

## **Briefing note on various transparency and accountability measures of UNICEF, including public disclosure of internal audit reports**

### **Table of Contents**

I.	Introduction .....	2
II.	Accountability system .....	2
III.	Information disclosure arrangements .....	2
IV.	Protection of whistle-blowers.....	3
V.	Risk management framework.....	3
VI.	Anti-fraud measures .....	4
VII.	Financial disclosure and declaration of interest programme.....	4
VIII.	Independent external oversight arrangements .....	4
IX.	Independent internal oversight arrangements.....	5
X.	Arrangements for the disclosure of oversight reports .....	7
XI.	Safeguards for addressing risks related to potential public disclosure of internal audit reports.....	9

## **I. Introduction**

1. This document was prepared in response to a request in UNICEF Executive Board decision 2011/21 for UNICEF to prepare a briefing note on a broad range of possible transparency and accountability measures, including public disclosure of internal audit reports, for consideration by Member States during informal consultations in preparation for the first regular session of 2012. It describes a number of measures within UNICEF that are aimed at ensuring transparency and accountability throughout the organization.

## **II. Accountability system**

2. UNICEF has an accountability system that was approved by the Executive Board through its decision 2009/8 and reflects the structures through which the organization assigns responsibility and enables accountability for the achievement of results for children and women. The current system has:

(a) an accountability framework that describes the organization-wide mechanisms and processes in place to monitor, assess, report and improve performance in all aspects of the organization's work towards the achievement of the UNICEF mandate and its mission and strategies; and

(b) an oversight system that comprises a set of mechanisms by which independent internal and external bodies assure the Executive Director, the Executive Board and other stakeholders that there is an effective internal control system in place.

3. In the area of transparency, the report on the accountability system of UNICEF (E/ICEF/2009/15) states that UNICEF will make available reliable and timely information about existing conditions, decisions and actions relating to the activities of the organization, in an accessible, visible and understandable fashion, unless the information is deemed confidential.

## **III. Information disclosure arrangements**

4. The current information disclosure policy of UNICEF was approved by the Executive Director in September 2010 as Executive Directive CF/EXD/2010-003. This policy:

(a) reinforces the commitment of UNICEF to making information about its programmes and operations available to the public as a means of ensuring effective participation of all stakeholders in the achievement of the organization's mandate, engendering greater public trust in UNICEF-supported development and humanitarian work, and further facilitating UNICEF's own transparency and accountability;

(b) describes a process for the processing of information requests and the related roles and responsibilities; and

(c) provides an overview of the information that is available on dedicated UNICEF or United Nations websites, including country programme documents, annual reports prepared by UNICEF offices, information related to the work of the UNICEF Executive Board, etc.

5. The information disclosure policy is available to the public on the UNICEF website.

#### **IV. Protection of whistle-blowers**

6. The Executive Director issued the current policy on whistle-blower protection in January 2008 as Executive Directive CF/EXD/2007-005 Rev.1. This policy provides protection against retaliation for any UNICEF staff member who:

(a) reports the failure of one or more individuals to comply with their obligations under the Charter of the United Nations, United Nations Staff Regulations and Rules, the UNICEF Financial Regulations and Rules, the Standards of Conduct for the International Civil Service (2001) or other relevant administrative issuances, including any request or instruction from any staff member to violate those regulations, rules, standards or issuances;

(b) provides information in good faith on wrongdoing by one or more individuals; or

(c) cooperates in good faith with a duly authorized investigation or audit or other oversight activities.

7. The policy requires the Ethics Office of UNICEF to undertake initial reviews of retaliation complaints and the UNICEF Office of Internal Audit to conduct investigations of credible cases of retaliation or threats of retaliation.

#### **V. Risk management framework**

8. Risk management is an element of the accountability framework as well as an attribute of effective oversight in the accountability system of UNICEF. It is implemented within UNICEF based on a risk management policy that was issued by the Executive Director in May 2009 as Executive Directive CF/EXD/2009-006. The purpose of the policy is to embed a systematic and consistent approach to identifying, assessing, and managing risks across UNICEF using a common risk language. It seeks to:

(a) help management and staff to better identify threats and opportunities related to organizational objectives, and take ownership over risk management;

(b) help management and staff to anticipate risk and avoid underestimating risk or overreacting;

(c) harmonize the different risk management practices and risk tolerances across UNICEF;

(d) articulate how staff members are expected to manage risks in key risk areas, ensuring an appropriate balance between avoiding and accepting risk; and

(e) foster a culture that encourages dialogue about risks and an effective response to risk, both strategically and in day-to-day operations.

9. The policy document, together with the UNICEF Risk Management Guide and Risk Reference Guide, constitutes the UNICEF Risk Management Framework. This Framework builds

upon and integrates the established risk management activities of UNICEF into a consistent set of practices.

## **VI. Anti-fraud measures**

10. The Executive Director issued the UNICEF zero-tolerance anti-fraud policy, which sets out the organization's policy and procedures relating to fraud, in September 2006 as Executive Directive CF/EXD/2006-009. The policy applies to staff members, consultants and other non-staff personnel at UNICEF, as well as institutional contractors. It indicates that UNICEF will investigate all credible allegations of fraud or in cases where UNICEF has been the victim of a fraud because of actions by a supplier or civil society partner (including National Committees for UNICEF). The policy is an elaboration of the principles set out in the Charter of the United Nations, the United Nations Staff Regulations and Rules, Standards of Conduct for the International Civil Service, and the other documents that guide the conduct of UNICEF personnel.

## **VII. Financial disclosure and declaration of interest programme**

11. The policy for the UNICEF financial disclosure and declaration of interest programme was issued by the Executive Director in February 2007 as Executive Directive CF/EXD/2007-002. It stipulates that staff members may not have a direct or indirect interest, financial or otherwise, in a corporation or business, engage in a professional activity, or incur an obligation of any nature that is, or may be perceived as being in substantial conflict with, or be perceived to influence the discharge of the staff member's official duties. It also requires staff members to take a proactive role by recognizing such situations and to officially excuse themselves from participation whenever necessary.

12. The policy requires the following staff members to file an annual financial disclosure statement or a declaration of interest statement: all staff members at the D-1 or L-6 level and above; all staff members who are participating in the procurement process; and all staff members whose principal occupational duties relate to the investment of the assets of UNICEF or of any accounts for which UNICEF has fiduciary or custodial responsibility. The programme is currently overseen by the Ethics Office.

## **VIII. Independent external oversight arrangements**

### **United Nations Board of Auditors**

13. The oversight roles and responsibilities of the United Nations Board of Auditors are set out in General Assembly resolution 74 (1) of 7 December 1946 and in various related rules and procedures. By its resolution 55/248 of 12 April 2001, the General Assembly approved a change in the term of office of each of the three members of the Board of Auditors to a non-consecutive term of six years' duration commencing 1 July 2002.

14. The Board of Auditors conducts independent audits and issues a report to the General Assembly and the UNICEF Executive Board on: (a) the audit of the financial statements and relevant schedules relating to the accounts of UNICEF for the financial period; (b) compliance of transactions with the Financial Regulations and legislative authority; and (c) such information as the Board of Auditors deems necessary with regard to the efficiency of the financial procedures, the

accounting system, the internal financial controls and, in general, the administration and management of the organization.

### **The United Nations Joint Inspection Unit**

15. The oversight roles and responsibility of the Joint Inspection Unit (JIU) are set forth in various General Assembly resolutions. By its resolution 31/192 of 22 December 1976, the General Assembly decided to establish the JIU as a standing subsidiary organ and approved its statute, with effect from 1 January 1978. In its resolution 60/258, the General Assembly reaffirmed the role of the JIU as the only external oversight body mandated to conduct evaluations, inspections and investigations system-wide. Its reports are submitted to the General Assembly and the governing bodies of the specialized agencies and funds and programmes of the United Nations. When considering the Executive Director's annual report to the Economic and Social Council, the Executive Board also reviews a note from the secretariat on the follow-up to and implementation of JIU recommendations.

### **The UNICEF Audit Advisory Committee**

16. The oversight roles and responsibilities of the UNICEF Audit Advisory Committee (AAC) are set forth in the report on the accountability system in UNICEF, which was approved by the Executive Board through its decision 2009/8, and the terms of reference for the Committee that were issued by the Executive Director in 2009. The primary role of the AAC is to advise the Executive Director, and to inform the Executive Board, on the conduct of management responsibilities, taking into consideration the UNICEF Financial Regulations and Rules and the United Nations Staff Regulations and Rules as well as directives, policies and procedures applicable to UNICEF. Its responsibilities include the following:

(a) independent review of the functioning of the UNICEF oversight system, including steps taken by management to monitor and mitigate exposure to risk;

(b) review of the quality and integrity of UNICEF accounting and reporting practices and systems of control;

(c) review of compliance with applicable regulations, rules and ethical standards, and Executive Board decisions;

(d) review of the effectiveness of the internal and external audit processes, any material weaknesses, and the monitoring of compliance by management with corrective action plans; and

(e) assessment of the programme of work of the Office of Internal Audit and the resources required to implement it.

17. The Committee has five external members, who are appointed by the Executive Director.

## **IX. Independent internal oversight arrangements**

### **Office of Internal Audit**

18. The authority and operational independence of the UNICEF Office of Internal Audit (OIA) are established in the UNICEF Financial Regulations and Rules that were approved by the Executive Board through its decision 2011/24. OIA is responsible for conducting internal audits within UNICEF, and for conducting or supervising investigations related to known and suspected cases of fraud, corruption, and other forms of misconduct within and associated with UNICEF. Its purpose, authority and responsibility are defined in a charter, which was last approved by the Executive Director, in consultation with the Audit Advisory Committee, in April 2011.

19. OIA conducts internal audits in accordance with the International Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors, and also follows the reporting standards of the International Organization of Supreme Audit Institutions<sup>1</sup>. It conducts investigations in accordance with the internationally accepted standards, adopted by the third Annual Conference of International Investigators in 2001 and in conformity with the due process principles, as laid down in Chapter X of the United Nations Staff Regulations and Rules.

### **Evaluation Office**

20. According to the UNICEF Evaluation Policy, which was approved by the Executive Board through its decision 2008/4, the Evaluation Office:

- (a) coordinates the evaluation function within UNICEF and conducts independent global evaluations;
- (b) collaborates with UNICEF partners in multi-partite evaluations and is the focal point of evaluations led externally for UNICEF;
- (c) fosters the professionalization of the evaluation function in UNICEF and across the United Nations system and also promotes, together with the United Nations Evaluation Group, capacity development in evaluation in programme countries;
- (d) provides leadership in the development of approaches and methodologies for policy, strategic, thematic, programme, project and institutional evaluations;
- (e) provides the findings of evaluations and related studies to senior management, and pays particular attention to the relevance of learning for policy development and the improvement of institutional processes;
- (f) maintains the institutional database of evaluations and promotes its use across the organization in support of knowledge management;
- (g) conducts periodic meta-evaluations of the quality and use of evaluations sponsored by UNICEF and shares reports of the findings with senior management and the Executive Board; and

---

<sup>1</sup> The International Organization of Supreme Audit Institutions, or INTOSAI, is an international umbrella organization for the government audit community. It was founded in 1953 and currently has 189 full members consisting of national audit institutions and the European Court of Auditors.

- (h) adheres to the norms and standards of the United Nations Evaluation Group.

## **Ethics Office**

21. The responsibilities of the Ethics Office of UNICEF are described in the report on the accountability system in UNICEF, which was approved by the Executive Board through its decision 2009/8. They include:

- (a) formulating, reviewing and disseminating ethics-related policies;
- (b) training, education, and outreach to develop awareness about ethical standards, including a special focus on ethical responsibilities for managers, and for procurement staff;
- (c) providing guidance related to all ethical issues at the workplace (such as conflicts of interest or outside activities) in accordance with the common standards of conduct prescribed for all United Nations staff members;
- (d) developing and managing the financial disclosure programme to ensure that staff understand and comply with financial disclosure requirements and objectives, and counselling staff on conflicts of interest that arise through the review of these disclosures;
- (e) upon receiving complaints of retaliation, making a prima facie determination as to whether the allegations warrant further investigation, and referring cases where such a determination is made to the Office of Internal Audit for further investigation; and
- (f) participating in the activities of the United Nations Ethics Committee.

## **X. Arrangements for the disclosure of oversight reports**

### **United Nations Board of Auditors**

22. The UNICEF financial regulations require that the financial statements of the organization be audited by the Board of Auditors, and that the report of the Board of Auditors, together with the comments thereon of the Advisory Committee on Administrative and Budgetary Questions, be transmitted to the members of the Executive Board together with the comments of the Executive Director on the auditors' substantive observations and on their follow-up. UNICEF financial statements and the reports of the United Nations Board of Auditors are publicly available on the websites of UNICEF (under "Executive Board documents") and of the Board of Auditors.

### **Reports by the United Nations Joint Inspection Unit**

23. According to statutes approved by the General Assembly, the JIU issues reports, notes and confidential letters. Reports are addressed to one or more concerned organizations or to all organizations, when the subject is of interest to the United Nations system as a whole, for consideration by their competent legislative organs. Notes and confidential letters are submitted to executive heads for use by them as they may decide. The JIU also submits an annual report to the General Assembly and the competent organs of the participating organizations. JIU reports are publicly available on the JIU website.

24. As requested through Executive Board decision 2001/4, UNICEF management reports regularly to the Executive Board on recommendations in JIU reports that are relevant to the work of UNICEF. These reports are available to the public on the UNICEF website under “Executive Board documents”.

### **The Audit Advisory Committee**

25. The accountability system that was approved by the Executive Board, through decision 2009/8, requires the Audit Advisory Committee to prepare an annual report to the Executive Director that is included in the annual report of the Office of Internal Audit. This report is presented to the Executive Board annually and is available to the public on the UNICEF website under “Executive Board documents”.

### **Annual report of the Office of Internal Audit**

26. The accountability system that was approved by the Executive Board through decision 2009/8 requires the Director of the Office of Internal Audit to submit an annual report to the Executive Board. This report is available to the public on the UNICEF website under “Executive Board documents”.

### **Internal Audit reports**

27. The Executive Director makes available, upon written request and on a confidential basis, final versions of specific internal audit reports to Member States and approved non-Member State donors (donor intergovernmental organizations, National Committees for UNICEF, the Global Fund to Fight AIDS, Tuberculosis and Malaria, the GAVI Alliance, UNITAID, and Rotary International) under the conditions set forth in Executive Board decisions 2009/8 and 2011/21. Under these decisions, where information contained in a particular internal audit report is deemed by the Executive Director to be particularly sensitive (relating inter alia to third parties or a country, government or administration); or as compromising to a pending action; or as being likely to endanger the safety or security of any individual, violate his or her rights or invade his or her privacy, such internal audit report may be redacted or withheld in its entirety at the discretion of the Office of Internal Audit.

28. OIA also provides a copy of each report to the United Nations Board of Auditors and to members of the Audit Advisory Committee.

### **Investigation reports**

29. Investigation reports are not disclosed for reasons of confidentiality and due to risks of placing in jeopardy the safety and security of concerned individuals, or violating their due process rights. High-level information on the key issues that are highlighted by investigations work is summarized and included in the annual report of the Office of Internal Audit, which is available to the public on the UNICEF website under “Executive Board documents”.

### **Annual report of the Evaluation Office**

30. Executive Board decision 2008/4 requires the Evaluation Office to submit an annual report to the Board. This report is available to the public on the UNICEF website under “Executive Board documents”.

### **Evaluation reports**

31. According to the UNICEF Evaluation Policy, which was approved by the Executive Board through its decision 2008/4, all evaluation reports are to be made public. This commitment is implemented in conformity with the UNICEF information disclosure policy. Evaluation reports normally contain evaluation and programme objectives, methods, key data, findings, relevant lessons learned, and recommendations. Evaluation reports are available to the public through links within the UNICEF website.

### **Annual report of the Ethics Office**

32. Executive Board decision 2010/18 requires the Ethics Office to submit an annual report to the Executive Board. This report is available to the public on the UNICEF website under “Executive Board documents”.

## **XI. Safeguards for addressing risks related to potential public disclosure of internal audit reports**

### **Introduction**

33. Subject to the approval of the Executive Board, the Executive Director supports the implementation of the public disclosure of all internal audit reports on the UNICEF website by the end of 2012, and the related use of critical safeguards for preserving confidentiality and integrity. Details of these safeguards, and the risks they are meant to address, are provided below.

### **Risk of the disclosure of confidential and/or sensitive information**

34. Any new Executive Board decision should contain the same language as the present one (2009/8) allowing UNICEF to redact or withhold entire reports that contain information that is deemed: to be particularly sensitive (relating inter alia to third parties or a country, government or administration); or as compromising to a pending action; or as being likely to endanger the safety or security of any individual, violate his or her rights or invade his or her privacy.

### **Risk that concerned Governments will not be provided with adequate information on audit reports that are about to be publicly disclosed**

35. If a final internal audit report contains findings related to a specific Member State, UNICEF will introduce a practice of informing the Government of that Member State about the issuance of the report to the Executive Director and provide the concerned Government with one month during which it can request, review and if necessary comment on the report prior to it being publicly disclosed. This practice is not expected to excessively delay the disclosure of reports since it does not represent a significant increase to the two-week period that is currently provided to affected Governments to request, review and comment on internal audit reports that are about to be disclosed. UNICEF will address any comments it receives on a particular report through various actions, which may include disclosure of the comments together with the concerned report.

## **Risk of issuing audit reports that are watered down or that are not fair, complete or objective**

(a) OIA will continue to follow the additional internationally recognized reporting standards that it adopted on 1 September 2011, which represent best practice guidance on the form and contents of publicly disclosed audit reports. OIA selected these standards because the other ones it follows (*International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors) do not contain sufficient reporting guidance for audit functions that disclose their reports to the public. The additional standards it selected and adopted are the *Reporting standards in Government Auditing* of the International Organization of Supreme Audit Institutions.

(b) OIA will continue to follow its current process for obtaining, reviewing and appropriately including management responses and corrective action plans in each of its final audit reports. This will help OIA to continue to ensure that its reports are fair, complete and objective.

(c) OIA will continue to rigorously use its current quality assurance review process, which is aimed at ensuring that the content of its audit reports is easy to understand and is free from vagueness and ambiguity. The process involves: review of each internal audit report by OIA's full-time editor, the concerned section chief, and the Deputy Director of OIA; and clearance by the Director of OIA.

(d) The Director of OIA will continue annually to confirm to the Executive Board the organizational independence of OIA. He will do this through the Annual report of the Office of Internal Audit.

(e) The Audit Advisory Committee and the United Nations Board of Auditors will continue to receive and review OIA reports. They will thus be in a position to comment on any shortcomings through their various reports to the Executive Board.

## **Risk that information in audit reports will be used by Member State law enforcement authorities without the permission of UNICEF**

36. Any new Executive Board decision should contain the same language as the present one (2009/8) expressly preserving the relevant privileges and immunities, and an appropriate notation should be included on the UNICEF website. The actual impact of such a statement on the website may, however, be modest, as it may be ignored.

## **Risk of disclosing older audit reports that were written prior to the consideration of the safeguards mentioned above**

37. Any new Executive Board decision should authorize disclosure of new reports issued after the date of the relevant decision. It should not be retroactive.