

Management improvements at UNOPS

Since mid-2006 UNOPS has comprehensively and on a priority basis addressed weaknesses in its financial control and management structure.

Key actions taken to date include creation of an internal audit function, recruitment of better qualified senior managers and financial staff, application of robust financial controls including mandatory use of electronic financial management tools, stricter procurement rules and training, more competitive staff recruitment, circulation of clear rules and limits regarding hospitality expenses, full financial disclosure by personnel, and the introduction of a UNOPS ethics officer and whistleblower protection.

These and other management decisions have had concrete, positive effects. UNOPS today is far stronger and more professional than in years past. It offers higher quality services and operates with greater efficiency and accountability to serve the interests of its stakeholders. These efforts have earned UNOPS objective recognition in the form of better audit results (an unqualified external audit report for the most recent biennium), new framework business agreements with the UN Secretariat, the European Commission, and the World Bank, renewed client confidence and rising client satisfaction.

UNOPS has developed new policies, that have been endorsed by its Executive Board, on areas such as: new financial regulations and rules, an accountability and oversight framework and an internal control and risk management framework.

Measures already taken to improve UNOPS financial controls and governance include:

Internal Audit

UNOPS established an Internal Audit Office in 2007 that conforms to the standards of the Institute of Internal Auditors. (Previous internal audits were outsourced to UNDP.) The office ensures that UNOPS practices adhere to the organization's rules, offers advice to staff, recommends improvements and enhances the organization's risk management, and control and governance systems. The new audit office has more than doubled the number of qualified UNOPS staff involved in internal auditing. In 2008 project audits almost tripled and there was a sharp increase in field visits.

Advisory Committee

A Strategy and Audit Advisory Committee was set up in 2007 made up of independent members with expertise from the private sector, bilateral and multilateral donors and other parts of the UN system. The committee meets four times a year and advises the Executive Director and other senior members of UNOPS management on key strategic issues, including risk management, internal and external audits, and financial and regulatory issues.

Financial Staff

Since mid-2006 UNOPS has replaced most of its financial staff. New staff have higher competence and the financial function has been professionalized throughout the UNOPS global network. For the first time all regional offices and major operations centres, including Afghanistan, each have a dedicated senior financial officer. Financial staff receive regular, on-the-job training and all of them, including assistants, must obtain independent professional certification.

Financial Control

The introduction of new, industry-standard financial management software (PeopleSoft/ Oracle ERP) has sharply cut the number of cash transactions and the amounts being processed through the manual Imprest system, thereby eliminating opportunities for fraud and theft and facilitating maintenance of up-to-date financial records. In Afghanistan Imprest payments of \$292 million in 2005 dropped to less than \$1 million in 2008. Although some Imprest payments will always be needed in countries where banking systems are extremely limited, UNOPS intends to reduce use of Imprest still further.

Procurement

New procurement policies and guidelines now provide a clearer framework for staff. These include zero tolerance for gifts and favors from vendors and suppliers, anti-corruption provisions and a code of conduct for vendors, automatic recognition by UNOPS of vendors suspended by the UN Vendor Review Committee, an independent bid protest system, etc. The new rules demand the highest ethical standards of both procurement staff and vendors. All UNOPS personnel must undergo mandatory ethics training. New recruitment has raised the level of competence, further professionalizing procurement operations. Procurement staff receive regular, on-the-job training and all, including assistants, must obtain independent professional certification.

Human Resources

New policies on recruitment have raised employee competence and removed opportunities for favoritism, with all recruitment now competitive. Post-employment restrictions have been introduced so that for one year following separation from service former staff members who participated in the UNOPS procurement process may neither seek nor accept employment with any UNOPS contractor or vendor of goods or services.

Hospitality

New instructions have been issued on UNOPS hospitality. These state clearly what can and cannot be done, reimbursement procedures and limits. The instructions emphasize that entertainment should be 'modest', primarily for non-UNOPS staff, and must avoid 'any semblance of extravagance or ostentation.'

Financial Disclosure

New instructions make UNOPS disclosure rules the broadest in the UN system, with a declaration of interest mandatory for all staff at mid-level and above, as well as for all personnel involved in procurement or audit activities. Beyond this, all heads of operations centres and all project managers, irrespective of their level and including national staff, must make such declarations.

Ethics Officer/Whistleblower Protection

A UNOPS ethics officer was appointed in 2006. Later that year the UNOPS Executive Director reminded all UNOPS employees of their responsibility to report suspected fraud involving staff members, non-staff contract holders, vendors, contractors or any other party with a business relationship with UNOPS. Staff were also informed of the protection offered to 'whistleblowers' and the availability of an anonymous hotline for reporting suspected abuses. The policy to address fraud has been substantially revamped to clarify what fraud is and how to address it. UNOPS staff may also address issues to the UN Ethics Officer.

Transparency

A major effort was undertaken to collect and post online for public review all relevant documents, such as information on procurement activities, budgets, financial statements, audit reports, etc. under the Accountability and Ethics headings on the UNOPS website: www.unops.org.

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