



United Nations Population Fund

Charter of the Office of Audit and Investigation Services

Introduction

1. As set forth in the Oversight Policy and the Financial Regulations approved by the Executive Board of the United Nations Development Programme, the United Nations Population Fund (UNFPA) and the United Nations Office for Project Services (hereafter referred to as the “Executive Board”), the Office of Audit and Investigation Services (OAIS) of UNFPA is responsible for internal audit, investigation, and advisory services at UNFPA.
2. UNFPA Financial Regulation 17.1 provides that *“[t]he Office of Audit and Investigation Services shall be responsible for the internal audit of UNFPA. It shall conduct independent, objective assurance and advisory activities in conformity with the International Standards for the Professional Practice of Internal Auditing. It shall assess and contribute to the improvement of governance, risk management and control processes, and report thereon. The Office of Audit and Investigation Services shall exercise operational independence in the performance of its duties.”*
3. UNFPA Financial Regulation 17.2 provides that *“[t]he Office of Audit and Investigation Services shall be responsible for assessing and investigating allegations of wrongdoing, including fraud and corruption, committed by UNFPA personnel or by others to the detriment of UNFPA. It shall also be responsible for doing the same for allegations of harassment, sexual harassment, abuse of authority, and sexual exploitation.”*
4. UNFPA Financial Regulation 17.3 provides that *“[t]he purpose, authority and responsibility of the Office of Audit and Investigation Services shall be further defined in the Charter of the Office of Audit and Investigation Services.”*
5. Paragraph 53 of the Oversight Policy stipulates that *“[t]he detailed description of the mandate, responsibilities and authority of OAIS, including the relevant professional standards applied to its functions, are set forth in the OAIS Charter, which is reviewed by the Oversight Advisory Committee prior to being approved by the UNFPA Executive Director. The Charter is shared, for information, with the Executive Board.”*
6. In conformance with the above, this Charter sets out the purpose, authority and responsibility, policies, and procedures applicable to OAIS.

Purpose

7. The purpose of OAIS is to provide the Executive Director, the Executive Board and UNFPA with independent, objective assurance and advisory services designed to add value and improve UNFPA’s operations.

Scope of Work

8. OAIS shall cover all programmes, operations and activities undertaken by UNFPA at its headquarters, country offices, regional offices, and liaison offices, and any other offices which may be in any other locations (hereafter collectively referred as “field offices”); or funded or paid by UNFPA, as per the corresponding agreements in place.
9. OAIS shall be the sole entity of UNFPA to perform, manage, or authorize others to perform or manage internal audit and investigation services, unless otherwise provided in the present Charter or directed by the Executive Director considering the advice of the Oversight Advisory Committee.

Charter of the Office of Audit and Investigation Services - UNFPA

10. Consistent with its operationally independent status as provided in UNFPA Financial Regulation 17.1, OAS shall determine the scope of all its internal audit, investigation and advisory services freely and independently, without undue interference from or influence by UNFPA Management.

11. In the fulfillment of its responsibilities, OAS may use its staff, independent contractors, or contracted firms.

A. Internal Audit

12. Internal auditing is an independent and objective assurance and advisory function designed to add value and help improve UNFPA's operations. OAS helps UNFPA accomplish its objectives by employing a systematic, disciplined approach in assessing the adequacy of governance, risk management, and control processes and providing advisory services, as needed.

13. OAS shall examine and assess UNFPA's governance, risk management and control processes to provide reasonable assurance to the Executive Director, the Oversight Advisory Committee, and the Executive Board that these processes are functioning as intended to ensure the:

- (a) Achievement of the organization's strategic objectives;
- (b) Reliability and integrity of financial and operational information;
- (c) Economy, effectiveness and efficiency of programmes and operations;
- (d) Safeguarding of assets; and
- (e) Compliance with legislative mandates, regulations and rules, policies and procedures, and contractual obligations, where relevant.

14. In doing so, OAS shall employ an audit risk assessment methodology that includes defining the UNFPA audit universe and disaggregating it into 'auditable entities' i.e., business processes and the organizational units that deliver them.

15. In addition, to strengthen governance, risk management and control processes, the Director of OAS also audits and submit reports to the Executive Director, the Oversight Advisory Committee and the Executive Board on cross-cutting or any other significant issues, such as those related to specific functions, processes and programmes, including any initiatives that are potential for improvement thereof.

16. OAS shall make recommendations for and promote the continuous improvement of governance, risk management, and control processes.

17. In examining and assessing UNFPA's governance, risk management and control processes, the internal audit function shall also assess risk exposures related to the organization's information systems, as well as evaluate the potential for the occurrence of fraud and how UNFPA manages fraud risk but is not expected to employ the expertise of persons whose primary responsibility is detecting and investigating fraud.

18. In order to provide the internal audit services efficiently and effectively, the Director of OAS shall, for the review and recommendation of the Oversight Advisory Committee and approval of the Executive Director, prepare:

- (a) Annually, prior to the implementation year, an audit plan for the delivery of internal audit services including the use of available staffing and budget resources. The audit plan is to be developed based on a prioritization of risks, using a risk-based assessment methodology of the audit universe and after consideration of inputs from senior management and key officers, the United Nations Board of Auditors, the Oversight Advisory Committee, and the Executive Board, as appropriate. The internal audit plan should be flexible and adaptable to respond to emerging needs and issues within available resources and required timeframe. Any significant deviation from the formally approved plan shall be communicated to the Executive Director and the Oversight Advisory Committee through periodic activity reports; and all eventualities, including when the workplan changes is impacted by the budget revision request.

Charter of the Office of Audit and Investigation Services - UNFPA

- (b) A rolling four-year internal audit plan aligned with the UNFPA Strategic Plan should also be prepared and revisited each year, taking into account the results of the latest audit risk assessment and the resources assigned to OAIS, to the extent these are known. Implementation of the audit plan may include both onsite and remote auditing.

19. Pending the Executive Director's approval of the workplans or in the event the workplans are disapproved, deferred, rescheduled, or delayed by the Oversight Advisory Committee or the Executive Director, the Director of OAIS has the prerogative to implement critical audit activities. The Executive Director and the Oversight Advisory Committee will be notified of any audit activity implemented prior to approval of the workplans.

20. In cooperation with the Internal Audit Services of other United Nations system organizations, OAIS shall initiate and/or participate in joint audits of inter-agency activities including, but not limited, to Multi Partner Trust Funds, Joint Programmes and Delivering as One Programmes.

21. The approval requirement does not prevent OAIS from auditing any other area within the purview of its mandate, which OAIS deems necessary.

22. Following the conclusion of each internal audit engagement, the Director of OAIS shall issue an internal audit report to the Executive Director, with a copy to the auditee(s), Members of the Executive Committee, Members of the Oversight Advisory Committee, the United Nations Board of Auditors, the relevant UNFPA divisions or offices, and the Oversight Compliance Monitoring Committee Secretariat. The internal audit report shall include the management response, agreement, and action timeline with regard to the specific findings and recommendations. It shall be made available to the public in accordance with the prevailing disclosure policy, as per the relevant Executive Board decision.

23. In the event that an auditee disagrees with an audit issue or recommendation, OAIS will take reasonable steps to resolve the disagreement directly with the auditee. If the disagreement remains unresolved, OAIS shall first refer the matter to the Oversight Compliance Monitoring Committee (OCMC) Secretariat for note and/or possible intervention. Any remaining disagreements after the OCMC Secretariat's intervention shall be referred to the Office of the Executive Director. OAIS shall take reasonable steps to ensure that the described resolution mechanism takes its natural course before issuance of the relevant internal audit report.

24. All disagreements with audit issues and recommendations or instances of acceptance of risk by UNFPA Management (i.e., non-acceptance of audit recommendations) shall, in accordance with relevant Executive Board decisions, be included in annual reports on OAIS activities to the Board.

25. Management shall be responsible for appropriate follow-up on and implementation of audit findings and recommendations, as well as for appropriate documentation thereof in the system maintained by OAIS. This will be monitored by the Oversight Compliance Monitoring Committee to ensure that all action plans are properly implemented within the agreed timeline.

B. Investigations

26. The Office of Audit and Investigation Services shall be the sole entity responsible for receiving and investigating allegations of wrongdoing, including proscribed practices committed by UNFPA personnel or any third-party doing business with UNFPA.

27. As it deems appropriate or necessary, OAIS will conduct preliminary assessments and internal and external investigations:

- (a) Internal investigations involve all allegations of wrongdoing, including '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.

Charter of the Office of Audit and Investigation Services - UNFPA

- (b) External investigations involve all allegations of wrongdoing, including proscribed practices (as mentioned above) committed to the detriment of UNFPA, by independent contractors, implementing partners and other third parties.
28. OAIS shall freely and independently determine the extent, scope and reporting format of preliminary assessments and investigations.
29. Upon request of the Ethics Advisor, OAIS shall also conduct investigations into allegations of retaliation for reporting misconduct or for cooperating with an authorized investigation or internal audit activity.
30. Where OAIS determines that an allegation of retaliation referred to OAIS for investigation by the Ethics Advisor does not warrant investigation, OAIS shall seek to resolve the request for investigation with the Ethics Advisor and in consultation with management.
31. OAIS may also undertake proactive investigations in areas susceptible to fraud, corruption, or other wrongdoing.
32. Upon receipt of any allegations of misconduct against the Executive Director, the Deputy Executive Director for Management and the Deputy Executive Director for Programmes, OAIS will inform and refer such allegations to the Office of Internal Oversight Services (OIOS) or other appropriate external investigative body for assessment and, as appropriate, investigation. OAIS shall extend any support necessary to OIOS in dealing with such allegations.
33. Allegations of misconduct against the Director of OAIS and all OAIS personnel cannot be reviewed or investigated by OAIS and shall be reported to the Executive Director, who will seek advice from the Oversight Advisory Committee and decide on the appropriate office or individuals to conduct the investigation, if any, based on the nature of the allegation or complaint.
34. At the discretion of the Director of OAIS, allegations of wrongdoing involving senior staff members of key counterpart offices within UNFPA (the Chief of Staff of the Executive Director, Director of the Division for Human Resources, the Ethics Advisor, Head of the Legal Unit and Chief of the Office of the Security Coordinator) can be referred for assessment and, investigation to an appropriate external investigation entity, preferably within the UN system. OAIS shall extend any support necessary to the external investigation entity dealing with any such allegations.
35. The Director of OAIS shall prepare an annual workplan for the timely and efficient management of the investigation function. The plan shall be submitted to the Executive Director for approval after review and advice by the Oversight Advisory Committee.
36. Pending the Executive Director's approval of the workplan or in the event the workplan is disapproved, deferred, rescheduled, or delayed by the Executive Director, the Director of OAIS has the prerogative to implement critical investigation activities. The Executive Director and the OAC will be notified of any investigation activity implemented without prior approval of the workplan.
37. OAIS shall maintain reporting facilities (e.g., telephone line, cellular or mobile phone lines, web-based reporting facility, email, postal address and other means as deemed appropriate by the Director of OAIS) to facilitate reporting by UNFPA staff, management, other stakeholders and the public at large, of any alleged instances of wrongdoing concerning UNFPA operations and activities.
38. The Director of OAIS shall submit, as soon as possible, based on the priority of the case and available resources, its investigation report to the Executive Director for consideration of disciplinary and administrative actions. The Director of OAIS shall submit its investigation report on allegations of retaliation to the Ethics Advisor.
39. In cases where a vendor or other third party is found to have engaged in proscribed practices, the Director of OAIS shall submit its report to the Executive Director for consideration of appropriate action under the relevant UNFPA sanction procedures or referral to appropriate internal technical administrative bodies. These shall include,

Charter of the Office of Audit and Investigation Services - UNFPA

but not be limited to, UNFPA's Implementing Partner Review Committee (IPRC) and UNFPA's Vendor Review Committee (VRC) for appropriate action.

40. In cases where the investigation determines credible allegations of criminal conduct, the Director of OAIS may prepare an investigation dossier with a recommendation to the Executive Director for consideration of referral to national authorities for criminal investigation and prosecution.

41. In cases where OAIS has received from a third party an investigation dossier concerning allegations of wrongdoing by UNFPA staff members, independent contractors, implementing partners and other third parties, OAIS will review the investigation dossier for possible endorsement or further investigative activity, as needed. When applicable, OAIS shall provide the Executive Director with its endorsement of a third-party investigation dossier.

42. The Director of OAIS shall also submit, to the Executive Director, reports on deficiencies in internal control processes, regulations and guidance that are identified in the course of investigative work, with recommendations for addressing these and further strengthening the internal control framework of UNFPA, to the extent these have not already been covered through internal audit reports. The Director of OAIS may also, as they see fit, refer such reports and/or recommendations to other UNFPA personnel and/or business units with a view to further strengthening the internal control framework of UNFPA.

C. Advisory

43. OAIS may provide advisory services to UNFPA Management to the extent that OAIS' independence and objectivity are not compromised. These are based on its knowledge of governance, risk management, and internal control processes and on lessons learned from the audit or investigations conducted on UNFPA activities at headquarters and the field offices. In providing advisory services, OAIS does not participate in the decision-making process or determine which actions UNFPA should undertake.

44. OAIS shall undertake the provision of advisory services in conformance with professional standards.

Authority and Responsibility

45. The Director of OAIS is accountable to the Executive Director for the provision of OAIS' services in accordance with the provisions of the Financial Regulations and Rules, the Oversight Policy, and this Charter.

46. OAIS has full, free, and unrestricted access to any and all of UNFPA records, electronic data, property, and personnel with regard to any of UNFPA's functions or activities which are, in its opinion, relevant to the performance of its duties. UNFPA personnel shall assist and cooperate fully with OAIS so it can fully and timely fulfill its mandate as set out in this Charter, in the Oversight Policy and the relevant Financial Regulations, and Rules. This includes OAIS communicating directly at all levels of personnel, management and third parties as per their contractual agreement with UNFPA, as well as requesting from any personnel, management and third parties, as per their contractual agreement with UNFPA, to furnish all material or information deemed necessary by OAIS for the completion of its work. Documents and information given to OAIS during a review will be handled in the same prudent and confidential manner as by those normally accountable for them.

47. The Director of OAIS has the authority to allocate its resources as approved by the Executive Board, set schedules, determine the scope of work, and decide on the methodologies, and procedures required to accomplish internal audit, advisory, and investigation objectives.

48. The Director of OAIS shall maintain an effective system for recording and managing investigation cases, as well as internal audit activities leveraging on available IT systems appropriate for the efficient, secure, and effective document management system.

Charter of the Office of Audit and Investigation Services - UNFPA

49. The Director of OAIS shall maintain quality assurance and improvement programmes that cover all aspects of the internal audit and investigation functions. The programme will include both internal and external assessments of the internal audit function's conformance with the *Standards* and whether internal auditors apply the Code of Ethics. The programme will also assess the efficiency and effectiveness of the internal audit function and identify opportunities for improvement. Internal assessments must include ongoing monitoring of efficient and timely implementation of the audit plan, as well as periodic self-assessments of other activities of the audit related activities of OAIS. In accordance with the standards, external assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Organization. The Director of OAIS will communicate to the Executive Director, the Oversight Advisory Committee, and the Executive Board on the internal audit function's quality and improvement programme.

50. The investigation function shall maintain a similar programme, with an external and independent assessment of the investigation function undertaken every five years in line with the Core Principles and General Guidelines for Investigations by the International Investigators Conference. Similarly, internal self-assessments shall also be undertaken periodically to assess the implementation of the investigation plan to ensure that complaints and cases are addressed and/or fully investigated and minimize their carryover, in significant numbers, to future years.

51. The Director of OAIS will communicate to the Executive Director and the Oversight Advisory Committee results and recommendations of internal and external quality assessments of the internal audit and investigations functions as bases for pathways for continuous improvement in the work of OAIS. All such results and recommendations including OAIS's responses to them, shall also be reported to UNFPA Senior Management and presented to the Executive Board, through the OAIS annual report at its annual session.

52. The Director of OAIS shall be responsible for selecting and maintaining a cadre of internal audit and investigation staff members with the relevant competencies, knowledge, skills, and professional certifications to provide independent and objective services as stipulated in the Charter. Further, the Director of OAIS has been delegated by the Executive Director to engage independent contractors and third-party entities in accordance with prescribed hiring and procurement procedures as necessary for the performance of the functions under this Charter.

53. The Director of OAIS shall inform the Executive Director, the Oversight Advisory Committee, and the Executive Board on the following:

- (a) The performance of OAIS against the approved internal audit, advisory, and investigation workplans;
- (b) Significant and systemic internal audit and investigation findings, recommendations, and good practices through periodic syntheses;
- (c) The status of implementation of recommendations by management through periodic summaries and any significant recommendations that are not implemented.
- (d) Emerging risks, key findings, ethical issues, or other information that need needing immediate action or decision.

54. Except as the Chair of the Oversight Advisory Committee may otherwise decide, in his or her sole discretion, the Director of OAIS shall attend all meetings of the Committee.

55. The Director of OAIS and OAIS personnel are not authorized to:

- (a) Direct the activities of any personnel not part of OAIS, except to the extent that such personnel has been appropriately assigned to OAIS or requested to assist OAIS;
- (b) Perform any other supervisory, managerial or operational functions for UNFPA, or initiate or approve accounting transactions unrelated to OAIS; and
- (c) Engage in any activity that could impair, in fact or appearance, the individual objectivity of OAIS personnel and/or OAIS' independence.

Charter of the Office of Audit and Investigation Services - UNFPA

Independence

56. Consistent with its operationally independent status as provided in UNFPA Financial Regulation 17.1, 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 and modalities of reporting its findings and conclusions in audit and in investigation.
57. The Director of OAIS reports directly to the Executive Director. 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.¹ The Director of OAIS is barred from re-entry into UNFPA thereafter.² The Oversight Advisory Committee is involved in the selection, intended removal and annual performance appraisal of the Director of OAIS conveys the results of its assessment to the Executive Director.³
58. The Director of OAIS has free and unrestricted access to, and communicate and interact directly with, the Executive Director, Senior Management, 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, including in closed briefings, as needed, on potential red flags, audit findings, and status of investigations, with due regard for confidentiality and privacy.
59. 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. On the other hand, any OAIS staff member may move to any position in Management either by reassignment, promotion, or transfer, in accordance with UNFPA staff regulations, rules, and policies.
60. The Director of OAIS and OAIS personnel must avoid being placed in situations which might create any actual or perceived 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 impairment to their independence in relation to any assigned activity, and accordingly recuse themselves from such participation.
61. The Director of OAIS shall bring to the attention of the Executive Director, the Oversight Advisory Committee and the Executive Board any impairment to its independence, objectivity and professionalism.
62. OAIS staff members have an obligation to annually file an accurate financial disclosure statement and declaration of interest as set forth in the relevant UNFPA policy and submit this to the Ethics Office.⁴
63. In addition, all OAIS staff and individual consultants assisting on audits must sign a declaration of interest and independence for each engagement.
64. Investigators and individual consultants conducting or assisting on investigations must sign annual declarations of interest at the beginning of each year. If a conflict of interest arises either at the beginning or during the year, the concerned investigator is required to prepare a declaration of conflict of interest or impairment of independence for that specific case or cases, as an addendum to the annual declarations.

¹ UNFPA Oversight policy approved by the Executive Board in January 2015, paragraph 50.

² UNFPA Oversight policy approved by the Executive Board in January 2015, paragraph 50.

³ UNFPA Oversight policy approved by the Executive Board in January 2015, paragraph 50.

⁴ UNFPA Oversight policy approved by the Executive Board in January 2015, paragraph 17.

Charter of the Office of Audit and Investigation Services - UNFPA

Resources

65. OAIS shall be provided with the necessary resources, including appropriately trained and experienced professionals, in order to fulfil its responsibilities, set out in this Charter. In accordance with the decisions of the Executive Board, the Director of OAIS shall make a budget proposal to the Executive Director as part of the Integrated Budget preparation process, after review and advice by the Oversight Advisory Committee. The Executive Director shall allocate funding to OAIS in accordance with the UNFPA budget approved by the Executive Board.
66. The Director of OAIS shall keep the Oversight Advisory Committee apprised of the funding and staffing of OAIS.
67. The Director of OAIS shall apply resources allocated to OAIS in accordance with the relevant regulations, rules, policies and procedures established by UNFPA.
68. OAIS has the authority in the management of its resources. Specifically,
- (a) Following approval of the Integrated Budget by the Executive Board, the allocation for OAIS cannot be reduced.
 - (b) Within budget years, the OAIS Director can freely redeploy budget allocations between and among the various budget line items within its overall budget allotment. Savings realized from any budget line item can be utilized to finance other items within the budget allotment as long as the total allotment is not exceeded.
 - (c) Savings realized from previous years of a current Integrated Budget quadrennium can be brought forward in the next year or the following years as long as this is within the total budget allotment for the four-year period of the approved Integrated Budget. Bringing savings forward across years within the quadrennium is subject to availability of funds overall and requires submission to the Resource Management Committee (RMC) for approval.

Disclosure of OAIS information

69. OAIS shall disclose internal audit reports in accordance with the procedures set out in the Oversight Policy (Chapter VII) approved by the Executive Board⁵ In exceptional cases, internal audit reports may be redacted, or withheld in their entirety, at the discretion of the Director of OAIS, in accordance with the Oversight Policy approved by the Executive Board.
70. OAIS shall disclose investigation information in accordance with the procedures set out in the oversight policy approved by the Executive Board. In essence, individual investigation reports are solely disclosed to the Executive Director, or his/her designee; information on investigation reports issued by the Director of OAIS is included, in anonymized format and with financial losses identified, in the annual report of the Director of OAIS to the Executive Board; information regarding an ongoing investigation may be provided to the relevant donor entity to the extent that said provision will not, in the opinion of the Director of OAIS jeopardize the integrity or proper conduct of the investigation, or the due process rights of the person(s) or entity(ies) involved.
71. The OAIS Charter shall be disclosed on the UNFPA website under the Audit and Investigation section (<https://www.unfpa.org/audit-and-investigation>)

⁵ Internal audit reports issued after 1 December 2012 are publicly available; the Director of OAIS may disclose, upon request, internal audit reports issued between 19 September 2008 and 30 November 2012 to Member States and, in case of audits of projects (co-funded by intergovernmental organizations or by the Global Fund to Fight Aids, Tuberculosis and Malaria, reports issued between 17 June 2011 and 30 November 2012 which concerns the funding provided by the donor(s) concerned.

Charter of the Office of Audit and Investigation Services - UNFPA

Coordination with the United Nations Board of Auditors and other oversight bodies

72. The Director of OAIS shall interact freely and regularly with the United Nations Board of Auditors and other oversight bodies of the UN system.

73. In order to optimize audit coverage and avoid duplication of assurance work, OAIS shall share with the United Nations Board of Auditors and to the extent relevant to the services rendered by UNDP to UNFPA, the Office of Audit and Investigation of UNDP, it being responsible for auditing such services, information and coordinate on issues of mutual interest, such as annual audit workplans, internal audit reports, the follow-up of audit recommendations and other matters of mutual interest. OAIS shall at the end of each year will request from UNDP and other third parties providing outsourced services a statement of assurance that such services are covered by their respective audit services and that any significant issues are brought to the attention of UNFPA Management and OAIS in a timely manner.

74. OAIS is authorized to conduct audits or investigations jointly with or on behalf of the oversight offices of other entities of the United Nations common system, in accordance with their mandates and on agreed terms of reference for the audit engagement or investigation missions, including on a cost-recovery basis.

75. OAIS is authorized to independently interface with the United Nations Office of Internal Oversight Services, with oversight bodies of United Nations system and other multilateral entities, with the supreme audit institutions of Member States and with Member State law enforcement or other authorities as necessary to execute its mandate, with due regard to the privileges and immunities of the United Nations and the relevant agency or donor agreements.

76. OAIS adheres to the single audit principle adopted by United Nations system organizations, which gives the United Nations Board of Auditors the exclusive right to audit the accounts and statements of the United Nations. OAIS will be consulted if any exceptions to this principle are negotiated in any agreements that have the potential to impact the independence of the Office in determining its audit universe or allocation of resources.

77. The United Nations Office of Internal Oversight Services has the authority to review and investigate allegations of misconduct reported by the Director of OAIS involving the Executive Director of UNFPA and any other senior official.

78. OAIS shall also coordinate its work with other UNFPA offices, as relevant, including, but not limited to members of the Integrity Group of UNFPA, such as the Evaluation Office, the Ethics Office, the Office of the Ombudsman, the Coordinator for PSEA, the Legal Unit of the Office of the Executive Director, and the Division for Human Resources, as needed.

Accountability to the Executive Board

79. 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 and performance against its workplan, 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 as beyond the risk appetite of the Organization, an opinion, with its rationale, on the adequacy and effectiveness of the UNFPA framework of governance, risk management and controls,⁶ and such other matters as may be requested by the Executive Board.

80. 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.

⁶ Executive Board decision 2016/13 of June 2016.

Charter of the Office of Audit and Investigation Services - UNFPA

Professional Standards

81. The Director and staff of OAIS shall abide by the United Nations Code of Conduct, the Standards of Conduct for the International Civil Service, as well as by the Code of Ethics of the Institute of Internal Auditors. Independent contractors retained or third-party entities engaged by OAIS shall abide by the terms of their contractual agreement. The Director and staff of OAIS, as well as the independent contractors retained or third-party entities engaged by OAIS, shall at all times maintain and safeguard their independence, objectivity and professionalism in fulfilling the responsibilities assigned under this Charter.

82. OAIS shall undertake its internal audit activities in adherence to the mandatory elements of the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing ('Standards'), and the Definition of Internal Auditing. In addition, OAIS shall be guided by the non-mandatory recommended and supplemental guidance of the IPPF. The Director of OAIS will report periodically to the Executive Director, the Oversight Advisory Committee and the Executive Board regarding OAIS' conformance to the Code of Ethics and the Standards, and on plan to address shortcomings, if any.

83. OAIS shall carry out its investigation activities in accordance with the UNFPA Disciplinary Framework and all pertinent policies and procedures referenced therein, as well as the Uniform Principles and Guidelines for Investigations (second version) as endorsed by the 10th Conference of International Investigators in 2009. The Director of OAIS will report periodically to the Executive Director, the Oversight Advisory Committee and the Executive Board regarding OAIS' conformance thereto.

Approval and revision of the Charter

84. The Charter shall be reviewed every two years or more often if required. The Director of OAIS is responsible for applying this Charter and for proposing amendments to keep it up to date.

85. Any revision shall be approved by the Executive Director after obtaining advice from the Oversight Advisory Committee. The revised Charter shall be brought to the attention of the Executive Board and the United Nations Board of Auditors.

Approved by

Date

1 August 2023



Dr. Natalia Kanem
Executive Director
United Nations Population Fund



9 April 2024

Annex 2

Basis of the 2023 OAI opinion on the UNFPA governance, risk management, and internal control processes

Report of the Office of Audit and Investigation Services on UNFPA internal audit and investigation activities in 2023

(DP/FPA/2024/6)

Agenda item 3: UNFPA – Internal audit and investigation

Executive Board of UNDP, UNFPA and UNOPS

Annual session 2024

3 to 7 June 2024

New York

Annex 2: Basis of the 2023 OAIS opinion on UNFPA governance, risk management, and internal control processes

1. In accordance with Executive Board decision 2015/13 of June 2015, OAIS provides, in its annual reports to the Executive Board, an opinion on the adequacy and effectiveness of UNFPA's governance, risk management, and control (GRC) processes. The 2023 opinion is based on the scope and results of work undertaken by OAIS in the year, as set out in the body of the annual report (DP.FPA.2024.6). The overall (organizational level) OAIS opinion on the UNFPA GRC processes is set out in Section III of the annual report. This annex provides additional details on the basis, scope, and exclusions of the overall opinion.

2. The overall opinion of OAIS is that the UNFPA GRC processes were '*partially satisfactory, with some improvement needed*,' which means that the assessed processes were adequately designed and operating effectively but needed some improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issues and improvement opportunities identified did not significantly affect the achievement of the audited entity/area objectives. Management action is recommended to ensure that identified risks are adequately mitigated.

3. The opinion is based on the following:

- (a) Results of OAIS audits concluded between 1 January and 31 December 2023 and cumulative audit knowledge and experience stemming from OAIS audits completed in previous years, as considered relevant;
- (b) Status of implementation of internal audit recommendations;
- (c) Second line of defence controls based on reports obtained from management;
- (d) Consideration of material deficiencies in the overall UNFPA framework of governance, risk management and controls that might individually or collectively diminish the achievement of the organization's objectives, as noted in the following:
 - (i) Harmonized approach to cash transfers audits;
 - (ii) Findings and recommendations reported by the United Nations Board of Auditors in its observation memoranda for the audit of the UNFPA financial statements for 2023;
 - (iii) Substantiated investigation cases in 2023 involving allegations impacting UNFPA financial resources, personnel and beneficiary well-being, as well as overall reputational risks; and
 - (iv) Results of strategic and fraud-risk assessments completed as part of the enterprise risk management (ERM) process implemented by management, to the extent available, when preparing this opinion.

4. In February 2024, OAIS received a letter from management indicating actions/decisions taken to address matters raised in the 2022 OAIS opinion on the organization's GRC processes. These are reflected in paragraphs 21 to 24.

5. In 2023, OAIS conducted its internal audit work, as well as rendered its overall opinion on UNFPA's GRC processes in conformance with the International Standards for the Professional Practice of Internal Auditing (hereafter referred to either as ISPPA or the *Standards*) and the Code of Ethics of the Institute of Internal Auditors, which were adopted for use by the Representatives of the Internal Audit Services of the United Nations system organizations in June 2002.

6. Consistent with previous years, in 2023 UNFPA outsourced significant functions and business processes to other United Nations system organizations, including: (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 new enterprise resource planning (ERP) system "Quantum"; and (f) other information technology services. UNFPA management relied on the management and fiduciary oversight activities undertaken by the United Nations organizations to which the functions were outsourced with respect to the adequacy and effectiveness of the related governance, risk management, and internal control processes. The outsourced functions are subject to the provisions on internal audit provided for in the respective United Nations organizations' policies and procedures and are not covered by the OAIS opinion. OAIS received confirmation from UNDP's Office of Audit and

Investigations that most of these outsourced functions have been covered by its audits in recent years ranging from 2017 to 2023.

7. UNFPA also outsourced numerous information and communications technology functions, including the hosting of significant systems (e.g., email, cloud storage, website hosting), to third-party service providers. These are subject to the provisions on internal audit provided for in the respective third parties' policies and procedures and are also not covered by the OAIS opinion.

Results of audits concluded in 2023

8. OAIS provides opinions on the organization's GRC processes at two different levels: (a) at the engagement level, as indicated in Table 1 below; and (b) at the organizational level, as described in paragraph 2 above. Accordingly, based on the results of audit engagements concluded in 2023, and in conformance with the *Standards*,¹ OAIS provided engagement level GRC opinions (country or regional offices, business units or processes), which were reflected in the respective internal audit reports. Table 1 shows that, in 2023, 17 per cent (nil in 2022) of the audit engagements concluded were assessed as 'satisfactory', 50 per cent (6 per cent in 2022) 'partially satisfactory, with some improvement needed', while 29 per cent (33 per cent in 2021) were assessed as 'partially satisfactory, with major improvement needed'. Four per cent of the reports (nil in 2022) were 'unsatisfactory'.

9. None of the issues identified in the reports assessed as 'partially satisfactory, with major improvement needed' or 'unsatisfactory' were significant enough as to seriously compromise the achievement of UNFPA objectives.

Table 1: Ratings for audits/assessments undertaken in 2023 vs. 2022

Ratings	2023	% of total	2022	% of total
Satisfactory	4	17	0	0
Partially satisfactory, with some improvement needed	12	50	6	67
Partially satisfactory, with major improvement needed	7	29	3	33
Unsatisfactory	1	4	0	0
Different rating scale ²	0	0	0	0
Total number of reports	24		9	

Status of implementation of audit recommendations

10. The 24 audit reports issued in 2023 (see Table 1) resulted in 235 recommendations (see Table 2), which represents a 122 per cent increase compared to the 106 recommendations issued in the 9 reports of 2022. Of the 235 recommendations, 123 were rated as 'high priority' (63 in 2022).

11. Review of outstanding recommendations as of 31 December 2023 showed an increase from prior year levels. As of that date, there were 294 outstanding recommendations compared to 115 at the end of 2022 (see Table 2). Of the 294 outstanding recommendations in 2023, 212 had due dates for implementation in 2024 and beyond. The remaining 82 recommendations were overdue for implementation, with 20 outstanding for less than 12 months, 47 for periods between 12 and 18 months, and 15 for more than 18 months.

12. No recommendation was closed in 2023 based on management disagreement, management's acceptance of risks, or being overtaken by events and therefore no longer applicable or implementable.

¹ ISPPIA 2410.A1 – Opinion at the engagement level

² The assessment of the ERM was rated as "Developing" and the outsourced financial audit of a project in Guatemala had an unqualified audit opinion and no audit recommendation was provided.

Table 2: Recommendations by audit area and priority rating – 2022 and 2023

	Priority Rating					
	High	Medium	Total	High	Medium	Total
Recommendations issued:	2023			2022		
Governance	47	34	81	27	5	32
Programme Management	53	41	94	28	17	45
Operations Management	19	36	55	8	21	29
Support to and Oversight of Country Offices	4	1	5			
Sub-total of recommendations issued during the year (%)	123	112	235	63	43	106
	52	48	100	59	41	100
Outstanding recommendations:	31-Dec-23			31-Dec-22		
Governance	65	35	100	29	5	34
Programme Management	72	49	121	9	18	27
Operations Management	26	43	69	30	24	54
Support to and Oversight of Country Offices	3	1	4			
Sub-total outstanding recommendations at year end (%)	166	128	294	68	47	115
	56	44	100	59	41	100

13. As indicated in paragraphs 3 (c) and (d), OASIS also took into consideration the following processes and control mechanisms that UNFPA management put in place in implementing its internal control framework and risk management. These include audits of funds transferred to implementing partners, the results of the organization's ERM process, as well as reported actions and decisions taken to address matters raised in the OASIS 2022 opinion on UNFPA's GRC processes. This practice conforms with the *Standards*³ and is outlined in the following paragraphs.

Audits of fund transfers to implementing partners

14. Management engages external professional services firms to conduct independent audits of fund transfers to implementing partners under the harmonized approach to cash transfer (HACT).⁴

15. OASIS leverages the results of HACT audits to obtain additional assurance on how the cash transfers are made and accounted for. For purposes of the 2023 OASIS annual report, results of the 2022 audits were considered.

16. Table 3 below indicates the total expenditures audited and the audit opinions rendered in each year over a three-year period (2020-2022). Expenditures incurred by implementing partners increased from \$384 million in 2020 to \$462 million in 2022, an increase of \$78 million (20 per cent). Audit coverage of the expenditures also increased from \$251 million to \$335 million, an increase of \$84 million or 33 per cent.

17. In terms of audit opinions, unmodified⁵ audit opinions for 2022 implementing partner financial statements were 93 per cent of total audit reports issued (92 per cent in 2020). The percentage of modified opinions (qualified⁶

³ Standard 2050

⁴ The Harmonized Approach to Cash Transfers (HACT) framework was first adopted in 2005 by UNDP, UNICEF, UNFPA and WFP, and represents a common operational (harmonized) framework for transferring cash to government and non-governmental IPs.

⁵ An unmodified opinion is expressed when the auditor concludes that the financial statements and notes of the audited entity presents fairly, in all material respects, the financial position and results of its operations for the audited period in conformity with the relevant accounting principles and standards.

⁶ A qualified opinion is expressed when the auditor concludes that an unqualified opinion cannot be expressed but that the effect of any disagreement with management, or limitation on scope is not as material and pervasive as to require an adverse opinion or a disclaimer of opinion. A qualified opinion should be expressed as being 'except for' the effects of the matter to which the qualification relates.

adverse⁷ or disclaimer⁸) was 7 per cent in 2022, compared to 8 per cent 2020.

Table 3: Results of implementing partner HACT audits 2020-2022⁹

Indicator	2022	2021	2020
Total implementing partner actual expenditures (<i>millions of \$</i>)	462	405	384
Audit coverage			
Implementing partner expenses audited (<i>millions of \$</i>)	335	229	251
Percentage of implementing partner expenses audited compared to total expenses incurred (%)	73	56	65
Audit opinions			
Number of issued audit reports	432	287	325
Number of reports with unmodified opinion	400	266	300
Number of reports with qualified opinion	28	16	24
Number of reports with adverse opinion	4	4	1
Number of reports with a disclaimer opinion	-	1	-
Percentage of unmodified opinions (%)	93	93	92
Percentage of modified opinions (qualified, adverse & disclaimer) (%)	7	7	8
Unsupported costs arising from modified opinions (<i>millions of \$</i>)	1.2	2.1	1.2

The Enterprise Risk Management

18. In 2023, UNFPA focused on implementing the new ERM policy and procedures. The key initiatives undertaken were as follows:

- (a) Knowledge dissemination on policy – To foster a culture of risk-awareness and accountability, learning materials were developed for use in ERM workshops aimed at ensuring a common understanding of risk management principles and practices amongst UNFPA personnel. Simultaneously, an ERM guidebook was created to provide a structured framework for implementing risk management strategies across the organization.
- (b) Risk identification and mitigation - To adapt to an evolving risk landscape, the corporate risk register was expanded by incorporating new risk factors. Additionally, a comprehensive risk and control catalogue, aligned with the existing Control Self-Assessment (CSA), was developed to provide a more structured framework for assessing the effectiveness of internal controls.
- (c) Update of the corporate risk management tool and process alignment – The corporate risk management application¹⁰ was updated and enhanced to align with the new ERM policy. Among the enhancements, the application now allows many-to-many relationships between risks and controls, facilitated through a risk and controls catalogue hosted on Google Site.
- (d) Regional collaboration and capacity building - A series of regional workshops and remote sessions targeted at ERM focal points and regional risk committee members drawn from diverse regions were held to train them on risk management best practices. Further, regional offices were supported in nominating and operationalizing regional risk committees.
- (e) Risk assessment and continuous improvement – Risk assessments were completed for all mandated country and regional offices, in accordance with the ERM 2022-2023 calendar. Additionally, feedback

7 An adverse opinion is expressed by an auditor when the financial statements are significantly misrepresented, misstated, and do not accurately reflect the expenditure incurred and reported in the financial statements (statement of expenses, statement of cash, statement of assets and equipment).

8 A disclaimer opinion is expressed when the possible effect of a limitation on scope is so material and pervasive that the auditor has not been able to obtain sufficient appropriate audit evidence and, accordingly, is unable to express an opinion on the financial statements.

9 Data provided by the Quality Management Unit of the Division for Management Services. At the time of writing this report, information on audit opinions rendered on implementing partner financial statements for the year ending 2023 was not yet available.

10 The “myRisks” module of the Strategic Information System.

was solicited from stakeholders to develop and incorporate lessons learned into the risk management processes.

19. While acknowledging the commendable proactive completion risk assessments by the mandated country and regional offices, OAIS audits completed in 2023 noted, as a recurring common issue, insufficient implementation of risk management processes. Country and regional offices need to timely develop, implement, and report on action plans to identify, assess, and mitigate critical or high risks through the corporate risk management application.¹⁰

20. Full implementation of the new ERM policy and the corporate risk appetite statement, released in 2022, within the foreseen three-year implementation timeline and maturity, should provide a good foundation to address the risk management issues raised by OAIS in its audits.

Management letter on actions taken in 2023 on matters raised in the 2022 OAIS opinion on UNFPA's GRC processes

21. Management provided a letter to OAIS in February 2024, indicating actions taken to address matters raised in the 2022 OAIS opinion on the organization's GRC processes and internal audit reports issued in 2023. While some of the actions indicated were already considered in the audits conducted and in the implementation follow-up of previous years' audit recommendations, the following information provided by management on actions taken or planned was considered in the formulation of the 2023 overall opinion on UNFPA GRC processes.

22. Governance:

- (a) On organizational structure and staffing, UNFPA launched dashboards for real time tracking and monitoring of vacancy rates, concluding the year with an overall 13 per cent vacancy rate against a target of 14 per cent. This was, in part, a result of a concerted effort to remove obsolete positions that previously artificially inflated vacancy rates. This represented a significant reduction from the 19.4 per cent vacancy rate in the first quarter of 2022. Further, the organization registered, in its dashboards, a global 88-day recruitment timeline in 2023 against a key performance indicator target of 90 days. LinkedIn job slots and a recruiter seat were purchased to actively promote UNFPA vacancies and carry out targeted outreach to candidates. To support robust and effective assessments, the pilot for an Artificial Intelligence proctored assessment and pre-recorded interview platform, iMocha, was also initiated in 2023.

OAIS audits in 2023 continued to indicate, as a recurring common issue, a need to conduct timely comprehensive reviews of country offices' organizational structures and staffing arrangements, especially in the context of new programme cycles, and to expedite recruitment processes for vacant positions. The above initiatives undertaken by management in 2023, including the hiring and onboarding of additional Human Resource Business Partner staff in 2021 and 2022, should allow for better management of organizational realignments. In addition, management launched a new guideline in early 2024 to have human resource realignments, if necessary, after country programme approval within tightened timelines.

- (b) On business unit management, a set of six eLearning modules on results-based management were completed in 2023, covering key concepts, theory of change, building results and resources frameworks, results planning, monitoring, and communicating results. A revised version of the results-based management policy was drafted for an expected release together with a programme handbook and, at the end of 2023, UNFPA launched the first version of a new results-based management system, Quantum Plus, which integrates and enhances features of previous systems (i.e., "myResults" and the Global Programming System) and connects with the ERP system "Quantum". The final version of Quantum Plus will provide a workflow for enforcing quality assurance processes over planning, monitoring, and reporting of results.

OAIS audits in 2023 identified a continuing need to train personnel involved in results planning, monitoring, and reporting and strengthen existing quality assurance review processes to ensure the formulation of quality results plans and improve monitoring and reporting. The initiatives undertaken by management should help streamline this area in the future.

23. Programme management:

- (a) Against a backdrop of recurring common audit issues in 2023 with regard to the management of implementing partners on use of competitive selection processes for non-governmental implementing

partners, a need to register and manage implementing partners through the United Nations Partner Portal (UNPP), and to transfer funds to implementing partners in a timely manner, management pursued full implementation of UNPP to help address the issues reported as regards implementing partner selection and completion of IP agreements. At the time of rendering this opinion on UNFPA's GRC processes, management was working on guidance on the implementing partner selection functionalities in UNPP. The function was, therefore, optional. However, several offices were already using it. Specifically, management was in the process of reviewing selection templates, including non-competitive selection, with a view to integrating them into UNPP once complete and making the use of UNPP mandatory. The full roll-out of and enhancements to the UNPP, together with the roll-out of QuantumPlus, are the main initiatives to contribute to minimizing future instances of audit issues in implementing partner management.

- (b) On humanitarian response, several actions were underway at the end of 2023 to address audit recommendations. Management undertook, in 2023, a mid-term review of the Humanitarian Supplies Strategy (HSS). The result of the review was a revised strategy implementation plan based on a functional accountability framework, which aims to articulate the roles and responsibilities of the relevant UNFPA business units involved in the strategy. That framework also set the ground for a 2024-25 workplan, with timelines and deliverables. Further, the development of a comprehensive corporate prepositioning policy (Corporate Policy on Pre-Positioning as an Advanced Preparedness Action), started in 2023. The policy will encompass a wide range of critical elements, including needs analysis, risk assessment, definition of roles and responsibilities, and an approval flow, among others. It is expected it will be submitted to the corporate Policy Review Committee in May 2024.
- (c) Key actions taken in 2023 or planned for the near future to address internal audit issues raised regarding supply chain management include the establishment of a Supply Chain Management Unit (SCMU) Logistics Team (in Copenhagen) responsible for, and which will further be capacitated to provide system and operational support to country offices. Its main role is improving the efficiency of international freight arrangements, strengthening systems to enhance the visibility of shipments, and making proper connection between international freight functions with customs clearance and local transportation that come under the direct responsibility of country offices.

Further, the Last Mile Assurance (LMA) team carried out over 40 in-country assessments (ICA) as part of the 2023 LMA cycle. As a result of the ICAs, country offices were, as of the end of 2023, in the process of implementing, with technical support from the UNFPA Regional Office and LMA Team, supply chain strengthening action plans, to focus on key interventions that will help address gaps identified through the ICAs, other LMA process activities, and internal audits.

Management acknowledges the need to further improve processes and controls in this area, which will primarily be realized as UNFPA progresses with implementation of the SCMU realignment and strengthening and the continued implementation of the LMA process.

- (d) Regarding a matter reported by OAIS in 2022 on census equipment and other supplies procured by UNFPA and handed over to a government implementing partner in one country went missing from a warehouse where the items were stored, with an estimated loss of \$1.3 million, extensive discussions on the nature and circumstances of the loss were undertaken with the census project donors. It was agreed that the census project would be terminated, and the multilateral development banks involved in financing the project would cover the full amount of the loss. In line with the decision, UNFPA management dropped its previously formulated insurance claim, especially due to challenges such as the lack of police reports. It was further agreed that UNFPA would reimburse the full contribution of the concerned Government (\$5.7 million) and the remaining resources (net of the value of the stolen assets) to the two multilateral development banks on a pro-rata basis of their contributions and investigation into the loss of equipment pursued but not to be associated with the refund.

Overall, UNFPA did not suffer any financial consequences for the loss, given that the assets had already been transferred to Government ownership with the donors agreeing to absorb the full amount.

- (e) With respect to the corporate Social Marketing Programme, efforts in 2023 focused on finalizing and releasing a policy framework in this area. prepare the "Policy on the Sale of UNFPA-procured Reproductive Health Commodities" which was approved by the UNFPA Executive Committee on 28 December 2023, before the required end of year deadline. The policy will enter into force on 1 April 2024. Prior to the policy coming into force, six countries will be selected for its initial rollout. It is envisaged that the most part 2024 will serve to prepare the countries, as well as key partners at global, regional, and country level, for implementation of the policy. Reporting mechanisms that are being developed will serve to operationalize improved financial oversight and monitoring processes, as required by the new policy.

24. Operations management:
- (a) On procurement, SCMU, through a series of webinars, delivered a Global Supply Chain Management capacity development package in 2023. Management acknowledged a need to further improve processes and controls in this area, which will be realized as UNFPA progresses with implementation of an ongoing SCMU realignment and strengthening. The new SCMU Unit is intended to be effective by the end of July 2024. One of the three pillars of the new SCMU structure - SCMU Quality Management System - aims to holistically house all UNFPA supply chain quality issues that cover aspects of supply chain processes, governance, and products.
 - (b) On travel management, in 2023, a travel planning functionality, with limited capabilities, was introduced in the new UNall Travel Module. Further developments are expected in 2024 and 2025. The needed system enhancements required to link workplans to travel plans were out of scope and reporting capabilities still under development in UNall at the time of drafting this opinion.
25. Management also provided information on actions taken to address key risks and impacts resulting from the roll-out of the new ERP system “Quantum” on 9 January 2023:
- (a) Internal Control Framework (ICF) - Efforts in 2023 focused on ensuring an adequate Quantum user provisioning process, with strong preventive segregation of duties (SoD) controls built into the provisioning system, to minimize potential SoD conflicts. Three key related activities were: (i) the adoption of Identity and Access Management (IdAM) as the sole tool for providing of Quantum roles, leveraging strong SoD rules built into IdAM; (ii) development of a Quantum roles guide; and (iii) training webinars to provision focal points and managers. The UNFPA ICF is expected to further mature as the new ERP system stabilizes and policy and procedures are updated together with the related risk and control matrices (i.e., process flowcharts and risk and control matrices are mandatory elements of newly issued policies as per the Policy and Procedures for Development, Approval and Issuance of Policies, Procedures, Tools, and Guidance Notes).
 - (b) Cash transfers to implementing partners - Given the scheduled roll-out of Quantum Plus in January 2024, cash transfers to implementing partners, including the preparation, approval, and maintenance of the related workplans, continued to be managed in the Global Programming System until the end of 2023.
 - (c) Supplier management - Key steps taken to ensure the accurate creation and maintenance of supplier data in Quantum included a full supplier data migration and both in-person and webinar-based training using the Training-of-Trainers model. UNFPA maintained its pre-existing process for managing supplier data, through a third-party service provider, which validates the accuracy, support, and proper approval of supplier creation/maintenance requests, including validation against sanction lists, modified solely as regards specific Quantum requirements (including the discontinuation of use of the UNFPA legacy Vendor Portal application).
 - (d) Payroll - Payroll was to be posted in one batch process for all positions globally, monthly. However, due to invalid account code values provided in the human resources module for each position, there were significant delays in the posting of payrolls. To address the issue, UNFPA authorized the use of a “suspense” fund code where payroll transactions for positions with invalid account codes are posted temporarily to a designated headquarters fund code and reversed to correct the account codes afterwards. Also, from 2024, Quantum Plus will be used to enable users to budget for positions with valid account codes, which will be loaded to the human resources module in Quantum to mitigate account code input errors.
 - (e) Inventory management - Due to a decision to defer implementation of a new solution for country office inventory management, UNFPA maintained use of the Shipment Tracker, its legacy Peoplesoft-based inventory management system, in 2023. A new interim inventory management solution will be rolled-out in 2024, to be used until a stronger, definitive solution can be designed and implemented.
 - (f) Asset management - With the introduction of Quantum, UNFPA reorganized its fixed asset management process completely, in line with the delivered functionality of the ERP system. The management of capitalized assets is now centralized from Headquarters. Access to capitalized asset transactions is restricted to an asset management team at Headquarters, hence minimizing transactional errors and improving the capitalized asset management module records and compliance.
 - (g) Treasury - UNFPA continued to engage UNDP as its treasury services provider, with related transactions executed through a new treasury management system implemented by UNDP concurrently with the Quantum roll-out. The only significant issue experienced in this area were delays in the posting of treasury

transactions, which was effectively mitigated through thorough review of bank reconciliation statements for all investments, contributions, and operational bank accounts managed by UNDP.

- (h) Budgeting - Following the introduction of Quantum, significant improvements were implemented in budgetary control processes. The enhancements, aimed at streamlining operations and improving efficiency and transparency, included simplification of the budget structure, optimization of Institutional Budget fund codes, introduction of an 'open period' concept, which facilitates the utilization of funds from bilateral donor agreements throughout the duration of said documents, to replace the previous annual funding model, eliminating the need for annual roll over of such funds, enhanced initial budget loading and adjustments, real-time inquiry and reporting capabilities, and comprehensive support materials.
- (i) Reports - As part of the Quantum rollout, key reports were gradually introduced to support business continuity. UNFPA's new corporate reporting platform was launched in July 2023 to replace Cognos as a data warehouse and main reporting platform. The reporting portal was launched to support end users and multiple webinars conducted throughout 2023 to train and familiarize UNFPA users on its use and how to use and interpret its reports. Development of additional reports and dashboard has been identified as part of the 2024 key priorities.
- (j) Accounting and reporting - Following the go-live of Quantum, management initiated a series of soft account closures and a hard closure to obtain the necessary assurance about the completeness, accuracy and validity of financial information reflected in the Quantum ledgers. The lessons learned from the hard close provided invaluable inputs to refine the year-end closure instructions, and on additional measures required to address issues identified and not fully remediated.
- (k) Results planning and reporting – The launch of Quantum Plus in December 2023 will strengthen results planning and reporting through integrated management of all resources, strengthening of linkages between results, planning, resource allocation, programme implementation, and results reporting that can now be traced back to activities and their budgets, and introduction of DocuSign for efficiency, and the removal of several previously paper-based requirements.

26. OAS will continue to follow through the completion and implementation of the above actions in follow-up audits, validation of implementation of audit recommendations, participation as observer in Oversight Compliance Monitoring Committee meetings, review of new policies, procedures, and guidance, and while providing advisory services.



9 April 2024

Annex 3

Summary of common and high-risk issues noted in the 2023 audit reports

Report of the Office of Audit and Investigation Services on UNFPA internal audit and investigation activities in 2023

(DP/FPA/2024/6)

Agenda item 3: UNFPA – Internal audit and investigation

Executive Board of UNDP, UNFPA, and UNOPS

Annual session 2024

3 to 7 June 2024

New York

Annex 3: Summary of common and high-risk issues noted in the 2023 audit reports

Issue	Root cause	Recommendation	# of Countries /BUs where issue was noted
Governance:			
Inadequate results planning and reporting.	<ul style="list-style-type: none"> • Resources: inadequate training. • Guidance: inadequate supervision at the office level. 	<ul style="list-style-type: none"> • Train personnel involved in results planning, monitoring, and reporting, and strengthen existing quality assurance review processes to ensure the formulation of quality results plans and improve monitoring and reporting. • To enhance accountability for results, country offices should raise awareness among staff members and implement supervisory controls to align individual performance goals with office results plans. 	15
Inadequate management meetings, action process, and follow-up procedures.	<ul style="list-style-type: none"> • Guidance: inadequate supervision at the office level. • Guidance: Lack of supervision at the Headquarter level. 	<ul style="list-style-type: none"> • Establish a robust process for tracking and monitoring implementation of management decisions and/or actions as a basis for timely and well-informed remediation measures. • Institute a structured follow-up mechanism to monitor the outcomes of crucial decisions, progress on assurance recommendations, and completion status of high-priority tasks. 	4
Organizational structure and staffing arrangements may not be optimized for programme delivery and operations.	<ul style="list-style-type: none"> • Guidelines: inadequate planning. • Guidance: inadequate supervision at the Headquarter, Regional and Country Office levels. 	<ul style="list-style-type: none"> • Country offices should conduct timely comprehensive reviews of their organizational structures and staffing arrangements to align them to programme delivery and operational requirements in new programme cycles and expedite recruitment processes for vacant positions. 	8
Misalignment of staff performance appraisals and development plans with office results plans.	<ul style="list-style-type: none"> • Guidance: inadequate supervision at the office level. • Resources: inadequate training. 	<ul style="list-style-type: none"> • To enhance accountability for programme delivery and operations, align staff members' individual performance goals with output indicator targets in the annual results plans. 	6
Low completion rates by personnel of mandatory training courses.	<ul style="list-style-type: none"> • Guidance: inadequate of supervision at the office level. 	<ul style="list-style-type: none"> • Training management could be enhanced to ensure timely completion of mandatory training courses by personnel. 	4
Inadequate risk management processes.	<ul style="list-style-type: none"> • Guidance: inadequate supervision at the Headquarter, Regional and Country Office levels. 	<ul style="list-style-type: none"> • Leveraging the provisions of the new Enterprise Risk Management Policy, develop, implement, and report on action plans to identify, assess, and mitigate critical or high risks using the corporate enterprise risk management tool. 	6
Programme Management:			
Inadequate workplan management process.	<ul style="list-style-type: none"> • Guidance: inadequate supervision at the office level. • Guidelines: inadequate planning. 	<ul style="list-style-type: none"> • Train personnel and implement supervisory controls to ensure the preparation of quality workplans and that revisions to project budgets and workplans are of a reasonable frequency and are processed in accordance with applicable guidelines. 	8

ANNEX 3

Issue	Root cause	Recommendation	# of Countries /BUs where issue was noted
Inadequate programme monitoring process.	<ul style="list-style-type: none"> • Guidance: inadequate supervision at the office level. • Resources: inadequate training. 	<ul style="list-style-type: none"> • Improve programme monitoring through training of personnel, preparing, and tracking monitoring plans, and tracking monitoring findings to their logical conclusion. 	14
Gaps in implementing partner selection and management processes.	<ul style="list-style-type: none"> • Resources: inadequate training. • Guidelines: inadequate supervision at the office level. 	<ul style="list-style-type: none"> • Strengthen the implementing partner management process by using competitive methods for the selection of non-governmental organization implementing partners, using the United Nations Partner Portal to register and manage implementing partners, and transferring funds to implementing partners in a timely manner. 	12
Weaknesses in the planning, assessment, management, distribution, and monitoring of programme supplies.	<ul style="list-style-type: none"> • Guidance: inadequate supervision at the office level. • Resources: inadequate training. • Guidelines: inadequate corporate policies or procedures. 	<ul style="list-style-type: none"> • Strengthen programme supplies management by training personnel on applicable policy and procedures, including programme supplies-related outputs, indicators, and milestones in office results plans and workplans, distributing supplies based on needs assessments, and improving commodity storage conditions. 	15
Operations:			
Noncompliance with procurement procedures.	<ul style="list-style-type: none"> • Guidelines: inadequate supervision at the office level. • Guidelines: inadequate training. 	<ul style="list-style-type: none"> • Enhance compliance with procurement procedures, particularly those related to the development of comprehensive procurement plans, proper documentation of receipt and inspection of goods using the correct policy-mandated reports and establishing long-term agreements for goods and services that are purchased on a regular basis to achieve best value for money. 	6



9 April 2024

Annex 4

**Summary of investigation and closure reports issued in 2023, by
type of allegation, as of 31 December 2023**

**Report of the Office of Audit and Investigation Services on UNFPA
internal audit and investigation activities in 2023**

(DP/FPA/2024/6)

Agenda item 3: UNFPA – Internal audit and investigation

Executive Board of UNDP, UNFPA, and UNOPS

Annual session 2024

3 to 7 June 2024

New York

**Annex 4: Summary of investigation and closure¹ reports issued in 2023, by type of allegation, as of
31 December 2023**

	REGIONAL OFFICE	ALLEGATION	ESTIMATED LOSS TO UNFPA ²	OUTCOME AND TO WHOM THE REPORT WAS SENT	STATUS
ABUSE OF AUTHORITY					
1.	Arab States	A UNFPA senior official ³ allegedly abused their authority by making unreasonable demands to subordinates and allegedly harassing subordinates by yelling and using belittling and humiliating language. The senior official also allegedly engaged in favoritism in the office.	No financial loss to the Organization	Unsubstantiated; Closure Report remains with OAIS.	The senior official resigned before the investigation was completed while a disciplinary process was ongoing in another matter. An appropriate note was placed in the staff member's personnel files.
COLLUSION					
2.	Asia and the Pacific	A UNFPA staff member engaged in an unauthorized outside activity and failed to disclose a potential conflict of interest. The staff member also engaged in unauthorized disclosure of confidential information and colluded with their immediate family and another staff member.	No financial loss to the Organization	Substantiated; Legal Unit	OAIS submitted its investigation report to the Legal Unit. The matter remains with the Legal Unit for review and further action.
3.	Asia and the Pacific	A UNFPA staff member failed to disclose a potential conflict of interest and abused their position by facilitating the negotiation of a business agreement between a company owned by a UNFPA colleague's immediate family and a UNFPA Implementing Partner sub-contractor. The staff member also colluded with the colleague and the latter's immediate family.	No financial loss to the Organization	Substantiated; Legal Unit	OAIS submitted its investigation report to the Legal Unit. The staff member received a written censure and a loss of one step-in grade as a disciplinary measure.
DIVERSION OF COMMODITIES					
4.	East and Southern Africa	OAIS reviewed and endorsed a third-party (national authority) investigation against UNFPA Implementing Partner employees and their associates, who stole reproductive health commodities from a warehouse. A criminal court found three defendants (one Implementing Partner staff member and two associates) guilty in relation to the matter.	US\$96,112	Endorsed third-party investigation; Legal Unit	OAIS submitted its investigation report endorsing the third party-investigation to the Legal Unit, which in turn referred the matter to the Implementing Partner Review Committee (IPRC). ⁴ The IPRC took the following actions: <ul style="list-style-type: none"> • A letter has been transmitted to the Implementing Partner requesting a full recovery of the identified financial loss. The

¹ Except for retaliation cases, where both substantiated and unsubstantiated reports are sent to the Ethics Office, where the Office of Audit and Investigation Services (OAIS) investigates other forms of wrongdoing and substantiates at least one allegation, an Investigation Report is drafted, which is provided to the Legal Unit. If after a full investigation, no allegations are substantiated, OAIS produces a Closure Report. This report remains with OAIS, but the Legal Unit and other relevant stakeholders are informed of the closure.

² Only estimated losses to UNFPA have been added to this Annex. Losses to other United Nations agencies in cases of staff members and non-staff personnel from other agencies, losses to UNFPA which have been recovered prior to investigation, as well as losses to other entities such as CIGNA are not considered financial losses to UNFPA. Estimated losses do not reflect amounts that have been recovered or may be recovered in future.

³ For the purposes of this Annual Report, a UNFPA senior official is one who is/was at the P-5 level or above.

⁴ The IPRC is an administrative body of UNFPA. The IPRC manages Implementing Partner review following the issuance of an investigation report by the Director, OAIS, the enforcement of contract and other remedies, as well as any Sanction proceedings. See UNFPA Policies and Procedures Manual, Implementing Partner Review and Sanctions (09 April 2021), available at: https://www.unfpa.org/sites/default/files/admin-resource/PROG_IP_Review_and_Sanctions_9April2021.pdf.

	REGIONAL OFFICE	ALLEGATION	ESTIMATED LOSS TO UNFPA ²	OUTCOME AND TO WHOM THE REPORT WAS SENT	STATUS
					<p>Division of Management Services and the Country Office continue to engage with the Implementing Partner and follow up on this matter;</p> <ul style="list-style-type: none"> The UNFPA Supply Chain Management Unit has been requested to conduct an in-country assessment to review the Implementing Partner's procurement capacity and risk mitigation measures and inform actions accordingly. The assessment is currently being finalized and the report will be shared with IPRC upon completion; The Country Office was requested to work with the Supply Chain Management Unit and the Implementing Partner to develop robust mitigation measures; and The case will be subject to another review by IPRC once requested information and updates are available.
ENTITLEMENT FRAUD					
5.	East and Southern Africa	A UNFPA staff member deliberately and knowingly submitted fraudulent documents in relation to education grant claims for five children. The entitlement fraud occurred over several years, during which time the staff member had also worked for another United Nations agency.	\$658,961.54	Substantiated; Legal Unit	<p>The staff member resigned before the investigation was completed.⁵ Yet, OAIS submitted its investigation report to the Legal Unit.</p> <p>An appropriate note was included in the staff member's personnel file.</p> <p>The matter was referred to the investigative unit of the other United Nations agency which was also affected. It was also referred to the national authorities.</p> <p>Recovery: An amount of \$107,920.28 has been recovered.</p> <p>The Organization is engaged in ongoing, further recovery action regarding the balance.</p>
6.	West and Central	<i>A UNFPA staff member allegedly knowingly signed and submitted a fraudulent travel</i>	<i>No financial loss to the</i>	<i>Unsubstantiated; Closure Report</i>	<i>N/A</i>

⁵ Should a subject separate from service before an investigation is completed and before they have received formal notice of the investigation, OAIS closes the case, as UNPA cannot issue disciplinary measures against former personnel. However, there are several exceptions to this general rule. OAIS completes the investigation if the case concerns allegations of fraud / financial irregularities, sexual misconduct, or breaches of local law, as UNFPA can take follow up action against the subject, including recovery of financial losses, placement of the subject's name on the United Nations common database ClearCheck, or the matter may be referred to national / relevant authorities. Similarly, if the subject has commenced employment at another United Nations entity, OAIS can refer the matter to the investigative unit of that entity for their further action. Should a subject have received formal notification of the investigation and their status as a subject, OAIS closes the matter using an Investigative or Closure Report, as the subject has the due process rights to know how the case against them was disposed.

	REGIONAL OFFICE	ALLEGATION	ESTIMATED LOSS TO UNFPA ²	OUTCOME AND TO WHOM THE REPORT WAS SENT	STATUS
	Africa	<i>reimbursement claim, while the expenses in question had been provided by the airline.</i>	Organization	<i>remains with OAIS</i>	
7.	West and Central Africa	<i>A UNFPA staff member allegedly submitted fraudulently altered documents as part of an education grant claim. While the documents had been fraudulently altered, this had been done by the staff member's child without the former's knowledge.</i>	\$3,993.88	<i>Unsubstantiated; Closure Report remains with OAIS</i>	<i>The staff member's post was abolished for unrelated reasons before the investigation was completed. The matter was referred internally to the Division for Human Resources for recovery of unduly received funds.</i>
FALSIFICATION OF DOCUMENTS / MISREPRESENTATION					
8.	East and Southern Africa	OAIS reviewed and endorsed a third-party investigation carried out by a UNFPA Implementing Partner against its employees for knowingly and deliberately forging activity attendance lists for activities that were not carried out.	\$6,233.63	Endorsed third-party investigation; Legal Unit	OAIS submitted its investigation report endorsing the third party-investigation to the Legal Unit, which in turn referred the matter to the Implementing Partner Review Committee (IPRC). The IPRC took the following actions: <ul style="list-style-type: none"> • A letter has been transmitted to the Implementing Partner requesting a full recovery of the financial loss, updates on the process of referral to the national authorities, and a detailed action plan to strengthen their internal control system; and • The Division of Management Services and the Country Office continues to engage with the Implementing Partner and follow up on the implementation of the aforementioned actions, including the recovery process.
9.	Arab States	A UNFPA senior official abused their authority by regularly misusing official vehicles for personal use, approving the purchase of electronic devices for personal use, and fraudulently receiving payment for home internet connection. The staff member also instructed a subordinate to perform unpaid personal tasks in a humiliating and highly exploitative manner and forced the resignation of a subordinate.	\$8,531.91	Substantiated; Legal Unit	OAIS submitted its investigation report to the Legal Unit. The senior official resigned while a disciplinary process was ongoing against them in another matter. Recovery: The staff member reimbursed the amount of \$8,531.91 to UNFPA. The matter was referred to the national authorities.
10.	Asia and the Pacific	A UNFPA staff member misused their office by knowingly falsifying UNFPA purchase orders to procure goods and services from local businesses for personal use in violation of national law.	No financial loss to the Organization	Substantiated; Legal Unit	The staff member resigned before the investigation was completed. Yet, OAIS completed and submitted its investigation report to the Legal Unit. An appropriate note was included in the staff member's personnel file. The matter was referred to the national authorities.
11.	Arab States	A UNFPA staff member abused their privileges and immunities by using their United Nations Laissez-Passer (UNLP) to undertake private international travel. The staff member also attempted to alter entry/exit airport stamps in the UNLP to conceal their travel.	No financial loss to the Organization	Substantiated; Legal Unit	OAIS submitted its investigation report to the Legal Unit. The staff member received a suspension without pay for three months and a deferment of one year for salary increment as a disciplinary measure.

	REGIONAL OFFICE	ALLEGATION	ESTIMATED LOSS TO UNFPA ²	OUTCOME AND TO WHOM THE REPORT WAS SENT	STATUS
					The matter was also referred to the United Nations Office for Legal Affairs for assessment and possible referral to the relevant authorities.
12.	East and Southern Africa	A UNFPA service contractor forged the signature of a UNFPA senior official, misrepresented their position, and submitted forged documentation in an attempt to mislead a financial institution in order to gain financial services.	No financial loss to the Organization	Substantiated; Legal Unit	The service contractor's contract expired before the investigation was completed. OAIS submitted its investigation report to the Legal Unit. An appropriate note was included in the service contractor's personnel file.
WORKPLACE HARASSMENT					
13.	Arab States	<i>A UNFPA staff member allegedly harassed another two UNFPA colleagues by undermining their work. The staff member also allegedly abused their authority by amending internal budgets and colluded with a senior UNFPA official to undermine a colleague's work and the work of the colleague's unit.</i>	<i>No financial loss to the Organization</i>	<i>Unsubstantiated; Closure Report remains with OAIS</i>	<i>N/A</i>
14.	Asia and the Pacific	A consultant working for a UNFPA Implementing Partner harassed two UNFPA consultants by using harsh and offensive comments and gestures.	No financial loss to the Organization	Substantiated; Legal Unit	OAIS submitted its investigation report to the Legal Unit, which in turn referred the matter to the Implementing Partner Review Committee (IPRC). The IPRC took the following actions: <ul style="list-style-type: none"> • The IPRC has informed the Implementing Partner of the investigation outcome. The Implementing Partner has included an appropriate letter in the consultant's file and committed to debar the consultant from any future engagements; • The case was forwarded to the UNFPA Division for Human Resources and the Technical Support Division for additional steps. • The Division for Human Resources added an appropriate note to the consultant's file. The Technical Support Division confirmed no ongoing engagement or future arrangements with the consultant. • The IPRC verified that the consultant does not have an active vendor profile.
MEDICAL FRAUD					
15.	Eastern Europe and Central Asia	A UNFPA staff member colluded with two other UNFPA personnel and knowingly and deliberately submitted three fraudulent medical claims to obtain reimbursement for which the	No financial loss to the Organization.	Substantiated; Legal Unit	OAIS submitted its investigation report to the Legal Unit. During the disciplinary process, the

	REGIONAL OFFICE	ALLEGATION	ESTIMATED LOSS TO UNFPA ²	OUTCOME AND TO WHOM THE REPORT WAS SENT	STATUS
		staff member was not due.			staff member resigned. An appropriate note was included in the staff member's personnel file.
16.	Eastern Europe and Central Asia	A UNFPA service-contractor colluded with two other UNFPA personnel and knowingly and deliberately submitted two fraudulent medical claims to obtain reimbursement for which the service-contractor was not due.	No financial loss to the Organization	Substantiated; Legal Unit	The service contractor's contract expired before the investigation was completed. OAIS submitted its investigation report to the Legal Unit. An appropriate note was included in the service contractor's personnel file.
17.	West and Central Africa	A UNFPA staff member knowingly and deliberately submitted eight fraudulent medical claims to obtain reimbursement for which the staff member was not due.	\$693.86	Substantiated; Legal Unit	OAIS submitted its investigation report to the Legal Unit. During the disciplinary process, the staff member resigned. An appropriate note was included in the staff member's personnel file.
18.	West and Central Africa	OAIS reviewed and endorsed a third-party investigation carried out by the investigation unit of another UN agency against a former UNFPA staff member, who knowingly and deliberately submitted fraudulent medical claims to obtain reimbursement for which they were not due.	No financial loss to the Organization	Endorsed third-party investigation; Legal Unit	OAIS endorsed the third party-investigation report and submitted it to the Legal Unit. An appropriate note was included in the former staff member's personnel file. The matter was referred to the national authorities.
19.	Latin America and the Caribbean	A UNFPA local individual contractor deliberately and knowingly submitted three fraudulent medical claims to obtain reimbursement for which the contractor was not due.	No financial loss to the Organization	Substantiated; Legal Unit	The local individual contractor's contract had expired before the investigation was completed. OAIS submitted its investigation report to the Legal Unit. An appropriate note was included in the former contractor's personnel file, to create a permanent record of the matter.
MISUSE OF ASSETS					
20.	Asia and the Pacific	A UNFPA staff member misused UNFPA Information and Communications Technology Assets for non-official purposes, including by accessing, viewing, and storing pornographic material.	No financial loss to the Organization	Substantiated; Legal Unit	OAIS submitted its investigation report to the Legal Unit. The staff member received a written censure and a loss of one step in grade as a disciplinary measure.
PROCUREMENT FRAUD					
21.	Asia and the Pacific	A UNFPA Implementing Partner breached its procurement procedures and engaged in fraudulent, collusive and/or grossly negligent practices by knowingly making false representations to UNFPA and providing fraudulent procurement documentation.	\$275,074.10	Substantiated; Legal Unit	OAIS submitted its investigation report to the Legal Unit, which in turn referred the matter to the Implementing Partner Review Committee (IPRC). The matter was reviewed by the IPRC. The following actions have been taken: <ul style="list-style-type: none"> • A letter has been transmitted to the Implementing Partner requesting a full recovery of the financial loss.

	REGIONAL OFFICE	ALLEGATION	ESTIMATED LOSS TO UNFPA ²	OUTCOME AND TO WHOM THE REPORT WAS SENT	STATUS
					<ul style="list-style-type: none"> The Division of Management Services and the Country Office continue to engage with the Implementing Partner to obtain updates on this matter; The Division of Management Services, the Regional and Country Offices developed an action plan to mitigate similar risks in future engagements; and Involved vendors have been referred to Vendor Review Committee for further action.
22.	Asia and the Pacific	A business engaged by a UNFPA Implementing Partner to carry out services connected with a UNFPA project failed to comply with its contractual obligations by colluding with the Implementing Partner and/or knowingly, or recklessly, representing to the Implementing Partner that full payment was due in order to receive (or retain) payment from UNFPA to which it knew it was not entitled.	The loss is subsumed within the case above (No. 21).	Substantiated; Legal Unit	OAIS submitted its investigation report to the Legal Unit, who in turn referred the matter to the Vendor Review Committee (VRC). ⁶ As a preliminary measure, the business was temporarily suspended pending review by the VRC.
23.	West and Central Africa	A UNFPA service contractor attempted to collude with a UNFPA vendor by creating a fraudulent procurement process and misled both UNFPA and the UNFPA vendor to obtain a financial gain.	No financial loss to the Organization	Substantiated; Legal Unit	The service contractor's contract was not renewed before the investigation was completed. OAIS submitted its investigation report to the Legal Unit. An appropriate note was included in the service contractor's personnel file.
24.	West and Central Africa	A UNFPA consultant colluded with a UNFPA staff member and a UNFPA vendor by creating a fraudulent procurement process and misled both UNFPA and the UNFPA vendor to obtain a financial gain.	No financial loss to the Organization	Unsubstantiated; Closure Report remains with OAIS	N/A
RETALIATION					
25.	Arab States	A UNFPA senior official allegedly retaliated against their supervisee.	No financial loss to the Organization	Unsubstantiated/ Ethics Office	OAIS submitted its Investigation Closure Report to the Ethics Office.
26.	Asia and the Pacific	A UNFPA staff member allegedly retaliated against their supervisee.	No financial loss to the Organization	Unsubstantiated/ Ethics Office	OAIS submitted its Investigation Closure Report to the Ethics Office.
SEXUAL EXPLOITATION AND ABUSE					
27.	West and Central Africa	A UNFPA staff member sexually harassed and assaulted a member of the public while they were a United Nations Volunteer (UNV) prior to joining UNFPA and failed to cooperate with OAIS' investigation.	No financial loss to the Organization	Substantiated/ Legal Office	OAIS submitted its investigation report to the Legal Unit. As a result, the staff member's appointment was terminated based on facts anterior to appointment. The staff member's name was placed in the United Nations common database ClearCheck.

⁶ The VRC is an internal technical administrative body established at UNFPA Headquarters. It is established by the Chief Procurement Officer (CPO) and will make recommendations to the CPO for his or her consideration in taking final Vendor Sanctions decisions. See UNFPA Policies and Procedures Manual, Vendor Review and Sanctions (14 October 2018), available at: https://www.unfpa.org/sites/default/files/admin-resource/PSB_Vendor_Review_and_Sanctions_1.pdf.

	REGIONAL OFFICE	ALLEGATION	ESTIMATED LOSS TO UNFPA ²	OUTCOME AND TO WHOM THE REPORT WAS SENT	STATUS
					The matter was also referred to the national authorities.
SEXUAL HARASSMENT					
28.	Asia and the Pacific	A UNFPA staff member made unwelcome and inappropriate sexual gestures and comments to two United Nations staff members over the course of several years.	No financial loss to the Organization	Substantiated/ Legal Office	OAIS submitted its investigation report to the Legal Unit. The staff member was separated from service with compensation in lieu of notice and without termination indemnity as a disciplinary measure. The staff member's name was placed in the United Nations common database ClearCheck.
29.	Asia and the Pacific	A UNFPA consultant harassed and sexually harassed an official of a Non-Governmental Organization (NGO) affiliated with UNFPA by sending a series of inappropriate text messages of a sexual nature, and explicit photographs.	No financial loss to the Organization	Substantiated/ Legal Office	The UNFPA consultant's appointment had expired before the investigation was completed. OAIS submitted its investigation report to the Legal Unit. The consultant's name was placed in the United Nations common database ClearCheck. The matter was referred to the investigative unit of the United Nations agency where the subject was working at the time the investigation was completed. The matter was referred to the United Nations Office for Legal Affairs for assessment and possible referral to the national authorities.
30.	Asia and the Pacific	A United Nations Volunteer (UNV) made unwelcome sexual advances towards a UNFPA consultant during a field mission.	No financial loss to the Organization	Substantiated/ Legal Office	OAIS submitted its investigation report to the Legal Unit, who in turn referred the matter to United Nations Volunteers for action.
31.	Latin America and the Caribbean	A UNFPA service contractor sexually harassed two supervisees, including by making unwelcome comments, engaging in unconsented physical touch and other inappropriate acts, including during mission travel. The service contractor also created an offensive working environment for female personnel.	No financial loss to the Organization	Substantiated/ Legal Office	OAIS submitted its investigation report to the Legal Unit. As a result, the service contractor's contract was terminated. The service contractor's name was placed in the United Nations common database ClearCheck.
32.	Asia and the Pacific	A UNFPA staff member sexually harassed their supervisee, a UNFPA consultant through unwelcome and inappropriate verbal and written commentary.	No financial loss to the Organization	Substantiated; Legal Office	OAIS submitted its investigation report to the Legal Unit. The matter is before the Legal Unit for review and further action.
THEFT / EMBEZZLEMENT					
33.	Latin America and the Caribbean	<i>A UNFPA staff member attempted to fraudulently acquire goods for personal use, submitted fraudulent documentation to UNFPA related to a license required for their functional responsibilities, and violated national law and UNFPA policies. The staff member died during the investigation. Due to their passing, OAIS was unable to conduct a subject interview and thus received no evidence to contradict the allegations made.</i>	\$302	<i>Unsubstantiated; Closure Report remains with OAIS</i>	N/A

	REGIONAL OFFICE	ALLEGATION	ESTIMATED LOSS TO UNFPA ²	OUTCOME AND TO WHOM THE REPORT WAS SENT	STATUS
		<i>While it is more likely than not that the underlying fraud and non-adherence to local law took place, due to limited options available to UNFPA, no further action will be taken.</i>			
34.	Asia and the Pacific	A UNFPA staff member retained UNFPA funds entrusted to them for official purposes without authorization and failing to reimburse UNFPA funds. In addition, the staff member failed to exercise reasonable care in matters affecting UNFPA's financial interests by intentionally or recklessly approving fraudulent payment requests.	\$1,618.12	Substantiated; Legal Office	The staff member separated from service before the investigation was completed. OAIS submitted its investigation report to the Legal Unit. An appropriate note was placed in the staff member's personnel file. Recovery: An amount of \$1,664.06 was recovered.
Total estimated loss⁷			\$1,051,521.04		
Estimated loss through fraudulent activity			\$ 1,047,527.16		

⁷ Notwithstanding recoveries that have been made or may be made in future.



9 April 2024

Annex 5

Detailed overview of cases registered in 2023 and cases carried over to 2024

Report of the Office of Audit and Investigation Services on UNFPA internal audit and investigation activities in 2023

(DP/FPA/2024/6)

Agenda item 3: UNFPA – Internal audit and investigation

Executive Board of UNDP, UNFPA, and UNOPS

Annual session 2024

3 to 7 June 2024

New York

Annex 5: Detailed overview of cases registered in 2023 and open cases carried over to 2024

Figure 1. Detailed breakdown of case intake (167) in 2023,

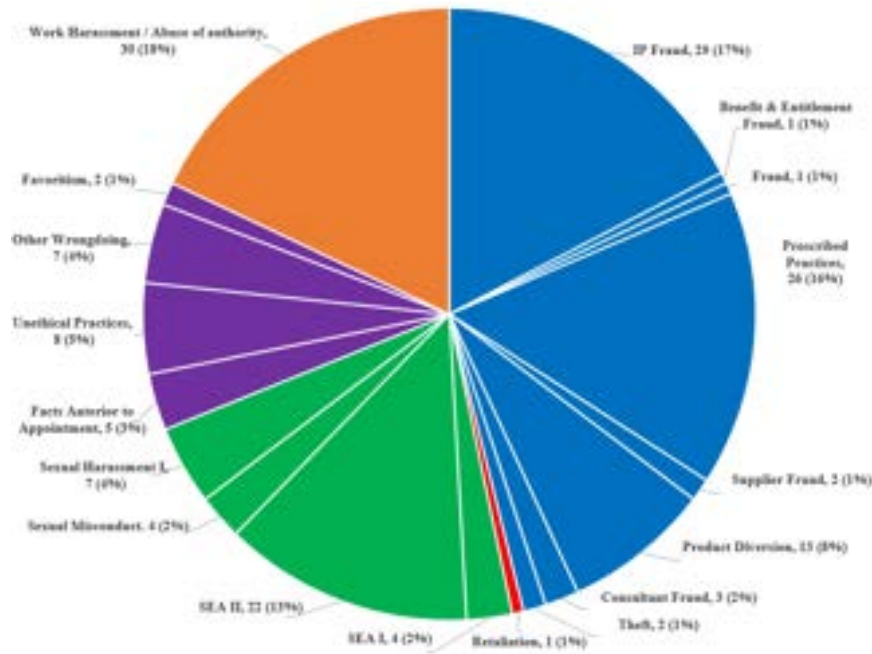
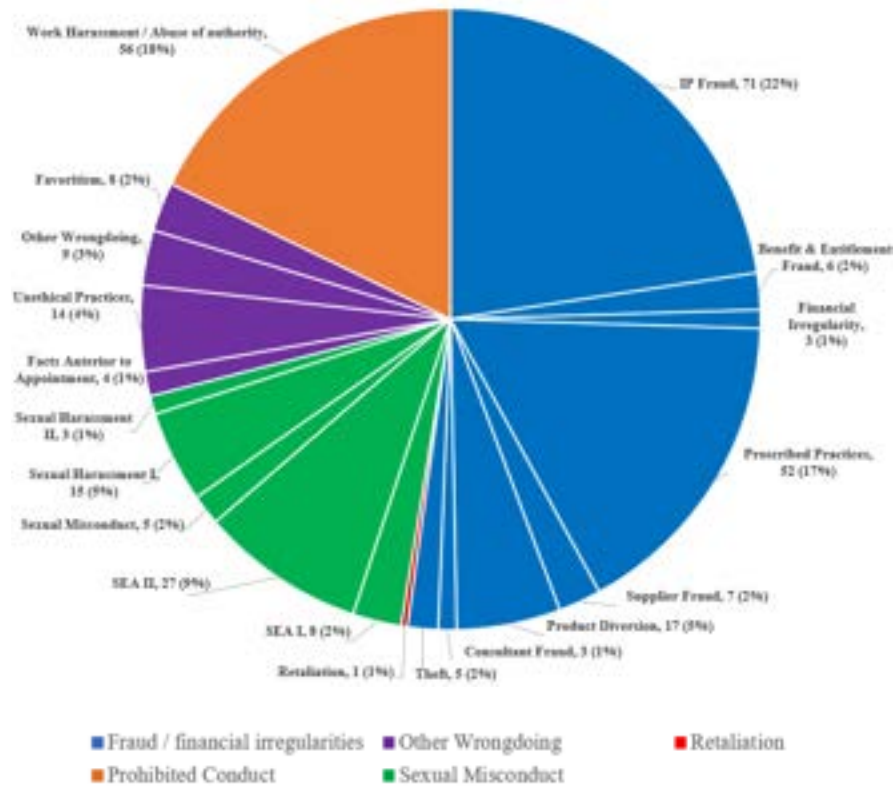


Figure 2. Detailed breakdown by allegation type of open cases at year-end (314) carried forward to 2024





9 April 2024

Annex 6

Audit reports issued in 2023

Report of the Office of Audit and Investigation Services on UNFPA internal audit and investigation activities in 2023

(DP/FPA/2024/6)

Agenda item 3: UNFPA – Internal audit and investigation

Executive Board of UNDP, UNFPA, and UNOPS

Annual session 2024

3 to 7 June 2024

New York

Annex 6: Audit reports issued in 2023

	Reference #	Audited Area	Number of Recommendations		Overall Report Rating
			Total	High Priority	
Business unit audits:					
1	IA/2023-01	Audit of the UNFPA Country Office in Burundi	12	7	Partially Satisfactory with Major Improvement Needed
2	IA/2023-02	Audit of the UNFPA Country Office in Bolivia	12	8	Partially Satisfactory with Some Improvement Needed
3	IA/2023-05	Audit of the UNFPA Country Office in Cote d'Ivoire	17	11	Partially Satisfactory with Major Improvement Needed
4	IA/2023-06	Audit of the UNFPA Country Office in Eritrea	6	5	Partially Satisfactory with Some Improvement Needed
5	IA/2023-07	Audit of the UNFPA Latin America and the Caribbean Regional Office	13	7	Partially Satisfactory with Some Improvement Needed
6	IA/2023-08	Audit of the UNFPA Country Office in Madagascar	10	4	Partially Satisfactory with Some Improvement Needed
7	IA/2023-09	Audit of the UNFPA Country Office in El Salvador	9	2	Partially Satisfactory with Some Improvement Needed
8	IA/2023-10	Audit of the UNFPA Country Office in Syria	12	7	Partially Satisfactory with Major Improvement Needed
9	IA/2023-11	Audit of the UNFPA Country Office in India	10	3	Satisfactory
10	IA/2023-13	Audit of the UNFPA Country Office in Liberia	12	7	Partially Satisfactory with Major Improvement Needed
11	IA/2023-14	Audit of the UNFPA Country Office in Indonesia	13	4	Partially Satisfactory with Some Improvement Needed

	Reference #	Audited Area	Number of Recommendations		Overall Report Rating
			Total	High Priority	
12	IA/2023-16	Audit of the UNFPA Country Office in Cambodia	6	3	Partially Satisfactory with Some Improvement Needed
13	IA/2023-17	Audit of the UNFPA Country Office in Somalia	9	5	Partially Satisfactory with Some Improvement Needed
14	IA/2023-18	Audit of the UNFPA Country Office in Sri Lanka	7	1	Satisfactory
15	IA/2023-19	Audit of the UNFPA Country Office in Zambia	8	4	Partially Satisfactory with Major Improvement Needed
16	IA/2023-20	Audit of the UNFPA Country Office in Ethiopia	8	4	Partially Satisfactory with Some Improvement Needed
17	IA/2023-22	Audit of the UNFPA Country Office in Moldova	3	1	Satisfactory
18	IA/2023-23	Audit of the UNFPA Country Office in Kazakhstan	4	1	Satisfactory
19	IA/2023-24	Audit of the UNFPA Country Office in Chad	16	9	Partially Satisfactory with Major Improvement Needed
Process audits:					
20	IA/2023-03	Audit of the UNFPA Spotlight Initiative	6	3	Partially Satisfactory with Some Improvement Needed
21	IA/2023-04	Audit of the UNFPA Fast Track Policy and Procedures for the Procurement of Humanitarian Supplies	4	3	Partially Satisfactory with Major Improvement Needed
22	IA/2023-12	Audit of the UNFPA Prepositioning of Supplies Process	24	16	Unsatisfactory
23	IA/2023-15	Audit of the UNFPA Third Party Procurement Process	10	6	Partially Satisfactory with Some Improvement Needed
24	IA/2023-21	Audit of the UNFPA Management of Implementing Partners	4	2	Partially Satisfactory with Some Improvement Needed



9 April 2024

Annex 7

OAIS key performance indicators

Report of the Office of Audit and Investigation Services on UNFPA internal audit and investigation activities in 2023

(DP/FPA/2024/6)

Agenda item 3: UNFPA – Internal audit and investigation

Executive Board of UNDP, UNFPA, and UNOPS

Annual session 2024

3 to 7 June 2024

New York

Annex 7: OAIS key performance indicators

No.	Key performance indicator	Target (2023)	Achievement (2023)
1	Implementation of the 2023 risk-based audit workplan	33 engagements	31 (94%) *
2	Compliance with EB decision on public disclosure	24	24 (100%)
3	General satisfaction with audit work by clients ¹	100%	83%
4	General conformity with IIA Standards ²	Yes	Yes
5	Ability of the Investigation Branch to close cases based on available resources ³	117	160 (137%)
6	Ability of the Investigation Branch to close the number of cases set out in its annual workplan	150	160 (107%)
7	Ability of the Investigation Branch to reduce its backlog against goals defined in its annual workplan, namely reduction of cases received in 2020 or prior years and still under assessment or investigation) by 50% (55 cases)	55 cases which were registered in 2020 or before	49 cases (87%)

* All audits planned to undertaken in 2023, except for two – Fraud Risk Management Process and ERP “Quantum” (joint audit with UNDP and UN Women) - which were carried over into the 2024 OAIS audit plan, and one, Audit of the Occupied Palestine Territories, which was cancelled due to the conflict in Gaza, were successfully executed in the year with only the review and finalization of a few audit reports spilling over into the first quarter of 2023.

¹ Based on the results of a client satisfaction survey of the 24 audit engagements concluded in 2023, with an 88 per cent overall response rate.

² Based on the results of the most recent EQA conducted in December 2021. The next EQA is due after five years.

³ This KPI represents the number of cases concluded in 2023, based on available resources. During 2023, the Investigations Branch had an overall case load of 474 cases (404 in 2022).



9 April 2024

Annex 8

Recommendations unresolved for 18 months or more as of 31 December 2023

Report of the Office of Audit and Investigation Services on UNFPA internal audit and investigation activities in 2023

(DP/FPA/2024/6)

Agenda item 3: UNFPA – Internal audit and investigation

Executive Board of UNDP, UNFPA, and UNOPS

Annual session 2024

3 to 7 June 2024

New York

Annex 8: Recommendations unresolved for 18 months or more as of 31 December 2023

Governance	
<u>Office management</u>	
1	Leveraging on the implementation of the new Enterprise Resource Planning solution, enable timely submission of results plans by addressing the current system limitations and setting an earlier deadline for finalization and approval of the results plans. (<i>country office, high, 2022</i>). ^b
<u>Risk management</u>	
2	With support from the Chief Risk Officer and the ERM Coordinator, timely perform a more rigorous risk assessment, starting with the assignment of risk ratings commensurate with the risk profile of the assessed areas, and develop, implement, and report on action plans to mitigate ‘critical’ and ‘high’ risks through the corporate UNFPA ERM application. (<i>country office, high, 2022</i>).
3	Leveraging on the impending issuance of a comprehensive Enterprise Risk Management policy and the new Enterprise Resource Planning system, implement a change management process, backed by an effective communication strategy, to create a culture where risk management is proactively considered to be an important and integral part of day-to-day business activities and processes. (<i>Assessment of the UNFPA Enterprise Risk Management Process, high, 2021</i>).
Programme management	
<u>Programme supplies management</u>	
4	Working in collaboration with the appropriate in-country partners and programme stakeholders, develop a more rigorous needs assessment and forecasts as the basis for determining the quantities and types of programme supplies to be provided by UNFPA to ensure they address country needs and contribute to the achievement of programme results. (<i>country office, medium, 2022</i>). ^b
5	Working in collaboration with the Government counterpart, improve the storage and facilities conditions in warehouses used to store UNFPA-donated supplies and help them to build their capacity in inventory accounting and controls. (<i>country office, high, 2022</i>). ^b
6	Follow up with the country offices’ focal points to ensure complete and timely submission of the needs assessment, sourcing, custom clearance, receiving and inspection reports. In addition, WCARO will support the Last Mile Assurance team to ensure all concerned countries provide remedial actions on the 2020 Risk Matrix for UNFPA Supplies Partnership to mitigate high and significant risks. (<i>three country offices in the West and Central Africa region audited under the remote audit and monitoring modality, high, 2021</i>). ^b
<u>Process management</u>	
7	The Commodity Security Branch should finalize the programme policy to clarify the roles and responsibilities of different stakeholders (Country Office, Regional Office, Headquarter Units) involved in the social marketing process and define clear ownership and lines of accountability. (<i>Social Marketing Programme, high, 2022</i>). ^b
8	The Commodity Security Branch with support from the Supply Chain Management Unit should strengthen the programme’s financial oversight and monitoring by: (a) establishing reporting mechanisms to allow traceability of programme products; and (b) raising awareness of the need to use IP agreement template for IPs undertaking social marketing activities, and to develop sufficiently detailed workplan and ensure compliance thereof. (<i>Social Marketing Programme, high, 2022</i>). ^b
<u>Programme design and implementation</u>	
9	Leveraging on the next corporate Enterprise Risk Management process cycle in the Strategic Information System, raise Programme personnel awareness on the need to perform and document more rigorous and comprehensive risk identification and assessments, assigning, inter alia, ratings to the assessed risks for their prioritization; and assign responsibilities and accountabilities for the management of the identified risk areas. (<i>Individual Giving Programme, high, 2022</i>). ^b
10	Strengthen third-party contract management by developing appropriate guidance or standard operating procedures to manage or address UNFPA’s contractual obligations, including those related to security breaches and compromise of data under the Individual Giving Programme. (<i>Individual Giving Programme, high, 2022</i>). ^b

Workplan reporting

- 11 Improve programmatic reporting by implementing partners. The new enterprise resource planning system will address the inconsistencies between work plans and the programme output results. The Policy and Strategy Division will hold sessions with Regional Offices to implement the quality assurance of the planning process, which is generally the main cause of the audit observation. (*Workplan Management Process, medium, 2021*).^b

Operations management

Procurement

- 12 Strengthen supervisory controls over all procurement processes to improve compliance with procurement policies and procedures as a means of ensuring fairness, integrity, transparency, and achieving best value for money. (*country office, high, 2022*).^b
- 13 Enhance the efficiency of the Regional Operations Shared Service Centre's procurement activities by consolidating the supported Country Offices' procurement plans and raising the awareness of relevant staff on the need to share data and information on suppliers and explore opportunities for using Long-Term Agreements used by other UN organizations in the Region. (*Regional Operations Shared Service Centre, medium, 2021*).^b

General administration

- 14 Raise staff awareness to promote compliance with the fixed asset management policy, including the systematic (a) tagging of assets according to tagging convention, (b) updating of asset location in the 'Asset Management Module', and (c) reconciliation of physical count results with the 'Asset Management' module records; and monitor compliance thereto. (*country office, high, 2022*).^b

Next steps

Sustainability and scalability

- 15 Assess the Regional Operations Shared Service Centre funding requirements and staffing arrangements and align them, as appropriate, to the needs of scaling up the project's services and geographical coverage in the next phases of its implementation. (*Regional Operations Shared Service Centre, high, 2021*).^b

[a] *The information provided in brackets for each recommendation indicates the location for which it was issued, its priority and year of issuance (this annotation is valid for the entire annex).*

[b] *Recommendation subsequently closed in the first quarter of 2024.*

¹ Based on the results of a client satisfaction survey of the 24 audit engagements concluded in 2023, with an 88 per cent overall response rate.

² Based on the results of the most recent EQA conducted in December 2021. The next EQA is due after five years.

³ This KPI represents the number of cases concluded in 2023, based on available resources. During 2023, the Investigations Branch had an overall case load of 474 cases (404 in 2022).