

United Nations Office for Project Services (UNOPS)

UNOPS Management Response to the Activity Report for 2017 of IAIG and the report on Activities of the Ethics Officer in 2017

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A. Introduction

1. UNOPS offers the following response with respect to the Activity Report for 2017 of the Internal Audit and Investigations Group of the United Nations Office for Project Services (DP/OPS/2018/3) and the Activities of the Ethics Office in 2017 (DP/OPS/2018/4).

2. This report is organized in sections B-G. Sections B and C deliver an overview of the independent oversight and advisory bodies providing the UNOPS management with advice on areas for attention and strengthening in terms of risk and accountability. Section D provides an overview of reports and recommendations issued by IAIG during 2017, followed by a specific overview of the IAIG internal and project audits (DP/OPS/2018/3). In section E, the investigations function of IAIG is highlighted and in section F an overview of the UNOPS strategic response to audit issues is provided. Section G offers the management response to the 2017 Annual Report of the UNOPS Ethics Officer (DP/OPS/2018/4).

B. The UNOPS Audit Advisory Committee

3. The United Nations Office for Project Services (UNOPS) is committed to United Nations' harmonization and simplification of business processes, including those supporting the Executive Board, and subsidiary committees advising the Executive Director.

4. Pursuant to Executive Board decisions 2015/4 and 2015/12, the Audit Advisory Committee (AAC) of the United Nations Office for Project Services was established on 2 March 2015, replacing the Strategy and Audit Advisory Committee (SAAC) for the purpose of further aligning the UNOPS governance and accountability arrangements with those of sister agencies governed by the Executive Board. As such, the roles and responsibilities of the AAC, as outlined in its Terms of Reference (DP/OPS/2015/CRP.1), are consistent with those of UN agencies that are under the purview of the Executive Board.

5. The Audit Advisory Committee provides external, independent, senior level advice regarding the Organization's internal controls, and audit and investigations objectives, including any significant risk management issues. The Committee has an advisory role and assists the Executive Director in fulfilling her oversight responsibilities in accordance with best practices and industry standards.

6. Management is pleased to note the significant contributions provided by the AAC in 2017 and its concurrence with the observations reflected in the Audit Advisory Committee 2017 Annual Report (DP/OPS/2018/3 – Annex 3). Management notes that the AAC, in its advisory capacity, continues its substantive engagement with the organization, demonstrating the value-add of executive advice on strategic risk management. Finally, management would like to extend its appreciation to the current and past members of the Committee.

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

Role and functions

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

8. Management also recognizes 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)¹ 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

9. The mandate of the 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 6² of UNOPS IPSAS-compliant Financial Regulations and Rules (FRRs), which were re-issued effective on 13 March 2017 in line with UNOPS new Governance, Risk and Compliance Framework.

Coordination and collaboration

10. 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 Internal Audit Services of the United Nations Organizations (UN-RIAS), the Representatives with the Internal Investigations Services of the United Nations Organizations (UN-RIS), and the Joint Inspection Unit (JIU).

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

D. IAIG Audits

Overview

12. The 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 2017 (45) is higher compared to 2016 (37), due to an increase of client requests and reporting requirements as per project agreements, as well as concerted efforts in IAIG to increase the output. Management commends IAIG on its efforts to complete current and prior year work plans, which resulted in no audit assignments carried over to 2017.

Table 1: Number of internal audit reports issued*			
Year issued	2016	2017	Change
# IAIG internal audits	10	14	4
# Project audits	27	31	4
# Audits of significant programmes	0	0	0
Total # of internal audits	37	45	8
*Developed based on IAIG annual reports for 2016 (DP/OPS/2017/3) and 2017 (DP/OPS/2018/3).			

¹ As applicable to the reporting period covered by the Annual Report for 2017 of IAIG, and this management response.

² 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.

13. In total, IAIG issued 315 audit recommendations in 2017 compared to 267 recommendations in 2016. Management further notes that the overall average number of recommendations per IAIG internal audit report decreased from 20.7 in 2016 to 14.3 in 2017. The average number of recommendations for project audit reports increased from 2.2 in 2016 to 3.7 in 2017. Management notes that both averages are reflective of a consistent trend since 2010 towards more succinct audit reports, and encourages IAIG to continue efforts in this regard. Management also notes the advice of the Audit Advisory Committee that IAIG continue to focus on key risks and capabilities in need of strategic improvement.

Table 2: Number of internal audit recommendations issued*				
Year issued	2016		2017	
	total	average	total	average
# IAIG internal audits	207	21.7	200	14.3
# Project audits	60	2.2	115	3.7
# Audits of significant programmes	0	0	0	0
Total # of internal audits	267	7.2	315	7.0
*Developed based on IAIG annual reports for 2016 (DP/OPS/2017/3) and 2017 (DP/OPS/2018/3).				

14. During the year, the number of recommendations which were closed more than doubled from 116 in 2016 to 265 in 2017, indicating significantly increased management efforts to implement recommendations. UNOPS management has thus maintained a high rate of implementation of internal audit recommendations, 92 percent in 2017 compared to 93 percent in 2016. This is above the annual target of 90 percent.

15. The total number of open recommendations increased from 262 at the end of 2016 to 358 at the end of 2017. Management notes the continued high number of internal audit recommendations issued during the final weeks of the calendar year, with over 50 percent of the recommendations issued during the last three months of 2017 alone.

16. Continuing the process which was initiated in 2011, management made coordinated efforts to address outstanding aged audit recommendations in 2017. Due to the technical nature of a number of recommendations, pertaining to an assessment of UNOPS Cyber Security and Infrastructure Processes, the number of open recommendations that had been open for more than 18 months since date of issuance saw a slight increase from two to 12 by the end of 2017. As of quarter one 2018, 5 of these had been closed, indicating the continued focussed efforts by management.

IAIG Internal audits

17. In 2017, IAIG audited 14 UNOPS country and multi-country business units. In six business units, the respective internal controls and risk management processes were found to be partially satisfactory. Management notes the value of the ratings and is taking action to ensure that adequate internal controls, governance and risk management processes are established.

18. Management notes that one report found the adequacy and effectiveness of governance, risk management and control processes to be unsatisfactory. Management is committed to ensure a timely response to the related recommendations, and has instilled the need for timely and focused action upon the responsible managers.

19. Management notes the refinement of rating categories of the overall level of internal control, as introduced by IAIG during the 2017 work plan cycle.

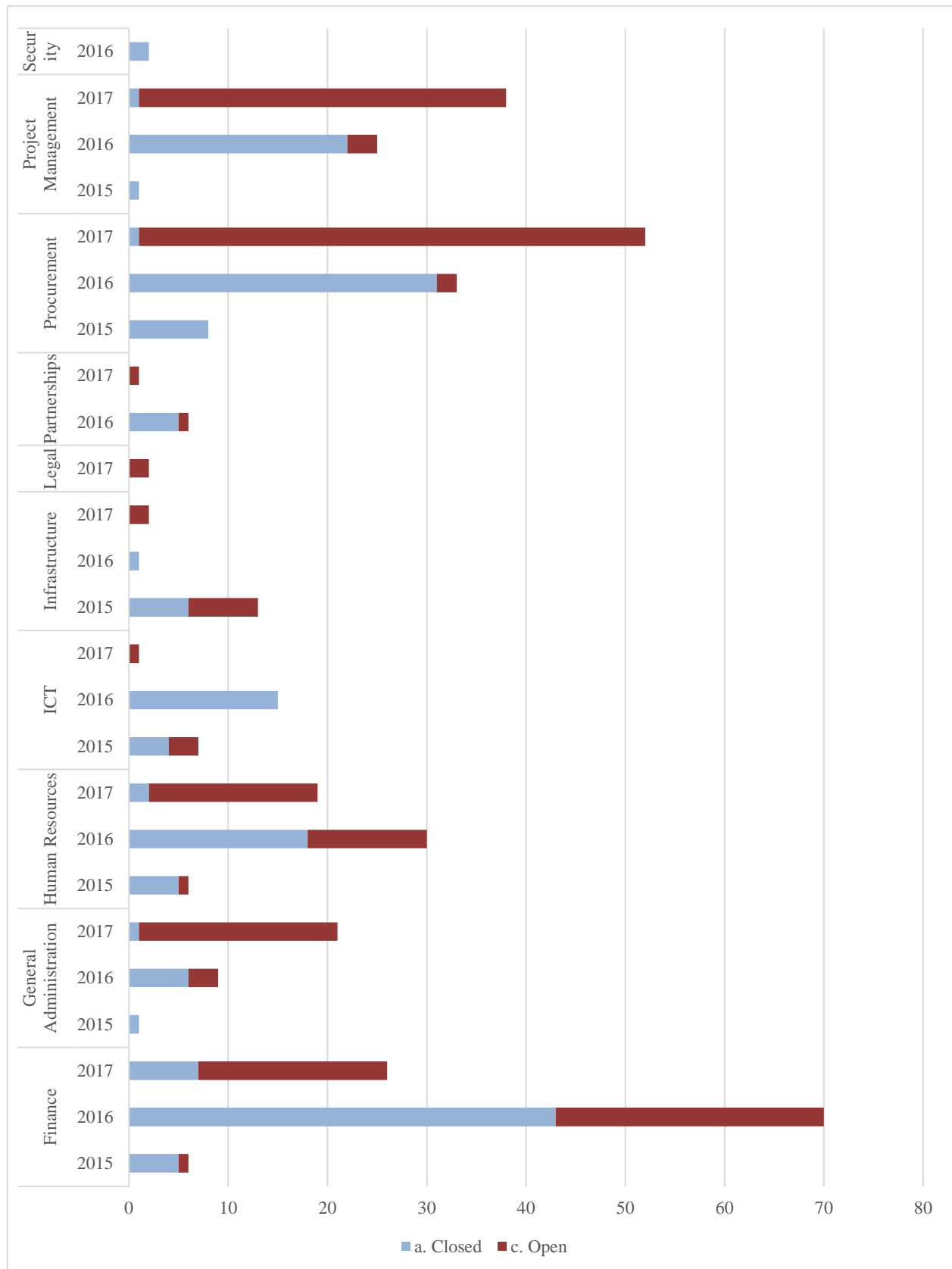
Table 3: Overall rating of IAIG internal audit reports*		
Year issued	2016	2017
Satisfactory	5	0
Partially Satisfactory	2	N/A
Partially Satisfactory (some improvements needed)	N/A	2
Partially Satisfactory (major improvements needed)	N/A	4
Unsatisfactory	0	1
Not rated	3	7
Total # of IAIG internal audits	10	14
*Developed based on IAIG annual reports for 2016 (DP/OPS/2017/3) and 2017 (DP/OPS/2018/3).		

20. Management notes a relative increase in percentage of total recommendations of high importance in 2017 and a commensurate decrease in the percentage recommendations of medium importance, when compared to 2016. Management appreciates that low-priority recommendations are typically addressed during the field work stage of the audit. Management believes that the system of categorization by level of importance has potential for further integration into the UNOPS risk management system, as a means of facilitating prioritization of efforts when systematically addressing recommendations.

Table 4: Categorization of IAIG internal audit recommendations, by level of importance*						
Level of importance	Number of recommendations			Percentage of total		
	2015	2016	2017	2015	2016	2017
High	44	95	100	44	46	50
Medium	57	112	100	56	54	50
Total	101	207	200	100	100	100
*Developed based on IAIG annual reports for 2016 (DP/OPS/2017/3) and 2017 (DP/OPS/2018/3).						

21. With regard to the functional distribution of internal audit recommendations, management notes peaks in recommendations for Project Management (2017), Procurement (2017) and Finance (2016). These findings correlate (a) to the focus on globally operating business units that delivered of project management services in 2017, and (b) to the functional focus of internal audit reports issued by IAIG during 2016 and 2017, which included a risk assessment of the UNOPS ERP system, and a review of the UNOPS Procurement Function. Management continues to follow up and coordinate with relevant business units in the implementation of recommendations.

Graph 1: End-year status of internal audit recommendations which have been open during 2017, sorted by functional area.



IAIG Project audits

22. Management notes that in 2017, 90 percent of financial statements of projects audited received unqualified opinions. Management also notes the decrease of 13 percentage points in satisfactory ratings of the overall level of internal control of projects, down to levels last seen in 2014, indicating the need for some improvement of systems and operational practices on the ground. With regard to the two unsatisfactory project audits, management notes that they pertain to projects managed remotely; the necessary steps have been initiated to address the recommendations issued in this context.

23. Management notes the refinement of rating categories of the overall level of internal control, as introduced by IAIG during the 2017 work plan cycle.

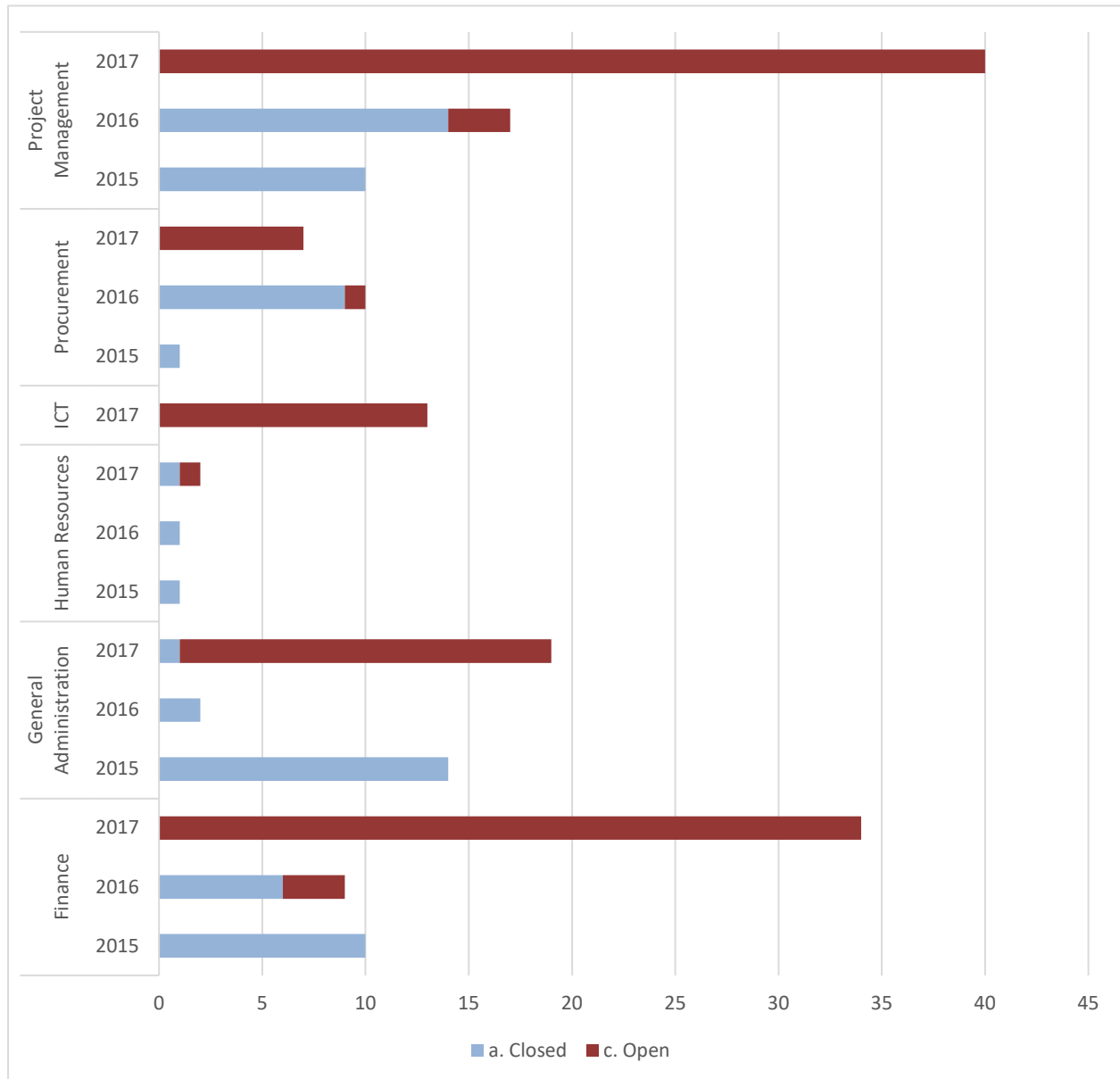
Table 5. Summary of project audit opinions and ratings of internal controls for project audits, 2015-2017*						
Type of opinion or rating	Number of audit reports			Percentage of total		
	2015	2016	2017	2015	2016	2017
<i>Audit opinion on financial statement of project</i>						
Unqualified opinion	22	23	27	100	100	90
Qualified opinion	0	0	3	0	0	10
Total	22	23	30	100	100	100
<i>Rating of overall level of internal control</i>						
Satisfactory	15	10	14	75	71	58
Partially satisfactory (old rating)	5	4	5	25	29	21
Partially satisfactory (some improvements needed)	N/A	N/A	3	N/A	N/A	13
Partially satisfactory (major improvements needed)	N/A	N/A	0	N/A	N/A	0
Unsatisfactory	0	0	2	0	0	8
Total	20	14	24	100	100	100
*Developed based on IAIG annual reports for 2016 (DP/OPS/2017/3) and 2017 (DP/OPS/2018/3).						

24. In terms of categorization of project audit recommendations by level of importance, management notes an increase in the absolute number of high priority recommendations from 16 in 2016 to 31 in 2017, translating into a continued relative share of high priority recommendations of 27 percent. Management notes that the 31 high priority recommendations pertain largely to projects managed remotely. Management appreciates the increased attention to causes of recommendations issued in the context of project audits, and will focus on addressing identified high priority recommendations, while likewise maintaining efforts to ensure closure of the medium priority issues.

Table 6. IAIG categorization of project audit recommendations, by level of importance, 2015-2017*						
Level of importance	Number of recommendations			Percentage of total		
	2015	2016	2017	2015	2016	2017
High	0	16	31	0	27	27
Medium	57	44	84	100	73	73
Low	0	0	0	0	0	0
Total	57	60	115	100	100	100
*Developed based on IAIG annual reports for 2016 (DP/OPS/2017/3) and 2017 (DP/OPS/2018/3).						

25. With regard to the functional distribution of project audit recommendations, management notes peaks in recommendations for Project Management, Finance and general Administration, all in 2017. This is commensurate with the functional focus of project audits, and correlates with the increase in project audit reports and recommendations issued by IAIG in 2017, as summarized in tables 1 and 2 above.

Graph 2: End-year status of project audit recommendations which have been open during 2017, sorted by functional area and broken down by year of issuance.



Audits of significant programmes

26. IAIG audits cover two significant programmes, parts of which are executed by UNOPS on behalf of its partners, namely the Small Grants Programme and the Mine Action Programme. In 2017, 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 2017.

Strengthening of the audit function

27. Management appreciates IAIG close collaboration with the ICT function for the development of dashboards. This has been an important step towards the enhanced use of data to identify risks and areas for action, and as such an addition to the UNOPS internal control framework which enables timely detection and action to address issues with, for example, vendor management. To ensure further strengthening of responses, management will continue its collaboration with IAIG with regard to making relevant data visible and actionable.

28. Management commends IAIG on the successful completion of an external quality assessment by the Institute of Internal Auditors Standards.

E. IAIG Investigations

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

30. It is noted that the number of complaints received and processed by IAIG increased from 104 in 2016 to 111 in 2017. It is also noted that out of these 111 complaints, 59 became investigation cases, the same number of investigation cases as in 2016; and that the average time for completing cases decreased. Management notes the distribution on 43 cases of alleged fraud or financial irregularities, and 16 cases pertaining to other types of misconduct. Management appreciates the IAIG efforts to work with legal officers, senior managers and the UNOPS Vendor Review Committee to deter issues of this nature and reduce recurrence.

31. Management notes the financial losses substantiated in investigations 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.

32. Management appreciates IAIG's various efforts to strengthen its investigations function during the year, including, inter alia, the recruitment of one additional personnel to perform legal quality assurance of investigation reports.

33. With regard to matters of fraud prevention, management notes IAIG's continued efforts to raise awareness, educate personnel on standards of conduct and means to identify and report potential issues, including the training of 101 personnel in Ethics and Integrity in Project Management during 2017. Management further notes with appreciation IAIG's continued collaboration with various UNOPS business units and other investigation units, including UN-RIS, and UN-RIAS; IAIG's efforts to participate in relevant partnerships, for example the Association of Certified Fraud Examiners (ACFE); and continued expansion of cooperation agreements, most recently with the Swedish International Development Cooperation Agency (SIDA).

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

F. Strategic response to audit recommendations

35. Management notes the overall significantly increased number of recommendations issued in 2017 compared to previous years, as well as the slight increase in the number of audit recommendations open for more than 18 months at the end of 2017. Management is committed to continue the coordinated drive for the implementation of audit recommendations, which in 2017 resulted in an effective 120% increase in the number of recommendations closed, compared to the previous years.

36. Management takes note of the functional distribution of audit recommendations and recognizes the value of systematically sorting the recommendations for concerted functional action. Management also appreciates the continued collaboration with IAIG in ensuring timely implementation of internal audit recommendations through incorporation of results into performance data for various UNOPS departments.

UNOPS internal control framework and management of risks

37. With its strategic plan 2018-2021, UNOPS commits to organizational excellence, accountability and transparency, and to continuously improving its internal governance and operations. The main avenues for improvement targeting policies, processes, structure and culture are UNOPS governance, risk and compliance initiative, and a specialized enterprise resource planning (ERP) solution.

Implementing a simplified policy framework

38. In the context of continuing the implementation of the Governance, Risk and Compliance principled performance framework, the organization in 2017 commenced an exercise to adjust its policy framework and align it with the principles of simplification and empowerment. This is commensurate with the Secretary General's vision of a reformed United Nations, aiming to minimise conflict of interest and mitigate potential risks of errors.

39. At the highest level, the new internal policy framework is based on the key organizational principles that are imperative for all personnel. The framework clearly delegates authority for issuance of policy instruments to functional directors. Functional directors are, in turn, responsible and accountable for simplifying and reducing the volume of prescriptive content, for ensuring that business processes and tools enable efficient implementation and appropriate control, and for monitoring the exercise of functional delegations within the areas for which they are accountable.

40. The organization neared the full replacement of its legislative framework at the end of quarter one 2018, with its policy framework comprising four Executive Office Directives, five Executive Office Instructions, 10 Operational Directives, and 19 Operational Instructions. An additional 12 Organizational Directives and 22 Administrative Instructions will be abolished and/or replaced by the end of quarter two, 2018³. During 2018, management will continue to review and revise UNOPS body of management policies to ensure the policies' appropriateness for the organization's ever-changing business environment and increasing maturity level.

³ A complete list of policies effective as of 31 December 2017 can be found in Annex II.

Optimizing processes and integrating IT systems

41. In readying the organization for the implementation of the UNOPS strategic plan 2018-2021, a new approach to internal business planning was initiated across all regions and HQ functions. The results of this process will provide direction for the four-year period of the strategic plan.

42. In 2016, UNOPS launched its new enterprise resource planning (ERP) system. 'oneUNOPS' is a platform for organization-wide efficiency, control, and business intelligence, offering an integrated solution for core business processes and management information to ensure speed and compliance. In 2017, UNOPS continued its efforts to optimize supporting business processes and associated controls in the ERP, while also expanding the overall number of processes handled within oneUNOPS, in close collaboration with and significant input from UNOPS personnel in field locations. The successful closure of UNOPS 2016 Financial Statements was a testament to the stability and reliability of oneUNOPS.

43. Tools supporting corporate processes are a critical contributor to organizational efficiency, effectiveness and compliance. The organization will continue to expand and refine its integrated application architecture for the purpose of enhanced visibility of information internally, and a targeted management of risks.

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

45. In 2017, the organization maintained its certifications against ISO 9001 for Quality Management. In addition, UNOPS expanded the coverage of its ISO 14001 certified environmental management system to cover infrastructure projects in Tunisia and Sierra Leone, alongside existing certifications for operations in Ghana, Myanmar, Afghanistan, Guatemala, Pristina, Sri Lanka and Jerusalem. Likewise, the organization successfully continued to implement a health and safety management system for infrastructure operations, which was certified against OHSAS 18001. In addition to existing certification in Denmark, Pristina, Myanmar and Jerusalem, operations in Ghana have been certified.

46. In the context of the midterm review of the UNOPS strategic plan 2014-2017, UNOPS underwent an assessment of its overall organizational maturity through a Recognized for Excellence assessment against the EFQM framework. This was the second time since 2013 that the organization invited such an assessment, and the second time it was recognized for excellence in management practices, achieving recognition of improvement and progress, as reflected in a higher overall rating.

Adjusting structures and minimizing conflicts of interest

47. In parallel with the comprehensive review and reissuance of its overall policy framework, UNOPS further clarified its internal governance structures, empowering managers and minimizing conflicts of interest. This included a number of adjustments to the organization's structure. Key changes in the internal governance model included the separation of policy/control and strategic leadership functions from operational and transactional functions. These changes were applied for the business units delivering shared services, as well as integrated business solutions to UNOPS partners; and the finance, ICT, HR, procurement and project management units. In addition, the function of monitoring potential threats related to policy and controls in operations was embedded in a stand-alone unit with direct rapport to the Executive Director. Finally, the risk management function was integrated into the finance function.

48. Management coordination and cross-functional integration are important means of mitigating risks. In 2017, UNOPS sustained efforts to strengthen the organization's management fora and throughout the year, the Senior Leadership Group convened 16 formal meetings allowing collective deliberation and executive advice on the strategic positioning of UNOPS; institutional reforms; and early identification of crisis, challenges and opportunities. Similarly, the Corporate Operations Group convened eight formal meetings and two retreats, covering a wide range of recurring and ad hoc areas, including, inter alia, corporate performance; key functions' strategies; business and work planning; gender parity; and integrity, fraud and ethics.

Driving a culture of engagement and risk management

49. In 2017 the UNOPS People Survey was conducted for the second time, focusing on personnel engagement and its drivers. A high response rate of 82 percent globally (2016: 67 percent) and an increased confidence in management follow-up indicate a generally positive perception of the new survey approach and targeted improvement efforts undertaken pursuant to the 2016 survey. At 4.18, the UNOPS employee engagement index is well above the external benchmarks of high performing and global surveying organizations (4.07 and 3.88 respectively) and slightly above the 2016 engagement index of 4.16. Subsequent action planning was undertaken to address matters raised by personnel, building on the 2016 people survey action planning process results, and supported by a variety of tools and learning resources.

50. Taking further the recommendations from the Gender Advisory Panel, whose launch was a concrete outcome from the 2016 People Survey, a Gender Parity Strategy and a commensurate Gender Action Plan were established. Management continues to be committed to achieving equal representation of genders across all UNOPS personnel by 2020, and to increasing the representation of women at senior and decision-making level.

51. UNOPS offers its personnel access to individual certification programmes based on externally recognized international standards to address guidance and other causes of audit recommendations which may be attributable to inadequate knowledge. In 2017 more than 2,500 personnel benefited from UNOPS learning opportunities. The training included, inter alia, Prince2 Foundation and Prince2 Practitioner for project management; procurement operations training; and the Leading People programme. In addition to mandatory courses on gender awareness and the prevention of harassment, 600 personnel were supported through performance management training. In addition, a number of trainings throughout the year targeted fraud prevention, anti-corruption, and managing grievances and ethics, with over 100 people being trained on these and similar topics. In order to strengthen the consistency and overall results of recruitment processes, over 400 personnel were trained in Competency Based Interviewing.

G. UNOPS Ethics

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

53. Management notes with appreciation the report on the Activities of the UNOPS Ethics Office in 2017 (DP/OPS/2018/4), which covers the ninth 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.

Administering the UNOPS financial disclosure programme

54. Management notes with appreciation the successful conclusion of the 2016 pilot of the new online financial disclosure and conflict of interest form. The new form was made available in all three UNOPS working languages for all personnel required to file annual disclosure statements. As per the assessment of the Ethics Office, the new form met expectations with regard to better identifying and more effectively managing actual, potential and perceived conflicts of interest. It also reduced the time spent on follow-up questions per email after review of completed forms; and was generally appreciated as being less intrusive and more expedient.

55. Management notes with appreciation that all 690 personnel required to file a financial disclosure and conflict of interest statement had done so, resulting a 100 percent filing rate. Managements further notes that an analysis of the 2017 filings will be provided to the Executive Board in the 2018 Annual Report of the Ethics Office.

Protecting staff against retaliation for reporting misconduct

56. 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 measures 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.

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

57. Management appreciates the Office's active contributions to, and collaboration with, the audit, investigations and human resources as well as procurement functions, to further develop training materials on ethics issues and provide training to colleagues. In 2017 this included, inter alia, interactive ethics training sessions to field colleagues attending the Project Management Foundation Course; a presentation on Ethics in Procurement for the Procurement Operations Training; a segment on Ethics in Procurement for the new interactive e-learning course on Ethics and Fraud Prevention in Procurement; and the update of the Standards of Conduct and Ethics segment in the Certification in HR Essentials online course for HR practitioners.

58. Management welcomes the introduction of the online course Ethics and Integrity at the United Nations, which is mandatory for all UNOPS personnel. Management also notes with appreciation the inclusion of the course in the new online learning and training platform Learning Zone, and the related efforts to increase visibility of completion rates, which will continue into 2018.

59. Management notes the Ethics Officer's engagement with the UNOPS Audit Advisory Committee. 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.

60. Management notes the contributions made by the Ethics Office in 2017 to the new organizational directive on Human Resources, Ethics and Culture, which was promulgated in 2017 in the context of implementing the new governance, risk and compliance framework; to the formulation of a risk appetite statement for the Ethics Office; and to panels on gender parity and knowledge management. Management further notes the efforts undertaken by the Ethics Officer to also strengthen its outreach and communication efforts.

61. In addition, management appreciates the Ethics Officer's close collaboration with other corporate functions, including procurement, human resources, legal, internal audit and investigations providing advice and guidance on instances of allegations of harassment, abuse of authority or discrimination; and the Officer's support to specific initiatives targeting anti-corruption and identification of risk in procurement.

Providing confidential advice and guidance to staff on ethical issues

62. Management notes that during 2017 the Office received 346 requests for advice services compared to 337 in 2016. It is further noted that in 2017, 36 percent of all requests for services pertained to ethics advice, demonstrating the significance of the advisory function of the Ethics Office. This rate also seems to indicate general awareness and confidence among personnel to engage with the ethics function for advice. Management further notes with appreciation that there has been a notable increase in reported employment-related concerns since the UNOPS internal speak-up campaign.

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

63. Also in 2017, 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.

64. Finally, management notes the services provided by the Ethics Office as an outside reviewer for request for review by personnel in whistleblower cases for the World Intellectual property Organization (WIPO).

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 2018

POLICY	TITLE
EDP	Executive Director Principles
EOD	Legislative Framework
EOD	Organizational Principles and Governance Model
EOD	Health & Safety and Social & Environmental Management
EOD	Financial Regulations and Rules
EOI	Drafting and Promulgating Requirements for Directives and Instructions
EOI	Implementation of Three levels of requirements for Health & Safety and Social & Environmental Management
EOI	Policy and process management
EOI	HSSE - Incident Reporting
EOI	UNOPS Organizational Structure
OPD	ICT & Digital Systems management
OPD	Finance and Asset Management
OPD	Strategy Setting
OPD	Value proposition and Cost Recovery Model
OPD	Management of UNOPS Partners and Resulting Agreements
OPD	Human Resources, Ethics and Culture
OPD	Procurement
OPD	Safety and Security
OPD	Risk Management
OPD	Internal Audit and Investigations Charter
OD	Engagement Acceptance
OD	Audit Advisory Committee and Strategic Advisory Group of Experts Terms of Reference
OD	Internal Control for UNOPS offices
OD	Document Retention
OD	Electronic Communications
OD	ICT Project Acceptance
OD	Internal Control and Risk Management Framework
OD	Information Disclosure
OD	Establishment and Approval of Write-offs and Provisions for Write-offs
OD	Framework for Delegations of Authority
OD	Policy for Partnership with Non-UN and Non-state entities
OD	Hosting Services

POLICY	TITLE
OI	Budgeting and Internal Investment Management
OI	Fixed and Intangible Asset Management
OI	Statement of Investment Principles and Investment Committee Terms of Reference
OI	Personnel Management Framework
OI	Procurement Procedures
OI	Vendor Sanctions
OI	Project Management
OI	Design Review of Infrastructure Works
OI	Quality Management
OI	Construction Supervision
OI	UNOPS Works Contracts
OI	Protection Against Retaliation
OI	Financial Disclosures and Conflict of Interest Statements
OI	Prohibition of Accepting Gifts
OI	Official Duty Travel
OI	Investigations and Measures Relating to Misconduct Allegations Against UNOPS Personnel
OI	Policy to Address Fraud and Corruption
OI	Aviation Safety
OI	Safety and Security Management
AI	Engagement Acceptance
AI	Grant Support
AI	ICT Project Acceptance
AI	(1) UNOPS Legal Advisors & (2) Areas Requiring and Not Requiring Clearance from a UNOPS Legal Advisor
AI	Client Pricing
AI	Recovery of direct cost of shared services
AI	Information disclosure
AI	Business Continuity Planning and Disaster Recovery Framework
AI	Status of Delegations of Authority for procurement, finance and engagement acceptance which came into effect prior to Organizational Directive 34
AI	ATLAS security
AI	Hosting Services
AI	Cash Management at Field Locations
AI	Claims Reporting Obligations of UNOPS Personnel
AI	Hospitality
AI	IPSAS Compliant Accounting
AI	Mandatory Initialization of All Pages of All Documents Forming Part of Contracts or Agreements to which UNOPS is Party
AI	Message to Staff Regarding HIV/AIDS
AI	Partnerships with Non-UN and Non-state Entities
AI	Post Employment Restrictions
AI	Solicitation on Premises

POLICY	TITLE
AI	Use of the UNOPS Facilities, Equipment and Other Property upon Separation and Transfer of Personnel
AI	Advance Financing

Legend

- EOD: Executive Office Directives
- EOI: Executive Office Instructions
- OPD: Operational Directive
- OI: Operational Instruction
- OD: Organizational Directive (phasing out)
- AI: Administrative Instruction (phasing out)