

Administrative Instruction

Date: 30 November 2011
To: All UNOPS Personnel
From: Fabienne Lambert
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AI Reference: AI/IAIG/2010/01 (revision 2)
Subject: Disclosure of Internal Audit Reports



1. Introduction

- 1.1. By decision 2008/37, the Executive Board approved UNOPS Accountability Framework and Oversight Policies as contained in document DP/2008/55, subject to certain provisions.
- 1.2. Hence, the UNOPS Accountability Framework and Oversight Policies, promulgated as Organisational Directive No. 2, combined the above-referenced document (DP/2008/55) and the said provisions of the Executive Board decision 2008/37.

2. Purpose of this revision

- 2.1. The purpose of this revision is to further reflect the decision of the Executive Board at its 2011 annual session (June 2011), as contained in document DP/2011/32 decision 2011/23, to respond to the emerging demand for greater information disclosure on internal audit reports, including options for responding to the need for relevant information.

3. Roles and responsibilities of project managers

- 3.1. In view of the impact of these instructions on disclosure of internal audit reports on projects, Project Managers are strongly advised to consult with the Internal Audit and Investigations Group (IAIG) regarding the audit clause to be incorporated in project agreements with clients.
- 3.2. For existing audit obligations in project agreements, Project Managers shall consult with IAIG regarding disclosure of internal audit reports to partners/donors.

4. Effective date

- 4.1. This revision is effective immediately.

**ADMINISTRATIVE INSTRUCTION
(AI/IAIG/2010/01 (rev.2))**

DISCLOSURE OF INTERNAL AUDIT REPORTS

1. As stated in the Report DP/2008/55 of the Executive Board (“UNOPS Accountability Framework and Oversight Policies”), approved through decision 2008/37 of the Executive Board (DP 2009/2):

“47. In accordance with the applicable financial regulations and rules, the Executive Director of UNOPS is fully responsible and accountable to the Executive Board for all phases and aspects of UNOPS activities. Internal audit reports are an essential tool for discharging this responsibility. ... Disclosure of internal audit reports thus represents an exception to the policy, and can only be done in accordance with the procedures outlined in paragraph 48, below, and ensuring that such disclosure will not “seriously undermine the policy dialogue with Member States or implementing partners”.

48. The 2007 second regular session of the United Nations System Chief Executives Board for Coordination endorsed the recommendation according to which internal audit reports may be disclosed to a Member State, “respecting the management prerogatives of executive heads and subject to conditions and criteria to be defined within the context of an organization policy that should not be applied retroactively” (CEB/2007/2, paragraph 50). ...”.

2. Further as stated in decision 2011/23 of the Executive Board (DP/2011/32):

“6. Decides that (...) the Executive Director of UNOPS may, upon request, disclose to a donor intergovernmental organization and the Global Fund to Fight AIDS, Tuberculosis and Malaria, internal audit reports pertaining to a given project in which the said donor is financially contributing, in accordance with decision 2008/37 and the procedures of disclosure, as stipulated in document (...) DP/2008/55, exercising the greatest extent of discretion and protecting the legitimate rights of the programme country.

7. Reaffirms that information disclosed shall be kept confidential, and that written requests for access to internal audit reports should include the reason and purpose for the request and an affirmation to adhere to the procedures of disclosure, as stipulated in document (...)DP/2008/55.

8. Requests (...) to present (...) a proposal for the remote viewing of internal audit reports providing secure access and proper safeguards for the confidentiality of the information disclosed, through, inter alia, secure passwords.”

3. In implementing above mentioned report and decision, the following procedures shall apply:

Internal audit reports on processes or thematic areas

- (a) At the discretion of the Executive Director or his delegate, internal audit reports on processes or thematic areas may be made available on the UNOPS website, to the extent that they do not contain any information deemed particularly sensitive that relates to third parties, a country, government, or administration, or would endanger the safety and/or security of any individual, violate his or her rights or invade his or her privacy. In such case, the audit report may be redacted as appropriate by the Director of IAIG.

All other internal audit reports – except project-related audited financial statements

- (b) Requests by Member States for access to any internal audit report issued by the Internal Audit and Investigations Group (IAIG), as well as requests by a donor intergovernmental organization and the Global Fund to Fight AIDS, Tuberculosis and Malaria (thereafter the GFATM) for access to internal audit reports issued by IAIG pertaining to a given project in which the said donor is financially contributing, shall be made in writing to the Executive Director (ED) or his delegate stating the reason and purpose for the request and confirming adherence to the procedures of disclosure of internal audit reports, including the confidentiality pledge.
- (c) The Executive Director or his delegate will forward the requests specified in paragraph (b) above to the Director of IAIG.
- (d) In relation to (b), the Director of IAIG will ascertain that the request includes the reason and purpose of the request and an affirmation to adhere to the procedures of disclosure. If the request does not meet these requirements, the Director of IAIG will seek further clarification and confirmation from the requesting party.
- (e) If the request meets the above mentioned requirements, the Director of IAIG will review the internal audit report concerned, to determine whether it contains certain information deemed particularly sensitive that relates to third parties or a country, government, or administration; or could compromise pending action; or where such is likely to endanger the safety and/or security of any individual, violate his or her rights or invade his or her privacy. In such case, the Director of IAIG may, at his/her discretion, redact the audit report or, in extraordinary circumstances, withhold the report.
- (f) The Director of IAIG will assist the Executive Director or his delegate in immediately informing the Executive Board, through the Executive Board Secretariat, of the request, with a copy of the request attached.
- (g) If the internal audit report contains findings related to a specific Member State, the Director of IAIG will notify the concerned Government of the request, providing it the opportunity to view the report, in redacted form (if applicable), either in person or through the secure remote access system, and to comment on it within 15 calendar days from the date of notification. The Director of IAIG will determine whether the report needs to be further redacted or, in extraordinary circumstances, withheld.

- (h) If the Director of IAIG determines that a report be withheld as indicated in paragraphs (e) or (g) above, he/she will inform the requesting party accordingly. Otherwise, the Director of IAIG will arrange with the requesting party for viewing the report in person on IAIG premises, or through the remote access system.
- (i) The Director of IAIG will set the date and time of 'in person' disclosure sessions with the requesting party, i.e. relevant Member State(s) or donor intergovernmental organization or the GFATM; this will be mutually convenient, but timely. When available through remote access via a dedicated link and password provided to the requestor, the report will be accessible for 100 (one hundred) calendar days.
- (j) Any information disclosed shall be kept confidential by the requesting party. No copies of the internal audit reports through any means shall be made.
- (k) Internal audit reports are made available for viewing on a voluntary basis and without prejudice to the privileges and immunities of the United Nations, including its subsidiary bodies.
- (l) Queries regarding the internal audit report shall be directed to the Director of IAIG.

Project-related audited financial statements

- (m) Audited project financial statements are composed of the statement of audit opinion together with the signed financial statements. If available, they may be directly provided by project managers to donors (Member State, donor intergovernmental organization or the GFATM), with a copy to the Director of IAIG, as a way of giving assurance on the use of funds for the project in which the said donor is financially contributing.
- (n) It should be noted that the statement of audit opinion and audited financial statements of a project may be accompanied by a management letter or report. The latter is considered an internal audit report and its disclosure follows the procedure described in para. (b) to (l) above.
- (o) Queries regarding the audited financial statements of a project shall be referred to the Director of IAIG who shall either reply directly or clear any response to be provided by another UNOPS entity.

Executive summaries of internal audit reports of projects

- (p) Executive summaries of internal audit reports of projects issued by IAIG, with recommendations as applicable, may be provided to any Member State including the Government of the programme country concerned; for donor intergovernmental organizations and the GFATM, executive summaries may only be provided for the project(s) in which the said donor is financially contributing.
- (q) Request is to be made in writing to the ED or his delegate (including through electronic means). The ED or his delegate will forward the requests specified in paragraph (p) above to the Director of IAIG who will prepare the relevant executive summaries and provide them to the pertinent UNOPS officials involved into said

project, e.g. Regional Director, head of country operations, project manager, for further forwarding to the requesting party.

- (r) Queries regarding the executive summary of internal audit reports shall be directed to the Director of IAIG.

Reporting on requests for disclosure

- (s) The Director of IAIG will inform the Strategy and Audit Advisory Committee, and the Executive Board through its annual report on internal audit and investigation, on disclosure requests received and granted, on any cases of redacting or withholding of internal audit reports, as well as on executive summaries and on audited financial statements provided.
- (t) Through its annual report on internal audit and investigation, the Director of IAIG will inform and seek guidance from the Executive Board on requests for disclosure received from organizations other than donor intergovernmental organizations and the GFATM.