

United Nations Office for Project Services

The UNOPS management response to the 2020 annual reports on internal audit, investigations and ethics

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A. Introduction

1. The United Nations Office for Project Services (UNOPS) offers the following management response to the 2020 annual reports of the Audit Advisory Committee; as well as on internal audit and investigations; and ethics and compliance.

2. The response to the annual report of the Audit Advisory Committee in 2020 (DP/OPS/2021/2 - Annex 3), is provided in accordance with Executive Board decision 2008/37. The response to the annual report of the Internal Audit and Investigations Group on internal audit and investigations activities in 2020 (DP/OPS/2021/2) is provided in accordance with Executive Board decision 2005/19. The response to the activities of the UNOPS Ethics and Compliance Office in 2020 (DP/OPS/2021/3), is provided in accordance with Executive Board decision 2012/19.

B. The UNOPS Audit Advisory Committee

3. UNOPS is committed to the United Nations system's harmonization and simplification of business processes, including those supporting the Executive Board, and subsidiary committees advising the Executive Director.

4. Pursuant to Executive Board decisions 2015/4 and 2015/12, the Audit Advisory Committee (AAC) of the United Nations Office for Project Services was established on 2 March 2015 (ref. DP/OPS/2015/CRP.1). The roles and responsibilities of the AAC, as outlined in its Terms of Reference (EOI.ED.2019.01), are consistent with those of United Nations agencies that are under the purview of the Executive Board.

5. The AAC provides external, independent, senior-level advice regarding the organization's oversight, financial management and reporting, internal audit and investigation, external audit, risk management, systems of internal control and accountability, and application of best practice and industry standards for strategy implementation. The Committee has an advisory role and assists the Executive Director in fulfilling her responsibilities.

6. Management is pleased to note the significant contributions provided by the AAC in 2020 and its concurrence with the observations reflected in the Audit Advisory Committee Annual Report, 2020 (DP/OPS/2021/2 – Annex 3). Management notes that the AAC, in its advisory capacity, continues its substantive engagement with the organization, demonstrating the value-add of executive advice for strategic risk management. Finally, management would like to extend its appreciation to the current and past members of the Committee.

C. Role and functions of the Internal Audit and Investigations Group

Role and functions

7. Management recognizes the important role which the Internal Audit and Investigation Group (IAIG) plays in providing assurance, offering advice, recommending improvements, and helping to enhance the organization's risk management, control, and governance systems.

8. Management also recognizes the IAIG role in promoting and supporting accountability by conducting investigations of potential violations of applicable regulations, rules and policy directives and instructions. Furthermore, the IAIG endeavours to support management in the application of UNOPS general policies and objectives as described in the UNOPS strategic plan, 2018-2021 (DP/OPS/2017/5) are appreciated. As such, the IAIG is a central component of UNOPS accountability framework, adding valuable contributions to the management of strategic and operational risks.

Mandate

9. The mandate of the UNOPS internal audit and investigation function is set out in Article 6,¹ Regulations 6.01, 6.02 and 6.03, and Rules 106.01, 106.02 and 106.03, of UNOPS IPSAS-compliant Financial Regulations and Rules (FRRs), which were adopted through Executive

¹ An extract of Regulations 6.01, 6.02 and 6.03, and Rules 106.01, 106.02 and 106.03 can be found in Annex I.

Board decision 2012/5 and reissued effective 13 March 2017 in line with UNOPS Governance, Risk and Compliance Framework.

Coordination and collaboration

10. Management notes that the IAIG continued its coordination with the United Nations Board of Auditors (UNBOA), the United Nations Representatives of Internal Audit Services (UN-RIAS), the United Nations Representatives of Investigative Services (UN-RIS), and the Joint Inspection Unit (JIU).

11. Management notes that the IAIG continued its expansion of cooperation agreements, most recently with the Kreditanstalt für Wiederaufbau, and the Federal Department of Foreign Affairs acting through the Swiss Agency for Development and Cooperation.

12. Management supports the strong collaboration and coordination of the IAIG with various UNOPS business units, including the Legal Group, the Procurement Group, the People and Change Group, the Ethics and Compliance Office and regional/country offices, thus promoting inter-departmental cooperation, support, and continuous follow-up on specific matters.

D. IAIG Audits

Overview

13. The IAIG internal audit issues three main types of reports: a) internal audits that carry a rating and may result in recommendations; b) thematic reviews and advisory engagements, that carry no ratings and may include recommendations; c) project audits that carry a rating and may result in recommendations in cases where the scope includes internal controls. Management notes that the number of reports may fluctuate between years, due to normal variations in the number of client requests and reporting requirements as per project agreements.

14. Management notes that the IAIG in 2020 piloted a new approach to defining appropriate actions in response to audit observations and underlying risks. Under this new approach, responsible managers, with guidance from the IAIG, determine appropriate, targeted, and practical measures for addressing identified risks and issues, as per the underlying observation(s); thus, replacing unilaterally issued recommendations with so-called management actions plans².

15. Management takes note of the reports issued by the IAIG during 2020, the associated ratings, and the observations and recommendations, including related priorities, contained therein; and commends the IAIG on its efforts to complete current and prior year work plans and issue reports in line with the target of 90 days, notwithstanding the unique challenges posed by the Covid-19 pandemic.

Summary of 2020 progress

16. During 2020, management maintained its close cooperation with the IAIG, and continuously worked to address findings raised during the audits of business units, organizational processes, and projects.

17. Since 2010, management has been tracking key indicators in relation to internal audit reports through its management results framework and internal target agreements for business units. Primarily, these indicators aim to facilitate continued focus on timely follow-up and an overall high implementation rate of audit recommendations; and at making dedicated efforts to address audit recommendations which by the end of the calendar year will have been open for more than 18 months.

18. Management is continuously pursuing closure of recommendations during the year; and undertakes concerted efforts to proactively manage risks and pre-empt audit observations by strengthening its strategic response and enhancing its governance, risk management practices and internal controls, as well as the overall compliance with its prescriptive content throughout its operational activities.

² Notwithstanding, for the purpose of this document, reference will be made throughout to “recommendations” rather than “management actions plans”.

19. For 2020, these efforts yielded positive results, as evidenced by relevant underlying indicators. The overall implementation rate of audit recommendations was maintained at 96 per cent, a high rate on par with the previous two years and well above the target of 90 per cent; management closed 136 recommendations (2019: 170); fewer new recommendations were issued, with 148 compared to 174 in 2019; a lower share of audit recommendations were considered to be of high priority (35 per cent, compared to 41 per cent in 2019); and 28 out of 29 rated reports yielded a *satisfactory* or *partially satisfactory* rating.

20. At the same time, management takes note of remaining areas for follow-up, and maintains its commitment to reinforce the coordinated drive for the implementation of recommendations in a timely manner. This includes the twelve recommendations which would have been open for more than 18 months at the end of the reporting year (2019: 1); six of which had been closed as of the writing of this document.

Internal audits and thematic reviews

21. Management takes note of ten internal audit reports, resulting in 121 recommendations issued in 2020; as well as the associated ratings, three of which were *partially satisfactory (some improvements needed)* (2019: 2), five of which were *partially satisfactory (major improvements needed)* (2019: 3), and one of which was *unsatisfactory* (2019: 0). Management remains committed to fast-track address of recommendations resulting from audits with a rating of *unsatisfactory*.

22. Further, management takes note of the seven thematic reviews issued by IAIG in 2020, and the observations and four recommendations contained therein. Management will determine an appropriate course of action in line with organizational priorities and requirements.

23. It further notes that the average number of recommendations per internal audit report increased slightly to 7.4 (2019: 6.5); and that the share of high priority management action plans further decreased to 42 per cent, from 50 per cent in 2019 and 62 per cent in 2018. This suggests that the severity of issues continues to decrease. Management appreciates that low-priority recommendations are typically addressed during the fieldwork stage of the audit.

24. Management continues to follow up and coordinate with relevant business units on the implementation of recommendations. To ensure systematic and timely action, management classifies all oversight recommendations by functional area.³ If the primary responsible business unit is different from the business unit responsible for policy and control in the functional area, the latter is typically assigned as secondary responsible for ensuring timely and appropriate action for implementation of the recommendation.

25. Regarding the functional distribution of internal audit recommendations, management notes that the distribution is broadly consistent with the nature of UNOPS operations and historical trends, i.e. focusing on the areas of procurement, project management, and human resources. Management also notes an increased IAIG focus on the area of business development. Management believes that further efforts to realize the potential of systematically documenting and analysing functional distributions and objectives are required and will continue to work closely with the IAIG to this effect.

Project audits

26. Management takes note of the 29 project audit reports issued, resulting in 23 recommendation; as well as the associated ratings, with 18 of the 20 project audit reports covering internal controls yielding a *satisfactory* rating, and two yielding a rating of *partially satisfactory (some improvements needed)*; and all 28 financial statements of projects audited yielding an *unmodified opinion*. This represents the third consecutive year of no *unsatisfactory* ratings pertaining to project audits.

³ The 13 functions include: communications, business development, project management, infrastructure, procurement, legal, human resources, security, finance, general administration, ICT, corporate oversight, and audit and investigations.

27. Management notes that the number of recommendations per report⁴ issued decreased from 3 in 2019 to 1.15 in 2020; and that the share of high priority recommendations decreased to zero per cent, down significantly from 15 percent in 2019 and 9 per cent in 2018. This supports the perception that projects are managed well in relation to their internal controls. Management remains committed to ensuring that also all recommendations resulting from project audits are implemented in a timely manner.

28. Management applies the same logic and approach on functional area and secondary responsibility for recommendations resulting from project audits, as for recommendations resulting from internal audits. Regarding the functional distribution of project audit recommendations, management notes an increased focus on the areas of finance and human resources in 2020.

Advisory services and strategic support

29. Management notes that the IAIG in 2020 supported the establishment of appropriate controls and risk management approaches for a major strategic project for healthcare procurement in support of the Mexican government.

30. An understanding of recurring issues across UNOPS operations, and their underlying causes, can support organizational learning and systematic improvement. In this regard, management takes note of the IAIG efforts to complete a root cause analysis exercise, in collaboration with regional and country offices and other business units.

Strengthening of the audit function

31. Management notes with appreciation that the IAIG ensured continuity in its work in 2020 despite the impact of the Covid-19 pandemic. This primarily by adopting a remote approach, use of project management and productivity tools, continued refinement of data analytics, as well as close collaboration with auditees.

32. Management appreciates the close collaboration of the IAIG and the ICT function, resulting in the launch of a new real-time audit recommendation tracking tool in early 2020. The tool is fully integrated with the oneUNOPS enterprise resource planning system (ERP), thus enabling real-time reporting, and tracking of progress. The tool facilitates the streamlined management of reports as well as resulting observations and recommendations from both internal and external oversight bodies. Similarly, management appreciates the IAIG contribution to the implementation of a new absence management system, and the ongoing work on IT developments in relation to internal controls and delegations of authority.

33. Regarding the use of IT and data analytics in the IAIG work, management notes the continued commitment to leveraging available technology to detect fraud, non-compliance, and conflicts in segregation of duties, and inform management to support timely action.

34. Management notes that the IAIG continues to pursue external and internal quality assessments and benchmarks for the purpose of continuous improvement and maintenance of the highest rating against the standards of the Institute of Internal Auditors (IIA).

E. IAIG Investigations

35. Management notes the IAIG investigations function's attention to ensuring close coordination and collaboration with key internal stakeholders, including the Legal Group, the People and Change Group, the Vendor Review Committee, and the Ethics and Compliance Office; and the function's role in chairing the UNOPS internal working group on prevention of sexual exploitation and abuse.

36. Likewise, management appreciates that the IAIG continued its collaboration with external stakeholders, including the United Nations Representatives of Investigative Services (UN-RIS), and the United Nations Representatives of Internal Audit Services (UN-RIAS); the United Nations Heads of Investigations Groups; the Office of Internal Oversight Services (OIOS); the investigation services of the other United Nations funds and programmes; and investigations

⁴ Pertaining to project audit reports with a rating of internal controls only.

offices of other international and national agencies; as well as the efforts to participate in relevant partnerships, for example with the Association of Certified Fraud Examiners (ACFE).

37. Management notes that the number of complaints received and processed by the IAIG decreased from 230 in 2019 to 209 in 2020. It is also noted that out of these 209 complaints, 76 became investigation cases, 23 investigation cases fewer than in 2019; and that an additional 24 cases were carried over from 2019.

38. It also notes the distribution, with 66 cases of alleged fraud or financial irregularities, and two cases each pertaining to sexual exploitation and abuse, and alleged sexual harassment, respectively. Another three cases involved other types of misconduct. Management appreciates the IAIG efforts to work with legal officers, senior managers, the People and Change Group, the Ethics and Compliance Officer, and the Vendor Review Committee to deter issues of this nature and reduce recurrence.

39. Management notes that the IAIG enhanced its focus on cases involving fraud and financial irregularities, and the subsequently increased amounts of financial losses substantiated in investigations cases. Management remains committed to taking action, including the sanctioning of vendors, disciplinary action for personnel up to and including separation, and recovery of defrauded or lost amounts.

40. Management appreciates the various efforts to strengthen the investigations function during the year, including the establishment of a roster of forensic computer services consultants.

41. Regarding fraud prevention, management notes the continued efforts to raise awareness, and to educate personnel on standards of conduct and means to identify and report potential issues.

42. Management notes the victim-centric approach deployed by the IAIG in the context of protection against sexual harassment and abuse; and the continued engagement in an internal working group on preventing sexual exploitation and abuse, an inter-agency screening tool to prevent the hiring and rehiring of offenders, as well as in relevant United Nations working groups and conferences.

43. Management remains committed to the timely implementation of recommendations resulting from IAIG investigations.

F. Strategic response to audit recommendations

44. Management remains dedicated to the continuous improvement of the organization's risk management, governance, and internal controls. Building on key achievements during the current strategic planning period - such as the finalization of the roll-out of the governance, risk and compliance framework - management considers it crucial to leverage the whole bandwidth of available avenues for this purpose.

Internal controls and the response to Covid-19

45. The Covid-19 pandemic presented an unprecedented challenge to UNOPS operations in 2020, requiring considerable additional speed and agility in the organization's response to surging partner needs, while also necessitating enhanced diligence and control, and demanding significant adjustments in the way of working for all personnel.

46. A dedicated, time-bound global task force with clearly defined terms of reference was established to ensure strong internal controls were maintained, while also supporting the agile, efficient and effective delivery of services in support of partners in line with UNOPS core areas of expertise in procurement and infrastructure.

47. Globally, the Emergency Procurement Procedures were activated, and dedicated efforts were made to ensure consistency in standards and their application; to coordinate demand for efficiencies; and to enhance the speed and transparency of internal review processes, including for the purpose of knowledge sharing.

48. Internally, the organization was able to leverage the just-in-time transition to G-Suite as the new corporate productivity tool to ensure business continuity globally.

Continued strengthening of organizational leadership and governance

49. 2020 represented the first full year of operation for the Senior Leadership Team (SLT), formed in 2019 following a decision by the Executive Director. To ensure continued fit-for-purpose, the SLT conducted a review of its role and effectiveness in the second half of the year, resulting in an update to its Terms of Reference and adjustment of its composition.

50. In 2020, the Sustainable Investments in Infrastructure and Innovation (S3I) initiative was established as a business unit headed by a Chief Executive at Assistant Secretary-General level, reporting to the Executive Director. Pursuant, the position of Deputy Executive Director of UNOPS was frozen, and the reporting lines of SLT members were adjusted accordingly.

Leveraging policies, processes, and guidance to drive quality

51. By the end of 2020, the UNOPS policy framework comprised five Executive Office Directives, ten Executive Office Instructions, 13 Operational Directives, and 46 Operational Instructions.⁵ During 2021, management will continue to review and revise the UNOPS body of management policies to ensure their appropriateness for the organization's ever-changing business environment and maturity level.

52. The Process and Quality Management System (PQMS) is the designated one-stop source of information on all UNOPS policies and processes. Designated process owners across all policy functions are accountable and responsible to ensure processes are regularly reviewed and continuously improved, including through feedback from the operations.

53. In 2020, policy owners continued to add relevant processes to the PQMS, in line with the updated body of policies; and maintained documented processes in accordance with a defined schedule. At the end of 2020, more than 450 processes were available in the System. A review of quantitative user statistics shows that use of PQMS content as a trusted reference for colleagues managing operations continued to increase.

54. The Implementation Standards Management Framework, encompassing policies, standards, guidance and guidelines, as well as tools and templates, for the core areas of project management, infrastructure and procurement, continued to be expanded and refined in 2020. For example, a comprehensive guideline on executing timely and effective project closure was issued; and the design review guidance was enhanced. Dedicated efforts were made to refine existing materials and make them available in all UNOPS working languages. This work will be carried forward in 2021 and will continue to be done in conjunction with IT system design and enhancements.

55. To support the mitigation of risks relating to human right, labour rights, child labour, ethical conduct, environmental responsibility, health and safety, and sexual exploitation and abuse in its procurement activities, UNOPS continued to execute and enhance its Delivering Responsibility in Vendor Engagement (DRiVE) initiative. It comprises structured self-assessments by suppliers, with responses subsequently verified by UNOPS, followed by issuance of corrective action plans. In addition, UNOPS aims to encourage targeted voluntary improvements in key risk areas. A survey among participating vendors revealed that DRiVE participation was a positive experience for 89 per cent of respondents, and not a barrier to submitting a tender (96 per cent). In 2020, DRiVE was recognized by the Joint Inspection Unit as a good practice.⁶

Continuing the journey towards a fully integrated landscape of systems

56. Tools and systems supporting corporate processes are a critical contributor to organizational efficiency and effectiveness, as well as a key driver for compliance with established policies, procedures and delegated authority. Since introducing its enterprise resource planning (ERP) system "oneUNOPS ERP" in 2016, and its enterprise programme and project management system "oneUNOPS Projects" in 2018, the organization has continuously expanded, refined and integrated its landscape of systems.

⁵ A complete list of policies effective as of 31 March 2021 can be found in Annex II.

⁶ JIU/REP/2020/8, paragraph 130.

57. These efforts to continuously enhance the organization's IT systems are anchored in the system's underlying stability and reliability, which has enabled successful and timely closure of UNOPS Financial Statements since its inception.

58. A major milestone was achieved in 2020 with the phased transition to a new centralized treasury management system. It successfully automated an initial set of key finance processes, including for example vendor management, accounts payables and receivables, and bank reconciliations. This transition provided the organization with significantly enhanced risk management, and financial planning and reporting, while also enabling a refocus of resources towards higher-value tasks. It is envisioned that the transition be finalized in 2021.

59. Further complementing oneUNOPS ERP and oneUNOPS Projects, the launch of oneUNOPS Reports presented a step change in accessing and using business data from across UNOPS systems through tailored reports verified by responsible business owners. This will further enhance visibility of information internally and facilitate the targeted management of risks. In support of this effort, a new data governance framework has also been developed.

60. Efforts continued to prepare the roll-out of a tool within oneUNOPS ERP to strengthen core controls and the delegation of authority, with release scheduled for Q2/3 2021.

61. To ensure alignment to the evolution of policies, standards, processes and guidelines, ICT throughout 2020 worked closely with representatives from key policy functions and operations to define, test and implement a wide variety of improvements particularly in oneUNOPS Projects. For example, features covering project assurance, thematic action planning, forecasting, risk management and human resource management in projects were introduced or enhanced.

62. The move of productivity tools to the cloud through G-suite significantly enhanced the resilience, accessibility and speed of UNOPS IT infrastructure. In this regard, the active management of cybersecurity risks is key to ensuring data ownership, and information security and privacy, are safeguarded. Efforts were undertaken in 2020 to assess the organizational level of vulnerability to cyber-attacks, to issue relevant guidelines and reporting forms specifically addressing privacy and information security, and to raise awareness. Additional identity verification procedures were introduced for all personnel.

External benchmarking supports continued drive for risk management and results

63. External certification of compliance with internationally recognized standards is a central component of UNOPS risk management systems. Furthermore, the organization is committed to benchmarking its effectiveness against a range of industries and organizational types. By 2021, the organization had maintained its global certification to ISO 9001 for Quality Management for ten years.

64. The first certification against ISO 9001 was a major milestone in the organization's continual improvement journey. However, as the organization's systems, standards and performance have continued to improve, the achievement of certification has become ever easier. Notwithstanding, the resources required for maintenance of the certificate has remained significant. Having considered the cost-benefit and marginal added value, management has decided not to pursue recertification when the certificate expires by mid-2021. This is also the case for certification against ISO 14001 on environmental management systems, and ISO 45001 on health and safety management systems. The associated resources will be redeployed for more value adding activities for driving continual improvement.

Driving a culture of engagement and risk management

65. In 2020, the certifications for ISO 14001 and ISO 45001 were maintained for the reduced scope of headquarters only. This reduced scope was preceded by a management decision to refocus available resources on concerted efforts to broadly raise, respectively, the organization's social and environmental, and health and safety performance. Commensurately, 2020 saw the launch of a global health and safety improvement plan, and an associated 'Goal Zero' campaign capturing the organization's commitment to zero incidents, injuries and illnesses related to UNOPS operational activities. Following a successful first year, the campaign will continue in 2021, supported by an updated improvement plan.

66. Management coordination and cross-functional integration are important means of mitigating risks. In 2020, UNOPS sustained efforts to strengthen the organization's management fora. The Senior Leadership Team (SLT) provided executive advice and decisions on a wide range of recurring and ad hoc areas. This included, inter alia, the response to Covid-19, gender parity, health and safety in UNOPS operations, corporate performance, business and operational planning, reform of the United Nations development system, investments, and strategic positioning in the core areas of UNOPS activities.

67. Gender parity is a strategic priority for UNOPS. The Gender Advisory Panel, Gender Parity Strategy, and a commensurate Gender Action Plan remained in place. High-level targets were established through the 2020-2021 biennial budget estimates. The temporary special measures, devised in 2019 with a focus on talent outreach and recruitment, were extended and will be evaluated in detail during 2021. Management continues to be committed to achieving equal representation of genders across all UNOPS personnel, and to increasing the representation of women at senior and decision-making level. By April 2021, UNOPS had, with 48.1 per cent women in its global workforce, achieved its gender parity target of minimum 47 per cent.

Building capacity to support the management of operational risks

68. The Covid-19 pandemic caused all face-to-face training to be suspended as of March 2020. This in turn necessitated a fundamental change in the approach to how UNOPS delivers its learning and training. Building on trends that preceded the pandemic, the organization undertook significant efforts to ensure continuity. This entailed expanding digital learning content, adjusting the format and duration of courses, and building capacity for effective delivery of training in virtual environments. It is expected that many aspects introduced due to the circumstances in 2020 will be maintained and leveraged for the purpose of permanently reaching more personnel around the world with relevant learning activities.

69. Notwithstanding the challenging circumstances, the number of personnel that benefitted from UNOPS learning opportunities remained stable when compared to 2019, at around 5,200. Approximately 86 per cent of participants were from country and regional offices, exceeding the target of 70 per cent. About 46 per cent of learners were women, exceeding the target of 42 per cent and a rate of 45 per cent in 2019.

70. Across all learning activities, 90 per cent of participants in learning programmes rated the learning opportunities provided as 'very relevant' or 'relevant', and 91 per cent of participants would recommend the course they partook in. Both figures are indicative of the high content quality, and broadly on par with 2019 ratings. The organization aims to continuously expand and adjust its learning content in line with business requirements; and to track use and completion rate of existing offers.

71. Thematically, training in 2020 covered the organization's core mandated areas of infrastructure, procurement and project management. The special circumstances due to the Covid-19 pandemic were considered where relevant. Capacity building thus focused on emergency procurement procedures (which were deployed in support of the Covid-19 response effort), ethics and fraud prevention in procurement, and mainstreaming gender in procurement; as well as risk management in infrastructure; and project management induction training.

72. Mandatory training in 2020 covered a range of topics that support enhanced risk management and control across the UNOPS operations. This included training on health and safety, the prevention of sexual exploitation and abuse, ethics and integrity, and cyber security. Further, a major effort was made to deliver a set of virtual classroom training events in support of the roll-out of the new treasury management system, reaching more than 700 personnel. Finally, wellbeing, counselling and stress management courses were made available to personnel.

G. Ethics and Compliance

73. Established pursuant to General Assembly resolution 60/1, the UNOPS Ethics and Compliance Office operates in accordance with the terms of reference laid out in the Secretary-General's bulletin (ST/SGB/2007/11, as amended). Its mandate is to promote the highest

standards of integrity and to foster a culture of ethics, transparency, and accountability within UNOPS.

74. Following a review and re-set of the UNOPS Ethics function in 2019, its mandate was expanded to include compliance; and additional resources were made available to facilitate the implementation of the Office's 2019-2021 work plan. Management notes that the Office continues to engage in a scoping process in relation to its activities supporting compliance.

75. Management notes with appreciation the report on the Activities of the UNOPS Ethics and Compliance Office in 2020 (DP/OPS/2021/3), which covers the twelfth full year of operation of a separate and independent Ethics function in UNOPS. During the year, the Ethics and Compliance Office has assisted the Executive Director in ensuring that all staff conduct themselves with integrity and professionalism and uphold the Charter of the United Nations.

Administering the UNOPS financial disclosure programme

76. Management notes with appreciation the Office's continued efforts to enhance the scope and effectiveness of the financial disclosure programme, including by proactively identifying and inviting colleagues joining the organization during the year to disclose potential conflicts of interests during two interim cycles in March and December, as introduced in 2020.

77. Management notes that all 893 personnel required to file a financial disclosure and conflict of interest statement had done so, resulting in a 100 per cent filing rate, and that the timely reporting rate increased to 91 per cent (2019: 81 per cent); and takes note that an additional 164 colleagues filed a statement in the context of one of the two new interim cycles.

78. Regarding the review of statements, management notes that an analysis of the 2020 filings is ongoing; and that the review of 2019 filings has been concluded, with referrals being made in relation to 83 statements, resulting in one substantiated allegation of misconduct.

Protecting staff against retaliation for reporting misconduct

79. Management notes the importance of the ethics function's impartial preliminary review of requests for protection against retaliation, as well as of the advice it provides to personnel about protection against retaliation; and welcomes its close collaboration with the IAIG and the PCG.

80. Management notes the activities undertaken by the Office to facilitate the prevention of retaliatory action; and the completion of the preliminary review of eleven requests for protection against retaliation. In this regard, management also notes the revised approach to handling requests for protection, and the Office's assessment in relation to retaliation risks.

81. Further, management notes the increased number of requests for advice in matters relating to protection against retaliation; and welcomes the ethic function's efforts to enhance awareness of the policy, procedure, and mechanisms in place to support personnel in relation to protection against retaliation.

82. Management notes the outcome of an external independent review of UNOPS protection against retaliation policy and procedures; and appreciates the Office's efforts to implement enhancements where appropriate, pursuant to the recommendations of the review. In this regard, management also notes that the review identified a gap in instances where the individual requesting protection is a UNOPS member of personnel, while the person alleged to engage in retaliatory action is not - an issue already highlighted by the Office in its 2019 report. Management takes note that this issue will be addressed through a joint effort under the auspices of the Ethics Panel of the United Nations (EPUN).

Standards setting, capacity building, and awareness raising with an expanded scope

83. Management takes note of the Ethic function's efforts to extend its focus beyond advising individuals on matters under its purview, to also addressing organizational integrity, as set out in its 2020-2021 workplan.

84. In this regard, management welcomes the global ethics risk assessment piloted in 2020; and looks forward to its completion, as well as the implementation of prioritized follow-up actions, as and when the global situation in relation to Covid-19 and travel restrictions allow.

85. Further, management notes with appreciation the Office's enhanced communication and awareness-raising efforts, comprising for example a campaign to encourage both personnel and third parties interacting with UNOPS to report misconduct as well as issues pertaining to the health and safety of persons involved in the organization's activities; a campaign on protection against retaliation; and a campaign to celebrate diversity, amongst others.

86. Regarding conflict of interest and outside activities, management notes that a review of relevant policies, procedures and capacity building resources will be completed in 2021; and that appropriate follow-up actions will be implemented as prioritized in accordance with a complementary risk assessment exercise. Management also notes the Office's contribution to additional policies and guidance materials in close collaboration with the IAIG and the PCG.

87. Management notes that the Office continued to deliver capacity building and training events, making use of technology to provide tailored content and engage remotely with a greater number of colleagues globally. In 2020, this included inter alia training on ethics risk management; support to a training on inclusive leadership; the issuance of a set of resources targeting new colleagues; and development of an online training for the same, to be issued in 2021.

88. Management notes the Chief Ethics and Compliance Officer's engagement with the UNOPS Audit Advisory Committee. It further notes that the Officer provided a briefing to the UNOPS Senior Leadership Team (SLT) on a quarterly basis and has been kept abreast of SLT meeting minutes.

89. Management notes the contributions made by the Ethics Office in 2020 to the UNOPS working group on Prevention of Sexual Exploitation and Abuse (PSEA). Management further appreciates the Office's close collaboration with other corporate functions, including legal, human resources, procurement, and internal audit on providing policy advice and guidance; and the Office's contribution to efforts aiming to assess and strengthen the organizational culture of accountability.

Providing confidential advice and guidance to staff on ethical issues

90. Management notes that during 2020 the Office received 441 requests for advice, compared to 401 in 2019. This represented an increase of 9 per cent while maintaining a stable share of around 46 per cent when related to the overall increase of requests for services received, from 868 in 2019 to 970 in 2020. This seems to indicate a continued significance of the advisory function of the Office; as well as general awareness and confidence among personnel to engage with the Ethics function for advice.

91. Management takes note that requests for advice pertaining to outside activities remain the largest category; and that advice requested in relation to conflicts of interest increased significantly; while the number and share of requests for advice on employment issues, and gifts and hospitality, respectively, decreased markedly. Management also notes the Office's assessment of these trends.

Supporting ethics standard-setting and policy coherence within the UN system

92. Also in 2020, the Office has exercised its mandate in close coordination and collaboration with the Ethics Panel of the United Nations and played an active role in the Ethics Network of Multilateral Organizations.

93. Finally, management notes that Office has decided not to prolong the agreement with the World Intellectual Property Organization (WIPO) on its services as an outside reviewer for requests for review by personnel in whistle-blower cases.

Annexes

Annex I – Extract from UNOPS Financial Regulations and Rules, effective 1 Jan. 2012

Regulation 6.01

The Internal Audit and Investigations Group shall be responsible for the internal audit of UNOPS. It shall conduct independent, objective assurance and advisory activities in conformity with the International Standards for the Professional Practice of Internal Auditing. It shall evaluate and contribute to the improvement of governance, risk management and control processes, and report thereon. It shall exercise operational independence in the performance of its duties.

Regulation 6.02

The Internal Audit and Investigations Group shall be responsible for assessing and investigating allegations of fraud and corruption committed by UNOPS personnel or committed by others to the detriment of UNOPS.

Regulation 6.03

The internal audit function's purpose, authority and responsibility shall be further defined in the Charter of the Internal Audit and Investigations Group.

Rule 106.01

The Internal Audit function shall evaluate the adequacy and effectiveness of governance, risk management and control processes regarding the:

- (a) reliability and integrity of financial and other information;*
- (b) effectiveness and efficiency of operations;*
- (c) safeguarding of assets; and*
- (d) compliance with legislative mandates, regulations, rules, policies and procedures.*

Rule 106.02

The Internal Audit and Investigations Group shall have free access to the organization's records, personnel and premises, as necessary, in its opinion, for the performance of its duties.

Rule 106.03

The Internal Audit and Investigations Group shall submit its results to the Executive Director and other senior managers as appropriate. At least annually, the Director of the Internal Audit and Investigations Group shall submit a report to the Executive Board on the internal audit and investigation activities and on significant findings, providing insight into the efficient and effective utilization of resources.

Annex II – UNOPS policies effective as of 31 March 2021

Executive Director Principles (EDP), Executive Office Directives (EOD) and Instructions (EOI), and Operational Directives (OD)

Type	Title
EDP	Executive Director Principles
EOD	Organizational Principles and Governance Model
EOD	Health & Safety and Social & Environmental Management
EOD	Legislative Framework
EOD	Privacy and information security
EOD	Financial Regulations and Rules
EOI	Implementation of three levels of requirements for health & safety and social & environmental management
EOI	Reporting and management of health & safety, and social & environment incidents
EOI	Business Continuity Planning
EOI	Organizational Structure
EOI	Audit Advisory Committee
EOI	Delegation of Authority and Accountability Framework
EOI	Privacy and information security governance
EOI	Information Classification
EOI	Drafting and Promulgating Requirements for Directives and Instructions
EOI	Policy and process management
OD	Safety and Security
OD	Strategy Setting
OD	Internal Audit and Investigations Charter
OD	Communications
OD	Procurement Framework
OD	Management of UNOPS Partners and Resulting Agreements
OD	Value proposition and Cost Recovery Model
OD	Finance and Asset Management
OD	ICT and Digital Systems Management
OD	Risk Management
OD	Internal Control Framework
OD	Legal
OD	Human Resources, Ethics and Culture

Operational Instructions

Type	Title
OI	Crisis Communication
OI	Use of Social Media
OI	Use of UNOPS Name and Logo
OI	Media relations, publications and website
OI	Policy to Address Fraud and Corruption
OI	Statement of Investment Principles and Investment Committee Terms of Reference
OI	Protection against retaliation for reporting misconduct or cooperating with duly authorized fact-finding activities
OI	Financial Disclosures and Conflict of Interest Statements
OI	Outside Activities
OI	Prohibition of accepting gifts, honours, decorations, favours or non-UN remuneration or benefits from governmental and non-governmental sources
OI	Budgeting and Internal Investment Management
OI	Fixed and Intangible Asset Management
OI	Treasury and Cash Management
OI	Engagement Financial Management and Reporting
OI	Risk Management
OI	Engagement Pricing and Costing
OI	Establishment and Approval of Write-offs and Provisions for Write-offs
OI	Financial Accounting and Reporting
OI	Investigations and Measures Relating to Misconduct Allegations Against UNOPS Personnel
OI	ICT Security and Access
OI	Quality Management
OI	UNOPS Works Contracts
OI	Project Management
OI	Design Review of Infrastructure Works
OI	Grant Support
OI	Construction Supervision
OI	Acceptance of Engagement Agreements
OI	Engagement Acceptance and Procurement Procedures in Response to Crisis Situations
OI	Hosting Engagements

OI	Legal Advisor Roles and Responsibilities and Legal Practice
OI	Claims Reporting
OI	Document Retention
OI	Contract and Property Committees Members and Duties
OI	Contracts and Property Committees - Submissions and Reviews
OI	Due Diligence
OI	Compliance
OI	Information Disclosure
OI	Personnel Management Framework
OI	Vendor Sanctions
OI	Procurement Procedures
OI	Procedures for the Acceptance and Management of Pro Bono goods and Services
OI	Acceptance of Framework, Collaborative and Teaming Agreements
OI	Safety and Security Management
OI	Air travel safety
OI	Official Duty Travel
OI	Hospitality Provided at the Cost of UNOPS