United Nations Office for Project Services (UNOPS)

UNOPS Management Response to
the Activity Report for 2014 of IAIG and the Activities of the Ethics Officer in 2014

A. Introduction

1.   UNOPS offers the following response with respect to the Activity Report for 2014 of the Internal Audit and Investigations Group of the United Nations Office for Project Services (DP/OPS/2015/3) and the Activities of the Ethics Office in 2014 (DP/OPS/2015/4).

B. UNOPS Strategy and Audit Advisory Committee

2.   Management is pleased to note the significant contributions provided by UNOPS Strategy and Audit Advisory Committee (SAAC) and its concurrence with the observations reflected in the Committee's 2014 annual report (DP/OPS/2015/3 − Annex 3). Management notes that the Committee, in its seventh full year of operations, continues its substantive engagement with the organization, demonstrating the value-add of executive advice on strategic risk management and audit, as well as on policy and other strategic organizational issues. In addition, the Audit Advisory Subcommittee (AAS) continues to enhance the Committee's dedicated focus in the areas of audit and internal control. Finally, management would like to extend its appreciation to the current and past members of the Committee.

3.   In an effort to further enhance UNOPS capacity to management operational and strategic risks, and to align UNOPS governance and accountability arrangements with those of sister agencies, in 2015 an strengthened Audit Advisory Committee will assume the roles and functions of the SAAC, while a newly established Strategic Advisory Group of Experts will provide advice to the Executive Director in matters of strategy, industry best practices and standards. On 02 March 2015 the two new committees were established in accordance with the provisions of Executive Board decision 2015/4.

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

Role and functions

4.   Management recognizes the important role 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.

5.   Management also recognizes IAIG's role in promoting and supporting accountability by conducting investigations of potential violations of applicable regulations, rules and administrative or policy directives. Furthermore, IAIG's endeavours to support management in the application of UNOPS general policies and objectives as described in the UNOPS Strategic Plan, 2014-2017 (DP/2013/3) are highly appreciated. As such, IAIG is a central component of UNOPS accountability framework, adding valuable contributions to management of strategic and operational risks.

Mandate

6.   The mandate of UNOPS internal audit and investigation function is prescribed by Regulations 6.01, 6.02 and 6.03 and Rules 106.01, 106.02 and 106.03 in Article 6[1] of UNOPS Financial Regulations and Rules (FRRs), which took effect on 1 January 2012 in preparation for implementing the International Public Sector Accounting Standards (IPSAS).

Coordination and collaboration

7.   Management encourages IAIG's continuous coordination with the United Nations Board of Auditors (UNBOA), the Office of Internal Oversight Services (OIOS), the Representatives of the

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[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.

Internal Audit Services of the United Nations Organizations (UN-RIAS) and the Joint Inspection Unit (JIU).

8.   Management also supports IAIG's strong collaboration and coordination with various UNOPS units, including the Legal Practice Group, the People and Change Practice Group, the Ethics Officer and several regional/country offices, promoting inter-departmental cooperation, support and continuous follow up on specific matters.

D. Reports and recommendations issued by IAIG in 2014

Types of audit reports and recommendations issued by IAIG

9.   IAIG internal audits comprise three types: a) IAIG internal audits, b) project audits and c) audits of significant programmes, as summarized in Table 1. Management notes that the overall number of reports in 2014 is higher compared to 2013, due to the increase by one report for IAIG project audits. Management also notes that no audits were requested by the client for the Small Grants Programme and the Mine Action Programme. . Management commends IAIG on its efforts to complete current and prior year workplans, which resulted in zero audit assignments carried over to 2015.

Table 1: Number of internal audit reports issued*			
Year issued	**2013**	**2014**	**Change**
# IAIG internal audits	8	8	0
# Project audits	13	14	1
# Audits of significant programmes	0	0	0
Total # of internal audits	**21**	**22**	**1**
*Developed based on IAIG annual reports for 2013 (DP/OPS/2014/4) and 2014 (DP/OPS/2015/3).			

10.   In total, IAIG issued 110 recommendations in 2014 compared to 135 in 2013. Management notes that the overall average number of recommendations per IAIG internal audit report was reduced from 11 to 5 for the same years. The average number of recommendations for project audit reports was reduced from 4 in 2013 to 2 in 2014, which is in line with recommendations from SAAC to further focus the recommendations issued and lower the average number of recommendations per report.

Table 2: Number of internal audit recommendations issued*				
Year issued	**2013**		**2014**	
	total	average	total	average
# IAIG internal audits	87	11	82	10
# Project audits	48	4	28	2
# Audits of significant programmes	0	0	0	0
Total # of internal audits	**135**	**11**	**110**	**5**
*Developed based on IAIG annual reports for 2013 (DP/OPS/2014/4) and 2014 (DP/OPS/2015/3).				

Significant improvement in overall implementation rates

11.   UNOPS management has significantly enhanced the rate of implementation of internal audit recommendations. The overall percentage of implemented recommendations increased by 4% points. from 93% in 2013 to 97% at the end of 2014. The total number of open recommendations was

reduced by 50%, from 261 at the end of 2012 to 131 at the end of 2014. Continuing the process which was initiated in 2011, management made coordinated efforts to address outstanding aged audit recommendations in 2014. As a result, the number of open recommendations aged more than 18 months since date of issuance reached a new low, at five.

IAIG internal audits

12.   Based on IAIG overall rating, management notes that four of the IAIG internal audits conducted in 2014 were rated 'satisfactory', which is a slight increase compared to 2013. Also in continuation of 2013, there were no audits rated 'unsatisfactory'. It is recognised that ratings of 'partially satisfactory' indicate room for further improvement.

Table 3: Overall rating of IAIG internal audits*		
Year issued	**2013**	**2014**
Satisfactory	3	4
Partially Satisfactory	5	3
Unsatisfactory	0	0
Not rated	0	1
Total # of IAIG internal audits	**8**	**8**
Developed based on IAIG annual reports for 2013 (DP/OPS/2014/4) and 2014 (DP/OPS/2015/3).		

13.   Management notes a relative decrease in recommendations of high importance compared to recommendations of medium importance. As opposed to 2013, there were four recommendations of low importance issued in 2014. Management believes that the system of categorization by level of importance has potential for further integration into the risk management system of UNOPS and facilitation of prioritization of recommendations to be addressed.

Table 4: Categorization of IAIG internal audit recommendations, by level of importance*						
Level of importance	**Number of recommendations**			**Percentage of total**		
	2012	**2013**	**2014**	**2012**	**2013**	**2014**
High	59	52	40	33	60	36
Medium	121	35	66	67	40	60
Low	0	0	4	0	0	4
Total	**151**	**87**	**110**	**100**	**100**	**100**
Developed based on IAIG annual reports for 2013 (DP/OPS/2014/4) and 2014 (DP/OPS/2015/3).						

Enhanced implementation rates across Corporate Functions

14.   Management notes that the overall implementation rate for IAIG internal audit recommendations issued in 2014 is 23%, in 2013 it is 68% and in 2012 it is 99%. This is an increase of implementation rates for current and prior year recommendations compared to 2013, which stood at 7% and 63% respectively. The implementation rate for 2010 and 2011 audit recommendations is at 100% (in 2013 it was: 99% and 100%). While it may be expected that the implementation rate for more recent year recommendations is lower, it is noted that of the 110 recommendations issued in 2014, 35% were issued in the last quarter of the year and 76% were issued in the second half of 2014.

Graph 1: IAIG internal audit recommendations by functional area, including implementation rate
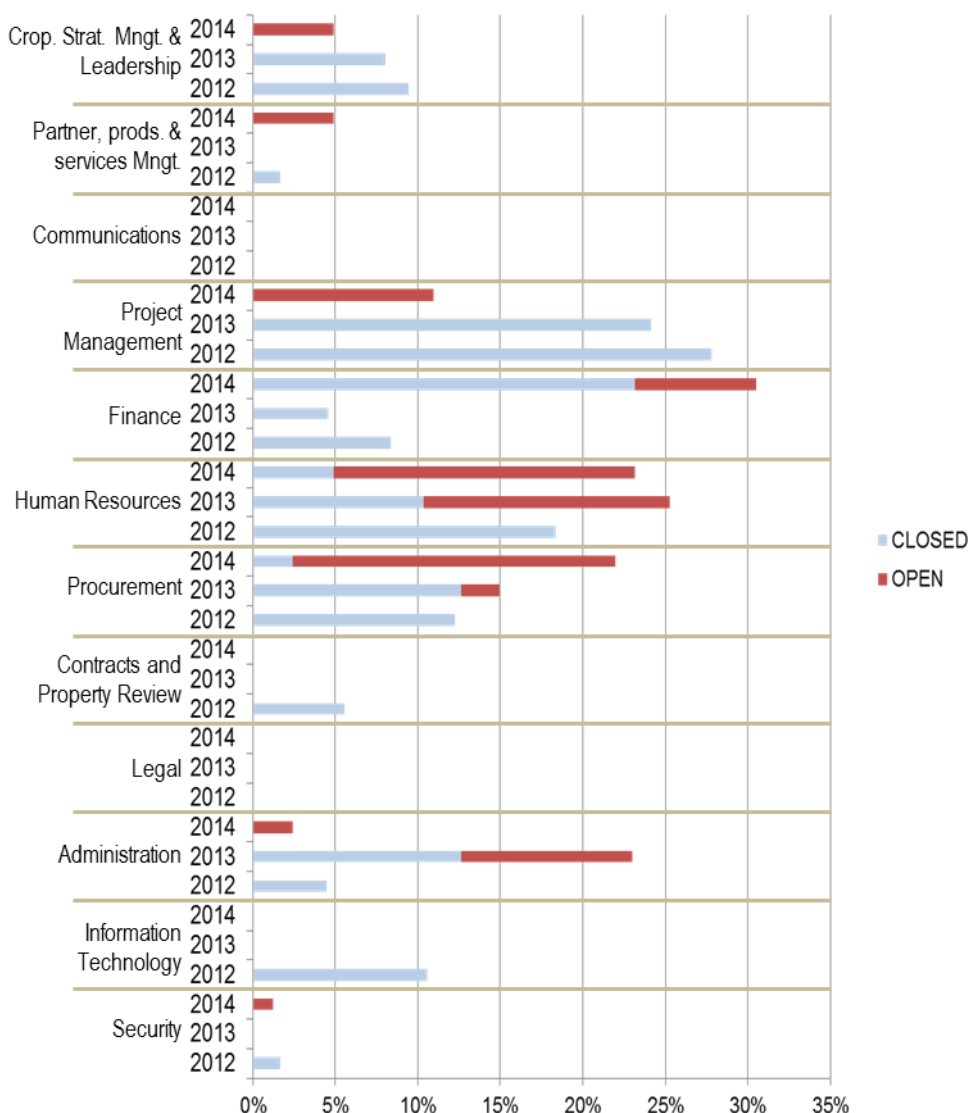
15. With regard to the functional distribution of recommendations, management notes that peaks in internal audit recommendations for Information Technology, Project Management and Human Resources in 2012, Administration and Human Resources in 2013, and Human Resources, Procurement and Finance in 2014 correlate to functional audits of these areas in the same years.

Causes of audit issues

16. As of 2011, IAIG considers 'compliance' as an outcome of an underlying cause which was then reported for internal audit recommendations. Management notes the distinction and appreciates the potential for further analysis that this enables. Management also notes that lack of, or inadequate, guidance and guidelines remain a main cause of audit recommendations. The proportion of audit recommendations caused by lack of guidance from different levels decreased from 63% in 2013 to 50% in 2014, while the share of audit recommendations caused by lack of adequate guidelines increased from 33% in 2013 to 44% in 2014.

Addressing the causes of audit issues

17. It is expected that the ongoing implementation of a more sophisticated Enterprise Resource Planning (ERP) system will help rectify and prevent issues arising from lack of, or inadequate, guidance and guidelines.

18. In addition, management offers its personnel access to individual certification programmes based on externally recognized international standards to address guidance and other causes of audit recommendations which are attributable to inadequate knowledge: Prince2 (464 personnel certified in 2013, 371 of which in Prince2 Foundation), Managing Successful Projects (MSP) (30), and Management of Risk (MoR)/Management of Value (MoV) (10) for project management; Chartered Institute of Purchasing and Supply (CIPS) for procurement (38 personnel enrolled in 2014); Association of Chartered Certified Accountants (ACCA) for finance (55 personnel enrolled in 2014); and online language classes (135 personnel enrolled in 2014). More than 50 personnel were selected to participate in a programme that aims to identify potential future UNOPS leaders. Another 12 leaders completed training on Change Management.

19. In addition, 155 personnel completed the internally developed and delivered Project Manager Certification Programme in 2014, building on the project management training course launched in 2011. Another 54 personnel received training on sustainable procurement, 144 on business development, and 76 on infrastructure contracts for works.

Improvements in corporate strategic management and leadership

20. With regard to IAIG observations in relation to 'corporate strategic management and leadership', management notes that the corporate business improvement and innovation programme to implement a new ERP system is on track and will, intern alia, provide significantly improved reporting, based on the re-designed organizational business intelligence platform integrating all UNOPS business applications in a single user interface. The ERP will further enhance the existing portfolio monitoring mechanisms and available management information.

21. UNOPS is a self-financing organization, and hence needs to ensure full cost recovery of its regional offices, operational hubs/centres and project centres. Management published general as well as target-group specific guidance to communicate the role of the locally-managed direct cost (LMDC) budget as a mechanism to share direct costs of project support for the entities' respective portfolios. In addition to the guidance material, management consulted with different offices in approximately 25 bilateral meetings throughout the year, covering all UNOPS regions. Further to this, management provided training on managing budgets to field and HQ entities, and presented specific thematic modules in the context of the Project Manager Certification Programme.

22. Management notes the observations relating to the development of Terms of References for, and definition of oversight mechanisms and work plans for support functions in, operational hubs. Management also takes note of the observations pertaining to the strengthening of capacities of operational hubs in relevant functional areas.

23. The management budget and target setting process continued to deepen its utility as an informed and formally structured management assessment of the viability and sustainability to create new, or relocate existing, organizational entities. Entities formulated their business plans guided by the UNOPS Excellence Model, collaborating with UNOPS partnerships and finance functions during the process. The process was furthermore strengthened through the consistent use of indicators from the corporate systems and the dedicated analysis and strategic focus of regional portfolios.

24. Building on an extensive consultative process during 2012 and 2013, the organization proceeded to fully implement the global re-alignment of core functions and geographical presence. The Partnerships Practice Group was established as a dedicated function to drive portfolio diversification as well as the development and expansion of new and existing partnerships in collaboration with all UNOPS entities, providing strategic and analytical capacity to the Executive Director. Already in 2014, UNOPS signed a number of important Memoranda of Understanding.

Attention to partnerships, products and services quality management

25. In 2014, UNOPS solicited partner reactions to the UNOPS 2014-2017 Strategic Plan and asked partners about their operational needs since the extensive partner survey in 2012. Feedback from more than 230 high-level respondents reflected strong support for UNOPS strategic plan and a continued high level of satisfaction with UNOPS at 77%, up from 75% in the previous survey.

Project audits

26. Management notes with satisfaction that the financial situation of project audits in 2014 received unqualified opinions throughout. Management also notes that there were no unsatisfactory ratings of the overall level of internal controls in 2014, indicating the solidity of systems and operational practices on the ground.

Table 5: IAIG summary of project audit opinions and ratings of internal controls for project audits, 2012 - 2014*						
Type of opinion or rating	**Number of audit reports**			**Percentage of total**		
	2012	**2013**	**2014**	**2012**	**2013**	**2014**
Audit opinion on financial situation of project						
Unqualified opinion	15	12	14	88	92	100
Qualified opinion	2	1	0	12	8	0
Total	**17**	**13**	**14**	**100**	**100**	**100**
Rating of overall level of internal control						
Satisfactory	10	8	6	59	67	55
Partially satisfactory	7	4	5	41	33	45
Unsatisfactory	0	0	0	0	0	0
Total	**17**	**12**	**11**	**100**	**100**	**100**
*Developed based on IAIG annual reports for 2013 (DP/OPS/2014/4) and 2014 (DP/OPS/2015/3).						

27. In terms of categorization of project audit recommendations by level of importance, management notes a slight decrease in the percentage of high priority recommendations. Management also notes a slight increase of the number of audit recommendations with low level of importance from 2013. Management will continue to focus on addressing identified high and medium priority issues.

Table 6: IAIG categorization of project audit recommendations, by level of importance, 2012 - 2014*						
Level of importance	Number of recommendations			Percentage of total		
	2012	2013	2014	2012	2013	2014
High	18	9	3	13	19	11
Medium	98	38	21	70	79	75
Low	23	1	4	17	2	14
Total	**139**	**48**	**28**	**100**	**100**	**100**
*Developed based on IAIG annual reports for 2013 (DP/OPS/2014/4) and 2014 (DP/OPS/2015/3).						

Implementation rates and change in distribution across Corporate Functions

28. As regards project audit recommendation implementation rates, management notes that the rate for recommendations issued in 2014 is 50%, 75% for 2013 and 100% for 2012. While it may be expected that the implementation rate for more recent years would be lower, it is noted that of the 28 recommendations issued in 2014, 18% were issued in the last quarter of the year, and 79% in the second half of the year.

29. In terms of functional area distribution, management notes that the project audit recommendations relate chiefly to the delivery and management practices directly involved in the implementation of projects.

Graph 2: Project audit recommendations by functional area, including implementation rate
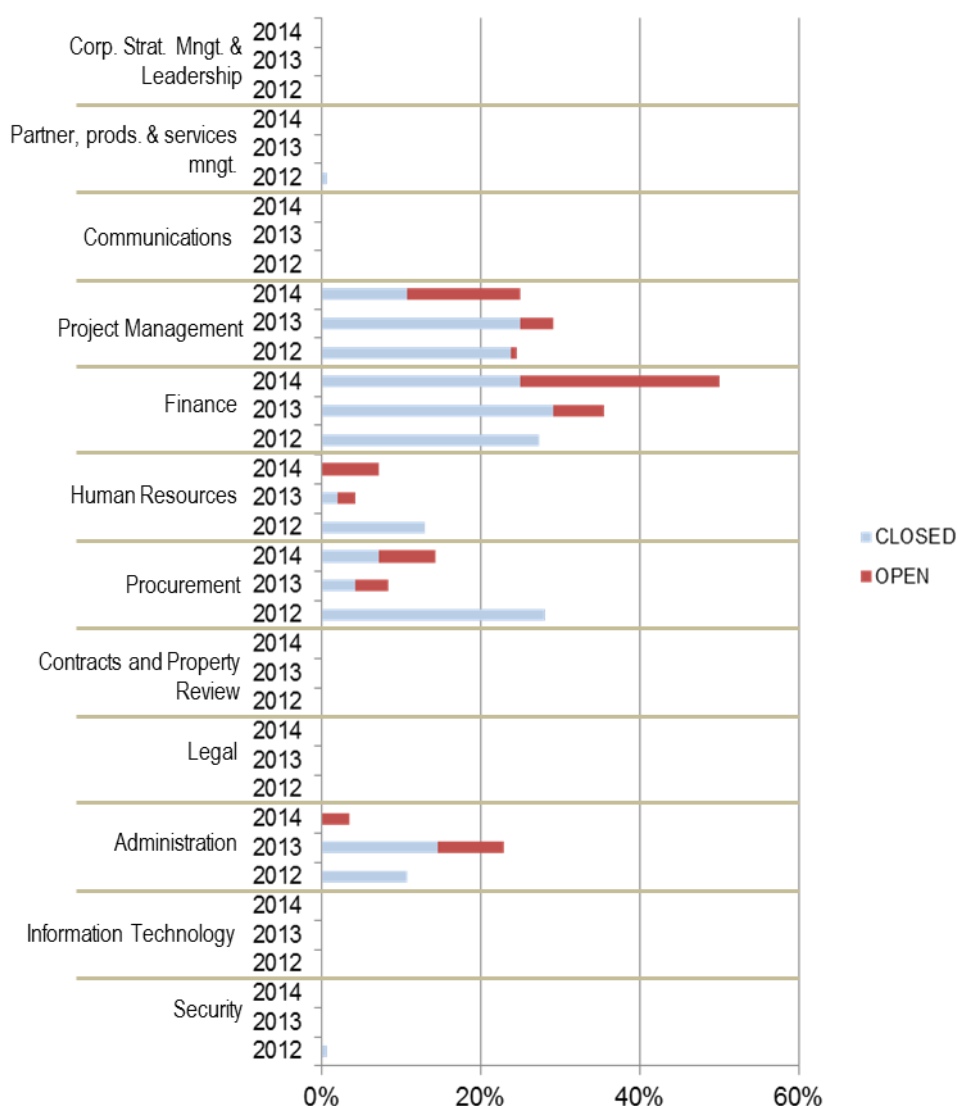
Reclassification of the causes of audit issues

30. With regard to causes of audit issues, management notes that for project audit recommendations, reclassification of 'compliance' has not been fully implemented. Management also notes a significant decrease of the cause 'guidance' from 85% in 2013 to 36% in 2014, as well as an increase of the causes 'human error' from 2% in 2013 to 11% in 2014, and "resources" from 2% in 2013 to 14% in 2014.

Audits of significant programmes

31. It is noted that IAIG audits cover two significant programmes, parts of which are executed by UNOPS on behalf of its partners, the Small Grants Programme and the Mine Action Programme. In 2014, no audits were requested by the client for the Small Grants Programme and the Mine Action Programme. Hence, there were no audit recommendations issued for significant programmes in 2014.

Close coordination on investigations

32.   Management notes IAIG investigation function's attention to ensuring close coordination with relevant internal and external entities, inter alia, through internal collaboration with UNOPS Legal Practice Group, the People and Change Practice Group, and the Ethics Office; as well as external collaboration in the context of the United Nations Head of Investigations Group, with the OIOS, the investigation services of the other UN funds and programmes, and investigations offices of other international and national agencies.

33.   It is noted that the number of complaints received and duly processed by IAIG increased from 74 in 2013 to 93 in 2014. It is also noted that out of these 93 complaints, 56 became investigation cases, which is an increase of 12 compared to last year. Management notes the 30 cases of alleged fraud or financial irregularities and supports IAIG in its efforts to work with legal officers, senior managers and the UNOPS Vendor Review Committee to deter issues of this nature and reduce recurrence.

34.   Management also notes IAIG's attention to facilitate management of case load, by working with UNOPS offices on less serious matters and upgrading its investigator post to a managerial position.

35.   With regard to matters of integrity and conflict resolution, management notes IAIG's increased efforts to provide training, preventive activities and an informal grievance procedure, following the appointment of a dedicated Conflict Resolution and Integrity Training Specialist. Management also notes IAIG's efforts to raise personnel awareness on fraud and misconduct in collaboration with the Ethics Officer.

E. UNOPS internal control framework and management of risks

Refinements to UNOPS policy framework and management coordination

36.   Already at a significant level of maturity, management primarily focused on further refining the existing policy framework for practical application in 2014.

37.   In line with its self-financing business model, UNOPS issued a Client Pricing Policy in 2013 to adhere to the principles of fair attribution of costs and full cost recovery. In 2014, a subsequent Administrative Instruction on recovery of direct costs was issued.

38.   UNOPS ended 2014 with its policy framework comprising 36 Organizational Directives and 65 Administrative Instructions[2]. Management will continue to review and revise UNOPS overall framework of management policies to ensure its appropriateness for the organization's ever-changing business environment and increasing maturity level.

39.   Management coordination and cross-functional integration are important means of mitigating risks. In 2014, UNOPS sustained efforts to strengthen the organization's management fora and throughout the year the senior management team convened eleven formal meetings allowing collective deliberation and decisions. The Corporate Operations Group meetings covered a wide range of topics which included, inter alia, corporate investments, key functions' strategies, and the corporate programme on business improvement and innovation.

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[2]A complete list of new and revised Organizational Directives and Administrative Instructions, including a short summary of their purpose, can be found in Annex II.

Providing direction and focus to position UNOPS as a valued partner

40. UNOPS defines strategic risks as arising from strategic decisions which are associated with the long-term direction and viability of UNOPS, including reputational risks.

41. In 2012, UNOPS conducted a mid-term review of its 2010-2013 Strategic Plan, which included a stocktake of the organization's interrelated policy framework, risk management systems and mechanisms of external and internal oversight and assurance.

42. Building on the results of the mid-term review and the 2012 Global Management Meeting (GMM), the UNOPS Strategic Plan 2014-2017 was submitted to and subsequently endorsed by the Executive Board during its 2013 Annual Session (DP/OPS/2013/3). The Strategic Plan provides direction and focus for the organization as a valued partner for advisory, implementation and transactional support services in sustainable project management, infrastructure and procurement.

43. During 2013, the revision of UNOPS organizational structure was implemented and operationalized with the goal of increasing focus and value-add, optimizing presence, controlling costs and strengthening business development throughout the organization.

44. The revision was concluded in 2014 with the alignment of corporate functions, including the establishment of a dedicated Partnerships entity, which as of end-2014 is providing analytical and strategic support directly to the Executive Office. Furthermore, the Human Resources function was expanded to include a dedicated change management function, and the Finance Practice was strengthened to include a work stream on strategic budgeting, analysis and management reporting.

Delivering in accordance with international standards and recognized best practice

45. External certification of compliance with internationally recognized standards is a central component of UNOPS phased implementation of its risk management system. Furthermore, the organization is committed to benchmarking its effectiveness and results against a range of industries and organizational types.

46. The Project Management Practice Group undertook a number of dedicated efforts to further understand and strengthen the organizational project management capacity in UNOPS operations around the world, leveraging the internationally recognized Portfolio, Programme and Project Management Maturity Model (P3M3).

47. In 2014, the organization maintained its certifications against ISO 9001 for Quality Management, as well as the four major international standards for project management, namely Prince2, the standards of Project Management Institute (PMI), registered consultant with PMI and accredited consulting organization by the Association of Project Managers Group (APMG).

48. Under leadership from the Sustainable Infrastructure Practice Group the global roll out of ISO14001 continued during 2014. Likewise, the organization successfully implemented a health and safety management system for infrastructure operations, which was certified against OHSAS18001. Furthermore, to improve the speed, quality and sustainability of infrastructure projects and support project operations, UNOPS continues the partnerships with ARUP and DLA piper.

Maintaining UNOPS viability and integrity as a self-financing organization

49. In 2013, UNOPS received and unqualified certified financial statement against the IPSAS, to which the organization transitioned in 2012. Employee benefits and related liabilities are fully funded for 2014.

50. Following the report of the Advisory Committee on Administrative and Budgetary Questions (DP/OPS/2013/7), in which the committee commended UNOPS on the successful transition to IPSAS and raised no objection to the proposed minimum requirement for its operational reserve, UNOPS implemented the adjustments to the operational reserve.

Building a smarter, more agile and better integrated systems landscape

51. UNOPS defines operational risks as arising from day-to-day decisions which are associated with the adequacy of internal processes, people and systems, or triggered by external events.

52. In 2014, the organization initiated and institutionalised its investment into an integrated ERP system to enhance risk mitigation, strengthen managerial oversight, and augment internal controls, segregation of duties and compliance. The related corporate strategic initiative, overseen by a high-level steering committee, will also serve to further strengthen UNOPS capability to respond rapidly and effectively to the development needs of Member States and local governments.

53. Tools supporting corporate processes are a critical contributor to organizational efficiency, effectiveness and compliance. In view of the implementation of the ERP system, the governance and decision-making process on corporate tools was revised to ensure full alignment and integration. In 2014, UNOPS launched a new generation process and quality management tool, and updated the system to manage the business lead process. In addition, the pay system was updated, amongst others, to reflect the implementation of the UNOPS Provident Fund; and the Global Contracts system was updated to increase process efficiency and ensure alignment to policy changes.

54. Management notes with satisfaction the unprecedented high overall implementation rate, as well as the record low level of audit recommendations open for more than 18 months at the end of 2014, and will continue its coordinated drive for the implementation of audit recommendations. It is also noted that in March 2014, an agreement on reconciliation of the UNDP-UNOPS interfund was reached. The related open audit recommendations, as well as all other audit recommendations aged as of December 2013 were fully implemented during 2014.

Transparency enhancing oversight and accountability

55. In the UNOPS Strategic Plan 2014-2017, four core values are codified; one of which is "Accountability for results and transparency". Management believes that transparency furthers accountability both internally and externally, enhances effective oversight, and ensures efficient use of resources. These beliefs were earlier confirmed by the General Assembly Resolution (A/RES/67/226) on the Quadrennial Comprehensive Policy Review (QCPR) which affirmed the importance of accountability and transparency.

56. Pursuant to Executive Board decision 2012/18, which established that "(…) the Director of Internal Audit (…) will make publicly available the executive summaries of all internal audit reports issued after 30 June 2012 and (…) all internal audit reports issued after 1 December 2012", in 2012 UNOPS made publicly available executive summaries of all internal audit reports; by December 2012 all internal audit reports were made publicly available in full, and reports issued in 2013 and 2014 were likewise provided on the UNOPS website. Management believes that this reinforces and supports the organization's pursuit of further transparency, and commends IAIG efforts in this regard.

57. UNOPS continued to provide hosting and secretariat functions to the International Aid Transparency Initiative (IATI) in 2014. Already in 2012, UNOPS launched its website data.unops.org, which provides detailed information on more than 1,000 ongoing UNOPS projects. The projects are geo-coded, tagged by development sector and the data structure is compliant with guidelines from the IATI. The website enhances oversight by allowing external stakeholders and the general public to easily access, explore and further analyse up-to-date project data.

58. In 2014, management proceeded to publish outputs, aggregated by country, on data.unops.org, further enhancing how UNOPS informs its stakeholders. These outputs were gathered in the 2013 annual results-based reporting exercise. Going forward, UNOPS will continue to publish output results on data.unops.org in a transparent manner.

F. Fostering a culture of ethics, transparency and accountability in UNOPS and beyond

59. Management notes with appreciation the report on the Activities of the UNOPS Ethics Office in 2014 (DP/OPS/2015/4), which covers the sixth full year of its operation as a separate and independent function in UNOPS. During the year, the Ethics 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.

60. Established pursuant to General Assembly resolution 60/1, the 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.

Administering the UNOPS financial disclosure programme

61. Management notes that, also in 2014, 100% compliance with requirements for financial disclosure was achieved. It is further noted that around 10% of the disclosures gave cause for further scrutiny. No case of actual conflict of interest was found.

Protecting staff against retaliation for reporting misconduct

62. Management notes the importance of the ethics function's impartial preliminary review of complaints of retaliation, its close collaboration with IAIG, and its advice on measure to protect from retaliation. Furthermore, management concurs with the Ethics Office that raising further awareness of the policy on protection against retaliation is an important means of preventing retaliation and promoting an environment that encourages personnel to speak out against behaviour that places the reputation and standing of UNOPS at risk.

63. Management takes note of the advice provided by the Ethics Office in relation to protection from retaliation in three cases.

Developing standards, training and education, and reaching out on ethics issues

64. Management appreciates the Office's active contributions, and collaboration with audit, investigations and human resources, to further develop training materials on ethics issues, inter alia the Standards of Conduct training course developed in consultation with the Ethics Office delivered by IAIG.

65. Management notes the Ethics Officer's engagement with the UNOPS SAAC, through the AAS. It further notes that the Officer, as ex officio member of senior management groups, has been kept abreast of agendas and minutes of UNOPS senior management meetings, and participated as observer in relevant meetings.

66. Management notes the efforts undertaken by the Ethics Officer to support the further improvement of the annual survey on integrity, ethics and anti-fraud, and appreciates the opportunity it provides to launch targeted awareness campaigns.

67. In addition, the Ethics Officer has worked closely with other corporate functions, including procurement, human resources, legal, internal audit and investigation providing advice and guidance on clarification or interpretation of UNOPS regulations, rules and standards concerning prohibited or restricted activities and ethical dilemmas; and supported specific initiatives targeting anti-corruption and identification of risk in procurement.

Providing confidential advice and guidance to staff on ethical issues

68. Management notes that during 2014 the Office received 484 requests for services, a number which has been relatively stable over the years, but is the highest since 2010. It is further noted that in 2014 around 44% of these requests pertained to individual ethics advice. This number is comparable to 2012, and may indicate general awareness and confidence among personnel to engage with the ethics function for advice. Furthermore, management notes that from 2010 to 2012 the number of service requests pertaining to financial disclosure has declined, and has remained on a low level since then. This indicates that this process is well understood and embraced by the organization.

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

69. Also in 2014, 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 for Multilateral Organizations, for which the UNOPS Ethics Officer was elected vice-chair for 2013-2014.

70. UNOPS was pleased to be able to further contribute to the promotion of system-wide collaboration and coherence on ethics-related and integrity issues, through hosting the sixth meeting of the Ethics Network in its headquarters in Copenhagen during July 2014.

71. Finally, management notes the continued services provided by the Ethics Office to the World Tourism Organization and the International Maritime Organization.

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 new and revised policies, issued in 2014

UNOPS new and revised Organizational Directives (ODs)

    a. OD 42 – Sustainable Infrastructure Practice Group: Health and Safety Policy (01 June 2014); *UNOPS endeavors to design and implement infrastructure projects, and provide infrastructure services, in a manner that ensures that reasonable measures are undertaken to prevent personal injuries, ill health and damage to property. UNOPS also seeks to maintain the occupational health, safety and welfare of all individuals involved in infrastructure related activities. This includes UNOPS personnel, partners, contractors, and any other parties working or visiting UNOPS construction sites, or involved in UNOPS infrastructure services.*

    b. OD 11 – Individual Contractor Agreement (rev. 601 July 2014); *the main purposes of the revision are as follows: introduction of a Provident Fund scheme, with contributions both from individuals and their projects for LICAs, and open for all staff and IICAs with self-contributions; standardization of all LICA fee scale structures globally, and their alignment to a reliable index locally (ICSC salary scales); introduction of annual fee increases for LICAs based on good performance; modification to the review and award, and the amendments to contracts to allow flexibility in mobility within the organization; introduction of paternity leave for IICAs; access to the Educational Assistance Programme for all ICAs.*

UNOPS new and revised Administrative Instructions (AIs)

    a. AI/CSPG/2014/03 – ATLAS security (new, 15 January 2014); *the purpose of which is to define the access rights for all UNOPS ERP "ATLAS" users.*

    b. AI/SPPG/2014/01 – Procurement Manual – revision 5 (new, 01 May 2014); *the purpose of which is to issue the Procurement Manual, which establishes the UNOPS procurement policies and procedures and provides instructions and supporting guidance for carrying out the procurement activities of UNOPS effectively and efficiently in compliance with UNOPS Financial Regulations and Rules and other applicable normative documents.*

    c. AI/FPG/2014/01 – Recovery of Direct Costs (new, 19 June 2014); *the purpose of which is to provide instructions on how to recover direct costs, further to OD 22.*

    d. AI/SIPG/2014/01 – Compliance with UNOPS Design Planning Manuals (new, 24 September 2014); *the purpose of which is to establish assessment of compliance with the UNOPS Policy for Sustainable Infrastructure and to establish a process to review the functionality and safety of UNOPS infrastructure.*

    e. AI/PCPG/2014/04 – UNOPS Provident Fund (new, 01 October 2014); *the purpose of which is to set the principles and procedures governing UNOPS Provident Fund and its administration.*

    f. AI/CSPG/2014/02 – Official Duty Travel – Individual Contractors (rev. 2, 21 January 2014); *the purpose of which is to improve the understanding of the policy and to reflect the majority of travel related questions received since the last update of this AI. The reference number of this Administrative Instruction changes from AI/CSG/2010/03 (rev. 1) to AI/CSPG/2014/02 (rev. 2) to reflect the changes to the UNOPS organizational structure.*

g. AI/CSPG/2014/01 – Official Duty Travel: (A) UNOPS staff and (B) non-UNOPS personnel (rev. 2, 21 January 2014); *the purpose of which is to improve the understanding of the policy and to reflect the majority of travel related questions received since the last update of this AI. The reference number of this Administrative Instruction changes from Al/CSG/2010/02 (rev. 1) to Al/CSPG/20 14101 (rev. 2) to reflect the changes to the UNOPS organizational structure.*

h. AI/FPG/2011/01 – IPSAS compliant accounting policies (rev. 1, 18 March 2014); *the purpose which is to clarify UNOPS' IPSAS compliant accounting policies IPS AS for the corporate Financial Statements. The AI's scope provides specific guidance on each accounting policy, and discloses what the accounting treatment for assets, liabilities, revenue and expenses is.*

i. AI/PCPG/2014/01 – UNOPS internship policy (rev. 1, 25 April 2014); *the purpose of which is to introduce new considerations in the Internship Programme in order to make it more attractive diverse and rewarding.*

j. AI/EO/2011/01 – Master Table of Authority in procurement (rev. 1, 01 May 2014); *the purpose of which is to specify the authorities that may be delegated in procurement and the conditions applicable to the exercise of such authorities.*

k. AI/PCPG/2014/02 – Policy on UNOPS Merit Awards (rev. 2, 24 June 2014); *the purpose of which is to include periods served as an Intern towards the eligibility criteria; introduce a minimum merit reward amount; and clarify the pro-ratio criteria. The reference number of this AI changes from AI/HRPG/20 11/03 (rev. 1) to AI/PCPG/2014/02 (rev. 2) to reflect the changes to the UNOPS organizational structure.*

l. AI/PCPG/2014/03 – Learning and Development (rev. 3, 01 July 2014); *the purpose of which is to extend the eligibility for the Educational Assistance Programme to all UNOPS directly supervised personnel; and to eliminate the Cross-organizational Exchange Programme. This AI supersedes and replaces AI/HRPG/2009/02 (rev. 2).*

m. AI/PCPG/2012/02 – Working hours and leave for individual contractors engaged under the Individual Contractor Agreements (rev. 3, 01 July 2014); *the purpose of which is to introduce paternity leave provisions for international individual contractors.*

n. AI/PCPG/2014/05 – Individual Contractor Agreement – Instructions (rev. 3, 01 October 2014); *the purpose of which is to align the fee scale structure for local individual contractors.*

o. AI/EO/2011/02 – Management of property, plant and equipment (rev. 1, 05 December 2014); *the purpose of which is to provide instructions and establish IPSAS-compliant processes which are applied consistently for the management of property, plant and equipment (PPE) in UNOPS, and to specify the authorities that may be delegated in PPE management and the conditions applicable to the exercise of such authorities.*