

Briefing on various transparency and accountability measures, including the public disclosure of internal audit reports

*For use during the informal consultations
with the Executive Board on 5 December 2011*



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Introduction

This presentation is for use during informal consultations with the Executive Board on transparency and accountability measures, including public disclosure of internal audit reports, as requested in Executive Board decision 2011/21 at the 2011 second regular session.

Accountability system

- Current system was approved by the Board through decision 2009/8.
- Reflects the structures through which UNICEF assigns responsibility and enables accountability.
- Includes an accountability framework and an oversight system.
- Emphasizes that transparency is key to accountability.
- Indicates 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.

Information disclosure arrangements

- Current information disclosure policy was approved by the Executive Director in September 2010.
- Reinforces commitment to making information about programmes and operations available to the public.
- Describes a process for the processing of information requests.
- Provides details of UNICEF information that is already publicly available, including country programme documents, annual reports prepared by UNICEF offices, information related to the work of the Executive Board, etc.

Protection of whistle-blowers

- Current policy was approved by the Executive Director in January 2008.
- Provides protection against retaliation for any UNICEF staff member who:
 - Reports the failure of one or more individuals to comply with their obligations under the relevant regulations, rules, standards or issuances;
 - Provides information in good faith on wrongdoing by one or more individuals; or
 - Cooperates in good faith with a duly authorized investigation or audit or other oversight activities.
- Requires the Ethics Office to undertake initial reviews of complaints and the Office of Internal Audit to conduct investigations of credible cases.

Risk management framework

- Risk management is an element of the accountability framework as well as an attribute of effective oversight in the UNICEF accountability system.
- Current risk management policy was approved by the Executive Director in May 2009.
- The policy's purpose is to embed a systematic and consistent approach to identifying, assessing, and managing risks across UNICEF, using a common risk language.
- The policy document together with the Risk Management and Risk Reference Guides constitute the UNICEF Risk Management Framework.

Anti-fraud measures

- Current policy was approved by the Executive Director in September 2006.
- Indicates that UNICEF will not tolerate fraud.
- Applies to staff members, consultants and other non-staff personnel, as well as institutional contractors.
- 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.

Financial disclosure and declaration of interest statements

- Current policy was approved by the Executive Director in February 2007.
- Stipulates that staff members may not have interests, financial or otherwise, that are or may be perceived as being in substantial conflict with, or be perceived to influence the discharge of official duties.
- Requires staff members to take a proactive role in recognizing such situations and officially excusing themselves from participation whenever necessary.
- Requires statements from staff members:
 - ✓ at the D-1 or L-6 level and above;
 - ✓ who participate in the procurement process;
 - ✓ 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 overseen by the Ethics Office.

Independent external oversight arrangements

United Nations Board of Auditors

- Oversight roles and responsibilities are established by the General Assembly.
- The Board conducts independent audits and issues a report to the General Assembly and the UNICEF Executive Board on:
 - Audit of the financial statements and relevant schedules relating to the accounts of UNICEF for the financial period;
 - Compliance of transactions with the Financial Regulations and legislative authority;
 - Such information as the Board 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.
- Term of office of each of the three members of the Board is limited to a non-consecutive term of six years' duration.

Independent external oversight arrangements

The United Nations Joint Inspection Unit

- Oversight roles and responsibilities are set forth in various General Assembly resolutions.
- Only external oversight body mandated to conduct evaluations, inspections and investigations system-wide.
- Submits reports to the General Assembly and the governing bodies of the specialized agencies, funds and programmes.
- The Executive Board periodically reviews information on the follow-up and implementation of JIU recommendations.

Independent external oversight arrangements

The UNICEF Audit Advisory Committee

- Oversight roles and responsibilities are set forth in the report on the UNICEF accountability system and in TOR that were approved by the Executive Director in 2009.
- Primary role is to advise the Executive Director, and to inform the Executive Board, on the conduct of management responsibilities. The Committee's responsibilities include the review of:
 - Functioning of the UNICEF oversight system, including steps taken by management to monitor and mitigate exposure to risk;
 - Quality and integrity of UNICEF accounting and reporting practices and systems of control;
 - Compliance with applicable regulations, rules and ethical standards, and Board decisions;
 - Effectiveness of internal and external audit processes, any material weaknesses and the monitoring of compliance by management with corrective action plans;
 - Programme of work of the Office of Internal Audit and the resources required to implement it.
- The Committee has five external members who are appointed by the Executive Director.

Independent internal oversight arrangements

Office of Internal Audit

- Authority and operational independence are established in UNICEF Financial Regulations and Rules and in a Charter, which was last approved by the Executive Director, in consultation with the Audit Advisory Committee, in April 2011.
- 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.
- 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 Organisation of Supreme Audit Institutions (INTOSAI).
- Conducts investigations in accordance with internationally accepted standards periodically adopted by the annual conferences of international investigators.

Independent internal oversight arrangements

Evaluation Office

According to the UNICEF Evaluation Policy, which was approved by the Executive Board in decision 2008/4, the Evaluation Office:

- Coordinates the evaluation function within UNICEF and conducts independent global evaluations;
- Collaborates with UNICEF partners in multi-partite evaluations and is the focal point of evaluations led externally for UNICEF;
- Fosters the professionalization of the evaluation function and promotes capacity development in evaluation in programme countries;
- Provides leadership in the development of approaches and methodologies for evaluations;
- Reports the findings of evaluations and related studies to senior management;
- Maintains the institutional database of evaluations and promotes its use;
- Conducts periodic meta-evaluations of the quality and use of evaluations sponsored by UNICEF and reports findings to senior management and the Executive Board;
- Adheres to the norms and standards of the United Nations Evaluation Group (UNEG).

Independent internal oversight arrangements

Ethics Office

The Office's responsibilities are described in the report on the accountability system in UNICEF, which was approved by the Board in decision 2009/8. They include:

- Formulating, reviewing and disseminating ethics-related policies.
- Training, education, and outreach and developing awareness about ethical standards, including a special focus on ethical responsibilities for managers, and for procurement staff.
- Providing guidance related to all ethical issues at the workplace such as conflicts of interest or outside activities.
- Developing and managing the financial disclosure programme and counselling staff on conflicts of interest that arise through the review of the disclosures.
- 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.
- Participating in the activities of the UN Ethics Committee.

Arrangements for the disclosure of oversight reports

United Nations Board of Auditors Reports

The UNICEF financial statements and the reports of the UN Board of Auditors are publicly available on the websites of UNICEF (under “Executive Board documents”) and the Board of Auditors.

United Nations Joint Inspection Unit Reports

- JIU reports are publicly available on the JIU website.
- Reports to the Board on recommendations in JIU reports that are relevant to the work of UNICEF are available to the public on the UNICEF website under “Executive Board documents”.

Audit Advisory Committee Reports

The annual report of the Audit Advisory Committee is available to the public on the UNICEF web site under “Executive Board documents”.

Arrangements for the disclosure of oversight reports

Annual Report of the Office of Internal Audit

- OIA's annual report to the Executive Board is available to the public on the UNICEF website under "Executive Board documents".

Internal Audit Reports

- Specific internal audit reports are made available, upon written request and on a confidential basis, to Member States and approved non-Member State donors under the conditions set forth in Executive Board decisions 2009/8 and 2011/21.
- A copy of each internal audit report is also provided to the United Nations Board of Auditors and to members of the Audit Advisory Committee.

Investigation Reports

- OIA 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.
- Information on the key issues that are highlighted by investigations work is summarized and included in OIA's annual report to the Executive Board.

Arrangements for the disclosure of oversight reports

Annual Report of the Evaluation Office

- The Evaluation Office's annual report to the Executive Board is available to the public on the UNICEF website under "Executive Board documents".

Evaluation Reports

- UNICEF's Evaluation Policy requires evaluation findings, lessons, recommendations, as well as evaluation management responses and action plans to be made public; and evaluation findings of relevance to the Executive Board to be brought to its attention.
- Relevant reports are available to the public on the UNICEF website.

Annual Report of the Ethics Office

- The Ethics Office's annual report to the Executive Board is available to the public on the UNICEF website under "Executive Board documents".

Safeguards for addressing risks related to the potential public disclosure of internal audit reports

Introduction

Subject to the approval of the Executive Board, the Executive Director supports the:

- Introduction of the public disclosure of all internal audit reports on the UNICEF web site by the end of 2012;
- Adoption of appropriate safeguards for preserving confidentiality and integrity.

Safeguards for addressing risks related to the potential public disclosure of internal audit reports

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

OIA will continue to:

- Follow the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and INTOSAI's reporting standards;
- Follow its current process for obtaining, reviewing and appropriately including management responses and corrective action plans in each of its final audit reports;
- Rigorously follow its quality assurance review process, which currently involves review of each internal audit report by an editor, a Section Chief, the OIA Deputy Director and the OIA Director.

Safeguards for addressing risks related to the potential public disclosure of internal audit reports

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

- The OIA Director will continue to annually confirm, in OIA's annual report to the Board, the organizational independence of OIA.
- The Audit Advisory Committee and the UN Board of Auditors will continue to review all OIA reports and thus be in a position to comment on any shortcomings through their various reports to the Board.

Safeguards for addressing risks related to the potential public disclosure of internal audit reports

Risk of the disclosure of confidential and/or sensitive information

Any new Board decision should contain the same language as the present one, 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);
- Compromising to a pending action;
- Likely to endanger the safety or security of any individual, violate his or her rights or invade his or her privacy.

Safeguards for addressing risks related to the potential public disclosure of internal audit reports

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

UNICEF will introduce a practice of informing the concerned Government about the issuance of the report to the Executive Director and provide it with one month, during which it can request, review and if necessary comment on the report prior to its public disclosure.

Safeguards for addressing risks related to the potential public disclosure of internal audit reports

Risk that information in audit reports will be used by Member State law enforcement authorities without UNICEF's permission

- Any new Board decision should contain the same language as the present one, expressly preserving the relevant privileges and immunities.
- Any appropriate notation should also be included on the UNICEF website.
- The impact of such a statement on the website may, however, be modest, as it may be ignored.

Safeguards for addressing risks related to the potential public disclosure of internal audit reports

Risk of disclosing older audit reports that were written prior to the consideration of the safeguards mentioned in the presentation

Any new Board decision should not be retroactive and should authorize the disclosure of reports issued after the date on which it takes effect.

Questions?



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