

Operational Directive Ref. OD.ED.2022.01 Internal Audit and Investigations Charter

Authority:

This Operational Directive (OD) is promulgated by the Executive Director.

Purpose:

The purpose of this OD is to ensure the full independence of the UNOPS internal audit and investigation mechanisms and strengthen the independence and communication between UNOPS Internal Audit and Investigations Group (IAIG), the Audit and Advisory Committee, and the Executive Board.

Effective Date:

This OD shall become effective **immediately**.

Promulgation Date:

23 Aug 2022

Consequential changes:

This OD shall supersede and abolish OD.ED.2021.01: Internal Audit and Investigation Charter of 8 September 2021. The purpose of this revision is to strengthen the independence of UNOPS' Internal Audit and Investigations Group (IAIG) in accordance with Executive Board Decision's resolution (DP/2022/27) at its Annual Session in 2022.

[signature redacted]

Jens Wandel
Executive Director

1. Preamble

1.1 This Charter sets out the purpose, authority, and responsibility of the Internal Audit and Investigations Group (“IAIG”) in line with UNOPS’ Financial Regulations and Rules and the accountability system of UNOPS.

1.2 According to Financial Regulations 6.01 and 6.02, IAIG shall be responsible for all internal audits and investigations of UNOPS. These include investigations into allegations of fraud, corruption, mismanagement of resources, abuse of authority and other forms of misconduct and violations of UNOPS Legislative Framework, as defined in EOD.ED.2022.01 of 17 August 2022, by UNOPS personnel, contractors, implementing partners, and other third parties deemed detrimental to UNOPS. In addition, IAIG shall undertake proactive initiatives in high risk areas that are susceptible to wrongdoing, fraud and corruption.

2. Purpose, Mission and Independence

2.1 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 UNOPS’ goals and objectives.

2.2 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.

2.3 IAIG shall be free from interference in determining the scope of its audits and investigations, performing its work, and communicating results.

2.4 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.

2.5 IAIG may independently initiate and participate in audits and investigations of United Nations inter-agency activities in coordination with other oversight entities of the United Nations.

3. Responsibilities

A. Audits

3.1 IAIG conducts internal audits to evaluate the adequacy and effectiveness of UNOPS governance and risk management as well as controls. IAIG supports UNOPS in ensuring the:

- (a) Achievement of the organization's strategic objectives;
- (b) Adequacy and effectiveness of risk identification and prioritization, determination of risk tolerance and efficiency and effectiveness of control processes in mitigating residual risks;
- (c) Effectiveness, economy and efficiency of operations and programmes;
- (d) Safeguarding of assets;
- (e) Compliance with applicable regulations, rules, policies, procedures, and contracts.

3.2 IAIG internal audit activity adds value to the organization and its stakeholders by providing objective and relevant assurance and advice, and by contributing to the effectiveness and efficiency of governance, risk management, and control processes using a systematic, disciplined and risk-based approach.

3.3 IAIG adheres to the single audit principle adopted by United Nations system organizations, which gives the United Nations Board of Auditors the exclusive right to audit the accounts and statements of the United Nations. IAIG will be consulted if any exceptions to this principle are negotiated in any agreements that have the potential to impact the independence of IAIG in determining its audit subjects or allegation of resources.

3.4 The Director of IAIG will submit to the Executive Director at least annually an internal audit plan for approval after review by the Audit Advisory Committee.

3.5 The internal audit plan shall be developed based on a prioritization of the audit universe using a risk-based methodology, with input of senior management, the Audit Advisory Committee, and the Executive Board. The approval requirement shall not prevent the Director of IAIG from auditing any other area within the purview of its mandate, as deemed necessary.

3.6 The Director of IAIG shall be responsible for implementing the approved plan and keeping the Audit Advisory Committee informed about IAIG's activities and performance, as required. The information provided shall include details of progress made in the implementation of the plan, scope limitations if any, and action taken by management on the implementation of audit recommendations.

3.7 The Director of IAIG shall communicate the impact of resource limitations and significant interim changes to the Executive Office, the Audit Advisory Committee, and the Executive Board.

B. Investigations

3.8 IAIG is responsible for assessing and conducting investigations as it deems appropriate into possible misconduct or wrongdoing within and associated with UNOPS. This includes allegations of misconduct or wrongdoing involving UNOPS personnel, institutional contractors, implementing partners, and other third parties deemed detrimental to UNOPS.

3.9 Misconduct may include the following: fraud and financial irregularities; corruption; sexual misconduct (sexual exploitation and abuse and sexual harassment); proscribed conduct (workplace harassment, abuse of authority, discrimination); retaliation; or any other failure to observe prescribed regulations, rules, policies, procedures and standards of conduct.

3.10. IAIG may conduct investigations into allegations of prohibited practices such as fraud and financial irregularities, corruption, collusion, obstructive practices, abuse of resources or any other unethical practice or types of wrongdoing contrary to the applicable regulations, rules, policies and contractual obligations as well as sexual exploitation and abuse by institutional contractors,

implementing partners and other third parties. IAIG may, if appropriate, refer allegations involving non-UNOPS personnel to the investigative functions of such third parties, including the national authorities. If it is determined the third party does not have the internal capacity or resources to properly undertake this work, the third party may engage qualified external investigative entities to perform the investigations or IAIG may directly undertake the work.

3.11. In addition, IAIG may undertake proactive investigations in areas of UNOPS operations that are susceptible to fraud, corruption, and other wrongdoing.

3.12. IAIG will maintain secure and confidential reporting facilities that are available to all personnel, third parties, and the public at large to report fraud, corruption, or other wrongdoing, including anonymously, at any time and from any location.

3.13. IAIG will maintain an effective system for recording and managing allegations and cases for investigations.

C. Consulting Services

3.14. IAIG provides consulting services to UNOPS management in accordance with applicable standards including the Internal Standards of Internal Auditing. Consulting services are advisory in nature and are intended to add value and improve UNOPS governance, risk management and control processes. Consulting services will be undertaken in a manner in which IAIG maintains its independent objectivity and does not assume responsibility reserved for management. IAIG will take all necessary steps to avoid and address possible conflicts of interest that may arise as a result of the provision of consulting services.

D. Other Responsibilities

3.15. IAIG will prepare a quadrennial strategy and office management plan that is aligned to the UNOPS Strategic Plan, reviewed by the Audit Advisory Committee and approved by the Executive Director.

3.16. IAIG will prepare a risk-based annual work plan, along with adjustments over the course of the year as necessary, that is responsive to emerging risks, trends, and issues. The work plan will be reviewed by the Audit Advisory Committee and approved by the Executive Director.

3.17. IAIG will maintain a professional cadre of personnel with necessary qualifications, knowledge, and skills sufficient to allow the Office to execute its mandate.

3.18. IAIG will coordinate with other components of the UNOPS oversight system including the United Nations Board of Auditors and the UNOPS Ethics Office to optimize oversight and avoid duplications of assurance and oversight work.

3.19. IAIG will maintain a quality assurance and improvement programme for its operational activities, following applicable professional standards.

3.20. The Director of IAIG, or his/her designee, may assist in negotiations concerning draft agreements involving UNOPS and provide input regarding UNOPS' obligations related to internal audit and investigation.

3.21. The Director of IAIG, or his/her designee, shall be the focal point at UNOPS for all matters related to the Joint Inspections Unit.

3.22. IAIG will take any steps necessary to maintain the independence and objectivity of the Office and its personnel and ensure that all oversight activities are performed in accordance with this Charter and are consistent with the relevant professional norms, standards, best practices, and UNOPS policies and procedures.

4. Authorities

4.1 IAIG has the authority to allocate its resources, establish schedules, select subjects, determine scopes of work, and apply techniques required to accomplish assurance, advisory and investigation objectives and to issue reports as it deems necessary.

4.2 IAIG has the authority to engage personnel as necessary for the performance of its functions under this Charter.

4.3 IAIG has the authority to independently decide to open an investigation into any matter, or to decide not to consider a case or open an investigation, without approval of the Executive Director or any other official.

4.4 The personnel of IAIG have full, free and unrestricted access to all functions, personnel, records (including financial disclosures), electronic data, and property that IAIG deems necessary for the discharge of its audit or investigation responsibilities. This includes access to information and communication technology in accordance with ST/SGB/2004/15 without any notice or consent from the Executive Director or any other official. This includes IAIG communicating directly at all levels of personnel, management, and third parties as per their contractual agreement with UNOPS, as well as requesting any personnel, management, and third parties as per their contractual agreement with UNOPS to furnish all material and information deemed necessary by IAIG for the completion of its work. The personnel of IAIG will execute this authority with due respect to confidentiality and the need to safeguard sensitive information.

4.5 IAIG personnel shall respect and keep the confidential nature of any information gathered or received that is applicable to an audit or investigation, and shall use the information solely for the conduct of the activity. Failure to adhere to this will be considered a serious breach of obligations.

4.6 The personnel of IAIG may obtain, from the Executive Director or any other UNOPS personnel, any assistance, cooperation and explanation that IAIG deems necessary to carry out its activities, with any legal advice being provided by the Legal Group or sources externally.

4.7 IAIG has the authority to refer matters to other investitive entities or mechanisms for assessment and/or investigation, including in cases where the involvement of IAIG would pose an actual, potential, or perceived conflict of interest as discussed below.

4.8 IAIG has the authority to conduct investigative activities to identify areas of risk with the objective of developing or improving measures or systems of control that would preempt wrongful acts.

4.9 IAIG has the authority to provide information to donor entities and other investigative entities to promote and enhance accountability and to ensure such information is shared in a manner that does not jeopardize investigative or other operational activities.

4.10. IAIG has the authority to conduct audits or investigations jointly with or on behalf of the oversight offices of other entities of the United Nations common system in accordance with their mandate, including on a cost-recovery basis.

4.11. IAIG has the authority to independently interface with the United Nations Office of Internal Oversight Services, with the oversight bodies of the United Nations system and other multilateral entities, with the supreme auditing institutions of Member States, and with Member State law

enforcement or other authorities necessary to execute its mandate, with due regard to the privileges and immunities of UNOPS.

5. Director of IAIG

5.1 The IAIG Director is appointed for a term of five years, renewable once for a maximum of up to five additional years, and is separated from service upon expiry of his/her term. He/she cannot be reassigned to another post during his/her term and is permanently barred from re-entry into the organization on any type of contract after separation.

5.2 The Director, IAIG, shall be responsible for overseeing all of UNOPS internal audits and investigations, and for operationalizing this OD, including by promulgating Operational Instructions and other guidance materials, including training and other awareness activities, to operationalize this OD.

5.3 The Director shall report independently and exclusively to the Executive Director for the responsibilities under this Charter.

5.4 The Director has free, confidential, and unrestricted access to, and communicates and interacts directly with, the Executive Board and the Audit Advisory Committee, the United Nations board of Auditors, the Joint Inspection Unit and any other entity having any oversight or governing function related to UNOPS. This includes private access without notice to or the presence of the Executive Office.

5.5 The Director shall bring any impairment to its independence or objectivity, in fact or appearance, to the attention of the Audit Advisory Committee and the Executive Board.

6. Accountabilities of IAIG Personnel

6.1 UNOPS Internal Auditors and Investigators shall abide by the United Nations Code of Conduct and shall at all times maintain and safeguard their independence, objectivity and professionalism in fulfilling the responsibilities. I

6.2 AIG carries out its audit activities in accordance with the Institute of Internal Auditors Professional Practices Framework, including the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics, and the Definition of Internal Auditing.

6.3 IAIG carries out its investigations in accordance with the Uniform Principles and Guidelines for Investigations, developed and endorsed by the Conference for International Investigators, or as they may be amended or superceded, OI.IAIG.2020.01: Investigations and Measures Relating to Misconduct Allegations Against UNOPS Personnel, and its own internal guidelines.

6.4 IAIG and its personnel shall exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and must not be influenced by their own interests or by others in forming judgments.

6.5 IAIG personnel shall be free from any conflict of interest in respect of the audits and investigations they are conducting or overseeing. The personnel of IAIG must disclose to the Director of IAIG or, in the case of the Director of IAIG, to the Executive Director of UNOPS, any actual, potential, or perceived

conflict of interest or impairment of objectivity in the performance of their functions. The Director shall take any action necessary to resolve the conflict of interest or the impairment of objectivity.

6.6 IAIG personnel shall be required to complete a declaration of interest every year to ensure that interests are known by management and safeguards put in place as required. Additionally, they are required to declare any potential conflict of interest at the start of every engagement.

6.7 Credible allegations of misconduct against IAIG personnel will not be investigated by IAIG. These allegations will be reported to the Executive Director, who shall refer the matter to another United Nations investigations office or to another appropriate external investigative body, with the resulting outcomes reported to the Executive Director.

6.8 Credible allegations of misconduct against the Executive Director or Deputy Executive Director of UNOPS cannot be reviewed or investigated by IAIG. The Director of IAIG shall refer these allegations to the Under Secretary General of the United Nations Office of Internal Oversight Services (“OIOS”).

6.9 To avoid any actual, potential, or perceived conflict of interest, IAIG will not audit the investigation function over which it has direct operational responsibility. However, both the internal audit and investigation functions will be subject to periodic independent external quality assessments at appropriate intervals, based on the applicable standards and practices. The results will be reported to the Executive Director, the AAC and Executive Board.

7. Reporting

7.1 IAIG independently reports to the Executive Director. IAIG will submit its investigation reports directly to the Executive Director, or his/her designee. Information on investigation reports issued by the Director of IAIG is included, in anonymized format with financial losses identified, in IAIG’s annual report to the Executive Board; information regarding ongoing investigations may be provided to the relevant donor entity to the extent that said provision will not, in the opinion of the Director of IAIG jeopardize the integrity or proper conduct of the investigation, or the process rights of the person(s) or entity(ies) involved.

7.2 The Director of IAIG shall issue an audit report following the conclusion of each internal audit engagement. All internal audit reports shall be submitted to the Executive Director, the AAC and the United Nations Board of Auditors.

7.3 In its reports, IAIG may provide reports on weaknesses in controls, processes, and deficiencies in regulations and guidance that are identified in the course of internal audits and investigations. These reports may include recommendations for addressing these weaknesses and for further strengthening the accountability framework in the organization.

7.4 IAIG makes its internal audit reports publicly available in accordance with the decisions of the Executive Board. In exceptional cases, reports may be redacted or withheld in their entirety at the discretion of the Director of IAIG in accordance with the decisions of the Executive Board.

7.5 IAIG shall establish and maintain a system to monitor follow-up actions taken on the audit and investigation reports.

7.6 IAIG independently reports to the Executive Board on its operational activities as well as any other matter it deems appropriate. In accordance with the Executive Board decisions, the IAIG annual report to the Executive Board provides an annual opinion based on the scope of work done, on the adequacy and effectiveness of the organization's governance, risk management, and control. This report shall

confirm the organizational independence of IAIG and provide details about IAIG's performance relative to its annual audit plan for that year, other activities undertaken including investigations, and action taken by management to implement audit recommendations.

7.7 Where the Director of IAIG concludes that management has accepted a level of risk that may be unacceptable to the organization, he/she shall discuss the matter with the Executive Director. If this matter is not resolved, the Director of IAIG shall communicate the matter to the Executive Board.

7.8 The Director of IAIG shall communicate to the Executive Director and the Audit Advisory Committee on the internal audit and investigation activity's quality assurance and improvement activities, including results of ongoing internal and external assessments for both audit and investigations that are conducted at least once every five years.

7.9 IAIG reporting of the results of oversight activities conducted jointly or in coordination with other United Nations entities is governed by agreed procedures.

8. Resources

8.1 IAIG shall be provided with the necessary staffing and budgetary resources to achieve its mission and maintain its independence. The budget of IAIG shall be approved by the Executive Director on the request submitted by the Director of IAIG. IAIG will not be required to present its budget to any other manager at UNOPS nor seek their approval. IAIG's budget should periodically be aligned with the UNOPS corporate strategy

8.2 IAIG will present its budget to the Audit Advisory Committee and Executive Board to ensure the adequacy of the resources to fulfill its assurance and investigations mandate.

9. Final Provisions

10 This Charter, and any subsequent revisions, shall be approved by the Executive Director after review by the Audit Advisory Committee, and brought to the Executive Board as an annex to the IAIG annual report.
