recommendations, OIO will indicate the priority, benefit(s) of implementation, as well as any risks or impact of non-implementation.

7.5 OIO shall establish and maintain a monitoring system to follow up on and ascertain whether management has taken timely and effective action to implement recommendations made in its reports. Information on the status of recommendations issued by OIO, the External Auditor and the JIU shall be made available on the Council website and kept up to date.

7.6 In addition to its oversight functions, OIO shall also perform other tasks such as acting as a liaison point between ICAO and the Joint Inspection Unit (JIU) of the United Nations.

## **8. Work Planning**

8.1 OIO shall prepare an annual work plan, as well as a triennial work plan to align its oversight assignments with the Organization's Strategic Objectives and priorities. The annual and triennial work plans shall be developed based on a set of criteria including risk assessments, topical and strategic importance, organizational coverage, and potential for learning.

8.2 The annual and triennial work plans shall be prepared in consultation with senior management, the Secretary General, and the Council.

8.3 The work plans shall include the indicative objectives and timing of planned internal audits and evaluations, including any requirement for additional budget and resources.

8.4 The work plans shall be shared with the External Auditor so as to minimise overlaps and duplication of oversight activities.

8.5 The work plans shall be submitted to the EAAC for its review and advice before submission to the Council.

8.6 The work plans shall be presented by the Secretary General and approved by the Council during the last Session of the Council in each calendar year.

8.7 OIO shall conduct the planned internal audits, evaluations and other oversight activities as per the approved annual work plan and inform the EAAC and the Council of any substantive changes as appropriate.

## **9. Reporting**

9.1 The Chief, OIO shall submit an annual report to the Secretary General who shall transmit it to the Council with his/her comments during the first Session of the Council in each calendar year. This annual report shall summarize the activities and results of all work undertaken by OIO during the preceding year, as well as its performance relative to the annual work plan.

9.2 The annual report shall also include the following:

- significant risk exposures and control issues, fraud risks, governance issues, and other matters identified by the results of internal audits and evaluations carried out;
- information on the status of implementation of recommendations made by OIO in its internal audit and evaluation reports; and
- any disagreements with internal audit and evaluation recommendations, with reasons therefor.

9.3 OIO shall make available final internal audit and evaluation reports on the Council website. They shall also be made available on ICAO's public website in accordance with the policy on disclosure of oversight reports.

9.4 OIO shall provide the EAAC and the External Auditor with copies of all internal audit and evaluation reports, as well as updates on the status of implementation of oversight recommendations as and when required.

## **10. Quality Assurance**

10.1 OIO shall maintain a quality assurance and improvement programme that covers all aspects of the internal audit and evaluation activities. The programme shall assess the efficiency and effectiveness of the internal audit and evaluation functions and identify opportunities for improvement.

10.2 OIO shall undergo an external independent quality assessment of the internal audit function, at least every five years, to assess conformance with the IIA's Code of Ethics and the Standards. In the case of

evaluation, OIO shall assess conformance with the UNEG Norms and Standards for Evaluation by taking part in independent/peer assessments every five years.

10.3 The results of external assessments and peer reviews shall be reported to the Secretary General, the EAAC and the Council.

## **11. Resources**

11.1 All OIO staff at the professional level shall be appointed on the basis of appropriate qualifications and experience as described in relevant professional standards. OIO must ensure that the competencies, professional conduct, and skills of its staff are continuously updated, and that its staff are trained and certified in the use of current best methods, processes, and practices in the internal audit and evaluation fields.

11.2 In presenting the Organization's programme and budget proposals to the Council, the Secretary General shall take into account the need to ensure the operational independence and the necessary resource requirements to ensure the effective functioning of OIO. The Council shall recommend approval of OIO's budget and resources to the Assembly through established processes. The Secretary General shall ensure that the resources are available and committed to the implementation of the annual work plan; for training and continuing professional development needs; and for specific assignments, in a timely manner. The Secretary General shall, in consultation with the Chief, OIO, ensure that the oversight function comprises professional staff with sufficient skills, experience and professional knowledge.

## **12. Appointment/Termination of the Chief, OIO**

12.1 The Secretary General shall appoint/terminate the Chief, OIO in accordance with the procedures laid down in the ICAO Service Code in consultation with the Council. In accordance with its Terms of Reference, the EAAC shall consider and advise the Council on the appointment and termination of the Chief, OIO.

12.2 The Secretary General shall assess the annual performance of the Chief, OIO in accordance with the standard procedures for all Senior Management Group (SMG) members. The EAAC may provide input on the performance of the Chief, OIO.

## **13. Professional Networks**

13.1 OIO shall participate in meetings and working groups of Representatives of Internal Audit Services of the United Nations Organizations (UN-RIAS) and Multilateral Financial Institutions (Plenary RIAs); the United Nations Evaluation Group (UNEG); and any other similar entities that could be established in future.

## **14. Revision**

14.1 This Charter, approved by the ICAO Council at its 221st Session in 2020, will be periodically reviewed and updated, as required. Each revision of the Charter shall be made after consultation with the Secretary General and the EAAC, and takes effect after approval by the Council.