

## **Assessment of the independence of the UNFPA Office of Audit and Investigation Services**

### **I. Overview**

1. This report was prepared in response to [Executive Board decision 2022/15](#), paragraph 5, requesting the “*Directors of the [UNDP] Office of Audit and Investigation (OAI), the [UNFPA] Office of Audit and Investigation Services (OAIS), and the [UNOPS] Internal Audit and Investigation Group (IAIG) to provide at the second regular session 2022 their comprehensive assessments on the independence of each office, containing reflections on (but not limited to) the degree to which each respective office can determine freely: (a) how and when to report to and brief the Executive Board; (b) the scope of audits and investigations; (c) what and who to audit or investigate; (d) what assessments to make; (e) how to utilize available funds; and (f) its relationship with the United Nations Office of Internal Oversight Services (OIOS); and requests them to also provide suggestions and pathways on how to further strengthen the independence of each respective office as well as their budget estimates required for the execution of the full mandate*”. It sets out the results of the assessment of the independence of the UNFPA OAIS that was conducted by the Director, ad interim.

2. The OAIS mandate is based on article XVII of the [UNFPA financial regulations and rules](#), the [UNFPA oversight policy](#) and the [OAIS charter](#). OAIS solely performs, manages or authorizes others to carry out the following oversight functions: (a) provide independent, objective assurance and advisory activities in conformity with the International Standards for the Professional Practice of Internal Auditing, recommend improvements in governance, risk management and control processes, and report results of internal audit services; (b) assess and investigate allegations of wrongdoing, including fraud and corruption, committed by UNFPA personnel or by others, to the detriment of UNFPA, and allegations of harassment, sexual harassment, abuse of authority and sexual exploitation; and (c) provide advisory services to the extent that OAIS independence and objectivity are not comprised.

3. The OAIS charter defines OAIS accountability to the Executive Director in the following terms: the Director of OAIS shall independently prepare and submit to the Executive Board, after review by the Oversight Advisory Committee, an annual report for each completed calendar year on its activities, resources, disclosure of internal audit reports, significant audit and investigation findings, good practices and systemic improvement needs identified, actions taken by management to implement internal audit and investigation recommendations, any response to risks that may be deemed unacceptable, an opinion, with its rationale, on the adequacy and effectiveness of the UNFPA framework of governance, risk management and controls, and such other matters as may be requested by the Executive Board.<sup>1</sup>

4. In the annual report, the Director of OAIS shall confirm, or else, to the Executive Board the independence of the internal audit and investigation functions at UNFPA.<sup>2</sup>

### **II. Elements of the independence of OAIS as set out in its charter**

5. The current OAIS charter<sup>3</sup> sets out the elements of its independence<sup>4</sup> as follows:

---

<sup>1</sup> OAIS charter, 24 January 2018, paragraphs 65

<sup>2</sup> OAIS charter, 24 January 2018, paragraphs 66

<sup>3</sup> OAIS charter, D. Other services, independence, paragraphs 47-55.

<sup>4</sup> See paragraphs 17.1 and 17.2 for the definition of independence and objectivity.

- 5.1 OAIS shall be free to determine the scope of its interventions and the methodologies used to conduct its work as it deems necessary, as well as to communicate results, in line with Executive Board decisions on the matter.
- 5.2 The Director of OAIS is appointed by the Executive Director, for a fixed term of five years, renewable once, ensuring the avoidance of conflict of interest. He/she is barred from re-entry into UNFPA thereafter. The Oversight Advisory Committee is involved in the selection, intended removal and performance appraisal of the Director of OAIS. The Director of OAIS reports directly to the Executive Director.
- 5.3 The Director of OAIS has free and unrestricted access to the Executive Board, the Oversight Advisory Committee, the United Nations Board of Auditors, the Joint Inspection Unit and any other entity having any oversight or governing function in relation to UNFPA.
- 5.4 The Director of OAIS and OAIS personnel must refrain from assessing operations for which they were previously responsible. They shall have no direct operational responsibility or authority over any of the activities that they review. They shall not develop nor install systems or procedures, prepare records or engage in any other activity which OAIS would normally audit or investigate.
- 5.5 The Director of OAIS and OAIS personnel must avoid being placed in situations which might create any conflict of interest that may impair their judgment on internal audit and investigation matters. OAIS personnel are required to declare to the Director of OAIS any potential and actual conflicts of interest or impediment to their independence in relation to any assigned activity, and accordingly recuse themselves from such participation.
- 5.6 The Director of OAIS shall bring to the attention of the Oversight Advisory Committee any impairment to independence, objectivity and professionalism.
- 5.7 Allegations of misconduct against the Executive Director of UNFPA cannot be reviewed or investigated by OAIS and shall be reported by the Director of OAIS to the Under-Secretary-General of the United Nations Office of Internal Oversight Services. OAIS shall extend any support necessary to the United Nations Office of Internal Oversight Services in dealing with such allegations.
- 5.8 Allegations of misconduct against OAIS personnel shall be reported to the Executive Director who shall seek advice from the Oversight Advisory Committee. Such allegations cannot be reviewed or investigated by OAIS.
- 5.9 OAIS staff members have an obligation to annually file an accurate financial disclosure statement as set forth in the UNFPA policy on financial disclosure and declaration of interest.

### **III. Organization, staffing and budget of OAIS**

6. To fulfill its mandate, OAIS is led by the Director and supported by the internal audit and the investigation branches. The Director reports to and is appointed by the Executive Director for a fixed term of five years, renewable once, ensuring the avoidance of conflict of interest.

7. As stipulated in UNFPA regulations and rules, the mission, authority and responsibility of OAIS are further defined in the OAIS charter approved by the UNFPA Executive Director on 26 January 2018 and noted by the Executive Board on 8 June 2018. To ensure it is in line with and better conforms to professional standards and best practice, the OAIS charter is currently undergoing a revision. The revision will include recent changes made on the role of the Director of OAIS as the Secretary of the

Oversight Advisory Committee and as focal point for the Joint Inspection Unit and it will incorporate opportunities for improvement identified in the external quality assessment described in paragraph 13.

8. For the quadrennium 2022-2025, the Executive Board approved a total of 31 posts<sup>5</sup> for OAIS, distributed among the three sections: the Directorate (five posts), the Internal Audit Branch (13 posts) and the Investigations Branch (13 posts). This included even further investments in OAIS, including for additional investigation capacity and in the Directorate. At the beginning of the year, there were nine vacancies<sup>6</sup>, two of which had already been filled; the other seven are in various stages of recruitment.

9. The Executive Director approved the restructuring of OAIS on 24 May 2022 using new and vacant posts, which had not been filled for an extended period, to establish four new units to disperse responsibilities of the current two chiefs of the Internal Audit branch and the chief of the Investigation branch for a more efficient and effective delivery of audit and investigation services. The four units are the Quality Assurance, Policy and Reporting (QAPR) Unit in the Office of the Director, a third unit in the Internal Audit Branch (IAB), and two additional units in the Investigation Branch.

10. The new structure consists of the Directorate comprising the posts of the Director, the Personal Assistant to Director, the Chief of the QAPR Unit, and the Data Management Specialist. The IAB now has three units, two chiefs each responsible for three distinct regions, and another chief responsible for headquarters and process audits. The three chiefs share a pool of nine audit specialists and an audit associate. The Investigations Branch now has two units, each headed by a chief responsible for a group of offices at the headquarters and the regions. The two chiefs share a pool of six investigations specialists and oversee the new Intake, Policy and Reporting (IPR) Unit headed by an investigation specialist, with three investigations analysts. The Investigations Branch is supported by an investigations associate. The staffing situation is complemented by individual consultants (audit, investigation, or other specialists) or by specialist firms based on need. OAIS operates from UNFPA headquarters in New York, and from time to time audit and investigation missions are deployed to places where audit engagement and investigations are conducted in person. The approved OAIS budget for the quadrennium 2022–2025 is \$39.9 million, with \$9.8 million allotted for 2022. The restructuring of OAIS was implemented on a budget-neutral approach for 2022.

11. OAIS submits to the Oversight Advisory Committee (OAC) for review and advice its strategy and workplans, implementation, staffing and budget situations, and periodic progress reports on results of services rendered. OAC constitutes a fiduciary oversight body of UNFPA and advises the Executive Director in fulfilling her responsibilities in terms of accountability, risk management, internal controls, financial management and reporting, and the fiduciary oversight process, including external audit matters, internal audit, investigation and evaluation functions and ethics.

12. OAIS is periodically assessed by the United Nations Board of Auditors (UNBOA) and reviewed by the Joint Inspection Unit (JIU) as part of its assessments of business processes or specific management review of United Nations organizations. UNBOA was established by the United Nations General Assembly to provide external audits to the United Nations and its funds and programmes. JIU is the only independent external oversight body of the United Nations system mandated to conduct

---

<sup>5</sup> With OAIS restructuring in May 2022, the total number of OAIS posts reached 30 since the posts of internal auditor (P3) and another administrative assistant (G6) were combined to establish the new P5 post of Chief of the Quality Assurance, Policy and Reporting in the Office of the Directorate.

<sup>6</sup> The nine vacancies consist of the three new posts (P4, P3 and P2) in the Investigation Branch approved for 2022, the three newly reclassified P5 posts in the Office of the Directorate and the internal audit and investigation branches, and three P4 posts vacated as a result of the promotion of one staff member and resignation of two staff members at the end of 2021.

evaluations, inspections and investigations system-wide. It looks at crosscutting issues and acts as an agent of change across the United Nations system.

13. Moreover, the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors ([IIA standards](#)) provides that an external quality assessment of an internal audit function must be conducted at least once every five years by a qualified, independent assessor or an assessment team from outside the organization. In compliance with this IIA standard, an external quality assessment of OAIS was conducted by the Institute of Internal Auditors in December 2021. OAIS was assessed with the top rating — “generally conforms with the Standards and the IIA Code of Ethics”. The report of the IIA provided three recommendations and identified opportunities for improvement which OAIS accepted and initiated implementation thereof.<sup>7</sup>

14. In addition, OAIS is a member of and participates in the annual meetings of the Conference of International Investigators (CII) where it is represented by the Director and the Investigation Branch. CII was established to “assist investigators and their offices in the professional conduct of their work and to support their important role in developing, maintaining and improving the integrity of their organisations”. Accordingly, OAIS adopts the investigative practices promulgated by CII, including the prescribed external review of its investigative function. At present, OAIS has not undergone any external review, which is planned for 2023 following the CII-endorsed [general principles for reviews of CII investigation offices conducted by external experts](#)

#### **IV. Assessment of OAIS independence**

15. This section presents the results of the assessment of OAIS independence following the focus areas specified by the Executive Board in its decision 2022/15:

- 15.1 How and when to report to and brief the Executive Board;
- 15.2 Scope of audits and investigations;
- 15.3 What and who to audit or investigate;
- 15.4 What assessments to make;
- 15.5 How to utilize available funds; and
- 15.6 OAIS relationship with the Office of Internal Oversight Services (OIOS).

16. The assessment of OAIS independence was conducted by reflecting on current OAIS working arrangements and conformance with governing conventions, such as: (a) UNFPA [financial regulations and rules](#), [oversight policy](#), [OAIS charter](#), and other policies and procedures; (b) the applicable professional standards for auditing and investigations, i.e., IIA standards and its implementation guidance, and the Uniform Principles and Guidelines for Investigations prescribed by the Conference of International Investigators ([CII principles and guidelines](#)); and (c) other prevailing best practices in both professions.

17. In conducting the assessment, the following interpretations of independence and objectivity provided by the Institute of Internal Auditors were applied<sup>8</sup>

---

<sup>7</sup> External Audit Quality Assessment, presented to UNFPA, December 2021, Institute of Internal Auditors, IIA Quality Services LLC..

<sup>8</sup> <https://www.theiia.org/en/standards/what-are-the-standards/mandatory-guidance/standards/attribute-standards>. Although set out for internal audit, these definitions also apply to the investigation function (see annex)

17.1 Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the chief audit executive has direct and unrestricted access to senior management and the board. This can be achieved through a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional, and organizational levels.

17.2 Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels.

#### **A. How and when to report to and brief the Executive Board?**

18. As provided in the governing conventions and relevant Executive Board decisions, OAIS submits an annual report to the Executive Board for a given calendar year at the Board's annual session the following year. The annual report covers, among others topics, the status of implementation of the annual workplan; results of audits conducted and reported; the overall internal audit opinion of UNFPA governance, risk management and control processes; confirmation of independence and conformance to IIA standards and to [CII Uniform Principles and Guidelines for Investigations](#); summary of investigations reports issued and their disposition, and status of caseloads; use of resources; and other activities undertaken during the year.

##### ***Internal audit***

19. In addition to the OAIS annual report, Executive Board members have access to all internal audit reports, which are published on the OAIS website pursuant to [Executive Board decision 2012/18](#).

20. Both the oversight policy and the OAIS charter stipulate that OAIS *has free and unrestricted access to the Executive Board*. In addition, IIA standard 1111 stipulates that *the chief audit executive must communicate and interact directly with the Board*. The Director of OAIS interacts freely with the Board. The Board has recently adopted decisions calling to receive more regular closed briefings from OAIS in a timely manner and throughout the year, as needed, on potential red flags, audit findings and the status of investigations. Therefore, in addition to the informal meetings it holds prior to the annual session, OAIS will consider arranging further briefings for the Board as needed as well as requesting closed briefings to the Bureau. OAIS also stands ready to organize ad hoc briefings on topics of interest to the Board at the request of the Bureau. OAIS will also determine with the Bureau whether there is merit in the issuance of internal audit reports to the President of the Board once the reports are posted to the OAIS website.

21. In the annual report of the OAIS Director to the Executive Board results of completed investigations and financial losses and relevant disciplinary actions or decisions are reflected, though the subjects of reported cases are anonymized with due regard for confidentiality and privacy. Pursuant to the oversight policy, investigation reports can only be shared with the Executive Director or her designees. Information involving an ongoing investigation can be provided only to the extent that the provision in question will not, in the opinion of the OAIS Director, jeopardize the integrity or proper conduct of the investigation or the due process rights of those involved. OAIS welcomes further engagement from the Board on investigation matters and stands ready to inform and discuss cases that may be of interest or concern to the Board, with due regard for confidentiality and privacy and while maintaining the integrity of the investigation process.

22. It can be concluded that OAIS conforms to the governing conventions relating to its direct interaction with the Board, even as there is room for improvement in the frequency of direct interaction as defined in IIA standard 1111 (see annex).

## **B. The scope of audits and investigations**

23. The scope of audits and investigations for a given year are set out in the OAIS annual workplan formulated by OAIS, which is approved by the Executive Director after review by the Oversight Advisory Committee. This approval, as enshrined in its OAIS charter, should not prevent OAIS from auditing or investigating any other area not in the workplan as long as it is within the purview of its mandate, when deemed necessary. Any changes during the year are communicated to the Executive Director and the Oversight Advisory Committee.

24. However, there is no recourse in its charter for OAIS to implement critical audit and investigations activities pending the Executive Director's approval of the workplans or in the event the workplans are disapproved, deferred/rescheduled or delayed by the Executive Director.

25. OAIS is solely responsible for determining the scope of any audit engagement and any case to be investigated that will be covered for a given year or be given priority using methodologies that are in line with professional standards. These are described in the following paragraphs.

26. In addition to audit services, OAIS provides advisory services to management to the extent that OAIS independence and objectivity are not comprised. The nature and scope of the advisory services are agreed upon with management. This provision of services is based on OAIS knowledge of governance, risk management and internal controls, and of UNFPA activities at headquarters and in all offices away from headquarters. OAIS also reviews draft policies, guidance, systems and work processes and memoranda of agreements with donors to ensure they are in conformity with regulations, rules and relevant policies and that audit and relevant clauses are appropriately formulated or stated. OAIS conveys its views and suggestions but is not involved in the decision-making process and does not determine which decisions or actions UNFPA should undertake.

### ***Internal audit***

27. Both the oversight policy and the OAIS charter provide that OAIS shall be responsible for the internal audit of UNFPA and shall be free to determine the scope of their interventions and the methodologies used. The scope of internal auditing includes the examination of the adequacy and effectiveness of governance, risk and internal controls. According to its charter, OAIS shall cover all programmes, operations and activities at headquarters, regional, country and other offices, including those funded by UNFPA. In addition, IIA standards require that internal audit activities be free from interference in determining the scope of internal auditing.

28. OAIS conducts an annual risk assessment of the audit universe, covering programmes, operations and activities at headquarters, regional, and country Offices and those funded by UNFPA using a risk-based methodology, with due consideration to inputs from senior management, the United Nations Board of Auditors and the Executive Board, as appropriate. Based on the results of the risk assessment and risk ratings, OAIS identifies and prioritizes within available resources the audit activities/engagements to be included in the annual internal audit plan and the rolling four-year internal audit plan for the audit universe. These plans are flexible and adaptable so OAIS can respond to emerging risks and business needs and issues. The OAIS Director decides on any change in the plan; significant deviations from the formally approved plan are communicated to the Executive Director and the Oversight Advisory Committee through periodic activity reports.

29. Based on the modalities described above, the Internal Audit Branch has not encountered any interference in the conduct of its audit work. However, there are some instances when clients might request delaying the audit schedule, when staff needed to respond to auditors are not made available, or when the head of office simply relies on staff to respond or provide comments on the audit reports. In other instances, providing responses to audit issues or comments on audit reports are intentionally delayed in order to immediately address audit issues and prevent them from being included in the report or engage auditors in protracted consultations intended to influence the audit rating. These instances, if frequent, could impair the independent delivery of OAIS services to UNFPA.

30. In essence, OAIS has full independence to determine its audit scope. UNFPA management has not interfered in the determination of the scope of any audit engagements. OAIS has confirmed the absence of interference in its annual report to the Executive Board, consistent with IIA standards.

### ***Investigations***

31. OAIS conducts investigations involving the following types of allegations of wrongdoing perpetrated by either UNFPA staff, other entities and individuals conducting business with UNFPA, and third party-led investigations such as.

31.1 Internal investigations: misconduct by UNFPA staff, ranging from fraud and corruption to harassment, sexual harassment, abuse of authority, retaliation against whistle-blowers, sexual exploitation and abuse, and other violations of applicable regulations, rules and administrative or policy issuances;

31.2 External investigations: proscribed practices by independent contractors, implementing partners, suppliers and other third parties, including corrupt, fraudulent and other unethical practices committed to the detriment of UNFPA;

31.3 Third-party-led investigations: OAIS follows investigations of fraud as well as sexual exploitation and abuse involving implementing partner personnel, conducted by those implementing partners having internal investigation capacity

32. UNFPA financial regulations and rules and oversight policy and the OAIS charter provide that OAIS shall be responsible for assessing and investigating allegations of wrongdoing and allegations of harassment, sexual harassment, abuse of authority and sexual exploitation. According to its charter, OAIS shall undertake investigations of credible allegations as it determines to be appropriate or upon request of the Ethics Advisor for complaints of retaliation against whistle-blowers or witnesses. This conforms with the CII principles and guidelines on the purpose of an investigation — *to examine and determine the veracity of allegations of corrupt or fraudulent practices as defined by each institution, including with respect to, but not limited to, projects financed by the organization, and allegations of misconduct on the part of the organization's staff members*. Moreover, CII principles and guidelines state that all investigations are administrative in nature (see annex).

33. The OAIS charter requires the preparation of an annual workplan for the timely and efficient management of investigation. Unlike in audit where a risk-based audit plan could be prepared, however, the receipt of complaints and allegation cases are unpredictable. Hence, the investigation workplan is based more on the handling of cases that are already received. As new cases are received during the year, OAIS prioritizes these cases according to a set of criteria it has set and it tries to complete the handling of these cases based on a general guidance and the nature of the case whether it is fraud, sexual exploitation and abuse, or any kind of wrongdoing.

34. OAIS has adopted the [CII General Principles for Scoping and Planning](#) and the [CII General Principles for Intake and Evaluation](#) in determining its scope and planning of its work.

35. In the conduct of its investigations, OAIS has been free from improper influence in determining which cases to review and evaluate, not to investigate, to close, or to pursue formal investigation after preliminary evaluation. Such absence of influence or interference in its investigative work has been affirmed in the OAIS annual report to the Executive Board.

### **C. What and who to audit or investigate?**

36. Management observes that OAIS reported to management 11 cases out of a total of 22, concluded after full investigation (50 per cent), in the final quarter of 2020. At the time of this management response, management has the pleasure to note that all those cases have either been disposed of by management or are in a disciplinary or legal or administrative process. Detailed information is available in annex 6 of the OAIS report on UNFPA internal audit and investigation activities in 2020 (DP/FPA/2021/6). As stated above, the OAIS charter specifies that it shall cover all programmes, operations and activities at headquarters, regional, country and other offices, including those funded by UNFPA. Currently, OAIS covers most of the “what” as specified in its charter, including the implementing partners who are recipients of UNFPA assistance. Consistent with the IIA standards and [CII principles and guidelines](#), the applicable UNFPA policies and procedures provide that OAIS shall have full, free and unrestricted access to UNFPA records, including electronic data, personnel and premises. Notwithstanding this statement, there are slight differences between audit and investigations.

#### ***Internal audit***

37. Following the approval of the workplan, the audit activities/engagements are assigned to specific audit teams according to the audit schedule set out in the internal audit plan. Each team assesses the underlying risks, determines the “what” and “who” to audit, and conducts a scoping exercise as a basis for the preparation of the audit work programme. On approval of the scope and audit programme by the Director, the team implements the audit work programme. It gathers evidence of both paper and digital versions, obtains full access to all systems, interviews personnel and other stakeholders including implementing partners and representative offices of major donors in country and regional offices, and visits office premises and property without any restrictions. This is when the independence at the individual level as set out in the standards is applied.

38. OAIS does not audit the business processes and services outsourced to other United Nations organizations since UNFPA management relies on the management and fiduciary oversight activities undertaken by these organizations. The functions outsourced to UNDP include: (a) selected human resources management activities; (b) payroll preparation and payment for staff and service contract holders; (c) payment processing; (d) treasury management; (e) hosting and management of the current enterprise resource planning system (Atlas); and (f) other information technology services. These processes are audited by OAI of UNDP or by the concerned audit and investigation offices of the other United Nations organizations to whom some of these processes are outsourced, particularly in country offices.

39. OAIS also does not audit the activities of third parties providing UNFPA with outsourced information and communication technology-related services, including the hosting of significant systems (e.g., email, cloud storage, website hosting).

40. These outsourced business processes are excluded from the basis of the OAIS opinion on the governance, risk management and controls of UNFPA in its annual report to the Executive Board.

## *Investigations*

41. As noted in paragraph 31 above, OAIIS investigates any complaint of wrongdoing<sup>9</sup> by all UNFPA staff with the exception of the UNFPA Executive Director and OAIIS staff. Allegations of misconduct against the Executive Director must be reported by the OAIIS Director to the Under-Secretary-General of the United Nations Office of Internal Oversight Services (OIOS) and OAIIS must extend any support necessary to OIOS in dealing with such allegations. Allegations of misconduct against OAIIS personnel must be reported to the UNFPA Executive Director who will seek the advice of the Oversight Advisory Committee. While the OAIIS charter provides that such allegations against its staff cannot be reviewed or investigated by OAIIS, it does not have specific provisions on the ultimate disposition of the allegations against OAIIS personnel.

42. Investigation reports on substantiated cases involving all other UNFPA staff are submitted to the Legal Unit in the Office of the Executive Director, except for reports on substantiated cases of retaliation, which are submitted to the Ethics Office which then submits recommended decisions/actions to the Executive Director. The Executive Director then makes final decisions after taking into consideration the recommendations of any other concerned office.

43. Cases involving vendors<sup>10</sup> and implementing partners that fall within the definition of wrongdoing, as defined in paragraph 22 (b) of the OAIIS charter, are investigated by OAIIS. The investigation reports on substantiated cases involving vendors are submitted to the Legal Unit in the Office of the Executive Director which reviews and refers them to the Vendor Sanctions Committee (VRC). After review and deliberation, VRC recommends appropriate actions to the Chief Procurement Officer as set out in the [policy and procedures for vendor review and sanctions](#).

44. In cases involving implementing partners, their respective investigative bodies conduct their own investigations. However, cases that occur in relation to UNFPA agreement with implementing partners and that fall within the definition of wrongdoing, as defined in paragraph 22 (b) of the OAIIS charter, are within the jurisdiction of OAIIS. The responsibility to conduct the investigation is determined by OAIIS based on factors such as the seriousness of the allegations, the capacity of the implementing partner to conduct the investigation and the degree of separation, within the implementing partner, between the persons alleged to have committed misconduct and the persons who will conduct the investigation. All investigation reports on substantiated cases involving implementing partners are submitted to the Legal Unit of the Office of the Executive Director which reviews and refers them to the Implementing Partner Review Committee (IPRC). After review and deliberation, IPRC recommends appropriate actions to the Deputy Executive Director (Management) as set out in the [policy and procedures for implementing partner review and sanctions](#).

45. In determining the “what” and “who” to investigate or interview as witnesses to substantiate alleged wrongdoing of staff and relevant third parties, OAIIS has not faced restrictions accessing UNFPA records, including regarding electronic data, personnel and premises, as it gathers evidence or interviews personnel.

46. There were however instances when, having no or limited user access, OAIIS had to request access to relevant business owners’ system records. The requisitioning and user provisioning process may

---

<sup>9</sup> Wrongdoing as set out in OAIIS charter, paragraph 22, include: (a) ‘proscribed practices’ (corrupt, fraudulent, coercive, collusive, obstructive or unethical practices), harassment, sexual harassment, abuse of authority, sexual exploitation and abuse, and other violations of applicable regulations, rules and administrative or policy issuances by UNFPA staff; and (b) proscribed practices as in (a) above that are committed to the detriment of UNFPA by independent contractors, implementing partners and other third parties

<sup>10</sup> For purposes of this assessment, the term ‘vendors’ includes suppliers, contractors and providers of goods, services, and/or works for UNFPA

create delays and potentially compromise confidentiality. Moreover, investigation activities have occasionally been affected by delayed interviews of subjects and/or witnesses, refusal of complainants or victims to speak out or to be identified due to fear of retaliation, job loss, differentiated treatment, being excluded from office activities and operations, or discrimination. These delays limit OAIS ability to complete the investigation process in an efficient and expedient manner

#### **D. What assessments to make?**

47. UNFPA financial regulations and rules and oversight policy and the OAIS charter direct OAIS to assess and recommend improvements to the governance, risk management and control processes, and report thereon. Pursuant to the OAIS charter and the [Executive Board decision 2015/13](#), OAIS provides an annual opinion to the Executive Director and the Executive Board on the adequacy and effectiveness of the governance, risk management and control processes based on the scope of the work undertaken during the year, except for business processes described in paragraphs 38 and 39. To maintain OAIS independence and the objectivity of its staff<sup>11</sup> in their assessment and expression of opinion, the OAIS charter requires that OAIS personnel refrain from assessing operations for which they were previously responsible or have direct operational authority. It stipulates that OAIS personnel, including the Director, *must avoid being placed in situations which might create any conflict of interest that may impair their judgment on internal audit and investigation matters.*

48. Each OAIS personnel has filed an annual financial disclosure statement that includes a declaration of conflict of interest; these records are kept with Ethics Office. In instances when an auditor or investigator has a perceived or potential conflict of interest on a specific audit engagement or on a case to be investigated, they are reassigned to another engagement or case where the conflict of interest does not exist. Requiring OAIS staff to declare, in writing, absence of conflict of interest for each audit engagement or cases investigated would strengthen the independence of OAIS.

##### ***Internal audit***

49. At the conclusion of the audit execution phase, the audit team discusses the results of the audit with the auditee/audit client. An audit report is then drafted that sets out its assessment on the adequacy and effectiveness of the governance, risk management and control processes of the audited area/entity as well as an overall audit rating with definitions harmonized with other United Nations organizations. The draft audit report, following a review by the Chief, Audit Branch, is then shared with the auditee/audit client for their comments and preparation of the implementation plan and completion date. Upon receipt of the auditee/audit client's feedback and the implementation plan, the audit team finalizes the draft audit report, which undergoes a quality assurance review process before its issuance by the OAIS Director. Should the audited entity disagree with any of the recommendations or conclusion in the report, the OAIS Director makes a final assessment and decides whether to consider the views of the audited entity or maintain the audit recommendation or conclusion as drafted, choosing to revise the risk rating or not. In cases when the Director is not convinced with the views of the audited entity and decides not to change the recommendation or the overall rating as originally drafted, OAIS then explains the rationale for not changing and reflects this as a rejoinder in the report indicating the responsibility of the client in accepting the related risk level. To date, there has been no instance when the audit rating was unduly influenced by parties outside of OAIS.

50. OAIS makes its audit reports publicly available in accordance with [Executive Board decision 2012/18](#). The Board decision provides that, while the Executive Director or the concerned Member State (where applicable) can request redactions to or withholding of an internal audit report under specific criterion, only the OAIS Director has the authority to independently decide whether to redact

---

<sup>11</sup> Objectivity is defined in paragraph 17.2 above.

any portion of a report or to withhold a report from publication. The OASIS Director has exercised this authority without undue influence from UNFPA management and/or any Member State.

### ***Investigations***

51. On receipt of allegations, OASIS registers the cases according to the following categories: fraud and financial irregularities; sexual misconduct (including sexual exploitation and abuse, sexual assault and sexual harassment); prohibited conduct (including harassment, abuse of authority and discrimination); retaliation; and other misconduct/wrongdoing. Pursuant to the UNFPA governing conventions and the CII principles and guidelines, OASIS assesses the allegations and makes a determination whether to close the case or pursue a full and formal investigation if OASIS deems them to be credible, material, verifiable and within its purview. OASIS prioritizes the allegation of cases received based on a prioritization matrix that it develops, without interference by UNFPA management.

52. During the investigation process, OASIS makes periodic assessments as basis for closing a case on its own initiative, at any point, using evidence obtained and other developments or events likely to indicate that closure is more appropriate than pursuing the investigation further. It also has the authority to issue investigation dossiers, reports or notes to the administration at any time if deemed warranted. In practice and to date, management has not interfered in these OASIS decisions.

53. Upon conclusion of the investigation process, OASIS determines through analysis of the evidence collected whether an allegation is substantiated or unsubstantiated. OASIS makes this assessment, freely formulates its conclusion on the case and makes recommendations to management as appropriate.

54. For its workplan 2022, OASIS has established specific criteria and developed a matrix for prioritizing cases, free from management influence and interference, in order to decide which cases, particularly from the existing case backlog, can and should be closed or fully investigated. These criteria have been established as a result of the ever-increasing number of complaints received and the available staffing resources.

### **E. How to utilize available funds?**

55. The OASIS charter requires that Management provide the necessary resources. This includes adopting administrative procedures in the management of funds and in the expeditious hiring of staff and consultants with appropriate competencies or with the right specialization. OASIS is entirely funded from the UNFPA institutional budget, comprised of post and non-post costs. The budget for post costs is set based on the authorized number and level of OASIS staff; that for non-post costs consists of other operating costs such as consultancies, travel, staff training and equipment. Accordingly, management includes OASIS resource requirements in the UNFPA budget submission to the Executive Board. Once approved, OASIS manages and uses these resources, including the redeployment of savings from certain line budget items to items where funding is needed. OASIS budget request, including for reallocation of allotment, is reviewed and considered in the same manner as budget requests from any other office, in accordance with the [UNFPA resource management policy](#). However, flexibility is allowed for OASIS in view of its independence, for example, not reducing its budget allocation approved by the Executive Board and the ability of the OASIS Director to redeploy savings from certain line budget items to those items where funding is needed. The UNFPA resource management policy, however, does not reflect this flexibility in budget management.

56. The OASIS charter states that OASIS is responsible for selecting and maintaining audit and investigation staff, contractors or consultants, and third parties so they it can fulfill its responsibilities and deliver its services without infringement. OASIS recruitment and hiring of staff, consultants and institutional contractors, however, are subject to the same policies and procedures as the rest of

UNFPA offices, which usually takes several months to be completed. This has affected the speed and flexibility of OAI to acquire services, particularly of individual consultants and firms specialized in audit and investigations. The same situation prevails in the acquisition of supplies and equipment, including audit management software, case management system, forensic tools and equipment.

57. OAI has the ability to independently manage and use its available resources (budget and human resources), but consistent application and proper documentation of these budgetary and administrative practices and operational procedures will further enhance its ability to efficiently manage and use these resources in a timely manner and strengthen its operational independence.

## **F. Relationship with Office of Internal Oversight Services**

### ***Internal audit***

58. The scope of the audit work of OAI and OIOS are disparate. Consequently, OAI undertakes its audit work independent of OIOS. They have however participated in a number of joint audit engagements involving other United Nations organizations. Among these audit engagements is the joint internal audit of delivering as one. In addition, both OAI and OIOS are members and have participated in the annual and other periodic meetings of the Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions (RIAS). In these meetings, there are exchanges and sharing of lessons learned, audit practices, and any other matters of interest to participating organizations.

### ***Investigations***

59. Like internal audit, the scope of the investigative work of OAI and OIOS is also dissimilar since each has separate jurisdictions. However, as noted above, in cases where there are allegations involving the UNFPA Executive Director, the Director of OAI refers the case to the Under-Secretary-General of OIOS to undertake the necessary investigations, if warranted. For allegations involving OAI personnel, including the Director, OAI, the Executive Director consults with the Oversight Advisory Committee. There are currently no provisions in the OAI charter or oversight policy that address the handling of allegations against other senior officials or close counterparts of OAI, such as those in the Integrity family composed of the deputy executive directors, the ethics officer, the protection against sexual exploitation and abuse focal point for headquarters, the head of the Legal Unit, and the OAI Director.

60. Consistent with CII principles regarding consultation and collaboration, OAI has periodically collaborated with OIOS, albeit on an ad hoc basis. They have referred to each other complaints received against their respective staff and facilitated interviews of witnesses under their respective jurisdictions. Moreover, as members of United Nations Representatives of Investigations Services (UN-RIS), they actively participated in UN-RIS meetings and discussions on topics such as evolving evidentiary standards, investigative best practice, inter-agency initiatives, and other joint endeavours. Along with other UN-RIS members, OAI is currently participating in a CII-led initiative to define accreditation and training certifications of United Nations staff engaged in investigations. At present, while there is no formal agreement between OAI and OIOS, these working modalities are being operationalized without interference from management or other parties.

## **V. Overall conclusion**

61. Based on the above assessment, it can be concluded that OAI generally conforms to all the elements of independence set out in its charter and OAI does so in conformity with relevant governing conventions in the financial regulations and rules, UNFPA policies on oversight, professional

standards in audit and investigation, and other professional standards, principles, guidelines and best practices. OAIS expresses appreciation to the Executive Board for its resolve to strengthen the independence of OAIS and to the Executive Director and the rest of senior management for having observed and respected the independence of the office at the individual auditor, engagement, functional and organizational levels. There is room for improvement in formalizing and documenting the good practices by management and OAIS to further enhance the effective organizational and operational independence and objectivity of the office. These are set out in the succeeding paragraphs.

## **VI. Suggestions and pathways to further strengthen the independence of OAIS**

62. To further improve and strengthen its organizational and operational independence, OAIS, based on this assessment and conclusion and as requested by the Executive Board, makes the following suggestions and pathways going forward:

62.1 **Executive Board:** In line with the Board request to receive more regular closed briefings from OAIS as per decision 2022/15, in addition to the informal meeting it holds prior to the annual session and the formal presentation of its annual report, OAIS stands ready to arrange further briefings for the Board as needed, request briefings to the Bureau, and to organize ad hoc briefings on topics of interest to the Board at the request of the Bureau.

62.2 **UNFPA management:** UNFPA management may consider instituting the following measures to further enhance the independence of OAIS: (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; (b) revisit its reliance on management and fiduciary oversight activities undertaken by organizations relating to the functions or services outsourced by UNFPA; (c) 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; (d) articulate the level of flexibility in budget management appropriate to the independence of OAIS in UNFPA resource management; (e) 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 professional consulting firms, equipment, and information technology packages needed for audit and investigation.

62.3 **OAIS:** OAIS will (a) review and secure the user access requirements in systems of its staff to avoid delaying or compromising confidentially in the conduct of audit and investigation activities; (b) complete revisions to the OAIS charter reflecting decisions by the Executive Board following the second regular session 2022; (c) improve the documentation of declarations of conflict of interest in every audit engagement and investigated case; (d) initiate the external review of its investigation function; (e) promote and formalize OAIS collaboration with OIOS; and (f) ensure that both its 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.

## **VII. Budget estimates required for the execution of its full mandate**

63. As stated in the OAIS Annual Report for 2021 to the Board, OAIS will conduct an assessment of its budgetary requirements after a year of experience to learn lessons from the effects and results of the initiatives and changes that were introduced last year. Among these initiatives and changes are the

restructuring of the office, and refinements of its audit and investigation strategies and working methods as well as in addressing the backlog of cases in investigations. Unless the Executive Board and UNFPA decide to expand the current scope of OAIS as a result of this assessment, its recently approved budget is sufficient for it to fulfill its mandate for this year and possibly for 2023.

## VIII. Draft Decisions

### *The Executive Board:*

- a. Welcomes the report of the Director, ad interim, of the Office of Audit and Investigation Services (OAIS) on the results of her assessment of the independence of the office and its annex, and *appreciates* that this assessment was conducted in conformity with governing conventions, such as UNFPA regulations and rules, policies and procedures, and the international professional standards, principles and guidance applicable for audit and investigation functions;
  - b. *Notes* the importance of continuing to ensure that OAIS has full and unfiltered independence in delivering its audit and investigation services to provide management, the Executive Board, and other stakeholders the necessary and appropriate assurances on the governance, risk management and control processes of the organization, and *welcomes* the positive relationship between OAIS and management in ensuring that the independence of the office is maintained;
  - c. *Recalls* its decision 2022/15 (paragraph 4) and, in this regard, welcomes the recommendation that the Executive Board receive more regular closed briefings from OAIS in a timely manner and throughout the year, as needed, on potential red flags, audit findings and the status of investigations, with due regard for confidentiality and privacy;
  - d. *Takes note* of the recommendations contained in the assessment for improvements in administrative processes and operational arrangements to reinforce the independence of OAIS, recognizes the investments already made and actions undertaken by UNFPA management in support of OAIS, as previously reported, and requests that management take appropriate action to implement the assessment's recommendations;
  - e. *Encourages* OAIS to continue to strengthen its staffing and professional capacities and improve its audit and investigation procedures and practices to ensure that OAIS continues to fulfill its mandate independently and efficiently;
  - f. *Reiterates* the continued support of the Executive Board in the strengthening of the internal audit and investigation functions of OAIS and requests that management continue to provide the necessary resources for discharging these responsibilities and preserving the office's independence, integrity and professionalism, within the established applicable budgetary process.
-