

JOINT PRESENTATION TO THE EXECUTIVE BOARD ON OVERSIGHT MATTERS

August 26, 2022



Hallmarks of Independence

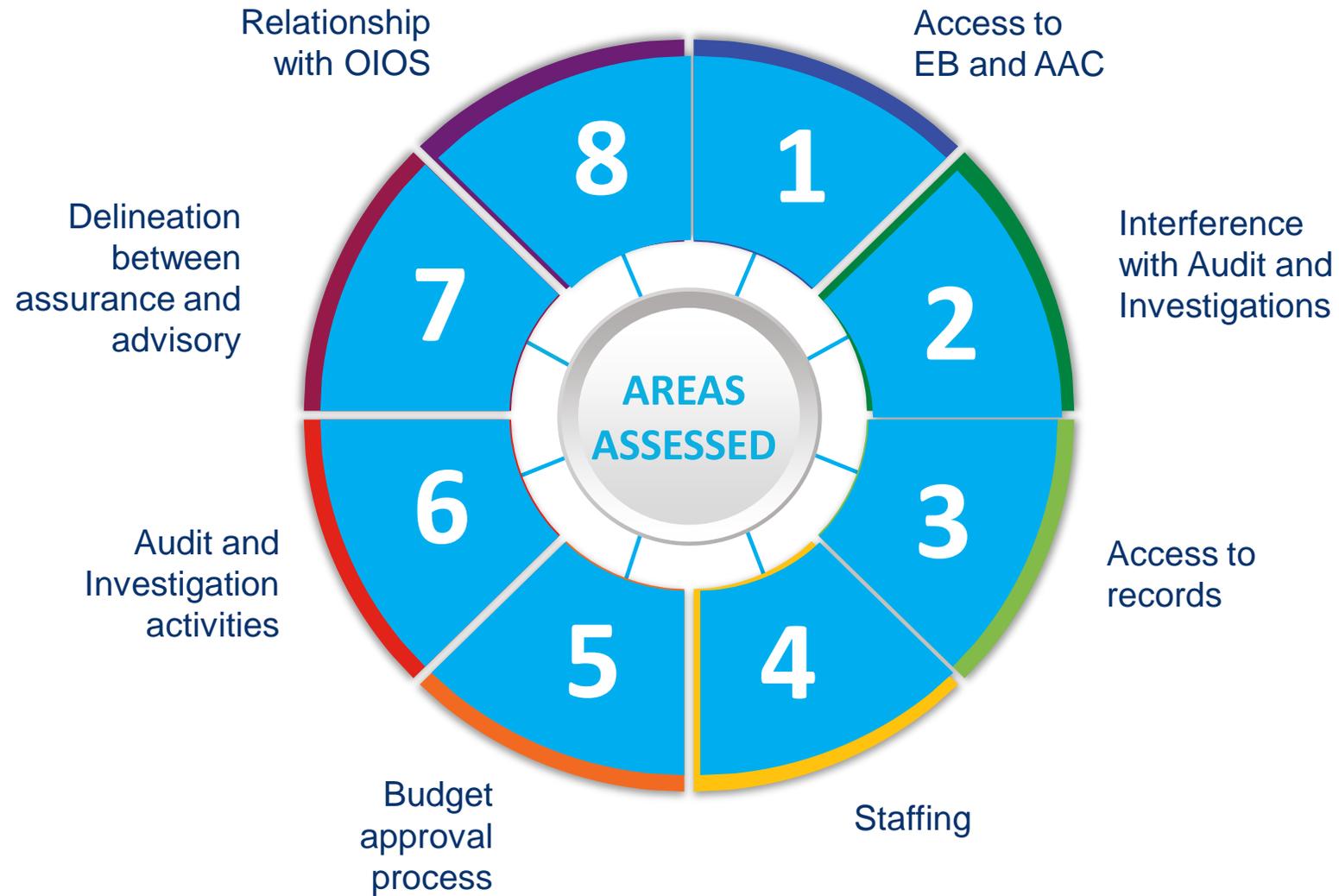
- Mandate
- Access to Information
- Reporting
- Scope of Work
- Quality Control
- Staffing
- Tenure
- Resources and Budget

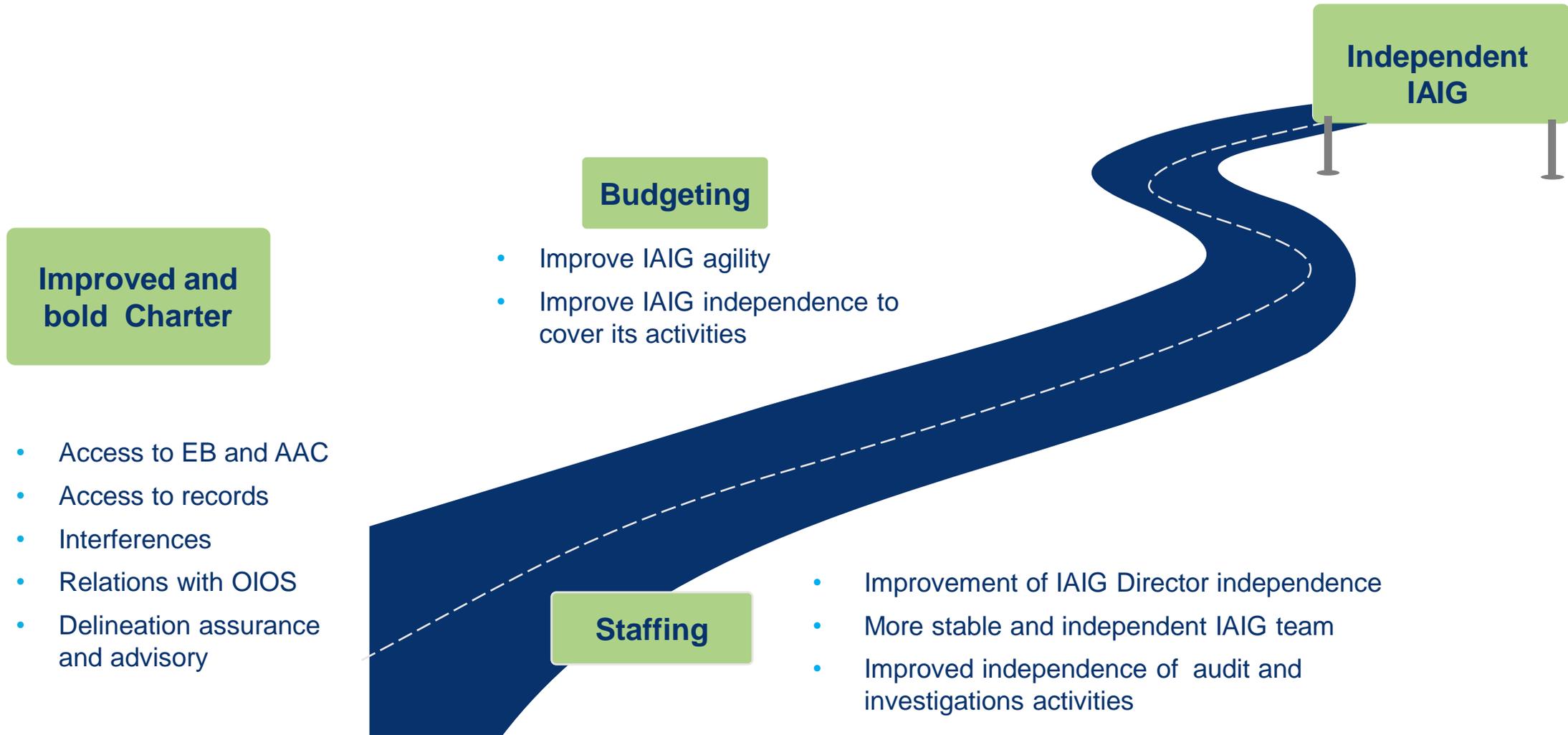
Opportunities

- Informal and formal interactions with the Executive Board
- Develop a deeper understanding of the work of the independent oversight offices
- Review funding sources for oversight activities
- Strive for consistency in donors' requests for information on assurance



UNOPS





Improvements

1

Regular and free interactions with the EB since June 2022.

2

Free access to the Audit and Advisory Committee since June 2022

3

No interference and full support of the Executive Director A.I.

4

Staff and budget requests approved by the ED.

5

Revised charter and other recommendations Approved by ED.

unicef 

for every child

Hallmarks of Independence

Mandate

- Updated Charter adopted in 2021
- It codifies the principles and arrangements for maintaining functional and operational independence

Access to Information

- OIAI has unrestricted access to information within UNICEF to exercise its duties and mandate.

Reporting

- OIAI Director Reports to the Executive Director
- OIAI reports annually to the Executive Board through its annual report
- OIAI welcomes more opportunities to interact with the Executive Board

Scope of Work

- OIAI independently determines what to audit and what to investigate
- Management can review OIAI decision not to investigate
- OIAI independently determines content of audit and investigative reports and related findings

Hallmarks of Independence

Quality Control

- OIAI has recently had favorable external reviews of both its audit and investigations functions
- The Audit Advisory Committee provides an annual opinion on the independence and work of OIAI

Staffing

- OIAI independently selects and hires staff as needs arise and resources permit
- To date, staff are not subject to rotation or similar limits on time in post, but this is under review

Tenure

- Director has a fixed term five year appointment, renewable once.
- Selection is by the Executive Director

Resources and Budget

- OIAI has independent discretion over utilization of the funds it is allocated
- Management controls budget allocation for OIAI, as it does for all UNICEF functions
- Growth of UNICEF programmes and OIAI workload has increased more rapidly than growth in OIAI resources
- While staffing numbers have increased, non-post budget resources are the same in 2022 as in 2018



OAI's reporting to the Executive Board

1

The OAI Charter codifies that OAI conducts audits and investigations independently from any interference from UNDP senior management or any outside party.

2

OAI is free in determining the priority level of its audits and investigations, the rating of its audits, its overall opinion of UNDP's systems for governance, risk management and controls, the scope of its audits and investigations, how to perform its field work and how to communicate results. OAI has also unrestricted access to all info in UNDP.

3

OAI can also freely determine how to utilize available funds, but lack of resources for investigation is a challenge.

4

OAI conforms to IIA's International Professional Practices Framework and its Code of Ethics and international standards for administrative investigations.

5

OAI undertakes an independent external quality assessment review every five years for both its audit and investigations activities. The reviews have confirmed OAI's independence and its high-quality work.

6

Conclusion: OAI can freely determine its reporting to the Executive Board.

OAI's reporting to the EB (continued)

Use of resources

- As previously stated, OAI can freely determine how to use its resources, but resourcing in investigations is a challenge. As reflected in numerous studies since 2019, including the Joint Inspection 'Report on the review of the state of the investigation function' investigations resources have not kept pace with the workload. OAI investigators continue to hold, on average, 15 cases each, which is inconsistent with and well above recommended industry standards of five cases per investigator.
- Reducing the caseload to 10 cases per investigator would require an additional 10 investigator positions and 2 IT forensics support personnel which would amount to additional \$2.75 million per year (using 2022 pro forma cost).

Pathways to further strengthen the independence of OAI

Access to Executive Board

OAI welcomes more frequent ad hoc meetings, as requested by the Executive Board.

Going forward, OAI will consider sharing final audit reports with the Executive Board when they are issued to the UNDP Administrator, UNDP senior management and relevant UN Missions. This will help the Executive Board obtain first-hand and timely information.

Access to Information

OAI has free access to the organization's records, personnel and premises. Yet, there are still areas of improvement to consider. For example, OAI does not attend the meetings of the UNDP Executive Group or the UNDP Risk Committee. OAI has requested access to UNDP's Risk Committee, but the request has been rejected.

OAI recommends that it attend the meetings of the UNDP Executive Group and the UNDP Risk Committee as an observer and that it receive the minutes of these meetings. This will better support OAI in carrying out its independent mandate.



GENERATION EQUALITY

Conclusions on the Executive Board Decision Questions

How and when to report to and brief the Executive Board:

IAS has full, free and unrestricted access to the Chairperson of the Executive Board. IAS submits an annual report of audit and investigation activities and makes periodic reports to the Advisory Committee on Oversight. IAS freely reports at each of the informal and formal sessions of the Executive Board, without senior management interference.

The scope of audits and investigations:

- The Director, IEAS is responsible for preparing a long-term audit strategy and risk-based internal audit workplan at least annually for the review and approval of the Executive Director, upon consultation with the Advisory Committee on Oversight and Executive Board.
- IAS determines the scope of audits and advisory engagements **independent from senior management** after the engagement objectives have been established and sets the boundaries of the engagements and scope exclusions.
- Investigations are outsourced to UN-OIOS; therefore, as an external entity it enjoys **full independence during its investigations.**

What and who to audit or investigate:

The audit strategy and workplans are independently prepared by IAS based on its own risk assessment and IAS has full freedom to determine what and who to audit.

IAS has full, free and unrestricted access to the personnel, premises, records, documents, electronic data and any other information relating to vendors, implementing partners and/or other third parties.

Investigations are outsourced to UN-OIOS; therefore, as an external entity it enjoys full independence during its investigations.

Conclusions on the Executive Board Decision Questions

What assessments to make:

IAS uses its independent risk assessment of all functions, processes, headquarters units and field offices to select topics for assurance or advisory engagements.

Identification of new and emerging risks comes from the Director, IEAS, Chief IAS and IAS personnel, discussions with the Advisory Committee on Oversight and management, review of client risk registers and other relevant documents.

Investigations are outsourced to UN-OIOS; therefore, as an external entity it enjoys full independence during its investigations.

How to utilize available funds:

The audit strategy and workplans are independently prepared by IAS based on its own risk assessment and IAS has full freedom to determine what and who to audit.

IAS relationship with UN-OIOS:

the Director, IEAS, with the support of two IAS staff, continued to carry out the role of Responsible Official for receiving and transmitting investigation information and reports; coordinating and monitoring implementation of other reports; and for directing referrals, recommendations and requests for information, data and cost-recovery from UN-OIOS.

Suggestions and Pathways to Further Strengthen IAS Independence

IAS-related provisions in the Financial Rules and Regulations

IAS to draft and present to the Executive Board, the IAS-related provisions in the Financial Rules and Regulations for Executive Board review and approval.

Boosting IEAS' investigation support role

UN-Women to provide a sustainable solution to boosting IEAS' investigation support role, so that IEAS can conduct inspections, proactive integrity assessments in high-risk areas and lessons learned from investigations, anti-fraud prevention initiatives, etc.

Reinforcement of culture of accountability

The Executive Board, in contributing to a culture of accountability, may be able to better appreciate and use the results reported by IAS (in individual audit reports, and in the Annual Report on Internal Audit and Investigation) to guide UN-Women in the effective and efficient implementation of its mandate. While this would not directly enhance the independence of IAS, it would help reinforce a view of IAS' effectiveness, which in turn could help to ensure that sufficient resources continue to be provided for IAS to continue its service effectively.



Assessment of the Independence of the Office of Audit and Investigation Services

Objectives of the Assessment

Focus on reporting to the Board; scope of work; what, who to audit or investigate; assessments made: use of available funds; relationship with OIOS.

Suggestions and pathways to strengthen independence and budget estimates needed to execute full mandate.

Basis of the Assessment

Governing conventions of UNFPA – Financial regulations and rules; Oversight Policy, OAIS Charter, and other policies and procedures.

Audit – IIA International Standards for the Professional Practice of Internal Audit.

Investigation – CII principles and guidelines.

Results of the Assessment of Independence

- Elements of Independence as set out in the OAIS charter are in alignment with the IIA standards and CII principles and guidelines (Annex to the report)
- Staffing – OAIS is undergoing restructuring using the available posts and new posts approved for 2022 and reorganizing responsibilities and reporting lines
- Budget – Since OAIS has had unused budgets during the past years, a reassessment will be conducted based on lessons learnt from the external quality assessment of audit and investigation, from the implementation of the new initiatives, particularly the restructuring.

Focus Areas identified by the Executive Board and Recommended Pathways for Improvement

	Focus Areas of Assessment Requested By The Board	Recommended Pathways for Improvement
1	How and when to report to the Board – the facility to report exists but may not have been availed sufficiently.	↳ OAIS stands ready to provide briefings for the Board and to initiate requests to brief the Board, when needed.
2	Scope of audits and investigation – OAIS has not had experienced any interference from management and other parties; affirmed in the annual reports.	↳ Management and OAIS – to complete the updating the OAIS Charter with specific provisions which impact OAIS' independence.
3	What and who to investigate – All aspects of UNFPA operations except functions and services outsourced by UNFPA.	↳ Management to revisit its reliance on the management and fiduciary activities undertaken by these organizations ↳ OAIS to review and secure the user access requirements in systems of its staff.
4	What assessments to make – Audit: opinion on the GRC; audit rating; public disclosure of audit reports; Investigation: assessment on pursuing, closing and prioritization of cases. OAIS staff: annual disclosure statement and dealing with potential conflict of interest, if any.	↳ OAIS to: - Improve documentation of declaration of disclosure statement and conflict of interest. - Sustain individual and organizational objectivity in the delivery of audit, investigation and advisory services. - Initiate external review of its investigation function.
5	How to utilize available funds – OAIS has been provided with resources and has flexibility to manage and use these resources; but procurement of services and recruitment of staff are subject to the same policies and procedures.	↳ Management to articulate a greater level of flexibility in budget management appropriate to the independence of OAIS ↳ Review and provide OAIS Director appropriate delegation of authority in procurement and recruitment of staff.
6	Relationship with OIOS – there are several informal channels of collaboration, referrals, consultations between OIOS and OAIS.	↳ OAIS to formalize collaboration with OIOS.