



7 August 2023

Information Note

Status of implementation of recommendations included in the self-assessment of the independence of the UNFPA Office of Audit and Investigation Services (OAIS)

This information note was prepared in response to [Executive Board decision 2023/7](#), paragraph 10, recalling Executive Board decision 2022/22 on the self-assessment of the independence of UNDP Office of Audit and Investigation (OAI), the UNFPA Office of Audit and Investigation Services (OAIS) and the UNOPS Internal Audit and Investigations Group (IAIG), which requested UNDP, UNFPA and UNOPS to update the Executive Board in writing, at the second regular session 2023, on the status of implementation of the recommendations included in the self-assessment of the independence of the audit and investigation offices, and to provide explanations for any recommendations that have not been fully implemented or agreed to by management.

I. Overview

1. The self-[assessment](#) of the independence of the UNFPA OAIS that was conducted by the Director, *ad interim* had five and six recommendations addressed to UNFPA management and UNFPA OAIS, respectively. This information note was prepared jointly by UNFPA management and OAIS because some of the suggestions and pathways indicated in the report requires actions by both to fully implement such recommendations. Much of this information was also presented to the Executive Board by OAIS in its closed briefing on 26 July 2023.

II. Status of implementation of recommendations addressed to UNFPA management

2. All five recommendations addressed to the UNFPA management were accepted. Four of the recommendations are fully implemented; the remaining one is partially implemented.

3. The table below presents the details of the status of the implementation of the recommendations addressed to UNFPA management, as of 31 July 2023.



No.	Recommendation	Status of implementation, as of 31 July 2023
(a)	Stipulate in the OAIS charter a recourse for OAIS to implement critical audit and investigation activities pending the Executive Director's approval of the workplans, or should the workplans be disapproved, deferred/ rescheduled or delayed by the Executive Director.	<p>Implementation of critical audit and investigation activities – Implemented</p> <p>A provision to this effect is now included in the revised OAIS Charter¹, which was recently approved by the Executive Director.</p>
(b)	Revisit its reliance on management and fiduciary oversight activities undertaken by organizations relating to the functions or services outsourced by UNFPA.	<p>Management oversight on outsourced services to third parties – Implemented</p> <p>UNFPA centralized and outsourced supplier profile management activities to a third-party services provider in 2009, to enhance the quality and effectiveness of the process. The centralized supplier management process includes the receipt of supplier management requests from UNFPA users through the workflow, review of submissions for compliance with requirements, and approval or rejection of the requests, as applicable.</p> <p>The current service provider is a large business process outsourcing company with broad experience and good performance. The company is certified and assessed by independent auditors on the controls, their design and operative effectiveness. A copy of the SOC1 Type-2 assessment report is provided to UNFPA on an annual basis and is made available to the Board of Auditors.</p> <p>As part of performance monitoring activities, the service provider submits to UNFPA a status report on processed requests on a weekly basis (due to Quantum, currently the vendor shares a daily update on the number of requests received and processed; and a monthly detailed status report). In addition, the service provider has monthly governance calls with UNFPA.</p> <p>UNFPA has achieved the following benefits by outsourcing supplier profiles management activities:</p> <ul style="list-style-type: none"> (a) Addressed the issue of segregation of duties in UNFPA's smaller offices; (b) Improved the quality of supplier data and reduction in payment-related issues; (c) Enhanced controls over the review of the supplier database, checked against United Nations ineligible supplier lists; this takes place at the time of supplier profile creation, modification, and reactivation as well as in periodic reviews during the year; (d) Centralized and more efficient verification process (e.g., duplicate entries). <p>Services outsourced to United Nations organizations – Implemented</p> <p>A. Management update</p> <p>UNFPA outsources various services to other United Nations organizations, principally UNDP, e.g., Treasury. Under UNFPA Financial Regulation 16.4, Rule 116.3 (a) "<i>The Director, Division of Finance, UNDP, shall certify that, to the best of his/her knowledge, information and belief, all material transactions for which UNDP is responsible have been properly charged in the accounting records.</i>" This certification, which is received annually and submitted to the Board of Auditors with the draft Financial Statements, further certifies:</p>

¹ The revised OAIS Charter is posted online on the UNFPA website accompanying this information note, in order to share it for information with the Executive Board.

		<p><i>“The financial services are managed per the service-level/management agreement currently in force between UNDP and UNFPA. All material transactions undertaken by UNDP on behalf of UNFPA have been properly recorded in the appropriate accounting records; UNDP accounting policies, procedures and the related system of internal control are designed and implemented to ensure that UNFPA assets that are under UNDP management are appropriately managed and safeguarded; UNDP policies and procedures are implemented with appropriate segregation of duties, including management supervision and oversight; and UNDP financial reporting and control systems are subject to review by UNDP internal audit services, to ensure that internal controls are suitably designed, implemented and are operating as intended.”</i></p> <p>The United Nations system is currently in the process of reforming back office operations with the intent for organizations to outsource much of their location-dependent operations to common back offices run in the country by a single United Nations provider or to a Global Service Centre for non-location-dependent operations. A small number of pilots are intended to start in 2023. Several of the “enablers” signed up to allow for this reform, such as the principle of mutual recognition and governance, require the service-receiving entity to rely on the processes and procedures of the service provider without further review or audit thereof. The model for future governance and established supplier and customer responsibilities will no doubt mature further as the roll-out of this reform progresses.</p> <p>Consequently, UNFPA management is of the opinion that it can rely on the monitoring and management processes in place at this time.</p> <p>B. OAIS update</p> <p>The UNDP Office of Audit and Investigation (OAI) includes in its audit coverage these outsourced services and OAIS relies on this process in rendering its opinion on the governance, risks and internal controls of UNFPA. In 2022, OAIS received confirmation from OAI that most of these outsourced functions have been covered by its audits in recent years, ranging from 2017 to 2022.</p>
(c)	<p>Stipulate in the OAIS charter for the ultimate disposition of allegations against OAIS personnel following the Executive Director’s consultation with OAC and for the handling of allegations against senior officials or close counterparts of OAIS.</p>	<p>Handling of allegations against OAIS personnel – Implemented</p> <p>Specific provisions for the handling and disposition of allegations or complaints against the OAIS Director and OAIS personnel are now included in the revised OAIS Charter recently approved by the Executive Director.</p>
(d)	<p>Articulate the level of flexibility in budget management appropriate to the independence of OAIS in UNFPA resource management.</p>	<p>Management of OAIS budget – Implemented</p> <p>Management revised the Resource Management Policy on 2 November 2022 to explicitly define the responsibility and independence of OAIS in managing and utilizing its budget.</p>
(e)	<p>Review and provide the OAIS Director with the appropriate delegated authority in its acquisition of goods and services, including its recruitment of staff and consultants and in the procurement of services of</p>	<p>Delegation of authority to hire consultants and staff and procurement of other goods and services – Partially implemented</p> <p>A. Hiring of OAIS consultants</p> <p>The Director of OAIS has been exercising the already provisioned-for delegated authority to hire individual consultants, specialists, and professional services firms, in accordance with relevant guidelines.</p>



	<p>professional consulting firms, equipment, and information technology packages needed for audit and investigation.</p>	<p>B. Hiring of OAS staff UNFPA management will further review the OAS Director’s delegated authority in human resources (hiring of OAS staff).</p> <p>C. Procurement The Supply Chain Management Unit shall be led by common practice in the United Nations system where benchmarking showed that the procurement needs of offices of audit and investigation are handled by the organizations’ respective division/office of procurement.</p>
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III. Status of the implementation of recommendations addressed to OAS

4. All six recommendations addressed to the UNFPA OAS were accepted. Five of the recommendations are fully implemented; the one remaining recommendation is under implementation, with an expected completion before 31 December 2023.

5. The table below presents the details of the status of the implementation of the recommendations addressed to OAS, as of 31 July 2023.

No.	Recommendation	Status of the implementation as of 31 July 2023
(a)	<p>Review and secure user access requirements in systems of OAS staff to avoid delaying or compromising confidentiality in the conduct of audit and investigation activities.</p>	<p>OAS access to UNFPA human resource systems – Implemented Based on the advice of the UNFPA Legal Unit and with the agreement of the Director of the UNFPA Division for Human Resources, access was approved by the UNFPA Executive Director in April 2023.</p>
(b)	<p>Complete revisions to the OAS Charter reflecting decisions by the Executive Board following the second regular session 2022.</p>	<p>Revision of OAS Charter – Implemented The Executive Board decisions following the second regular session 2022 are now included in the revised OAS Charter recently approved by the Executive Director.</p>
(c)	<p>Improve documentation of declarations of conflict of interest in every audit engagement and investigated case.</p>	<p>Declaration of interest by OAS staff – Implemented Fully implemented through OAS Directive No. 2023-002, issued by the OAS Director a.i. in June 2023. Most OAS staff and consultants have submitted their respective declaration forms for 2023. Compliance with the OAS directive is required every year.</p>
(d)	<p>Initiate an external review of the OAS investigation function.</p>	<p>External review of the investigation function – Under implementation Potential peer reviewers have been identified and a competitive procurement process is underway.</p>
(e)	<p>Promote and formalize OAS collaboration with the Office of Internal Oversight Services (OIOS).</p>	<p>Collaboration with OIOS – Implemented Initial contact with OIOS was made in late 2022 to discuss the preparation of a framework for the collaboration. OIOS believes that this is not necessary, as it is already an accepted practice to refer cases that fall within the mandates of the relevant office. The referral on every case is fully documented by both parties, including the sharing of relevant information.</p>



		This arrangement is now expressly provided in the revised OAIIS Charter recently approved by the Executive Director.
(f)	Ensure that OAIIS organizational and individual objectivity are sustained and not impaired in the delivery of its audit, investigation and advisory services through a good quality assurance and improvement programme.	<p>OAIIS quality assurance and improvement programme – Implemented</p> <p>In November 2022, OAIIS established a Unit headed by a P5 staff member in the Office of the Director that is fully dedicated to instituting and managing the quality assurance and improvement programme for the internal audit function as well as responsible for the development of policies and preparation of reports required from OAIIS. Additionally, the Executive Director on 4 April 2023 approved a temporary P5 post to head the Intake, Policy and Reporting Unit for the Investigation Section; the post will also be responsible for quality assurance and improvement programme matters related to the investigation function.</p>

IV. Conclusion

6. As outlined in the table above, significant progress has been made both by OAIIS and UNFPA management in implementing the recommendations arising from the OAIIS self-assessment of its independence.
