

## Annex 6: Internal oversight arrangements

### I. Background

1. This annex is submitted in accordance with Executive Board decision 2022/22. It provides a concise summary of the UNOPS oversight functions responsible for audit, investigations and ethics, in accordance with the template provided by the Executive Board Bureau.<sup>1</sup>

### II. Internal audit and investigations

#### A. Mandate, purpose, reporting requirements and partnerships

##### *Introduction*

2. The mandate of the Internal Audit and Investigations Group (IAIG) flows from UNOPS Financial Regulations and Rules under EOD.ED.2017.04 (Regulation 6.01-6.03; Rules 106.01- 106.03) and dictates that “[t]he Internal Audit and Investigations Group shall be responsible for the internal audit of UNOPS.”

3. The IAIG is a key component of UNOPS’ independent internal oversight system. Its mission is to provide UNOPS with independent and impartial assurance, advice, and investigative and consulting services through its internal audits and investigations to improve the organization’s operations. IAIG assists UNOPS in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes. It also assists in protecting the organization’s integrity and reputation as well as promoting accountability, integrity, and ethical behavior in achieving the goals and objectives of UNOPS.

4. The IAIG has operational independence in the performance of its oversight functions. It has the independent authority to initiate and carry out its activities with respect to any matter that it considers necessary to fulfill its responsibilities, as well as to report to the Executive Director and/or the Executive Board on any matter it deems relevant. It exercises independent judgment in the selection, scope, procedures, frequency, and timing of its activities, and in its communication of the results.

5. The IAIG’s independent activities cover all of UNOPS activities, including all programmes, operations, and activities undertaken by UNOPS at its headquarters and its regional offices (including all systems and processes) and activities undertaken by UNOPS and its personnel, its institutional contractors, implementing third parties and other third parties, in any location. IAIG core functions are assurance (internal audits and project audits); investigations; consultancy services and data analytics.

##### *Reporting requirements*

6. The IAIG presents an [annual report](#) to the Executive Board summarizing its findings from audits and investigations, and includes an ‘Annual Opinion’ on the effectiveness of UNOPS systems of governance, risk management and control.

7. In addition to its Charter, the Office’s independence is ensured through its direct and independent reporting lines to the Executive Director, the Executive Board and the Audit Advisory Committee.

8. IAIG works with other assurance and oversight providers (including the United Nations Board of Auditors and the United Nations Joint Inspection Unit) to maximize the oversight value for the Executive Director and the Executive Board. The office also liaises with other United Nations oversight units, and, as appropriate with Member States. The IAIG also closely collaborates with other offices within UNOPS, particularly those that are also part of the organization’s integrity framework (e.g. Ethics Office, Internal Grievances).

9. The IAIG’s work is subject to external quality assessments generally once every five years. The Office conducts its work in conformance with applicable professional standards, including the standards issued by the Institute of Internal Auditors and the Uniform Principles and Guidelines for Investigations.

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<sup>1</sup> See annex 1 in this document for a schematic overview.

### *Policies, rules and regulations*

10. The mandate, scope, responsibilities, accountability, and standards of IAIG are defined by the [OD.ED.2022.01 Internal Audit and Investigation Charter](#), which was last updated and approved in August 2022. The Charter ensures full independence of the UNOPS internal audit and investigation mechanisms and strengthens the independence and communication between IAIG, the Audit and Advisory Committee, and the Executive Board.

11. The mandate and functions for internal audit and investigations within UNOPS are approved by the Executive Director pursuant to [EOD.ED.2017.02 Organizational Principles and Governance Model](#) and [EOD.ED.2017.04 Financial Regulations and Rules](#) (FRRs). EOD.ED.2017.02 stated that the IAIG “shall be responsible and accountable to provide independent assurance of how the organisation manages its activities in line with UNOPS governance model, legislative framework and strategy, in particular with regard to how UNOPS manages its risks, how effective UNOPS units are operating, and make recommendations to the Executive Director in this regard”. Article 6 of the FRRs stated the regulations and rules of IAIG authority and responsibility in terms of independence, objectivity, conformity with the International Standards for the Professional Practice of Internal Auditing, free access to organization’s record, and reporting requirements.

### *Partnerships*

12. The IAIG works under governance arrangements consistent with those of other United Nations organizations. The Executive Director is accountable to the Executive Board and the Secretary-General. The United Nations Board of Auditors provides external audits for Member States in the Executive Board and the Fifth Committee, while the Advisory Committee on Administrative and Budgetary Questions advises on relevant matters.

13. The IAIG has internal oversight functions that are aligned with the UNOPS non-programmatic mandate. The Internal Audit and Investigation Group was established in 2007. The unit provides internal oversight and advice to the Executive Director and annual reports to the Executive Board.

14. For more than a decade the Audit Advisory Committee or its predecessors have provided external, independent advice to the Executive Director and annual reports to the Executive Board. In addition, the Secretary-General established a client board where partners can advise the Executive Director on operational matters.

## **B. Structure**

15. The IAIG is led by a Director who reports directly to the Executive Director, the Audit Advisory Committee, and the Executive Board. The Director of IAIG leads both the Audit and the Investigations sections. The Audit Section is led by a manager and consists of two internal auditors and six audit specialists. The Investigations Section is led by a manager and consists of two senior investigators, six investigators, one investigations analyst and two senior investigations assistants. One data analytics specialist and one data analytics assistant are directly reporting to the Director of IAIG. The Director is further supported on administrative matters by a senior administrative assistant. In total, IAIG has 25 posts of which 16 are already filled, and recruitment processes are ongoing for the remaining nine vacancies. 21 of these positions are located in Copenhagen, one in New York and three home-based.

16. The total budget for IAIG in 2023 is \$6.821 million, an 87 per cent increase compared to 2022. The 2023 budget will support full execution of the IAIG charter, a new structure, and mandatory training of personnel in line with the standards set by the Institute of Internal Auditors.

## **III. Ethics**

### **A. Mandate, purpose, reporting requirements and partnerships**

#### *Introduction*

17. The UNOPS Ethics Office was established in 2009 pursuant to the Secretary-General’s bulletin ST/SGB/2007/11 and is based on the principles of independence, impartiality and confidentiality. The office, based in Copenhagen, provides services to approximately 5,300 UNOPS personnel (about 12 per cent staff and 88 per cent international and local contractors as of 31 December 2022) in over 80 countries around the world.

18. The mandate of the office is to “cultivate and nurture a culture of ethics, integrity and accountability, and thereby enhance the trust in and credibility of the United Nations, both internally and externally”. Consistent with the

mandate of the ethics offices of other separately administered organs and programmes, the office has specific responsibility for:

- (a) developing standards, training and education on ethics issues;
- (b) providing guidance to management to ensure that UNOPS policies and procedures promote the standards of integrity called for under the Charter of the United Nations;
- (c) providing confidential advice and guidance to personnel on ethical issues;
- (d) raising awareness of ethical standards and expected behavior;
- (e) receiving requests for the protection of personnel against retaliation in accordance with the respective policy;
- (f) administering the UNOPS financial disclosure programme; and
- (g) providing an annual report on its activities to the executive head.

#### *Reporting requirements*

19. An annual report is submitted in accordance with decision 2010/17 of the Executive Board of UNDP, UNFPA and UNOPS, covering the activities of the UNOPS Ethics Office.

20. Also, in accordance with section 3(h) of the Secretary-General's bulletin "United Nations system-wide application of ethics: separately administered organs and programmes" (ST/SGB/2007/11), the UNOPS Ethics Office submits an annual report to the Executive Director.

21. Additionally, in accordance with Section 5.4 of amendment 1 to that bulletin, the Ethics Panel of the United Nations reviews the draft report prior to completion. A copy of the draft is also provided for review to the UNOPS Audit Advisory Committee.

22. The most recent reports are:

- (a) Activities of the UNOPS Ethics Office in 2022 (current report)
- (b) Activities of the UNOPS Ethics and Compliance Office in [2021](#)
- (c) Activities of the UNOPS Ethics and Compliance Office in [2020](#)
- (d) Activities of the UNOPS Ethics and Compliance Office in [2019](#)
- (e) Activities of the UNOPS Ethics Office in [2018](#)
- (f) Activities of the UNOPS Ethics Office in [2017](#)

#### *Policies, rules and regulations*

23. The following policies, rules and regulations govern the Ethics Office and ensure its independence:

- (a) [ST SGB 2005 22](#), 'Ethics Office - establishment and terms of reference'
- (b) [ST SGB 2007 11](#), 'United Nations system-wide application of ethics: separately administered organs and programmes'
- (c) [ST SGB 2007 11 Amend 1](#), 'Amendment to the Secretary-General's bulletin ST/SGB/200711'

#### *Partnerships*

24. The UNOPS Ethics Office is a member of and meets regularly with the Ethics Panel of the United Nations. The panel, comprising eight members, consists of the heads of the ethics offices of the separately administered organs and programmes of the United Nations and the Ethics Office of the United Nations Secretariat.

25. The UNOPS Ethics Office is also a member of the Ethics Network of Multilateral Organizations, which comprises the ethics offices of over 40 multilateral organizations (including international financial institutions).

## **B. Structure**

26. As of the first quarter of 2022, the office operated with a structure consisting of a chief ethics and compliance officer (D1), (now Director of the Ethics Office), two ethics and compliance advisors at the ICS 11 level (ICA), one ethics and compliance specialist at the ICS 10 level (ICA), and an ethics and compliance associate at the ICS 6 level

(ICA). Duty station for all staff is Copenhagen, Denmark. The 2022 Budget of the Ethics Office amounted to \$1.1 million. The office did not request an increase in its annual budget in 2022, which thus remains static for 2023.

**Annex 1: Schematic overview of internal oversight arrangements**

