United Nations Office for Project Services

The UNOPS management response to the 2021 annual reports on internal audit, investigations and ethics

A. Introduction

1.   The United Nations Office for Project Services (UNOPS) offers the following management response to the 2021 annual reports of the Audit Advisory Committee (DP/OPS/2022/2 - Annex 7) in accordance with Executive Board decision 2008/37; the Internal Audit and Investigations Group (DP/OPS/2022/2) in accordance with Executive Board decision 2005/19; and of the Ethics and Compliance Office (DP/OPS/2022/3) in accordance with Executive Board decision 2012/9.

B. The UNOPS Audit Advisory Committee

2.   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[1]. The roles and responsibilities of the AAC, as outlined in its Terms of Reference[2], are consistent with those of United Nations agencies that are under the purview of the Executive Board.

3.   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.

4.   Management is pleased to note the significant contributions provided by the AAC in 2021 and its concurrence with the observations reflected in the Committee's annual report, 2021 (DP/OPS/2022/2 − Annex 7). 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

5.   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.

6.   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. The IAIG is a central component of the UNOPS accountability framework, adding valuable contributions to the management of strategic and operational risks, including by supporting the application of UNOPS general policies and objectives as described in UNOPS strategic plan 2018-2021[3].

Mandate

7.   The mandate of the UNOPS internal audit and investigation function is set out in Article 6,[4] 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 Board decision 2012/5 and reissued effective 13 March 2017 in line with UNOPS Governance, Risk and Compliance Framework.

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[1] Ref. DP/OPS/2015/CRP.1.
[2] EOI.ED.2019.01
[3] Ref. DP/OPS/2017/5.
[4] 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.

Coordination and collaboration

8. Management notes that the IAIG continued its coordination with the United Nations Board of Auditors (UNBOA) and the Joint Inspection Unit (JIU); the United Nations Representatives of Internal Audit Services (UN-RIAS) and the United Nations Representatives of Investigative Services (UN-RIS); the United Nations Heads of Investigations Groups; the Office of Internal Oversight Services (OIOS); and the investigation functions of other United Nations funds and programmes as well as other international and national agencies.

9. Management welcomes the effort of the IAIG to harmonize its reporting with UNICEF, UNFPA, UNDP and UN Women, and notes the subsequent adjustments made to its 2021 annual report.

10. Management notes that the IAIG continued its efforts to participate in relevant partnerships, for example with the Association of Certified Fraud Examiners (ACFE). This also includes the addition of new cooperation agreements with the audit functions of UNOPS partners.

11. Management supports the strong collaboration and coordination of the IAIG with UNOPS business units, including the Legal Group, the Procurement Group, the People and Change Group, the Ethics and Compliance Office and regional/country offices; as well as with relevant committees, for example the Vendor Review Committee; thus promoting inter-departmental cooperation, support, and continuous follow-up on specific matters.

D. IAIG Audits

Overview

12. The IAIG internal audit function 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.

13. Management takes note of the reports issued by the IAIG during 2021, the associated ratings, and the observations and recommendations, including related priorities, contained therein; and commends the IAIG on its efforts to complete annual work plans and issue reports in line with the target of 90 days, notwithstanding the continued challenges posed by the Covid-19 pandemic.

Summary of 2021 progress

14. During 2021, management maintained its close cooperation with the IAIG, identifying solutions and continuously working to address findings raised during the audits of business units, organizational processes, and projects.

15. 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 to advance dedicated efforts to address audit recommendations which by the end of the calendar year will have been open for more than 18 months.

16. 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.

17. For 2021, these efforts yielded positive results, as evidenced by relevant underlying indicators. The overall implementation rate of audit recommendations increased slightly to 97 per cent, well above the target of 90 per cent; management closed 160 recommendations (2020: 136);

fewer new recommendations were issued, with 122 compared to 148 in 2020; and 21 out of 23 rated reports yielded a *satisfactory* or *partially satisfactory* rating.

18.   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 four recommendations which had been open for more than 18 months at the end of the reporting year (2020: 12); At the time this document is prepared all four recommendations are expected to be closed by mid-2022.

Internal audits and thematic reviews

19.   Management takes note of fifteen internal audit reports[5], resulting in 86 recommendations issued in 2021; as well as the associated ratings, three of which were *satisfactory* (2020: 0), one of which was *partially satisfactory (some improvements needed)* (2020: 3), one of which was *partially satisfactory (major improvements needed)* (2020: 5), and two of which were *unsatisfactory* (2020: 1)*.* Management remains committed to fast-track address of recommendations resulting from audits with a rating of *unsatisfactory*.

20.   Further, management takes note of the two thematic reviews issued by IAIG in 2021, and the observations and nine[6] recommendations contained therein. Management will determine an appropriate course of action in line with organizational priorities and requirements.

21.   It also notes that the average number of recommendations per internal audit report decreased slightly to 5.7 (2020: 7.4); and that the share of high priority management action plans somewhat increased to 48 per cent, from 42 per cent in 2020. Management appreciates that low-priority recommendations are typically addressed during the fieldwork stage of the audit.

22.   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.[7] If the primary responsible business unit is different from the business unit in charge of policy and control in the functional area, the latter is typically assigned as secondary responsible.

23.   Management notes the functional distribution of internal audit recommendations, and the IAIG's related analysis of trends. 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

24.   Management takes note of the 53 project-related audit reports issued, resulting in 27 recommendations; as well as the associated ratings, with 17 of the 21 project audit reports covering internal controls yielding a satisfactory rating, two yielding a rating of *partially satisfactory (some improvements needed)*, and two not carrying a rating. All 32 financial statements of projects audited yielding an *unmodified opinion*. This represents the fourth consecutive year of no unsatisfactory ratings pertaining to project-related audits. The four forensic project audit reports did not carry a rating.

25.   Management notes that the number of recommendations per report[8] issued remained low at 1.3 (1.2 in 2020); and that the share of high priority recommendations was at 11 per cent (2020: 0, 2019: 15; 2018: 9). 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.

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[5] Of these, four carried a rating; and three were considered "satisfactory" based on their findings, while not carrying a de facto rating. Ref. footnote 2, DP/OPS/2022/2.

[6] Noting that one of the two thematic reviews yielded an additional 51 solutions in the context of an internal root cause analysis, which the IAIG will not formally track, as the engagement was of an advisory nature.

[7] Communications, business development, project management, infrastructure, procurement, legal, human resources, security, finance, general administration, ICT, corporate oversight, and audit and investigations.

[8] Pertaining to project audit reports with a rating of internal controls only.

26.   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; and notes the functional distribution of project audit recommendations in 2021.

Advisory services and strategic support

27.   Management notes that the IAIG in 2021 continued its support to a major project for the acquisition of medicines in Mexico ("PharmaMx"), conducting quarterly risk assessments and providing advice and follow-up on risk management processes and high-risk issues identified.

28.   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 determine preventative measures as a follow-up to a root cause analysis exercise which in 2020 identified such issues in collaboration with regional and country offices and other business units.

Strengthening of the audit function

29.   Management notes with appreciation that the IAIG ensured continuity in its work in 2021 despite the impact of the Covid-19 pandemic, by deploying a remote approach combined with a risk-based *in situ* verification through a local third party; continuing the use of project management and productivity tools; leveraging its continuous auditing and data analytics activities; and closely collaboration with auditees.

30.   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; continuously assessing risks; and informing management to support timely decision-making and action.

31.   Management notes that the IAIG continues to pursue external and internal quality assessments and benchmarks for the purpose of continuous improvement, maintaining the highest rating as provided by the International Standards for the Professional Practice of Internal Auditing and with the Institute of Internal Auditors' Code of Ethics, respectively.

E. IAIG Investigations

32.   Management notes that the number of complaints received and processed by the IAIG increased from 209 in 2020 to 225 in 2021. It is also noted that 82 out of these 225 complaints became investigation cases, an increase compared to 2019 (69 cases); that an additional 41 cases were carried over from 2020; and by year-end, 105 cases had been closed, 57 of which had been substantiated, notwithstanding the Covid-19 induced restrictions on travel.

33.   Management further notes the distribution of cases by geography and category. Management appreciates the IAIG efforts to work with legal officers, senior managers, the People and Change Group, the Ethics and Compliance Office, and the Vendor Review Committee to deter and reduce recurrence of issues resulting from fraud, misconduct, prohibited conduct.

34.   Management notes that the IAIG continued its efforts to substantiate financial losses in investigation cases; and 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.

35.   Management appreciates the various efforts to strengthen the investigations function during the year, including through the implementation of recommendations from an independent external assessment conducted in 2020; and the creation of a roster for spanish language consultants.

36.   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.

37.   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 (PSEA), an inter-agency screening tool to prevent the hiring and rehiring of offenders, as well as in relevant United Nations working groups and conferences. It further welcomes the IAIG collaboration with a range of other UN agencies to devise an inter-agency training series for PSEA focal points.

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

F. Strategic response to audit recommendations

39.   Management remains dedicated to the continuous improvement of the organization's risk management, governance, and internal controls. Building on key achievements during the 2018-2021 strategic planning period - such as finalizing 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

40.   The Covid-19 pandemic continued to negatively impact the predictability of global supply chains and local implementation contexts for UNOPS activities. The organization built on lessons learnt from its agile response to urgent needs of countries and people in 2020. Previously established mechanisms for due diligence, oversight and control remained in place.

41.   The dedicated, cross-functional global task force instituted in early 2020 continued to provide support to UNOPS implementation activities in line with its terms of reference. It ensured that 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.

42.   Globally, the Emergency Procurement Procedures remained 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. Additional prescriptive and guidance content was issued in relevant areas, including for the quality assurance of medicines, medical devices and other health products.

43.   Internally, the organization demonstrated its ability to integrate corporate productivity tools launched in 2020 into business-as-usual, ensuring business continuity globally.

Continued strengthening of risk management and efficiency

44.   Having considered the strategic advice from the Audit Advisory Committee (Ref. DP/OPS/2021/2 - Annex 3), the position of Chief Risk Officer (CRO) was created and filled in 2021. In parallel, risk management was consolidated with the corporate functions for information security, internal control, and corporate insurance in a dedicated unit under the Chief Financial Officer and Director of Administration.

45.   In recognition of the significant challenges that may result from a short-term temporary lack of capacity in support of the start-up, implementation, and closure of projects in often difficult operational contexts, the organization piloted a 'Surge Capacity' team in 2021. The team will be further strengthened in 2022, as part of a broader drive to develop a systematic and efficient approach to reallocate existing resources in line with organizational needs.

46.   In 2021, the Advisory Group on Investments (AGI) was established to provide expert advice to the Chief Executive of the Sustainable Investments in Infrastructure and Innovation (S3i) initiative in relation to S3i's strategy, governance and portfolio building and management.

47.   In 2021, UNOPS management commissioned an external independent review of how it manages reports of wrongdoing and grievances end-to-end, from intake to finalization. The results

of the review had been received by the end of 2021, and management will work to identify appropriate actions in a timely manner.

48.   In 2020, UNOPS committed to supporting the government of Mexico in its efforts to provide medicines worth more than USD 6 billion to its population over four years. Acknowledging the scale and complexity of the engagement, management undertook extensive analyses of risks and success factors. Subsequently, an effort was made to put in place a suitably strong and integrated project team, as well as project governance and oversight arrangements. Further, dedicated investments continue to be made into IT systems and tools; and lessons learnt are being documented, to enable the organization to redeploy bespoke solutions in similar engagements in the future.

Leveraging policies, processes, and guidance to drive quality

49.   By the end of 2021, the UNOPS policy framework comprised five Executive Office Directives, ten Executive Office Instructions, 13 Operational Directives, and 48 Operational Instructions.[9] During 2022, 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.

50.   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 business units. At the end of 2021, more than 500 up-to-date 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.

51.   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 2021. For example, guidelines were issued on project governance, supplier diversity and a conflict-sensitive approach to project management in conflict-affected contexts. In parallel, dedicated efforts were made to refine existing materials and make them available in all UNOPS working languages. This work will be carried forward in 2022, also in conjunction with IT system design and enhancements.

52.   The Delivering Responsibility in Vendor Engagement (DRiVE) initiative, fully integrated with the sustainable procurement framework since 2020, supports 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 UNOPS procurement activities, through structured engagement of suppliers. As one example of results from the application of DRiVE, 86 per cent of suppliers working with the Peace and Security Cluster (PSC) - one of UNOPS largest portfolios - improved their policies for the prevention of sexual exploitation and abuse. Already in 2020, DRiVE was recognized by the Joint Inspection Unit as a good practice.[10]

53.   The Goal Zero corporate initiative continued in its second year. It represents the organization's commitment to zero incidents, injuries and illnesses related to UNOPS operational activities. In 2021, health and safety minimum requirements for contractors were made available, to inform planning, costing and bidding activities at the pre-engagement stage. Further, the option to conduct virtual inspections in remote locations was introduced, supplemented by guidelines. In early 2022, the recruitment of an additional twelve regional health and safety specialists had been completed. They will support UNOPS offices in effectively monitoring implementation of health and safety measures on project sites.

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[9] A complete list of policies effective as of 31 March 2022 can be found in Annex II.
[10] JIU/REP/2020/8, paragraph 130.

Strengthening the oneUNOPS integrated landscape of systems

54.   Tools and systems supporting corporate processes are a critical contributor to organizational efficiency and effectiveness, as well as a key enabler for compliance with established policies, procedures and delegated authority. The stability and reliability of UNOPS systems continue to facilitate the successful and timely close of the organization's financial statements.

55.   Building on the introduction of its enterprise resource planning (ERP) system "oneUNOPS ERP" in 2016, its enterprise programme and project management system "oneUNOPS Projects" in 2018, and its corporate reporting system "oneUNOPS Reports" in 2020, the organization continues to expand, refine and integrate its landscape of systems.

56.   2021 saw the strengthening of core controls with the release of an integrated tool to centrally request, approve and revoke operative, authoritative and information access roles for UNOPS IT systems, thus enhancing efficiency and transparency.

57.   A new tool, "oneUNOPS Collect", for data collection in remote locations was released. The tool is fully integrated with the oneUNOPS landscape of tools, and is designed to support the monitoring of project implementation including in locations without internet access. It may also be used by third parties working with UNOPS in a project context. It can in principle support the collection of any data, by means of custom-designed input forms.

58.   During 2021, dedicated efforts were made to streamline and centralize the processes related to travel authorization, calculation of Daily Subsistence Allowance (DSA), and duty travel related payments, ensuring alignment with the requirements of United Nations travel policies and rules. The tool will be rolled out globally to all UNOPS offices in 2022.

59.   The final stages of the roll out of a new centralized treasury management system were completed, building on major progress made already in 2020, and finalising the transition to a range of now automated finance processes, including for vendor management, accounts payables and receivables, bank reconciliations, and invoicing. This transition provides the organization with significantly enhanced risk management, and financial planning and reporting, while also enabling a refocus of resources towards higher-value tasks.

60.   To ensure alignment to the evolution of policies, standards, processes and guidelines, ICT throughout 2021 worked closely with representatives from key policy functions and operations to define, test and implement a wide variety of improvements across all components of the oneUNOPS landscape of systems.

61.   For example, in oneUNOPS Projects enhancements were made in relation to the logging of project locations (complementing oneUNOPS Collect), project risk checklists, sustainability reporting, and quarterly project assurance. The migration to OneUNOPS Absence, launched in 2020, was completed; various new reports, including a global risks library, were added to oneUNOPS Reports; and an electronic documents approval function was made available as part of the productivity tools environment.

62.   To ensure a long-term view on the adoption of technologies into the UNOPS delivery platform, and the evolution of the platform as such, UNOPS in 2021 launched a Digital Transformation project. The project aims to identify a digital roadmap and business case to prepare targeted steps over the coming years for enhancing what and how UNOPS delivers to its partners and beneficiaries.

Driving a culture of engagement and risk management

63.   Management coordination and cross-functional integration are important means of mitigating risks. In 2021, UNOPS senior-most forum, the Senior Leadership Team (SLT), provided executive advice and decisions on a wide range of recurring and ad hoc topics. This included, inter alia, the response to Covid-19, gender parity, health and safety in UNOPS operations, the prevention of sexual exploitation and abuse, corporate performance, business and operational

planning, reform of the United Nations development system, investments, and strategic positioning in the core areas of UNOPS activities.

64.   Gender parity in its workforce is a strategic priority for UNOPS. In August 2021 UNOPS reached gender parity, following concerted efforts since 2018. Acknowledging that diversity and inclusion extend beyond gender, in 2021 a Gender, Diversity and Inclusion Strategy for UNOPS workforce was developed and launched in early 2022.

65.   In the second year of the global Covid-19 pandemic, the organization engaged in a principled dialogue on the future of work, which will continue into 2022. As business needs and UNOPS ability to serve its partners remain paramount, new hybrid ways of working with enhanced flexibility are being explored, taking into account local contexts. To ensure consistency and enable oversight, organizational policies, guidelines and IT tools are being adjusted where deemed appropriate by the relevant policy owner.

Building capacity to support the management of operational risks

66.   Already before the onset of the Covid-19 pandemic, UNOPS had started to shift its focus towards providing more learning content online. Building on lessons learnt and adopting evolving industry standards, in 2020 enhanced efforts were made to tailor existing content to online delivery, and to equip instructors with facilitation skills for effectively delivering learning activities in a virtual environment. The investments made ensured continuity in personnel capacity building also in 2021. It is expected that following the lifting of travel restrictions, virtual content, either self-paced or facilitated, will remain the default mode for furnishing UNOPS personnel with learning offers.

67.   Due to the pandemic, also in 2021 the delivery of in-person training was cancelled or postponed. Notwithstanding, more than 5,500 personnel availed themselves of learning opportunities, compared to around 5,200 in 2020. Approximately 91 per cent of participants were from country and regional offices, against a target of 70 per cent. About 51 per cent of learners overall were women, for instructor-led courses the share was 60 per cent, against a target of 50 per cent.

68.   The organization aims to continuously expand and adjust its learning content in line with business requirements. Learning offers continued to cover UNOPS core mandated areas of infrastructure, procurement and project management. New bespoke eLearning courses were made available on the topics of risk management, project management, finance and asset management. Further, a new course on "Ethics and Standard of Conduct at UNOPS" was mandated for all personnel. Other mandatory trainings, including on the prevention of sexual exploitation and abuse, gender, and health and safety remained in place.

69.   A set of tailored training courses in 2021 aimed to support specifically identified stakeholder groups to contribute to enhanced risk management and consistent control across the UNOPS operations. This included detailed technical training on health and safety on project sites; training on quality assurance of medical procurement; risk management; and sustainable procurement. Finally, wellbeing, counselling and stress management content remained available to personnel.

70.   The organization tracks how personnel use the content on offer. Ninety per cent of participants in learning programmes rated the relevance of the learning activities as very relevant or relevant, and 92 per cent indicated they would recommend it to a colleague. Both figures are indicative of the high quality of the content, and broadly on par with 2020 ratings.

G. Ethics and Compliance

71.   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.

72.   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.

73.   Management notes with appreciation the report on the activities of the UNOPS Ethics and Compliance Office in 2021 (DP/OPS/2022/3), which covers the thirteenth 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

74.   Management notes the completion of the 2021 financial disclosure programme, including the continued implementation of two interim cycles in March and December, as introduced in 2020.

75.   Management notes that all 1,131 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 remained stable at around 91.4 per cent (2020: 91 per cent).

76.   Regarding the review of statements, management notes that an analysis of the 2021 filings is ongoing; and that the review of 2020 filings has been concluded, with referrals being made in relation to 71 statements, and 14 cases of conflicts of interest.

Protecting staff against retaliation for reporting misconduct

77.   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 relevant functions in UNOPS.

78.   Management notes the activities undertaken by the Office to facilitate the prevention of retaliatory action; and the completion of the preliminary review of five requests for protection against retaliation.

79.   Further, management notes the 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.

80.   Management notes the outcome of an external independent review of UNOPS protection against retaliation policy; and appreciates the Office's efforts to update prescriptive content, pursuant to the recommendations of the review.

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

81.   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.

82.   In this regard, management welcomes the global ethics risk assessment initiated in 2020, noting that all self-assessments requested from country offices were received in 2021; and looks forward to the implementation of prioritized follow-up actions, as and when the global situation in relation to Covid-19 and travel restrictions allow.

83.   Management welcomes the contributions of the Office made to the 2021 independent assessment of the framework for reporting wrongdoing and grievances, as well as the intent to incorporate relevant recommendations into its 2022 workplan.

84.   Regarding conflict of interest and outside activities, management notes that a review of the associated framework was completed in 2021; and that appropriate follow-up actions will be implemented during 2022.

85.   Further, management notes with appreciation the Office's continued efforts to raise awareness through dedicated campaigns, including to celebrate diversity.

86.   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 2021, this included inter alia a new mandatory online course on Ethics and Standards of Conduct, which saw a 99 per cent completion rate by the end of the year; ethical leadership training piloted with the Africa Regional Office, and slated for further roll-out in 2022; and virtual trainings for HQ units and field offices.

87.   Management welcomes the Office's inputs to the design of the 2021 People Survey; and notes the intent to leverage the survey's results for enhancements to training and communication.

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 regrets that the Ethics and Compliance Office in 2021 was not able to participate in the UNOPS working group on Prevention of Sexual Exploitation and Abuse (PSEA), and welcomes the stated intent to make PSEA an area of focus in 2022.

90.   Management appreciates the Office's close collaboration with other corporate functions, including legal, human resources, procurement, and internal audit on providing policy advice and guidance.

Providing confidential advice and guidance to personnel on ethical issues

91.   Management notes that during 2021 the Office received 552 requests for advice, compared to 437 in 2019. This continues a trend of increasing demand for advice since 2018, and 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.

92.   Management takes note that requests for advice pertaining to outside activities remain the largest category; and that otherwise the relative distribution of requests for advice across categories remained largely on par with past years. Management also notes the Office's assessment of these trends.

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

93.   Also in 2021, 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.

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