UNFPA
Annual Report on the Activities of the Office of Audit and Investigation Services for 2021

Informal Consultation with the Executive Board

27 May 2022

New York

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Mandate

- UNFPA Financial Regulations and Rules, the UNFPA Oversight Policy, and the Accountability Framework.
- Solely performs, manages, or authorizes independent internal audit and investigation services to UNFPA.
- Also provides advisory services to the extent that its independence and objectivity are not compromised.
- Current OAIS Charter, approved in January 2018, undergoing revision to reflect changes made last year and adopt new practices.

Statement of independence and conformance to internal audit standards:

- Organizational independence in 2021.
- Internal audit work conducted in conformity with the Institute of Internal Auditors' (IIA) Standards and Code of Ethics.

Budget	Internal Audit		Investigation		Directorate		Total	
	2020	2021	2020	2021	2020	2021	2020	2021
D2 and professional posts – approved	12	12	9	9	2	2	**23**	**23**
Professional posts – filled	11	9	8	8	1	1	**20**	**18**
Support posts – approved	1	1	1	1	2	2	**4**	**4**
Support posts – filled	1	1	1	1	1	1	**3**	**3**
Vacant posts	1	3	1	1	2	2	**4**	**6**
Budget allocation ($ 000')	4,546	4,625	3,170	3,216	1,186	964	**8,902**	**8,805**
Budget utilization ($ 000')	3,348	3,653	1,981	2,487	871	850	**6,200**	**6,990**
Budget remaining ($ 000')	**1,198**	**972**	**1,189**	**729**	**315**	**114**	**2,702**	**1,815**

Note: Through the midterm review of the Integrated Budget, OAIS benefited from investments in the investigation function for 2020 and 2021.

PART B - INTERNAL AUDIT
External quality assessment of OAIS and public disclosure of audit reports

External Quality Assessment of OAIS - 2021

➢ Completed an external quality assessment (EQA) by the IIA of the internal audit function and received top rating of **'general conformance'** with the IIA *Standards* and Code of Ethics

➢ Implementation of three recommendations and 14 opportunities for continuous improvement.

Public disclosure of internal audit reports

➢ All internal audit reports issued in 2021 were publicly disclosed on the UNFPA website.

➢ Link: https://www.unfpa.org/internal-audit-reports-listing-page

Basis of the opinion

➢ Results of audit work undertaken in 2021 – on a headquarter business unit and processes, and remote audit and monitoring (RAM) in all six regions;

➢ Status of implementation of audit recommendations;

➢ Partial reliance on 'second line of defense' based on reports obtained from Management; and

➢ Absence of material deficiencies in the Organization's overall GRC framework that might individually or collectively diminish the achievement of the entity's objectives.

Exclusions

➢ UNFPA functions outsourced to other UN system organizations.

➢ ICT functions, including the hosting of significant systems, and outsourced services to third parties.
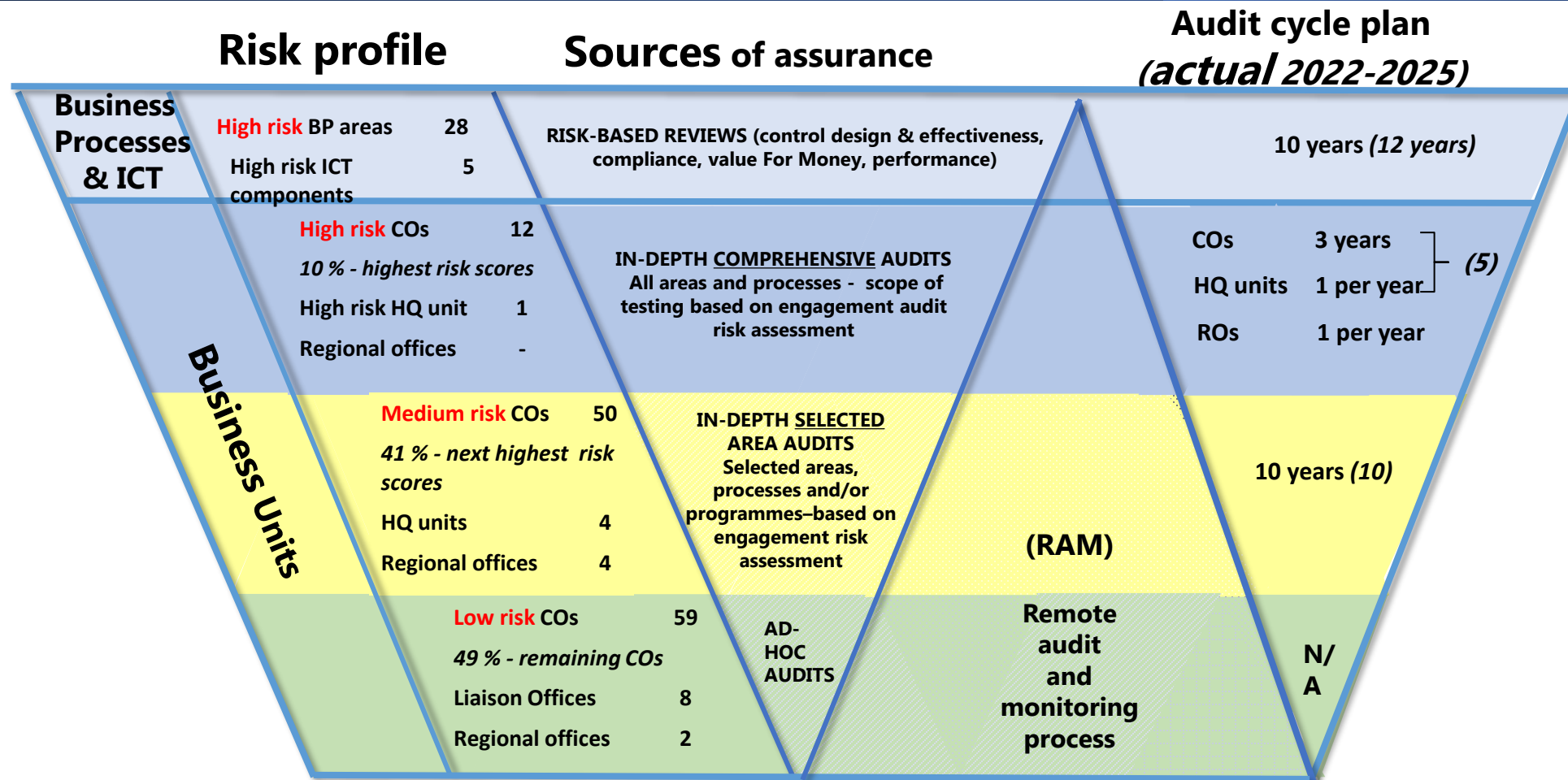
Scope limitations

➢ Covid-19 related limitations.

Overall internal audit opinion on the UNFPA GRC

➢ Based on the scope of work undertaken, the adequacy and effectiveness of UNFPA GRC processes were **"Partially Satisfactory with Some Improvement Needed"** - which means that these were adequately designed and operating effectively but needed some improvement to provide reasonable assurance that the objectives of the audited business units or processes should be achieved. None of the issues identified were assessed as having the potential to seriously compromise that achievement.

Risk profile

Sources of assurance

Audit cycle plan (actual 2022-2025)

Business Processes & ICT

Risk profile		Sources of assurance	Audit cycle plan
High risk BP areas	28	RISK-BASED REVIEWS (control design & effectiveness, compliance, value For Money, performance)	10 years (12 years)
High risk ICT components	5		

Business Units

High risk COs	12	IN-DEPTH COMPREHENSIVE AUDITS All areas and processes - scope of testing based on engagement audit risk assessment	COs 3 years
10 % - highest risk scores			HQ units 1 per year (5)
High risk HQ unit	1		ROs 1 per year
Regional offices	-		
Medium risk COs	50	IN-DEPTH SELECTED AREA AUDITS Selected areas, processes and/or programmes–based on engagement risk assessment	10 years (10)
41 % - next highest risk scores			
HQ units	4		
Regional offices	4		
Low risk COs	59	AD-HOC AUDITS	(RAM) Remote audit and monitoring process	N/A
49 % - remaining COs			
Liaison Offices	8		
Regional offices	2		

Status	Business processes	Programme/ project	Regional office related	ICT	RAM [a]	Country office audits	Total
Engagements carried forward from 2020 and prior years	7[b]	1	1	2	6	-	17
New engagements planned for 2021 and completed in 2021	2	1	-	-	-	4	7
Engagements planned for 2021 and to be completed in 2022	2						2
Total - planned	**11**	**2**	**1**	**2**	**6**	**4**	**26**
Status of implementation of audit plan as of 31 December 2021							
Final audit/assessment reports issued in 2021	2	1	1		6		10
Reports on advisory engagements	1			1			2
Subtotal - reports issued in 2021[c]	**3**	**1**	**1**	**1**	**6**		**12**
Audit engagement completed and draft reports under preparation or review for issuance Q1 2022	5					1	6
Fieldwork on-going and report to be issued Q2 2022		1					1
Planning phase initiated						2	2
Sub-total of engagements started in 2021 to be carried forward in 2022	**5**	**1**				**3**	**9**
Not started and moved to 2022 or future years	3			1		1	5
Subtotal of engagements moved to future years	**3**			**1**		**1**	**5**
Grand total	**11**	**2**	**1**	**2**	**6**	**4**	**26**

(a) Remote review of the operating effectiveness of selected key controls and financial transactions in field offices.
(b) Includes two advisory services and reports.
(c) Please refer to Annex 1 of the Annual Report for the complete list of audit and advisory reports issued in 2021.

PART B - INTERNAL AUDIT - CON'T
2021 Audit ratings by Business units and processes

Audited area	Number of Audits	Satisfactory	Partially satisfactory with some improvement needed	Partially satisfactory with major improvement needed	Unsatisfactory
Business unit audits					
Regional Operations Shared Service Centre			X		
Subtotal – Business unit audits	1				
Remote Audit and Monitoring (RAM)					
Offices in the following regions:					
Arab States			X		
Latin America and the Caribbean			X		
East and Southern Africa			X		
Eastern Europe and Central Asia			X		
Asia and Pacific			X		
Subtotal – Remote Audit and Monitoring	6				
Process audits/assessments					
Audit of the Workplan Management Process			X		
Assessment of the UNFPA Enterprise Risk Management (ERM) Process[a]		N/A	N/A	N/A	N/A
Subtotal – Process audits/assessments	2				
Programme/Project audits					
Outsourced Audit of the Project, "XII National Population Census and VII National Housing Census of Guatemala" [b]		N/A	N/A	N/A	N/A
Subtotal – Programme/Project audits/assessments	1				
Total	**10**	**0**	**8**	**0**	**0**

(a)   A Level 2 rating of 'Developing' was given based on the maturity levels of the HLCM Reference Maturity Level, which means that a structured implementation, a basic architecture, and some reporting and repeatable management processes are in place. The risk maturity levels are: 1 (Initiation); 2 (Developing); 3 (Defined); 4 (Managed); and 5 (Optimized).

(b)   No rating was provided. Opinion on the special purpose financial statements is unmodified.

Audit area	Recurrent audit issues
Programme management	- Weak financial management controls of programmes expenses, including the release of programme funds without a valid and signed workplan. - Expenditures inaccurately captured under appropriate implementation modality.
Procurement	- Inadequate procurement planning and lack of monitoring of the execution of procurement plans, including for humanitarian activities. - Limited use of long-term agreements to improve procurement transaction cost-effectiveness. - Limited documentary evidence of receiving and inspecting goods and services before payments are made to vendors.
Supply chain management	- Delays in inventory customs clearance. - Lack of or insufficiently documented controls on inventory receiving and hand over to implementing partners. - Lack of or insufficient tracking, monitoring, and reporting on commodity inventory levels, distribution, and availability.
Finance	- Inaccurate recording of transactions in the appropriate project, activity, fund, or general ledger account codes. - Financial commitments are not timely reflected and approved in Atlas before decisions to procure goods and services or are communicated to vendors.
Human resources	- Deviations from applicable HR policies and procedures, including selection, award, and management of service and individual consultancy contracts.
Administrative services	- Deviations from the travel policy, particularly regarding timely travel planning and ticket booking; obtaining security clearances, and timely preparation and submission of travel reports.

PART B - INTERNAL AUDIT - CON'T
Common audit issues and recommendations

GOVERNANCE			
Area /process	**Issues identified**	**Prevalence**	**High level recommendations**
Office management	Insufficient management oversight over programme / operational activities.	Recurring	Develop an appropriate framework to provide coordination and strategic direction to the various governance and oversight mechanisms established at country offices, while fostering a culture conducive to effective and efficient programme and operational delivery.
	Inadequate use of corporate planning and reporting tools / unsupported information reported in country office annual reports.	Increasing	Strengthen existing supervisory controls to ensure systematic documentation, completeness and accuracy of reported progress towards the achievement of planned results in the Strategic Information System. Provide enhanced training to country offices and distribute good planning practices to improve planning process effectiveness.
	Lack of alignment of outputs and the corresponding indicators, baselines, targets and milestones in SIS to those in annual management plans, workplans, and staff performance plans.	Recurring	Reflect all relevant outputs and indicators in SIS annual workplans, with clear and well-documented baselines, targets and milestones, to allow effective tracking of progress towards achieving results.
	Lack of access to policies, procedures and other guidance documents in some of the UNFPA working languages.	New	Translate the available policies and procedures, as well as key guidance documents, into the three UNFPA working languages for better adoption by personnel.
Organizational structure and staffing	Lack of / delays in review of the organizational structure and personnel for alignment to programme delivery and operational needs.	Increasing	Review the business units' organizational structure and staffing to ensure their adequacy and alignment to programme delivery and operational needs on a periodic basis (at least at the start of a new programme cycle).
	Lack of alignment of staff individual annual performance plans to office management plans, programme outputs and milestones, and expected results.	Recurring	Enhance personnel accountability for the achievement of expected results through effective use of individual performance plans.
	Lack of completion of mandatory and recommended training.	Recurring	Develop office level annual learning plans to include all mandatory training courses and, where necessary, recommended ones, and align them with learning and development needs identified in individual performance and development plans. Closely monitor implementation of the training plans.

Common audit issues and recommendations

GOVERNANCE (Continued...)			
Area /process	**Issues identified**	**Prevalence**	**High level recommendations**
Risk management	Lack of well-defined country officeprocesses and skill set to identify andassess risks; as well as to define andimplement risk mitigation actions.	Increasing	Prepare and implement a comprehensive ERM policy and continue to refine the guidelines and SIS-based ERM module functionality for the risk assessmentphase. Assess the feasibility of incorporating risk management modules in the planned new enterprise resource planning system, as part of the ongoing corporate ICT transformation project. Provide additional corporate & regional office support and training to enable an effective risk assessment andrisk response process.
	Absence of an effective process and tools on internal and external fraud, as well asawareness raising measures.	Recurring	Develop and implement process and tools to raise personnel and partners' awareness of fraud and reporting of alleged fraud and other proscribedpractices.
PROGRAMME MANAGEMENT			
Programme planning, implementation and monitoring	Inadequate system set-up of work-plansand budgets	Increasing	Continue to enhance the Global Programming System functionality, through improved budgeting tools and enforcement of proper budgeting practices.
	Insufficient monitoring of programme implementation and results due to lack ofstaff, processes, and tools	Recurring	Continue to set up comprehensive monitoring frameworks to cover and track all output indicators, with sufficient tools to support monitoring activities and identify, log, and track monitoring findings. Increase the scope and frequency of monitoring activities. Provide additional training, tools and resources to build country office monitoring capacity.
	Late finalization of workplans, weak quality assurance processes for workplans and ineffective workplan management processes (e.g., budget control)	New	Establish more effective workplan preparation and management processes that clearly define responsibilities, milestones and deadlines for their timely finalization and employ rigorous assurance processes for workplans that ensure formulation of quality milestones with realistic, measurable and achievable target indicators.
	Ineffective workplan implementation arrangements for implementing partners with decentralized organizational structures and use of incorrect programme funding and implementation modalities.	New	Use separate agreements and workplans with each relevant unit of implementing partners with decentralized organizational structures (e.g., regional offices) for effective and efficient workplan management.

PART B - INTERNAL AUDIT - CON'T
Common audit issues and recommendations

PROGRAMME MANAGEMENT (Continued…)			
Area /process	**Issues identified**	**Prevalence**	**High level recommendations**
	Insufficient monitoring of implementing partner activities.	Increasing	Increase the scope and frequency of implementing partner programmatic monitoring. Further leverage on the roll-out of the revised HACT framework for regular comprehensive and in-depth implementing partner spot-checks, including rigorous financial monitoring.
Supply chain management	Gaps in partner supply-chain management systems that could reduce commodity availability and originate stock-outs.	Increasing	In collaboration with other programme stakeholders, assess the supply chain management capacity of national partners and support cost-effective actions to address gaps identified. Include the commodities provided to implementing partners within the scope of HACT assurance activities and inventory audits. Provide training on good supply chain management practices.
	Lack of or insufficiently documented inventory receiving and handover controls.	Recurring	Enhance inventory receiving and inspection, as well as handover controls and the documentation thereof.
Management of non-core funding	Weaknesses in non-core fund management / implementation of activities funded from non-core resources.	New	Enhance managerial oversight to improve communication with donors and the quality and timeliness of donor reporting.

OPERATIONS MANAGEMENT			
Area /process	Issues identified	Prevalence	High level recommendations
Human resources management	Deviations from applicable policies and procedures in the selection, award and management of service and individual consultancy contracts, including performance evaluations and fee payments; and weaknesses in filing systems.	Recurring	Strengthen supervision of the application of rules and procedures for managing contract personnel and improve personnel information filing systems.
Procurement	Deviations from procurement policies and procedures with regard to bidding and contract award.	Increasing	Continue to strengthen monitoring and supervisory controls by country & regional office management, and the Procurement Services Branch to ensure compliance with procurement procedures. Ensure global availability of e-tendering (or similar) functionality through the upcoming implementation of the new ERP.
	Inadequate procurement planning and lack of monitoring of the execution of procurement plans, including in humanitarian context.	Increasing	Strengthen the procurement planning process and tools. Integrate the procurement planning process into the upcoming ERP procurement process.
Financial management	Recording of transactions in the wrong project, activity, fund or general ledger account codes.	Increasing	Continue enhancing supervisory controls, including Finance Branch expense reviews, to ensure accurate and timely recording of financial transactions; and enhance finance staff capacity building in all business units.
	Financial commitments not timely reflected and approved in Atlas before decisions to procure goods and services or reimburse expenses are communicated to vendors and implementing partners.	Recurring	Continue improving supervisory controls to ensure compliance with financial policies and to achieve a more disciplined approach to budget implementation.
General Administration	Deviations from the travel policy, particularly as regards timely travel planning, requisitioning and security clearance process, as well as timely preparation and submission of travel reports.	Recurring	Enhance supervisory controls to ensure compliance with travel policies.
	Deviations from asset management policies and procedures.	Recurring	Implement supervisory controls to ensure compliance with asset management policies and procedures and monitor the accuracy of recorded asset information.

PART C – ACTIVITIES OF THE INVESTIGATION BRANCH
Coverage and types of OAIS investigations

❖ **Internal investigations** - misconduct by <u>UNFPA staff</u> involving fraud, corruption, 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.

❖ **External investigations** - proscribed practices, including corrupt, fraudulent and other unethical practices committed to the detriment of UNFPA by <u>independent contractors, implementing partners, suppliers and other third parties.</u>

❖ **Third-party-led investigations** - OAIS follows investigations of fraud and sexual exploitation and abuse involving <u>implementing partner personnel</u>, conducted by those implementing partners having internal investigation capacity, and investigations conducted by the investigation units of other UN agencies due to conflicts of interest or other factors.

PART C – ACTIVITIES OF THE INVESTIGATION BRANCH - CON'T
The investigation process

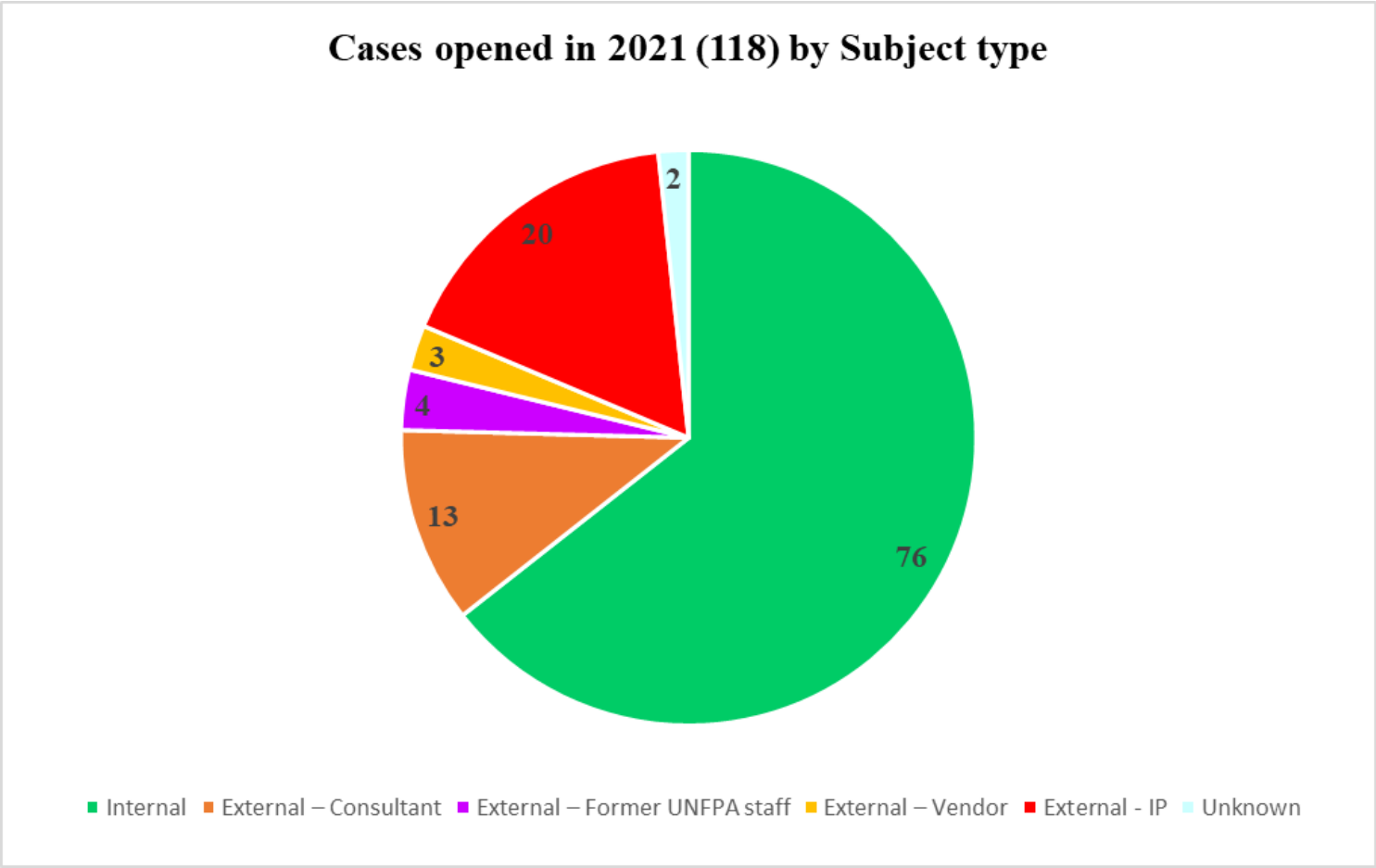| Simplified Investigation Process Flow Chart		
Initial Screening	**Preliminary Review**	**Investigation**

Initial Screening

Reports of wrongdoing received via:
- Online/Email/Phone Investigation Hotlines;
- Email to OAIS personnel;
- OAIS audit or investigation findings;
- Referral from other UN INV units;
- Referral from other UNFPA Units;
  - Retaliation referrals from the Ethics Office are moved to the Investigation stage, as Ethics conducts the preliminary review.
- In person/ telephone; and
- Physical or snail mail.

Process:
OAIS screens complaints to determine if they fall within OAIS' mandate by:
- Requesting information from the complainant or others and researching to gather information on:
  - The type of wrongdoing;
  - Relevant dates;
  - The contractual link between the alleged subject(s) and UNFPA; and
  - Whether UNFPA funding is affected.

Results / Outputs:
- Registering as a case / non-case; and
- Referral memoranda if the complaint falls under the mandate of another UNFPA unit or UN agency.

Preliminary Review

Process aims to establish if:
- There are reasonable indications that wrongdoing occurred which a formal investigation;
- An investigation by OAIS is the most appropriate action; and
- The matter otherwise merits a full investigation.

Fact-finding Process:
- Interviewing the complainant and other witnesses and victims, as appropriate; and
- Gathering and reviewing inculpatory and exculpatory evidence.

Results / Outputs:
- If the Investigator and Chief, Investigations Branch determine that:
  - The case should move into the investigation stage, then a Case Assessment is prepared; or
  - The case should not move into the investigation stage, then it is closed via Closure Note (which may be accompanied by a referral memoranda).
    - Appropriate individuals such as the complainant and other stakeholders are notified of the closure.

Investigation

Fact-finding process:
- Collection of inculpatory and exculpatory physical, documentary, testimonial, and audio/visual evidence through remote and physical searches;
- Notification and interview of subjects.
- Standard of Proof: 'balance of probabilities' or 'by clear and convincing evidence'.

Results / Outputs:
- **Investigation Reports, which are received by:**
  - The Legal Unit for cases of wrongdoing that have at least one substantiated allegation.
  - Ethics Office for both substantiated and unsubstantiated cases of retaliation.
- **Closure Reports, which are retained by OAIS:***
  - For cases other than retaliation where all allegations are unsubstantiated.
    - In non-retaliation cases, appropriate individuals such as the complainant and other stakeholders are notified of the closure.

After the Investigation Report:
- The Legal Office may:
  - Request that OAIS undertake further investigative activity;
  - Proceed with the applicable disciplinary process for staff, consultants, and contractors;
  - Find that there are no grounds warranting disciplinary action and close the matter.
  - Refer the matter to the VRC/IPRC for review.
- The Ethics Office (retaliation) provides its recommendations to the Legal Unit.

Cases opened in 2021 (118) by Subject type

Legend: Internal, External – Consultant, External – Former UNFPA staff, External – Vendor, External - IP, Unknown

Case intake in 2021 by Board Reporting category

118 New Cases in 2021

- Fraud / financial irregularities 39.9% (47)
- Sexual Misconduct 16.9% (20)
- Prohibited Conduct 22.9% (27)
- Retaliation 2.5% (3)
- Other Wrongdoing 17.8% (21)

Case intake in 2021 by allegation type

- Product Diversion (1) 0.90%
- Supplier Fraud (1) 0.90%
- Financial Irregularity (2) 1.70%
- Consultant Fraud (4) 3.40%
- Work Harassment / Abuse of authority (25) 21.20%
- IP Fraud (12) 10.20%
- Theft (3) 2.50%
- Favoritism (15) 12.70%
- Fraud (21) 17.80%
- Other Wrongdoing (11) 9.30%
- Retaliation (3) 2.50%
- Sexual Harassment (7) 5.90%
- SEA II (8) 6.80%
- SEA I (5) 4.20%

Legend:
- Fraud / Financial Irregularity
- Retaliation
- Other Wrongdoing
- Sexual Misconduct
- Prohibited Conduct
- Favouritism (can fall under Fraud/Financial Irregularities, Other Wrongdoing or Prohibited Conduct depending on the facts)

Case Intake by Category for 2019 - 2021			
Allegation Category	Cases in 2019	Cases in 2020	Cases in 2021
Fraud and financial irregularities	62	59	47
Prohibited conduct	21	16	27
Sexual misconduct	19	24	20
Retaliation	1	1	3
Other wrongdoing	9	16	21
Total	112	116	118

PART C – ACTIVITIES OF THE INVESTIGATION BRANCH - CON'T
Case intake in 2020 and 2021 at headquarters and by region

Headquarters/ Regions	2020		2021	
	Number of cases	Percentage of the total	Number of cases	Percentage of the total
Headquarters	9	8	4	3
Asia and the Pacific	23	20	14	12
East and Southern Africa	19	16	37	32
Eastern Europe and Central Asia	7	6	4	3
Latin America and the Caribbean	7	6	5	4
Arab States	33	28	31	26
West and Central Africa	18	16	23	20
Total	**116**	**100**	**118**	**100**

Board reporting category/year	Internal	Consultant	Former UNFPA staff member	Government official	Implementing Partner	Supplier	Unknown	Total
Fraud/financial irregularities	**81**	**6**	**2**	**0**	**70**	**14**	**14**	**187**
2017	11				3	6		20
2018	7	1			15			23
2019	20	1			14	4	7	46
2020	19				25	3	4	51
2021	24	4	2		13	1	3	47
Other wrongdoing	**39**	**2**	**2**	**0**	**2**	**0**	**4**	**49**
2017	4							4
2018	3	1						4
2019	2				1		3	6
2020	10		2		1		1	14
2021	20	1					0	21
Prohibited conduct	**46**	**3**	**0**	**0**	**1**	**1**	**1**	**52**
2017	1							1
2018	3							3
2019	9							9
2020	11						1	12
2021	22	3			1	1		27
Retaliation	**4**	**0**	**0**	**0**	**0**	**0**	**0**	**4**
2020	1							1
2021	3							3
Sexual misconduct	**17**	**6**	**2**	**1**	**17**	**2**	**2**	**47**
2018	1							1
2019	2	1			5			8
2020	8			1	6	1	2	18
2021	6	5	2		6	1		20
Total	**187**	**17**	**6**	**1**	**90**	**17**	**21**	**339**
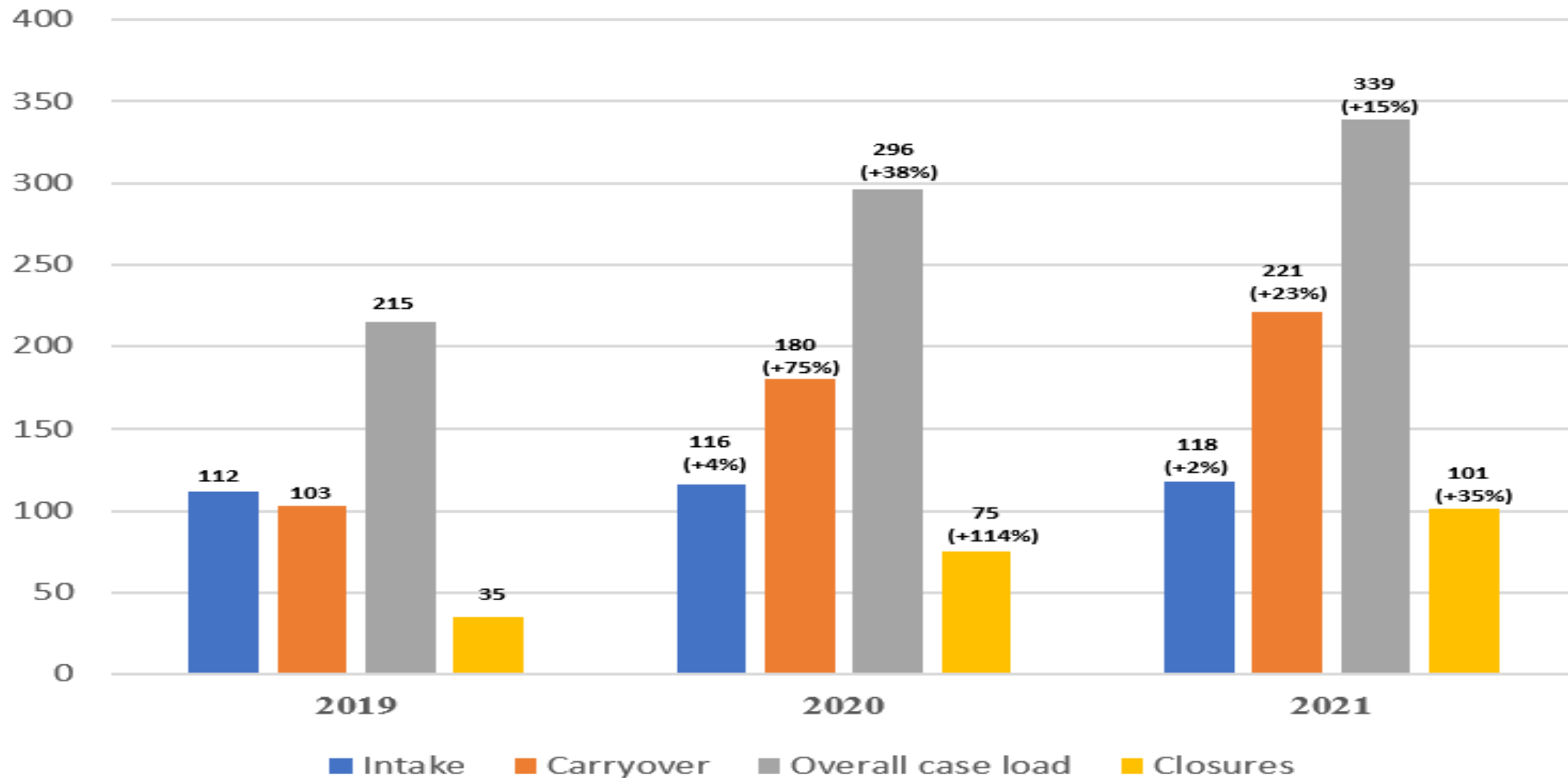
PART C – ACTIVITIES OF THE INVESTIGATION BRANCH - CON'T
Breakdown of cases closed in 2021 by category and whether allegations were substantiated
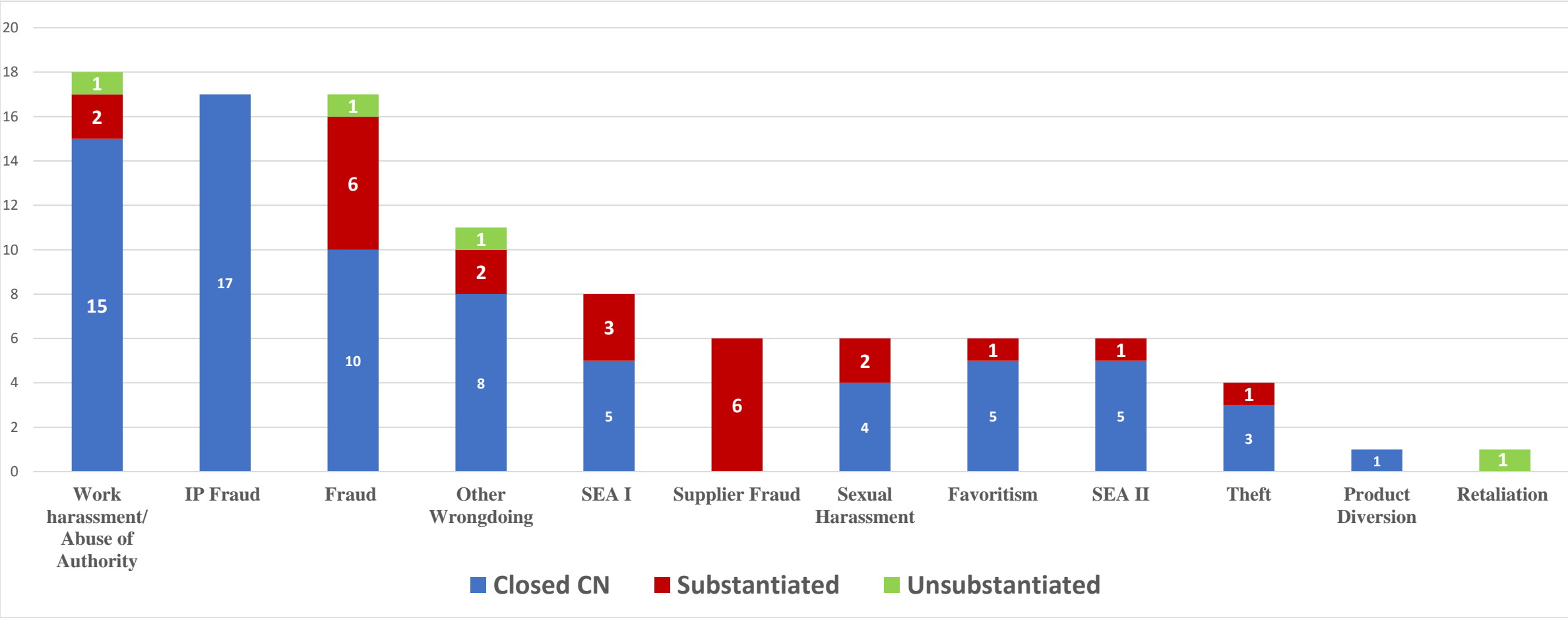
PART C – ACTIVITIES OF THE INVESTIGATION BRANCH - CON'T
Disposition of cases completed in 2021

Type of Closure	Number of Cases	Breakdown
Investigation reports:	**25**	
(a) Submitted to the Legal Office	24	13 Concluded 11 Outstanding 4 Referred to Vendor Review Committee 7 In process by Legal Unit
(b) Submitted to the Ethics Office (retaliation)	1	
Closure reports:	**3**	1 Other Wrongdoing 1 Prohibited Conduct 1 Fraud/Financial Irregularity
(a) Allegation not substantiated	3	
(b) Allegation in which no perpetrator was identified	-	
Advisory memorandums:	-	
Closure notes (i.e., lack of actionable information sufficient to commence an investigation):	73	31 Fraud/Financial Irregularity 15 Prohibited Conduct 13 Other Wrongdoing 14 Sexual Misconduct
Total cases closed in 2021	**101**	

➢ Of the 24 substantiated cases, 15 did not involve a financial loss.

- These cases concerned allegations of sexual misconduct, other wrongdoing, prohibited conduct, and fraud/financial irregularities where there was no loss to UNFPA.

Explanation of financial loss

➢ Nine (9) substantiated cases entailed financial loss to UNFPA.

- 2 cases - involved allegations of fraud and financial irregularities. OAIS was unable to quantify the financial loss.
- 2 cases - the allegations did not concern fraudulent practices or financial irregularities but resulted in a loss of $29,346 due to misuse of resources.
- 5 cases - involved allegations of fraud and financial irregularities with an aggregate loss of $86,284. The status of the five cases is as follows:
  - Three cases were sent to the Vendor Review Committee, of which one recovery was made while two are still in process; and
  - Two cases are under review by the legal office.

➢ Of the 3 closure reports, one concerned allegations of fraud/financial irregularities but entailed no financial loss to UNFPA.

➢ Of the 73 cases closed via closure note, 31 concerned allegations of fraud/financial irregularities.

- Of the 31 cases, 17 concerned Implementing Partner fraud, of which 8 were third party investigations.

Financial loss from investigations by third parties (TPI):

➢ The 8 TPIs involved a loss to UNFPA of approximately $88,176.

- 6 - IPs reimbursed UNFPA pursuant to third-party investigations ($48,294).

- 1 - Loss of approximately $39,604, with UNFPA unable to investigate or receive reimbursement as the IP appeared to have ceased operations.

- 1 - Loss of $278 – as there were no ineligible expenses identified in audits, and due to the low amount involved, UNFPA did not seek reimbursement.

➢ For third-party and IP investigations, OAIS reviews the concerned third-party investigation reports and underlying evidence to ascertain whether sufficient action was taken, and due process followed.

- If yes, OAIS closes the matter at the preliminary review stage by case closure note and does not proceed to a full investigation.

- If OAIS receives allegations concerning an IP that fall within its mandate and determines that the IP does not have the capacity or for other reasons should not conduct the investigation, OAIS may conduct the investigation itself.

PART D - ADVISORY SERVICES
Advisory services provided to the Organization

➢ **Consultancy services** – Review of the electronic payment request process and the Covid-19 Logistics Helpdesk.

➢ **Sexual exploitation and abuse and sexual harassment** – Training support by the Investigation Branch.

➢ **Review of funding agreements** – 17 funding agreements.

➢ **Assessments** – Inputs in reviews or assessments by some Member States and donors e.g., MOPAN, QCPR, and a European Commission Humanitarian Aid survey of the UN.

➢ **Review of policies and other activities** – five new policies and procedures.

➢ **Support to UNFPA Senior Management** – OAIS participation as an observer on various corporate-level committees and the provision of ad-hoc advice.

➢ **ERP Implementation** – Following and supporting implementation of the new ERP system in an advisory capacity starting in the last quarter of 2021.

➢ **General support to UNFPA personnel and management** – Responded to numerous ad-hoc requests for information from various business units.

PART E - INTERNAL & EXTERNAL OVERSIGHT & COORDINATION
Internal oversight and coordination

➢ **Oversight Advisory Committee (OAC):**

- Regular review of the work of OAIS.
- Advise OAIS in improving the delivery of internal audit and investigation services.
- Review and comment on the OAIS annual workplan and its implementation, and budget.
- Receive all audit and advisory reports issued by OAIS in 2021.
- The Director of OAIS performed the role of Secretary to the OAC until end June 2021.

➢ **UN Board of Auditors (UN BoA):**

- Coordination of annual workplans with the UN BoA to maximize audit coverage and avoid duplication of work.
- UN BoA – copied with all audit and advisory reports issued.
- Regular consultations on matters of mutual interest and significant issues arising from audit and investigation work.

➢ **Audit Monitoring Committee (AMC):**

- AMC reliance on the validation of internal audit recommendations by OAIS.
- Attendance of the Director of OAIS, in ex-officio capacity, at monthly AMC meetings throughout 2021 to review progress of internal audit recommendations' implementation and provide advice, where necessary.

➢ **Executive Director (ED):**

- Director of OAIS accountable to the ED for the provision of OAIS services
- Receives regular updates on status of workplan implementation and on issues or concerns needing her attention
- Reviewed and approved the 2021 budget, annual workplan and staffing
- Received all audit and advisory reports issued
- Received all investigation reports for consideration of disciplinary and administrative actions, as appropriate.

➢ **Executive Board**

- OAIS determined the scope of its interventions, methodologies, and communication of results in accordance with relevant decisions of the Executive Board.
- Free and unrestricted access to the Executive Board in 2021.
- All internal audit reports issued in 2021 were publicly disclosed in accordance with the relevant Executive Board decisions.
- The Director of OAIS independently prepared, for submission to the Executive Board, the 2021 annual report on OAIS activities.

- **Joint Inspection Unit (JIU):**
  - The Director of OAIS was the UNFPA focal point for all matters related to JIU until August 2021.
  - As from September 2021, OAIS reviewed and validated, as appropriate, UNFPA responses to relevant JIU recommendations.

- **United Nations Representatives of Internal Audit Services (UN-RIAS and RIAS):**
  - OAIS participated in sharing of practices and experiences among the internal audit services of UN organizations.
  - OAIS contributed to the harmonization of reporting activities of the funds and programmes that report to the Executive Board.

- **United Nations Representatives of Investigation Services (UN-RIS) and Conference of International Investigators (CII)**
  - OAIS actively participated in inter-agency activities and meetings on investigation matters.
  - OAIS actively participated in inter-agency activities regarding sexual exploitation and abuse, as well as sexual harassment.

PART F – WAY FORWARD – 2022 AND BEYOND
Immediate and Strategic Initiatives

➢ **Management support on the initiatives**
- Thanks to the Executive Director, Senior Management, Executive Board, and the OAC for the continuous support provided but respected the independence of OAIS
- Senior Management continued to demonstrate commitment to improving GRC effectiveness.
- In September 2021, as part of the approval of the new Integrated Budget, 2022-2025, further investments in OAIS was approved by the Executive Board.

➢ **Immediate and on-going initiatives**
- Adopting good practices and enhancing existing ones in delivering internal audit, investigation, and advisory services.
- Enhancing the internal audit annual risk assessment methodology by involving key stakeholders in the process.
- Adopting a hybrid approach in both audit and investigation and adopting a 'triage,' where applicable..
- Developing standard operating procedures (SOPs) and report templates for audit and investigation.
- Expediting the review of donor agreements and draft policies.
- Participating proactively in committees as an observer.
- Reaching out to partners in the Organization like the integrity family.

Strategic initiatives and improvements

➢ The first phase of strategic initiatives and improvements was approved, in principle, by the Executive Director in March 2022 and implementation is to be initiated once the detailed proposal is approved. The first phase includes:

- Restructuring OAIS, using available resources, to make it more efficient and effective in 2022 and beyond.
- Revisiting the internal audit strategy to better support the UNFPA Strategic Plan, 2022-2025, and to enhance its value to the organization;
- Recalibrating the RAM process to broaden coverage of the audit universe.
- Adopting a more efficient and effective use of staff and non-staff resources.

➢ The second phase will be prepared based on an assessment of achievements and lessons learned from the implementation of the initial measures and the first phase. This will also consider any new developments, priorities, and emerging risks in the organization.

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Office of Audit and Investigation Services (OAIS)

Advice, Questions, and Answers

*Thank **you***