

## **Assessment of the independence of the UNDP Office of Audit and Investigations**

### **SUMMARY**

As requested by the Executive Board in its decision 2022/15, the Office of Audit and Investigations (OAI) is pleased to submit this report in response to the Executive Board's request to assess the degree to which OAI can freely determine: (a) how and when to report to and brief the Executive Board; (b) the scope of audits and investigations; (c) what and who to audit or investigate; (d) what assessments to make; (e) how to utilize available funds; (f) its relationship with OIOS; and (g) provide suggestions and pathways on how to further strengthen the independence of OAI as well as its budget estimates required for the execution of the full mandate.

The report provides some suggestions and pathways to ensure full resourcing of OAI to enable the fulfilment of its mandate.

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## A. Overview

1. This document responds to the UNDP, UNFPA, UNOPS Executive Board decision 2022/15 (item 5, internal audit and investigations) requesting the Directors of OAI, OAIIS and IAIG to provide the following at the second regular session of 2022:

- (a) A comprehensive assessment on the independence of each office, containing reflections on (but not limited to) the degree to which each respective office can determine freely: (a) how and when to report to and brief the Executive Board; (b) the scope of audits and investigations; (c) what and who to audit or investigate; (d) what assessments to make; (e) how to utilize available funds; and (f) its relationship with OIOS.
- (b) Provide suggestions and pathways on how to further strengthen the independence of each respective office as well as their budget estimates required for the fulfilment of their mandates.

## B. Methodology

2. In providing the Executive Board with its assessment, OAI used the following key documents and standards:

- UNDP Financial Regulations and Rules
- UNDP ERM Policy
- UNDP Oversight Policy
- The International Professional Practices Framework (IPPF) of the Institute of Internal Auditors<sup>1</sup>
- The Joint Inspection Unit report on the State of the internal audit function in the United Nations system (JIU/REP/2016/8)
- The Joint Inspection Unit report on Fraud prevention, detection and response in the United Nations system organizations (JIU/REP/2016/4)
- The Joint Inspection Unit report on the Review of audit and oversight committees in the United Nations system (JIU/REP/2019/6)
- The Joint Inspection Unit report on the Review of the state of the investigation function: progress made in the United Nations system organizations in strengthening the investigation function (JIU/REP/2020/1)
- OAI Charter (1 March 2022)

## C. Structure of OAI

3. The OAI organizational structure is decentralized with several audit units at New York Headquarters and the Regional Audit Centres for:

- (a) Asia and the Pacific (RAC-AP), with a portfolio of 24 Country Offices under its oversight purview
- (b) East and Southern Africa (RAC-ESA), with a portfolio of 25 Country Offices
- (c) North, West and Central Africa (RAC-NWCA), with a portfolio of 25 Country Offices
- (d) Europe, the Commonwealth of Independent States and the Middle East (RAC-ECME), with a portfolio of 32 Country Offices
- (e) Latin America and the Caribbean (RAC-LAC) with a portfolio of 26 Country Offices
- (f) Five units at Headquarters: four audit units and one investigations section:
  - a. Headquarters Audit Section

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<sup>1</sup> IIA refers to the Institute of Internal Auditors which is an international professional association that provides leadership for the internal auditing profession globally by inter alia developing standards, guidance, and certifications for the internal audit profession.

- b. ICT Audit Section
- c. Special Advisory Services Section
- d. Quality Assurance and Policy Unit
- e. Investigations Section<sup>2</sup>

4. The universe of OAI's internal oversight services includes all operations and activities undertaken at/in:

- (a) Headquarters Bureaux and offices.
- (b) Corporate functions and systems.
- (c) Country Offices in more than 130 countries.
- (d) Regional Centres.
- (e) Liaison offices and other offices.
- (f) Development projects funded by or through UNDP.
- (g) United Nations Capital Development Fund (UNCDF).
- (h) United Nations Volunteers (UNV).

5. Audit services are comprised of a variety of audit types, which respond to different needs:

- (a) Country Office audits.
- (b) Functional audits of multiple Country Offices.
- (c) Audits of Headquarters units, including performance audits.
- (d) Audits of corporate functions and systems, such as human resources or global procurement.
- (e) Audits of Global Fund grants managed by UNDP as Principal Recipient.
- (f) Audits of directly implemented projects (DIM).
- (g) Special audits.
- (h) Follow-up audits to verify the implementation status of audit recommendations of previously audited offices with 'unsatisfactory' ratings.

6. For projects implemented through national implementing partners and non-governmental organizations (NIM/NGO), OAI reviews the audit reports on an annual basis in terms of: (a) ranking of the audit findings (assessment of the risks involved, their severity and possible impact on the overall project implementation); (b) assessment of the adequacy of the audit coverage; and (c) overall assessment of how well the NIM/NGO audit exercise has been performed.

7. At the request of UNDP management or based on its own risk assessments, OAI provides advisory services on the design and adoption of practices and procedures in UNDP. Advisory services cover a wide array of subjects such as: review of and comments on memoranda of understanding (MOUs), internal control issues, delegation of authority, proposed new policies and procedures or policy changes.

8. The Investigations Section is centralized at New York Headquarters and includes the following: operational and administrative support; the Sexual Misconduct Team; Information Analysis Team, which handles case intake and assessment; Policy, Quality Assurance and Special Investigations Unit; IT Forensics Unit; and the Social and Environmental Compliance Unit. As part of a decentralization trial, two Investigations Specialists are based in Istanbul.

## **D. Mandate of OAI**

9. The oversight policy of UNDP outlines auditing performed by the following two independent bodies:

- (a) United Nations Board of Auditors (BOA) for external audits; and

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<sup>2</sup> The Investigations Section has two investigators located in Istanbul; ref paragraph 17 for details of the various functions in this Section.

(b) Office of Audit and Investigations (OAI) for internal audits.

10. The audit and investigation activities of OAI are governed by Article 4 of the UNDP Financial Regulations and Rules and by the OAI Charter.

11. UNDP Financial Regulation 4.02 states that OAI shall be responsible for assessing and investigating allegations of fraud and corruption committed by UNDP personnel or committed by others to the detriment of UNDP.

12. Financial Regulation 4.03, as well as the IPPF of the Institute of Internal Auditors, stipulate that the internal audit function's purpose (mission), authority and responsibility shall be further defined in the Charter. This Charter also recognizes the mandatory nature of guidance established in the IPPF.

13. According to the Institute of Internal Auditors, the purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. It adds that the chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

14. OAI' Charter has been regularly updated to reflect changes in audit and investigations, including the IPPF of the Institute of Internal Auditors and OAI's Strategic Plan.

15. The current Charter was reviewed and updated by OAI and approved by the UNDP Administrator in February 2022, after consultation with the Audit and Evaluation Advisory Committee, as per the Institute of Internal Auditors Standards.

16. The OAI Charter is always annexed to OAI's annual report to the Executive Board.

17. The Charter codifies OAI's independence, its mission or mandate and details on how OAI shall perform its oversight work:

- (a) OAI shall exercise operational independence in the performance of its duties.
- (b) OAI shall conduct audits and investigations independently from any interference from UNDP senior management or any outside party. It shall be free from interference in determining the priority level of its audits and investigations, the scope of its audits and investigations, performing the field work and communicating results.
- (c) OAI shall annually confirm to the Executive Board the organizational independence of its internal audit and investigations activities.
- (d) The mission of OAI is to provide UNDP with an effective system of risk-based, independent and objective internal oversight that is designed to improve the effectiveness and efficiency of UNDP's operations in achieving its developmental goals and objectives through the provision of
  - (i) internal audit and consulting services, and
  - (ii) investigation services.
- (e) OAI shall undertake its internal audits in accordance with the International Standards of the IPPF; the Core principles; the Code of Ethics and; the Standards and the Definition of Internal Auditing established by the Institute of Internal Auditors.
- (f) OAI shall assess and conduct investigations into allegations of misconduct, such as fraud, theft and embezzlement, corruption, sexual harassment, sexual exploitation and abuse, discrimination, workplace harassment and abuse of authority, retaliation against whistleblowers, abuse of privileges and immunities or other acts or omissions in conflict with the general obligations of staff members that involve UNDP staff and other personnel.

- (g) OAI may also assess and conduct investigations into allegations of fraud and other financial irregularities committed by vendors, implementing partners and other third parties, deemed to be detrimental to UNDP.
- (h) In addition, OAI may undertake proactive investigations in high-risk areas that are susceptible to fraud, corruption and other wrongdoings.
- (i) OAI shall have sole responsibility for the conduct of all investigations within UNDP.
- (j) OAI shall conduct investigations in accordance with the Uniform Principles and Guidelines for Investigations endorsed by the 10<sup>th</sup> Conference of International Investigators, the UNDP Legal Framework for Addressing Non-Compliance with UN Standards of Conduct, the OAI Investigation Guidelines and any other applicable administrative guidance.
- (k) OAI also reviews UNDP's social and environmental policies and procedures through a reporting mechanism to determine if investigations regarding alleged non-compliance are required. The reporting, assessment, and investigation of alleged non-compliance with UNDP's social and environmental policies and procedures will be conducted in accordance with the Investigation Guidelines of OAI's Social and Environmental Compliance Unit.
- (l) OAI maintains reporting facilities (telephone hotline, web-based reporting facility, email and postal address and other means as appropriate) that function around the clock to facilitate staff, management and others to report any instances of fraud, corruption or other wrongdoings. OAI operates separate mechanisms for the reporting of alleged non-compliance with UNDP's social and environmental policies and procedures.
- (m) OAI shall independently prepare and submit to the Executive Board, after review by the Audit and Evaluation Advisory Committee, an annual report for each completed calendar year on its internal audit and investigations activity.
- (n) The Director of OAI shall be appointed for a term of five years, with the possibility of renewal once for a maximum of five years and shall be barred from re-entry into UNDP after the expiry of his/her term. The Administrator shall consult with the Audit and Evaluation Advisory Committee on the appointment, performance evaluation, extension and dismissal of the Director of OAI.
- (o) The Director of OAI shall have free and unrestricted access to the Executive Board and the Audit and Evaluation Advisory Committee and to the United Nations Board of Auditors.
- (p) The Director and staff of OAI shall abide by the United Nations Code of Conduct as well as the Institute of Internal Auditors Code of Ethics, to which they are subject to, and shall at all times maintain and safeguard their independence, objectivity and professionalism in fulfilling the responsibilities assigned under this Charter.
- (q) The Director and staff of OAI must refrain from auditing specific operations for which they were previously responsible. Functions for which the Director and staff of OAI have responsibility shall not be audited by OAI. The Director may allow OAI staff to provide consulting services for operations they were previously responsible for.
- (r) The Director and staff of OAI must avoid being placed in situations that might create any conflict of interest that may impair their judgment on audit and investigation matters. The Director or staff concerned shall declare any conflict of interests or impairment that may affect their participation in an audit or investigation engagement and accordingly discharge themselves from such participation. Beginning January 2018, a statement of integrity, objectivity, and confidentiality is to be signed by all audit staff annually, including OAI management at all levels supervising internal audits.

- (s) The Director of OAI shall bring to the attention of the Audit and Evaluation Advisory Committee any impairment to independence, objectivity or professionalism.
- (t) OAI has developed various standard operating procedures (SOPs) and guidelines, which are updated periodically to operationalize and carry out its oversight functions independently. These SOPs and guidelines are developed by OAI and approved by the Director of OAI.

## **E. OAI's independence and OAI's responses to the Executive Board's decision**

18. Independence is a key pre-condition for the functioning of internal audit and investigative activities of any internal oversight function. This is also the case for OAI. According to the Institute of Internal Auditors, Standard 1100, the internal audit activity must be independent, and internal auditors must be objective in performing their work. Similar principles are enshrined in the Conference of International Investigators Uniform Principles and Guidelines for Investigations and other relevant UNDP policies. OAI considers independence as a cornerstone for it to provide effective assurance to the organization. The previous section demonstrates that OAI's independence is codified in OAI's Charter and SOPs. OAI's independence has also been confirmed in OAI's annual reporting to the Executive Board. In addition, OAI conforms to IIA's International Professional Practices Framework and its code of ethics. OAI undertakes an independent external quality assessment review every five years in accordance with IIA's standards and these independent reviews have confirmed OAI's independence and its conformance to IIA's standards and code of ethics. In this regard, an independent quality assessment review of OAI is being undertaken during the fall of 2022.

In this section, OAI will respond, in more detail, to Executive Board decision 2022/15.

### *How and when to report to and brief the Executive Board*

19. OAI independently prepares and submits to the Executive Board, after consultations with the Audit and Evaluation Advisory Committee, an annual report for each completed calendar year on its internal audit and investigations activity. This annual report includes updated information on resources, disclosure of audit reports, significant audit findings, systemic weaknesses identified in audits, action taken by management to implement audit recommendations, investigations cases and their status and other such matters as may be requested by the Executive Board. In the last annual report, based on the scope of work issued between 1 January and 31 December 2021, it is the opinion of OAI that the elements of governance, risk management and control covered in the audit reports issued in 2021 were, in aggregate, 'satisfactory/some improvement needed'. This means that the majority of business units or projects audited in 2021 were adequately established and functioning but need some improvement. The annual report is presented at the Executive Board's annual session. An informal meeting precedes the official presentation and helps clarify any issues and provides additional insights into the work of OAI. This is the main opportunity to update the Executive Board members and share the annual report of OAI.

20. Going forward, OAI will continue with its practice of reporting to the Executive Board at its annual session. In addition, OAI will provide additional briefings if requested by the Executive Board. These briefings may include emerging risks in UNDP based on recent audit work and high priority investigation cases where the information disclosed would not compromise due process rights and the integrity of the investigation process.

### *Scope of audits and investigations*

21. In line with OAI's Charter and established policies and practices in UNDP, OAI has free access to the organization's records, personnel, and premises for the performance of its duties, which enables OAI to operate independently and freely determine the scope of its audits and investigations.

22. In order to determine the scope of its oversight work, OAI prepares and submits, for the review of the UNDP Audit and Evaluation Advisory Committee, and the approval of the Executive Board through the UNDP Administrator, the following: (a) every four years, an internal audit and investigation strategy covering a four-year period and aligned with the period of coverage by the UNDP Strategic Plan; and (b) annually, a risk-based annual work plan that is consistent with the organization's goals.

23. The current OAI Strategic Plan covers the period 2022–2025 and was approved by the UNDP Administrator in March 2022. Approval of annual work plans by the UNDP Administrator enables OAI to preserve its independence and objectivity in the organization in line with the IPPF of the Institute of Internal Auditors, Standard 1100 on Independence and Objectivity, and established practices in internal oversight in the UN system.

24. OAI's strategic priorities for 2022–2025 will be within the following main pillars: (1) to provide oversight over all critical risks in UNDP; (2) to further develop consulting and advisory services; (3) to use technology improvements in oversight; (4) to further develop integrated assurance, where OAI collaborates with other assurance providers such as the external auditors (United Nations Board of Auditors) to minimize overlaps and leverage on assurance work already undertaken; (5) to have a strong and motivated workforce; (6) to continue to apply quality improvement programmes in full compliance with professional standards; and (7) to further develop communication and outreach activities.

#### *What and who to audit and investigate*

25. To implement this approach and to determine what and who to audit and investigate, OAI has developed a methodology to assess the financial, operational, organizational and political/strategic/environmental and regulatory risks of its auditable areas in UNDP, also including United Nations Volunteers (UNV), the United Nations Office for South-South Cooperation (UNOSSC), and the United Nations Capital Development Fund (UNDCF). The risk assessment exercise determines the areas and business units that have a higher risk than others and assists OAI in selecting the auditable units to be included in its annual audit work plan.

26. The planning process is conducted in a participative manner, by holding a series of discussions with senior management and heads of concerned bureaux on the results derived from the risk assessment conducted. OAI also consults the United Nations Board of Auditors to ensure proper audit coverage of UNDP and to minimize duplication of efforts in providing assurance to the Administrator and the Executive Board. However, OAI independently assesses to which extent input from the client should be reflected in the work plan.

27. To distribute resources efficiently, business entities ranked 'very high risk' are generally audited every two years; those ranked 'high risk' every three years; 'medium risk' every four to five years; and 'low risk' every five to six years. The 2022 annual work plan was approved by the UNDP Administrator in March of 2022. However, the approval requirement of the annual work plan does not prevent OAI from auditing any other area within the purview of its mandate, which OAI deems necessary, hence preserving its independence. Further, approval of annual work plans by the UNDP Administrator enables OAI to preserve its independence and objectivity in the organization in line with the IPPF of the Institute of Internal Auditors, Standard 1100, on Independence and Objectivity.

#### *What assessments to make*



28. OAI also independently and freely assesses the issues identified in audits and the evidence compiled in investigations. UNDP management at all levels may express its opinion regarding the significance of OAI’s audit findings, but the authority to determine the materiality of the findings and the overall rating of the audits performed, rests with the Director of OAI. Within investigations, OAI can freely determine if investigation cases are substantiated or not.

29. The volume of OAI’s oversight work has increased significantly over the years. Table 1 below shows the audit reports issued by audit type during the years of 2019, 2020 and 2021, in comparison to those of 2010:

Table 1: Audit reports and types raised in 2019, 2020 and 2021

Audit type	2010 (baseline)	2019	2020	2021
Advisory services (*)			12	26
Country Office audits	26	35	31	32
Follow-up audits (**)	7	1	5	1
DIM audits (***)	10	46	37	63
Global Fund audits	12	7	8	8
Headquarters audits	12	10	9	10
Interagency audits (****)	2	1		
Other audits (forensic)				2
Total	69	100	102	142

(\*) In 2020, advisory services included 6 write-off memos; in 2021, they included 15 write-off memos.

(\*\*) Follow-up audits are conducted in cases where OAI issues an unsatisfactory audit rating.

(\*\*\*) These are audits of directly implemented projects, which as explained below, have significantly increased since 2010.

(\*\*\*\*) In 2022, OAI is planning, along with other internal audit units, a joint audit. The fieldwork will be completed in 2022.

30. As shown above, the number of audit reports issued during 2019–2021 has significantly increased in relation to those in 2010. This is due to the following:

- (i) The audit reports of directly implemented (DIM) projects has significantly increased since 2010 as more projects have been reaching the threshold amounts (expenditures) to be included in the audit plan.
- (ii) In 2020 and in line with the Charter, OAI started its advisory services, mainly in procurement and project management, in response to the COVID-19 pandemic. In 2021, consulting activities continued expanding to other areas such as procurement, human resources, finance and ICT. In addition to advisory services, OAI has been receiving and reviewing write-off requests in preparation for the transition and implementation of the new enterprise resource planning system (ERP).
- (iii) Although the volume of Country Office and Headquarters audits have remained relatively constant, some of the Headquarters audits were performance audits, while Country Office audits included performance audit elements during the conduct of compliance audits.
- (iv) In 2021, two forensic audits were conducted by audit firms on behalf of OAI.
- (v) As a new product, regional thematic audits were included in the 2022 audit work plan. These will be carried out as performance audits and will attempt to address regional thematic issues and emerging risks.

31. With respect to investigations, in 2021, complaints relating to financial irregularities (procurement fraud; theft and embezzlement; misuse of official resources; misrepresentation, forgery and false certification; entitlements fraud; and failure to comply with financial disclosure requirements) constituted 47.1 per cent of the cases received by OAI, a decrease from the 57.8 per cent recorded in 2020. Complaints relating to sexual misconduct (sexual assault, sexual harassment and sexual exploitation/sexual abuse) constituted 8.8 per cent of the cases received by OAI in 2021, an increase from the 6.3 per cent recorded in 2020.

32. In 2021, OAI received the most complaints from Africa (75 cases), followed by the Arab States region (53 cases), Asia and the Pacific (43 cases), personnel on UNDP contracts assigned to other United Nations organizations (38 cases), Europe and the Commonwealth of Independent States (35 cases), Headquarters personnel (23 cases), and Latin America and the Caribbean (18 cases), for a total of 285 cases.

33. In recent years, OAI’s investigative response has been mainly reactive to reported allegations. OAI does have the mandate to conduct proactive investigations; however, this has not been possible due to limited resources in dealing with a disproportionate caseload, together with travel restrictions imposed by the pandemic.

*How to utilize available resources*

34. OAI senior management has the full discretion and independence to take all decisions related to the utilization of funds allocated to the office, and there has been no management interference or influence in this regard.

35. OAI is mainly funded from the UNDP institutional budget. The budget is prepared by OAI, based on its annual work plan; it is reviewed by UNDP’s Executive Office and the UNDP Audit and Evaluation Advisory Committee and is approved by the Executive Board as part of the overall budget of UNDP. In cases where OAI needs additional resources, a request is made for consideration and approval by UNDP senior management. OAI resources, in terms of staff and budget, are shown in table 2 below:

Table 2: Resources in terms of staff and budget

	2010 (Baseline)		2019		2020		2021	
	Staff	Budget (\$)	Staff	Budget (\$)	Staff	Budget (\$)	Staff	Budget (\$)
Audit & operations	57	10,651,296	59	13,634,310	59	14,535,628	59	13,274,027
Investigations	10	2,245,487	26	7,788,920	32	8,047,826	34	9,736,753
<b>Total</b>	<b>67</b>	<b>12,896,783</b>	<b>85</b>	<b>21,423,230</b>	<b>91</b>	<b>22,583,454</b>	<b>93</b>	<b>23,010,780</b>

36. As reflected in numerous studies since 2019, including the Joint Inspection ‘Report on the review of the state of the investigation function: progress made in the United Nations system organizations in strengthening the investigation function’ (JIU/REP/2020/1), investigations resources have not kept pace with the workload and OAI investigators continue to hold, on average, 15 cases each, which is excessive and inconsistent with recommended industry standards (five cases per investigator).

37. Case numbers in 2021 are shown in the table below:

Status of cases	Number of cases
Carry-over as of 1 January 2021	281
Intake during the year	285

<b>Total cases during the year</b>	<b>566</b>
Closed during 2021	236
Cases ongoing as of 31 December 2021	330

38. The additional investigations resources required to reduce the caseload per investigator to 10 cases would require an additional 10 investigator positions with necessary IT forensics support. OAI currently has one IT Forensics Specialist at the P3 level to support the entire Investigations Section with the whole caseload. Two additional personnel for IT forensics are recommended. Proforma costs are outlined below:

<b>Location</b>	<b>Level/Number</b>	<b>Proforma Cost (2022)</b>
New York, USA	P4 Inv. Specialists x 5	\$251,993.14 x 5 = \$1,259,965.70
New York, USA	P3 Inv. Specialists x 5	\$212,662.52 x 5 = \$1,063,312.60
New York, USA	P4 Forensics Manager, Head of Unit x 1 (Forensics)	\$251,993.14
New York, USA	P2 Forensics Analyst x 1	\$175,716.36
<b>TOTAL</b>		<b>\$2,750,987.80</b>

39. In the absence of the needed additional human resources outlined above, OAI has proposed to UNDP senior management that the following initiatives be implemented to reduce the caseload and/or to reduce the timeline for investigations, which is correlated to the caseload and the number of cases held by investigators:

- i. Stop investigating allegations for other UN organizations where the subject is holding a UNDP contract. Over the last five years (2017–2021) this category has made up 16 per cent of OAI’s caseload and relates to allegations that have no connection to UNDP. OAI has recommended this as these cases would be more efficiently investigated by the investigations offices responsible for those other organizations.
- ii. Stop the requirement for OAI to send draft investigation reports to staff subjects of investigations for comments. If the subject is later charged with misconduct, he/she will receive the final investigation report from the Office of Legal Services. Most other investigations offices in the UN system do not have this requirement, which adds considerable time to the investigation timeline.

40. Neither recommendation has been endorsed by UNDP.

*OAI’s relationship with OIOS*

41. The OAI Director participates in United Nations Representatives of Internal Audit Services (UN-RIAS) and United Nations Representatives of Investigation Services (UN-RIS) activities, including bi-monthly virtual meetings, interactions with the High-Level Committee on Management, and the Bilateral Donors’ Oversight Network.

42. OAI collaborates with OIOS and with other internal audit and investigations services of other United Nations agencies, donors, and development partners. For example, OAI is actively working with OIOS on conducting joint or coordinated audits on specific topics, including the United Nations reform agenda.

43. OAI is also an active member of the Conference of International Investigators and takes a leading role in organizing joint training for United Nations system investigators.

44. In terms of investigations, when there are credible allegations of misconduct against UNDP senior management at the level of USG, OAI staff members and other OAI personnel will not be investigated by OAI. Any such allegations requiring an investigation will be reviewed by the oversight office of another United Nations agency, including OIOS or an international organization appointed by the Director, OAI. OAI also receives referrals of investigation cases from OIOS, and OAI refers cases to OIOS, if the cases fall under OIOS' jurisdiction.

## **F. Pathways on how to further strengthen the independence of OAI**

### *Access to the Executive Board*

45. The Director of OAI shall have free and unrestricted access to the Executive Board, and this access has not been challenged by UNDP. As previously shared in this document, OAI independently prepares and submits to the Executive Board, after review by the Audit and Evaluation Advisory Committee, an annual report for each completed calendar year on its internal audit and investigations activities. The report is shared with the Executive Board during its annual session.

46. An informal meeting precedes the official presentation and helps clarify any issues and provides additional insights into the work of OAI.

47. In January 2021, OAI suggested to the President of the Executive Board that it conduct a short briefing to present the office and its Strategic Plan, as well as an update on the Global Environment Facility audit recommendations. This was the first briefing to the Executive Board outside of the annual session. Moving forward, OAI welcomes more frequent ad hoc meetings as requested by the Executive Board (reference paragraph 20 for details).

48. OAI will also consider sharing final audit reports with the Executive Board when they are issued to the UNDP Administrator and UNDP senior management, rather than waiting for them to be published on the UNDP public website 30 days after issuance. This will help the Executive Board obtain first-hand and timely information.

### *Improving Access to Information:*

49. UNDP Financial Rule 104.03 stipulates that OAI shall have free access to the organization's records, personnel and premises, as necessary, in its opinion, for the performance of its duties.

50. As previously shared in this document, OAI has enjoyed free access to the organization's records, personnel and premises. Yet, there are still areas of improvement to consider. For example, OAI does not attend the meetings of the UNDP Executive Group or the UNDP Risk Committee.

51. OAI currently has no access to the Executive Group, which is UNDP's highest internal governing body. Chaired by the Administrator, it is responsible for strategic leadership and management of the organization. It sets corporate priorities, provides strategic orientation and direction for the organization, advises the Administrator on strategic policy, programme, and management issues, and monitors corporate performance. OAI neither attends the meetings of the Executive Group, nor receives minutes

regularly from these meetings. Therefore, OAI may not be privy to critical information about strategic initiatives or emerging risks on a timely basis.

52. OAI has also no access to the UNDP Risk Committee. The Risk Committee is chaired by the Associate Administrator to oversee the overall implementation, and use, of the risk framework in UNDP. The Risk Committee is a subcommittee of the Executive Group and reports back to the Executive Group. The Risk Committee is responsible for reviewing and analyzing corporate risks and maintaining the Overall Risk and Resilience Framework.

53. OAI has expressed its interest in attending, as an observer, the meetings of the Risk Committee; however, UNDP management declined this request. Further, OAI does not receive the Risk Committee minutes of meetings, which deprives it from critical information and decisions that may affect UNDP's risk profile.

54. OAI recommends that OAI attends the meetings of the UNDP Executive Group and the UNDP Risk Committee as observer and that OAI receives the minutes of these meetings. This will better support OAI in carrying out its independent mandate.