**United Nations Office for Project Services (UNOPS)**

**The UNOPS management response to the 2018 annual reports on internal audit, investigations and ethics**

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# A. Introduction

1. UNOPS offers the following management response to the 2018 annual reports on internal audit, investigations and ethics.
2. The response to the Audit Advisor Committee annual report 2018 (DP/OPS/2019 - Annex 3), is provided in accordance with Executive Board decision 2008/37. The response to the annual report of the Internal Audit and Investigations Group on internal audit and investigations activities in 2018 (DP/OPS/2019/4), is provided in accordance with Executive Board decision 2005/19. The response to the activities of the UNOPS Ethics Office in 2018 (DP/OPS/2019/3), is provided in accordance with Executive Board decision 2012/19.

# B. The UNOPS Audit Advisory Committee

1. The United Nations Office for Project Services (UNOPS) is committed to the United Nations system’s harmonization and simplification of business processes, including those supporting the Executive Board, and subsidiary committees advising the Executive Director.
2. 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. 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.
3. 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.
4. Management is pleased to note the significant contributions provided by the AAC in 2018 and its concurrence with the observations reflected in the Audit Advisory Committee 2018 Annual Report (DP/OPS/2019/4 − 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

1. 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.
2. Management also recognizes the IAIG role in promoting and supporting accountability by conducting investigations of potential violations of applicable regulations, rules and policy directives and instructions. Furthermore, the IAIG endeavours to support management in the application of UNOPS general policies and objectives as described in the UNOPS Strategic Plan, 2018-2021 (DP/2017/5) are highly appreciated. As such, IAIG is a central component of UNOPS accountability framework, adding valuable contributions to the management of strategic and operational risks.

## Mandate

1. 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 6[[1]](#footnote-1) of UNOPS IPSAS-compliant Financial Regulations and Rules (FRRs), which were reissued effective 13 March 2017 in line with UNOPS Governance, Risk and Compliance Framework.

## Coordination and collaboration

1. Management encourages the IAIG continuous coordination with the United Nations Board of Auditors (UNBOA), 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).
2. Management also supports the strong collaboration and coordination of IAIG with various UNOPS business units, including the Legal Group, the Procurement Group, the People and Change Group, the Ethics Officer and regional/country offices, promoting inter-departmental cooperation, support and continuous follow up on specific matters.

# D. IAIG Audits

## Overview

1. The reports of IAIG internal audit comprise two types: a) internal audits and thematic reviews and b) project audits, as summarized in Table 1. Management notes that the overall number of reports in 2018 (45) is commensurate with the number of reports made in 2017 (45). In principle, the number of reports may fluctuate between years, due to normal variations in the number of client requests and reporting requirements as per project agreements. Management notes that IAIG made concerted efforts to maintain its output compared to 2017. Management commends IAIG on its efforts to complete current and prior year work plans, which resulted in no audit assignments carried over to 2019.

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| **Table 1: Number of reports of internal audit made, 2017-2018\*** |
| **Year** | **2017** | **2018** | **Change** |
| # Internal audits and thematic reviews | 14 | 14 | 0 |
| # Project audits | 31 | 31 | 0 |
| **Total number of audit reports** | **45** | **45** | **0** |
| \*Developed based on IAIG annual reports for 2017 (DP/OPS/2018/3) and 2018 (DP/OPS/2019/4). |

1. In total, IAIG made 160 audit recommendations in 2018, compared to 315 recommendations in 2017. Management further notes that the overall average number of recommendations per internal audit report and thematic review decreased from 14.3 in 2017 to 8 in 2018. The average number of recommendations for project audit reports decreased from 3.7 in 2017 to 1.4 in 2018. Management notes that both averages are reflective of a consistent trend since 2010 towards more succinct audit reports, and encourages IAIG to maintain 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.

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| **Table 2: Number of audit recommendations made, 2017-2018\*** |
| **Year** | **2017** | **2018** |
|   | total | average | total | average |
| # Internal audits and thematic reviews | 200 | 14.3 | 117 | 8.0 |
| # Project audits | 115 | 3.7 | 43 | 1.4 |
| **Total number of audit recommendations** | **315** | **7.0** | **160** | **3.6** |
| \*Developed based on IAIG annual reports for 017 (DP/OPS/2018/3) and 2018 (DP/OPS/2019/4). |

1. During the year, the number of recommendations which were closed increased again from 265 in 2017 to 346 in 2018, indicating continued significant management efforts to implement recommendations. UNOPS management has thus achieved an increased rate of implementation of audit recommendations, 96 per cent in 2018 compared to 92 per cent in 2017. This is well above the annual target of 90 per cent.
2. The total number of open recommendations decreased significantly from 358 at the end of 2017 to 172 at the end of 2018. Management notes the continued high number of audit recommendations made during the final weeks of the calendar year, with over 40 per cent of the recommendations made during the last two months of 2018 alone.
3. Continuing the process which was initiated in 2011, management made coordinated efforts to address audit recommendations due to be outstanding for more than 18 months by the end of 2018. Due to the technical nature of a number of recommendations, pertaining to an assessment of UNOPS IT security and ERP system, as well as infrastructure processes, the number of open “aged” recommendations remained at 12 by the end of 2018.

## Internal audits and thematic reviews

1. In 2018, IAIG audited seven UNOPS country and multi-country business units, providing ratings for eight business units[[2]](#footnote-2). In three business units, the respective internal controls and risk management processes were found to be partially satisfactory with some improvements needed; and in two business units the rating was partially satisfactory with major improvements needed. Management notes the value of the ratings and is taking action to ensure that adequate internal controls, governance and risk management processes are established.
2. Management notes that three reports 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.
3. IAIG also conducted five thematic reviews and two continuous audits. No overall ratings are provided for this type of internal audit.

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| **Table 3: Ratings of internal audit reports, 2017-2018\*** |
| **Year** | **2017** | **2018** |
| Satisfactory | 0 | 0 |
| Partially Satisfactory (some improvements needed) | 2 | 3 |
| Partially Satisfactory (major improvements needed) | 4 | 2 |
| Unsatisfactory | 1 | 3 |
| Not rated | 7 | 7 |
| **Total number of IAIG internal audit ratings** | **14** | **15** |
| \*Developed based on IAIG annual reports for 2017 (DP/OPS/2018/3) and 2018 (DP/OPS/2019/4). |

1. Management notes a relative increase in percentage of total recommendations of high importance in 2018 and a commensurate decrease in the percentage of recommendations of medium importance, when compared to 2017. Management appreciates that low-priority recommendations are typically addressed during the fieldwork 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.

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| **Table 4: Internal audit recommendations by level of importance, 2016-2018\*** |
| **Level of importance** | **Number of recommendations** | **percentage of total** |
| **2015** | **2017** | **2018** | **2016** | **2017** | **2018** |
| High | 95 | 100 | 73 | 46 | 50 | 62 |
| Medium | 112 | 100 | 44 | 54 | 50 | 38 |
| **Total** | **207** | **200** | **117** | **100** | **100** | **100** |
| \*Developed based on IAIG annual reports for 2017 (DP/OPS/2018/3) and 2018 (DP/OPS/2019/4). |

1. Management continues to follow up and coordinate with relevant business units in the implementation of recommendations. In order to ensure effective action can be taken in a timely manner, management applies a substantive categorization based on the 13 functional areas[[3]](#footnote-3) to all oversight recommendations. Furthermore, a secondary responsible is assigned to oversight recommendations where their effective address is deemed to benefit from a close cooperation between operations managers and managers of policy and control functions, in line with the governance, risk and compliance (GRC) framework. Management will continue to work closely with IAIG to ensure these measures are reflected in relevant systems utilized and reports issued.
2. With regard to the functional distribution of internal audit recommendations, management notes peaks in recommendations for Project Management (2017), Procurement (2017) and Finance (2016), as well as HR (2018). These findings correlate (a) to the focus on globally operating business units that delivered project management services during 2017-2018, and (b) to the functional focus of internal audit reports compiled by IAIG during 2017 and 2018, which included a risk assessment of the UNOPS ERP system, and a review of the UNOPS Procurement Function.

## Project audits

1. Management notes that in 2018, 93 per cent of financial statements of projects audited received unqualified opinions; and that the two instances of qualified opinions relate to the same project, with causal factors outside the control of UNOPS. Notwithstanding, rectification of the issue and the related financial impact of USD 781,431 (cumulative) is being pursued by management in close collaboration with the project partners.
2. Management also notes the increase of 21 percentage points in satisfactory ratings of the overall level of internal control of projects, indicating that management efforts to improve systems and operational practices on the ground have yielded positive results. Management notes that there were no unsatisfactory ratings pertaining to project audits in 2018. Two forensic project audits did not carry a rating.
3. Management notes the refinement of rating categories of the overall level of internal control, as introduced by IAIG during the 2017 work plan cycle.

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| **Table 5. Summary of project audit opinions and ratings of internal controls for project audits, 2016-2018\*** |
| **Type of opinion or rating** | **Number of audit reports** | **percentage of total** |
| **2015** | **2017** | **2018** | **2015** | **2016** | **2017** |
| *Audit opinion on financial statement of projects* |
| Unqualified opinion | 23 | 27 | 27 | 100 | 90 | 93 |
| Qualified opinion | 0 | 3 | 2 | 0 | 10 | 7 |
| Total | **23** | **30** | **29** | **100** | **100** | **100** |
| *Audit opinion on level of internal control of projects* |
| Satisfactory | 10 | 14 | 15 | 75 | 58 | 79 |
| Partially satisfactory (old rating) | 4 | 5 | N/A | 25 | 21 | N/A |
| Partially satisfactory(some improvements needed) | N/A | 3 | 4 | N/A | 13 | 21 |
| Partially satisfactory(major improvements needed) | N/A | 0 | 0 | N/A | 0 | 0 |
| Unsatisfactory | 0 | 2 | 0 | 0 | 8 | 0 |
| **Total** | **14** | **24** | **19** | **100** | **100** | **100** |
| \*Developed based on IAIG annual reports for 2017 (DP/OPS/2018/3) and 2018 (DP/OPS/2019/4). |

1. In terms of categorization of project audit recommendations by level of importance, management notes a decrease in the absolute number of high priority recommendations from 31 in 2017 to 9 in 2018, translating into a continued relative share of high priority recommendations of 20 per cent. Management appreciates the attention to the level of importance attached to recommendations made 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 in a timely manner.

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| **Table 6. Project audit recommendations by level of importance, 2016-2018\*** |
| **Level of importance** | **Number of recommendations** | **percentage of total** |
| **2016** | **2017** | **2018** | **2016** | **2017** | **2018** |
| High | 16 | 31 | 9 | 27 | 27 | 20 |
| Medium | 44 | 84 | 34 | 73 | 73 | 80 |
| Low | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **60** | **115** | **43** | **100** | **100** | **100** |
| \*Developed based on IAIG annual reports for 2017 (DP/OPS/2018/3) and 2018 (DP/OPS/2019/4). |

1. Management applies the same logic and approach on functional area and secondary responsible for recommendations resulting from project audits, as for recommendations resulting from internal audits. 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 made by IAIG in 2017, as summarized in tables 1 and 2 above.

**Strengthening of the audit function**

1. Management appreciates close collaboration of IAIG and the ICT function for the development and refinement 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, in relation to payments and vendor management. To ensure further strengthening of responses, management will continue its collaboration with IAIG to ensure visibility of actionable data.
2. Management note with appreciation the successful completion of an external assessment of the data analytics initiative.

# E. IAIG Investigations

1. 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 Office of Internal Oversight Services (OIOS), the investigation services of the other UN funds and programmes, and investigations offices of other international and national agencies.
2. It is noted that the number of complaints received and processed by IAIG increased from 111 in 2017 to 151 in 2018. It is also noted that out of these 151 complaints, 60 became investigation cases, one investigation case less than in 2017; and that the average time for completing cases decreased. Management notes the distribution of 40 cases of alleged fraud or financial irregularities, and 5 cases each pertaining to sexual exploitation and abuse, and sexual harassment, respectively. Another 10 cases involved other types of misconduct. Management appreciates the IAIG efforts to work with legal officers, senior managers, the People and Change Group, and the UNOPS Vendor Review Committee to deter issues of this nature and reduce recurrence.
3. 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.
4. Management appreciates the various efforts to strengthen the investigations function during the year, including, inter alia, the utilization of an eDiscovery tool to support forensic analysis internally.
5. With regard to fraud prevention, management notes the continued efforts to raise awareness, and to educate personnel on standards of conduct and means to identify and report potential issues. In 2018, this included the training of 199 personnel in a “Standards of Conduct” workshop, and the development, in collaboration with the Procurement Group, of an online training on ethics and fraud prevention, mandatory as of January 2019; as well as training for procurement practitioners on red flags in procurement processes.
6. Management appreciates the continued collaboration with various UNOPS business units and other investigation units, including UN-RIS, and UN-RIAS; the 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 United States Department of State (US-DOS) and the Caribbean Development Bank.
7. With regards to protection against sexual harassment and abuse, management notes the support to a number of initiatives, including a thematic working group and an inter-agency vetting database for employees separated for sexual harassment.
8. Management remains committed to the timely implementation of recommendations resulting from IAIG investigations.

# F. Strategic response to audit recommendations

1. Management notes with appreciation that the efforts during 2018 to address outstanding audit recommendations in line with established priorities have yielded significant results. Almost 350 audit recommendations were closed, further building on the success achieved during 2017, and ensuring that the momentum is maintained to address the significantly increased number of recommendations made in 2017 (315) as compared to previous years.
2. The number of audit recommendations open for more than 18 months at the end of 2018 (12) remained at 2017 levels. Management is committed to continue the coordinated drive for the implementation of audit recommendations, which in 2018 resulted in an effective 23 per cent increase in the number of recommendations closed, building on the 56 per cent increase achieved in 2017, as compared to 2016.
3. Management takes note of the functional distribution of audit recommendations and recognizes the value of systematically sorting the recommendations for concerted functional action in line with the 13 functional areas supporting UNOPS governance, risk and compliance framework. 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 business units. Management believes that further efforts to realize the potential of systematically analysing functional distribution, cause and objective are required, and is looking forward to enhance the collaboration with IAIG on this matter.

## UNOPS internal control framework and management of risks

1. With its strategic plan 2018-2021, UNOPS is committed to organizational excellence, accountability and transparency; and to continuously improving its internal governance and operations. The organization targets policies, processes, systems and culture as key avenues for strengthening its governance, risk and compliance management.

## Finalizing the implementation of a simplified policy framework

1. In the context of continuing the implementation of the Governance, Risk and Compliance principled performance framework, the organization in 2018 completed 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.
2. 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 responsible.
3. By the end of 2018 the policy framework comprised four Executive Office Directives, seven Executive Office Instructions, 14 Operational Directives, and 45 Operational Instructions.[[4]](#footnote-4) During 2019, 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 maturity level.

## Progress towards institutionalized process improvements and full integration of IT systems

1. Accessible, reliable instructions and guidance on organizational core processes are key to further operationalizing the GRC. In conjunction with the revision of UNOPS legislative framework, the organization reinforced the role of the Process and Quality Management System (PQMS) as the designated one-stop source of information on all UNOPS policies and processes. Designated process owners across all policy functions are accountable and responsible to ensure processes are regularly reviewed and continuously improved, including through feedback from the operations. In 2018, they focused on updating and mapping business processes with the aim to developing actionable instructions addressing all UNOPS policies which are part of the revised legislative framework.
2. The PQMS content of more than 500 processes documented at the end of 2018 is fully integrated with stand-alone function-specific manuals. The ‘Project Management Manual’ (PMM), introduced in 2018 and mandatory as of January 2019, issued a set of minimum requirements for project management, complimented further by a comprehensive and detailed set of guidelines. Likewise, the Procurement Manual, released as an updated version in April 2019, establishes clear directions on UNOPS procurement processes, including a focus on sustainability, and a range of measures with a particular view to risk management. 2018 saw the launch of an initiative to enhance the management of vendors (DRiVE, or Delivering Responsibility in Vendor Engagement), focusing on the verification of labour rights, child labour, ethical conduct, environmental responsibility, human right, and sexual exploitation and abuse. A pilot is underway.
3. Tools and systems supporting corporate processes are a critical contributor to organizational efficiency, effectiveness and compliance. 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.
4. In 2018, UNOPS continued its efforts to optimize supporting business processes and associated controls in the ERP system, 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 and timely closure of UNOPS 2016 and 2017 Financial Statements was a testament to the stability and reliability of oneUNOPS.
5. Significant progress was made towards the development of an enterprise portfolio and project management system, ‘oneUNOPS Projects’. It will be fully integrated with the existing IT landscape, particularly the ERP system. Amongst other main features, ‘oneUNOPS Projects’ allows to capture, aggregate and manage organizational risks from the project level upwards. It was developed alongside the Project Management Manual (PMM), and as such will facilitate the implementation of the mandatory requirements outlined therein as part of the overall oneUNOPS systems landscape. 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.
6. To enhance collaboration and exchange of knowledge across the organization, including lessons learnt, the organization launched its ‘Reimagine Work’ programme in 2018. This included the adoption of G Suite as another integrated component of the oneUNOPS systems landscape.
7. 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.
8. In 2018, the organization maintained its global certifications to ISO 9001 for Quality Management. In addition, UNOPS expanded the coverage of its ISO 14001 certified environmental management system to cover infrastructure projects in Peru, Argentina, El Salvador, the Gambia, Guinea and Liberia, alongside existing certifications for operations in Tunisia, Sierra Leone, 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, Jerusalem and Ghana, operations in Sri Lanka, Sierra Leone and the Gambia have been certified.

## Driving a culture of engagement and risk management

1. Management coordination and cross-functional integration are important means of mitigating risks. In 2018, UNOPS sustained efforts to strengthen the organization's management fora. Throughout the year, the Corporate Operations Group (COG) convened four formal meetings and two retreats, allowing collective deliberation and executive advice on a wide range of recurring and ad hoc areas. This included, inter alia, gender parity, leadership characteristics, corporate performance, business and operational planning, growth aspirations, reform of the United Nations development system, and strategic positioning in the core areas of UNOPS activities. Similarly, Headquarter Directors convened five formal meetings, and Regional Directors convened four formal meetings, during which the aforementioned topics, along with other topics such as impact investments, risk management, process management and documentation, and the results of a review of the Joint Inspection Unit of UNOPS management and administration, were discussed in detail.
2. The detailed results of the 2017 People Survey, conducted by PriceWaterhouseCoopers, were made available to UNOPS personnel and management in early 2018. Based on a remarkable response rate of 82 per cent (up 15 per cent compared to the previous survey), responses showed a continued strong overall engagement score of 83 per cent across UNOPS personnel. During 2018, detailed results were used to conduct action planning at the corporate, regional/group and local office levels, respectively. Corporate action planning was focused on three key themes: diversity, inclusion and gender parity; strategic alignment; and people development. The next people survey is scheduled for the second half of 2019.
3. Taking further the recommendations from the Gender Advisory Panel, whose launch was a concrete outcome from the 2016 People Survey, a Gender Parity Strategy, a Gender Mainstreaming 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.
4. UNOPS offers its personnel access to individual certification programmes based on externally recognized international standards to address causes of audit recommendations, which may be attributable to inadequate knowledge and skills. The focus is on the effectiveness of learning actions, rather than time allocated to learning activities. In 2018, more than 3,800 personnel benefited from UNOPS learning opportunities, with approximately 90 per cent of participants from country and regional offices, against a target of 70 per cent. About 40 per cent of learners were women, against a target of 39 per cent.
5. Training delivered in 2018 included, inter alia, Prince2 Foundation and Prince2 Practitioner for project management; procurement operations training; and the Leading People programme; as well as training on issues of health and safety. In addition to mandatory courses on human right, ethics and integrity, and prevention of harassment, 340 personnel attended online and in-person learning on aspects of gender equality and mainstreaming in project management and infrastructure; and more than 300 personnel were trained on performance management. In order to strengthen the consistency and overall results of recruitment processes, over 800 personnel were trained in Competency Based Interviewing (CBI). Importantly, a number of online and in-person trainings throughout the year targeted ethics and fraud prevention in procurement, as well as fraud in general, with close to 1,000 people being trained on these and similar topics. Across all learning activities, 92 per cent of participants rated the training or learning activities completed as very relevant or relevant; and 98.5 per cent would recommend them to a colleague.

# G. UNOPS Ethics

1. 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.
2. Management notes with appreciation the report on the Activities of the UNOPS Ethics Office in 2018 (DP/OPS/2019/3), which covers the tenth 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

1. Management notes with appreciation the successful conclusion of the 2018 financial disclosure and conflict of interest programme. Following the conclusion and assessment of a pilot in 2017, all personnel required to file, could do so through an online form in the oneUNOPS ERP system, made available in all three UNOPS working languages. Management also notes that the number of categories of personnel required to file a financial closure and conflict of interest form was expanded; that the annual filing process was launched a month earlier than in 2017; and that an effort was made to strengthen compliance by linking it to the UNOPS merit awards.
2. Management notes with appreciation that all 810 personnel required to file a financial disclosure and conflict of interest statement had done so, resulting in a 100 per cent filing rate. Management further notes that an analysis of the 2018 filings will be provided to the Executive Board in the 2019 Annual Report of the Ethics Office.
3. Management notes that the guidelines for external review of submitted statements were revised, and a new review body contracted for multiple years.

## Protecting staff against retaliation for reporting misconduct

1. 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.
2. Management notes the issuance of a new policy on protection from retaliation, replacing the former Operational Directive, including its close alignment to relevant Secretary-General bulletins, its deviations from the bulleting in view of personnel on non-staff contract, and the emphasis on prevention

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

1. Management notes the issuance of four policies relating to the work of the Ethics function, including a new operational instruction on outside activities, and the ongoing mapping of related processes in the Practice and Quality Management System (PQMS).
2. 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 2018, this included, inter alia, training to personnel in supervisor roles on how to manage allegations of misconduct; an updated training of procurement professionals in ethics in procurement; and expanding the reach of the mandatory online course Ethics and Integrity at the United Nations by making available a Spanish language version.
3. 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 an observer in relevant meetings.
4. Management notes the contributions made by the Ethics Office in 2018 to the new organizational directive on Hospitality Provided at the Cost of UNOPS, and the update of the Procurement Manual; and to the working group on Sexual Exploitation and Abuse (SEA). Management further notes the efforts undertaken by the Ethics Officer to also strengthen its outreach and communication efforts.
5. Management notes with appreciation the Ethics Office’s continued support to a range of initiatives on anti-corruption and identification of risk in procurement, in collaboration with relevant policy and oversight functions in the organization.
6. In addition, Management appreciates the Ethics Office’s close collaboration with other corporate functions, including legal, human resources, procurement and internal audit on providing policy advice and guidance.

## Providing confidential advice and guidance to staff on ethical issues

1. Management notes that during 2018 the Office received 343 requests for advice services compared to 346 in 2017. It is further noted that in 2018, 33 per cent 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.

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

1. Also in 2018, 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 of Multilateral Organizations.
2. Finally, management notes the services provided by the Ethics Office as an outside reviewer for requests for review by personnel in whistle-blower cases for the World Intellectual Property Organization (WIPO), and the World Tourism Organization (UNWTO).

# 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.*

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## Annex II – UNOPS policies effective as of 31 March 2019

*Executive Director Principles (EDP), Executive Office Directives (EOD) and Instructions (EOI), and Operational Directives (OD)*

|  |  |
| --- | --- |
| **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 | Reporting and management of health and safety, and social and environment incidents |
| EOI | Organizational Structure |
| EOI | Delegation of Authority and Accountability Framework |
| EOI | Business Continuity Planning |
| OD | ICT & Digital Systems management |
| OD | Finance and Asset Management |
| OD | Strategy Setting |
| OD | Value proposition and Cost Recovery Model |
| OD | Management of UNOPS Partners and Resulting Agreements |
| OD | Human Resources, Ethics and Culture |
| OD | Procurement Framework |
| OD | Legal |
| OD | Safety and Security |
| OD | Risk Management |
| OD | Internal Audit and Investigations Charter |
| OD | Communications |
| OD | Internal Control Framework |
| OD | ICT Privacy |
| OD | Audit Advisory Committee and Strategic Advisory Group of Experts Terms of Reference |

*Operational Instructions*

|  |  |
| --- | --- |
| **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 | Acceptance of Engagement Agreements |
| OI | Acceptance of Framework, Collaborative and Teaming Agreements |
| OI | Personnel Management Framework |
| OI | Procurement Procedures |
| OI | Vendor Sanctions |
| OI | Project Management |
| OI | Design Review of Infrastructure Works |
| OI | Grant Support |
| OI | Quality Management |
| OI | Construction Supervision |
| OI | UNOPS Works Contracts |
| OI | Protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations or other fact-finding activities |
| OI | Financial Disclosures and Conflict of Interest Statements |
| OI | Prohibition of accepting gifts, honours, decorations, favours or non-UN remuneration or benefits from governmental and non-governmental sources |
| OI | Outside Activities |
| OI | Official Duty Travel |
| OI | Hospitality Provided at the Cost of UNOPS |
| OI | Legal Advisor Roles and Responsibilities and Legal Practice |
| OI | Claims Reporting |
| OI | Document Retention |
| OI | Information Disclosure |
| OI | Contract and Property Committees Members and Duties |
| OI | Contracts and Property Committees - Submissions and Reviews |
| OI | Investigations and Measures Relating to Misconduct Allegations Against UNOPS Personnel |
| OI | Policy to Address Fraud and Corruption |
| OI | Media Relations |
| OI | Use of UNOPS Name and Logo |
| OI | Use of Social Media |
| OI | Crisis Communication |
| OI | Aviation Safety |
| OI | Safety and Security Management |
| OI | Compliance |
| OI | Establishment and Approval of Write-offs and Provisions for Write-offs |
| OI | Treasury and Cash Management |
| OI | Engagement Financial Management and Reporting |
| OI | Risk Management |
| OI | Engagement Pricing and Costing |
| OI | ICT Security and Access |
| OI | Due Diligence |
| OI | Financial Accounting and Reporting |
| OI | ICT Governance |
| OI | Hosting Services |

1. An extract of Regulations 6.01, 6.02 and 6.03, and Rules 106.01, 106.02 and 106.03 can be found in Annex I. [↑](#footnote-ref-1)
2. The number of ratings is different from the number of reports because audits of two multi-country business units made two distinct ratings for subordinate country business units as per the organizational structure. One report carried no rating, as it was a follow-up audit. [↑](#footnote-ref-2)
3. They are communications, ethics, finance, general administration, human resources, ICT, legal, oversight, partnerships, procurement, project management, infrastructure, and security. [↑](#footnote-ref-3)
4. A complete list of policies effective as of 31 March 2019 can be found in Annex II. [↑](#footnote-ref-4)