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Report on the activities of the Office of Internal Oversight Services

Activities of the Office of Internal Oversight Services for the period from 1 July 2018 to 30 June 2019**

Report of the Office of Internal Oversight Services

Summary

The present report is submitted pursuant to General Assembly resolutions [48/218 B](#) (para. 5 (e)), [54/244](#) (paras. 4–5), [59/272](#) (paras. 1–3), [64/263](#) (para. 1) and [69/253](#) (para. 1). During the reporting period, from 1 July 2018 to 30 June 2019, the Office of Internal Oversight Services (OIOS) issued 444 oversight reports, including 8 reports to the General Assembly. The reports included 1,177 recommendations to improve internal controls, accountability mechanisms and organizational efficiency and effectiveness, of which 48 were classified as critical to the Organization. The recommendations were aimed at cost savings, overpayments recovery, efficiency gains and other improvements. The financial implications of the recommendations issued by the Office during the period amount to approximately \$5.3 million, with \$0.9 million in savings and recoveries already realized. The addendum to the present report provides a detailed analysis of the status of implementation of the recommendations, a breakdown of recommendations with financial implications and a complete list of the reports issued for all areas of OIOS work, including those relating to peacekeeping activities.

The present report does not cover oversight results pertaining to peacekeeping operations and special political missions, which will be submitted to the Assembly in document [A/74/305 \(Part II\)](#) during the resumed seventy-fourth session.

* [A/74/150](#).

** Excluding oversight of peacekeeping activities, which will be reported on in document [A/74/305 \(Part II\)](#).



I. Introduction

1. The Office of Internal Oversight Services (OIOS) was established by the General Assembly pursuant to resolution [48/218 B](#) to enhance oversight in the Organization. It is operationally independent and assists the Secretary-General in fulfilling internal oversight responsibilities in respect of resources and staff of the Organization through investigations, internal audits, inspections and evaluations.
2. The present report provides an overview of OIOS activities during the period from 1 July 2018 to 30 June 2019 but does not include oversight results pertaining to the Department of Peace Operations, the Department of Operational Support, the Department of Political and Peacebuilding Affairs or the peacekeeping and special political missions, which will be submitted to the General Assembly in document [A/74/305 \(Part II\)](#) during the resumed seventy-fourth session of the Assembly.¹ An addendum to the present report ([A/74/305 \(Part I\)/Add.1](#)) provides a detailed analysis of the status of implementation of the recommendations, a breakdown of recommendations with financial implications and a complete list of the reports issued for all areas of OIOS work, including those relating to peacekeeping activities.

II. Professional initiatives

A. Efforts to strengthen the functioning of the Office

3. OIOS aims to carry out its work with the highest standards of professionalism and efficiency. Some initiatives undertaken during the reporting period to achieve this goal are highlighted below.

Internal Audit Division

4. The Internal Audit Division follows the mandatory guidance issued by the Institute of Internal Auditors, which includes the International Standards for the Professional Practice of Internal Auditing, core principles and a code of ethics.
5. The Division continued to review the quality of its work to ensure that it: (a) operates in an effective and efficient manner; (b) achieves consistent compliance with the Institute of Internal Auditors Standards, the definition of internal auditing and the code of ethics; and (c) enhances its ability to add value and improve organizational operations. In addition, the Division, in partnership with the Inspection and Evaluation Division, developed an OIOS practice guide on auditing and evaluating organizational culture to build an assessment of culture into audits and evaluations. Also, working with the Investigations Division, the Internal Audit Division continued to develop its audit techniques to better identify fraud indicators.
6. The Internal Audit Division also continued to develop its capacity in data analytics in the light of the more readily available data in Umoja and other systems. In May 2019, the Division issued an Umoja data extraction manual to provide guidance to its auditors on extracting data from Umoja. The guidance will help to streamline audit testing and enhance the ability of auditors to conduct real-time analysis of key data.
7. Taking into account the implications of the Secretary-General's management reform, the Division included various advisory and audit engagements in its workplan that focused on change management initiatives, the implementation of enterprise risk management and the new delegation of authority framework.

¹ The present report covers the transition period following the implementation of the United Nations management reform. Some entity names used in the report reflect the Organization's structure prior to January 2019.

Inspection and Evaluation Division

8. To further the professional development of staff, the Inspection and Evaluation Division conducted training sessions on selected topics. Those topics included: (a) the use of Umoja data for evaluations; (b) strategic planning; (c) how to conduct focus groups when undertaking evaluations; and (d) the application of focus group discussions for the assessment of peacekeeping organizational culture.

9. The Division also held a workshop in May 2019, focused on tailoring its evaluations in support of United Nations reform and the Sustainable Development Goals. The significant outcome of the workshop was the launching of the Division's change initiative, to find ways to become more agile, responsive and relevant in providing timely, evidence-based knowledge products in support of the reform process and the achievement of the Sustainable Development Goals. The change initiative will help the Division to:

(a) Update and align its mission and vision with the Secretary-General's reform initiative and the support, mandated by the Member States, for the achievement of the Sustainable Development Goals;

(b) Fit its structure to its updated function;

(c) Enhance its responsiveness, relevance, agility and utility to deliver on its mandate and mission, including the review and improvement of risk assessment practices, topic selection processes, and the evaluation work cycle and new products;

(d) Work more efficiently through improved work processes and products;

(e) Improve outreach and communication of its knowledge products to increase their use;

(f) Enhance staff capacity and career development;

(g) Create a team and work culture that supports its mission and vision.

Investigations Division

10. The Investigations Division delivered several training sessions during the period, including an anti-fraud and anti-corruption training to 23 staff members from Humanitarian Financing Units of the Office for the Coordination of Humanitarian Affairs in Turkey, Iraq, the State of Palestine, Yemen, Jordan, Lebanon and the Syrian Arab Republic, as well as to 35 personnel from the United Nations Office at Vienna. The Division also delivered presentations to raise awareness of OIOS activities and misconduct issues to over 200 staff from the United Nations Office on Drugs and Crime (UNODC), the United Nations Office at Vienna and the United Nations Office at Nairobi, 40 managers from the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) and 10 gender focal points, with an emphasis on sexual harassment complaints and investigations.

11. The Division also facilitated panel training on the Secretary-General's bulletin on the prohibition of discrimination, harassment, including sexual harassment, and abuse of authority ([ST/SGB/2008/5](#)) to strengthen management's ability to convene fact-finding inquiries into complaints of prohibited conduct. On a related note, the Division took part in a working group established to conduct consultations on the revision of the Secretary-General's bulletin. The Division is also leading the subgroup on strengthening investigatory capacity and improving investigations of sexual harassment within the organizations of the United Nations system of the Task Force on Addressing Sexual Harassment of the United Nations System Chief Executives Board for Coordination.

B. Cooperation and coordination

12. During the reporting period, OIOS coordinated regularly with other United Nations oversight entities, including the Board of Auditors and the Joint Inspection Unit, to ensure that gaps, duplication and overlap in oversight work were minimized. In addition, OIOS professionals actively participated in their respective professional networks and provided support to Secretariat entities, as described below.

13. The Internal Audit Division continued to participate in the work of the Meeting of Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions. During the reporting period, the Division served as one of the Vice-Chairs of the body and as its secretariat. It also continued to lead a working group established to explore ways to strengthen joint and coordinated audits of the response of the United Nations system to humanitarian emergencies. The objective of that exercise is to expand the scope of such audits beyond jointly funded activities and to provide joint assurance over the effectiveness of the humanitarian response at the country level, regardless of the source of funding. This is an ongoing effort, and plans are being made to extend such an approach to the entities affected by the reform of the United Nations development system.

14. The Inspection and Evaluation Division provided policy and technical advice to the newly established Evaluation Section of the Business Transformation and Accountability Division of the Department of Management Strategy, Policy and Compliance, including an orientation briefing presentation to staff of the Business Transformation and Accountability Division on Secretariat evaluation capacity. The Inspection and Evaluation Division also provided ad hoc advice to the reform transition team of the Executive Office of the Secretary-General on issues relating to independent system-wide evaluations. The Director participated in the annual general meeting of the United Nations Evaluation Group, held in Nairobi in May 2019.

15. The Investigations Division continued to cooperate extensively with other United Nations entities, including: the Office of Programme Planning, Finance and Budget; the Economic Commission for Africa; UN-Women; and the Special Coordinator on Improving the United Nations Response to Sexual Exploitation and Abuse and the Victims' Rights Advocate for the United Nations. OIOS has also provided support as an independent member of recruitment panels for the Green Climate Fund and the young professionals programme and intake support to the International Civil Aviation Organization to assist it in the handling of misconduct allegations. The Director is currently serving as the Chair of the United Nations Representatives of Investigative Services.

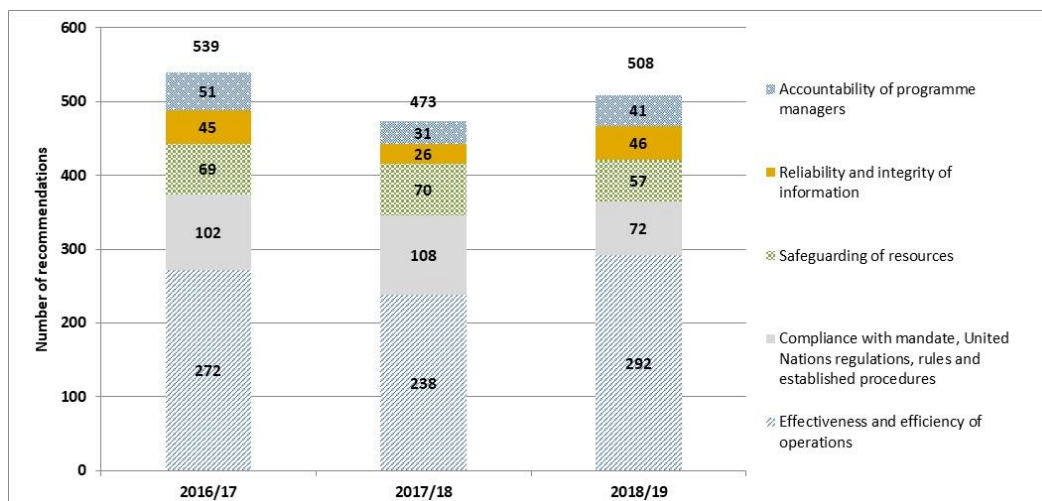
III. Impediments to the work of the Office

16. There was no inappropriate limitation of scope that impeded the work or independence of OIOS during the reporting period.

IV. Internal audit recommendation trend analysis

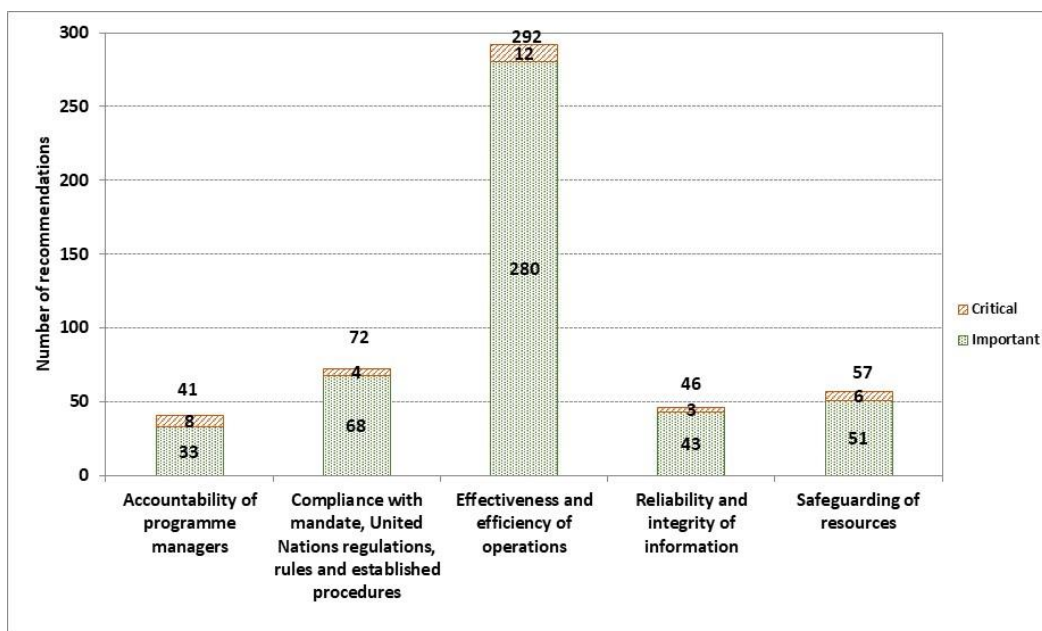
17. Audit recommendations were classified into five categories of impacts: (a) reliability and integrity of information; (b) compliance with the mandate and United Nations regulations, rules and established procedures; (c) effectiveness and efficiency of operations; (d) safeguarding of resources; and (e) accountability of programme managers. Figure I illustrates a three-year trend in audit recommendations. In each of those years, the majority of the recommendations related to effectiveness and efficiency of operations. The figures reported in the present section exclude reports and recommendations on peace operations.

Figure I
Audit recommendations on non-peacekeeping activities, by impact



18. Figure II shows the distribution of critical versus important audit recommendations² issued during the reporting period, by impact. Specific information on all reports issued during the reporting period, including the number of critical and important recommendations, can be found in the addendum to the present report.

Figure II
Audit recommendations on non-peacekeeping activities, by impact, 1 July 2018 to 30 June 2019



² Recommendations are classified as critical or important. Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review. Important recommendations address reportable deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

V. Oversight results

19. Internal audit and evaluation reports are available for review on the OIOS website. The selected significant and topical oversight results described below resulted in specific recommendations and management action plans that are outlined in the corresponding individual reports.

A. Internal Audit Division

Information and communications technology

Audit of the acquisition and management of information and communications technology assets in the Office of Information and Communications Technology

20. The audit showed that there was a need to strengthen internal controls over the management and disposal of information and communications technology (ICT) assets by, inter alia: (a) developing policies and monitoring mechanisms to maximize the benefits of global sourcing; (b) documenting an annual ICT acquisition plan and procedures for managing ICT acquisition globally; (c) documenting a policy for obsolescence and replacement of ICT assets in proposals for capital and operating budgets; (d) using acquisition plans to capture volume purchase agreements; and (e) documenting a policy for standardizing and managing mobile devices across the United Nations Secretariat.

Audit of Umoja implementation by the Department of Management

21. Good progress had been made on Umoja implementation since earlier roll-outs of the system. However, the audit showed that additional controls were required in a number of areas. OIOS recommended, inter alia, that the Department of Management: (a) implement control enhancements over high-risk processes by factoring them into the continuous improvement change control process; (b) review the assignment of high-risk roles and restrict them to authorized users; (c) define the performance benchmarks for time-sensitive processes; and (d) ensure the timely implementation of actions determined in the lessons learned report on the disaster recovery exercise and conduct a review of the disaster recovery plan following deployment of Umoja Extension 2 in 2019.

Office of the United Nations High Commissioner for Refugees

Audit of the arrangements for reporting on the use of donor funds

22. The audit was conducted to review donor contributions to the Office of the United Nations High Commissioner for Refugees (UNHCR) for 2016 and 2017, which totalled \$7.9 billion. UNHCR had implemented adequate processes for recording and communicating donor contributions, and the management of donor agreements was satisfactory. However, UNHCR needed to strengthen its donor grant agreement template and donor reporting, and adequately reflect reporting requirements in donor agreements. There was also a need to adequately record, track and monitor delivery of donor reporting requirements and to enhance the corporate systems of UNHCR to support tracking of the implementation of activities and performance against specific donor requirements.

Audit of emergency preparedness

23. The audit concluded that there was a need for UNHCR to enhance: (a) the corporate early warning system to support real-time reporting and regional coverage of emergency preparedness and ensure adequate capacity to manage the system; (b) the accuracy of reporting on emergency preparedness; (c) emergency

preparedness support by increasing engagement with regional bureaux and headquarters divisions; (d) the process of activation and deactivation of emergency procedures; (e) the management of emergency rosters and deployments; and (f) the conduct of joint senior-level missions and real-time reviews.

Audits of the upgraded human resources module and finance and supply chain module of the Managing Systems, Resources and People system

24. OIOS carried out separate audits on the upgraded human resources module and finance and supply chain module of the Managing for Systems, Resources and People system. In the audit of the human resources module, it was identified that the upgrade had improved some processes, but there was a critical need for UNHCR to review and streamline processes underlying recruitment prior to any future software modifications to ensure that appropriate technology solutions better supported recruitment processes. There was also a need to strengthen the human resources transactions audit process, roll out the human resources module, take effective measures to speed up accurate and timely data recording and address inadequacies in the handling of the staff separation process.

25. In the audit of the finance and supply chain module upgrade, it was identified that the project had achieved most of its major objectives. However, UNHCR needed to take further action, including to comply with the mandatory sequence for procurement, rectify the incorrect application of exchange rates, build automated controls for validation checks on electronic funds transfers and train staff on the risks associated with vendor entry, certifying and approving roles. There was also a need to process mission and statutory travel within the Managing for Systems, Resources and People system and reinforce efforts to implement the system's Business Intelligence project.

Audit of warehouse management in field operations

26. The audit covered inventory holdings amounting to \$36.5 million in eight country operations. While UNHCR had a well-articulated warehouse and inventory management policy framework, it lacked monitoring controls to ensure that all warehouses controlled by UNHCR were identified and recorded in the Managing for Systems, Resources and People system by the country operations, and that the different policy and guidance documents on warehouse management were reviewed for consistency and clarity. UNHCR also needed to put in place an action plan to strengthen monitoring and oversight of inventory management to achieve consistent and accurate inventory records. Lastly, UNHCR needed to strengthen monitoring and oversight arrangements over obsolete inventory, redeploy surplus inventory and implement access controls and fire prevention measures in warehouses.

Review of recurrent issues in programme monitoring

27. The review identified that there was a critical need for UNHCR to introduce controls to enforce existing requirements for impact monitoring. UNHCR also needed to: (a) assign overall accountability and responsibility for and authority over programme monitoring; (b) strengthen the accountability of management for setting up multifunctional teams in country operations; and (c) introduce controls to ensure alignment between operation plans and planned performance through direct implementation and implementing partners.

Systemic issues in audits of field operations

28. In the 17 audits of UNHCR field operations completed between 1 July 2018 and 30 June 2019, OIOS raised 20 critical recommendations. Those critical findings

related to procurement and vendor management, partnership management, supply logistics, strategic planning and monitoring, fair protection process and documentation, cash-based interventions, financial management and emergency preparedness.

Office for the Coordination of Humanitarian Affairs

Audit of strategic support for the global humanitarian inter-agency coordination mechanisms

29. In its resolution [46/182](#), the General Assembly provided for inter-agency coordination of humanitarian affairs through the Inter-Agency Standing Committee. Although the objectives of the Committee are defined in its terms of reference, there was no accompanying vision and strategy of the Emergency Relief Coordinator to implement the global inter-agency coordination mandate. The strategic plans of the Office for the Coordination of Humanitarian Affairs did not remediate the gap as they were insufficient to ensure collective commitment and accountability by the members of the Committee as they did not reflect the strategic priorities of the Committee. The Office, in conjunction with the Principals of the Committee, had implemented the OIOS recommendation for the Emergency Relief Coordinator to establish a clear vision, mission and strategy to implement the global inter-agency coordination mandate.

Review of the operations of the regional offices of the Office for the Coordination of Humanitarian Affairs

30. Roles and responsibilities for the Regional Office for Southern and Eastern Africa were reprioritized following the implementation of a change management strategy to focus primarily on humanitarian surge for emergency response, which was operationalized through the new operating model for regional offices. However, the Regional Office for Southern and Eastern Africa needed to review its current office structure as it included legacy posts for supporting longer-term preparedness work, such as disaster risk management and strengthening partnerships, which was no longer a priority. In line with the change in priorities, the Regional Office also needed to review the duration and nature of official travel undertaken for non-surge missions, given that 5 of the 38 trips of more than 30 days each that were conducted during a 22-month period were not for surge support.

31. The Regional Office for Asia and the Pacific restructured its functional units, aligning them with the requirements of the new operating model for regional offices. However, it was not recording surge requests and subsequent decisions to monitor progress on requests and their outcome. Administrative procedures also needed improvement, as only one of the four emergency cash grants paid, totalling \$309,600, had the relevant documentation supporting its use within the four-month timeline following its approval.

32. The Regional Office for West and Central Africa and its humanitarian assistance partners in the region established several mechanisms to improve coordination and to avoid duplication of preparedness and response efforts. However, the Regional Office did not maintain comprehensive information relating to the outcomes of surge capacity provided to those country offices that requested support.

Department of Management

Audit of travel arrangements in the United Nations Secretariat

33. The Department of Management developed policies and implemented procedures to support the efficient and effective management of travel arrangements;

streamlined the review and approval of travel requests; negotiated and implemented discount agreements with airlines and introduced the global management of travel that allowed the purchasing of air tickets in the country from which the travel is originating. The Department, however, needed to: (a) propose the simplification of travel policies on standards of accommodation; (b) streamline guidelines on the use of the self-ticketing option; (c) gather information on the use of the online booking tool and potential savings that could be generated from its better utilization; and (d) establish and monitor the target days for the travel management company to issue tickets to ensure the benefits of the advance purchase policy are realized.

Audit of the administration and management of the medical insurance plan

34. The third-party administrator, contracted for processing and paying medical claims, was generally effective. However, there were discrepancies between employment and medical insurance plan membership records in Umoja and those of the third-party administrator for about 7 per cent of active staff and 11 per cent of retirees. It was also identified that: 64 staff and 70 retirees received at least \$447,114 in medical benefits to which they were not entitled; the medical insurance plan reserves had reduced by \$19 million between 2016 and 2017, but there were no specific proposals to prevent further depletion of reserves; and the third-party administrator had submitted 41 reports of suspected fraudulent claims, which had not been adequately addressed. The Department of Management accepted recommendations to strengthen controls over the management of the medical insurance plan, including by establishing: (a) a mechanism to ensure the accuracy of membership records and contributions; and (b) a log of presumptive health insurance fraud cases and developing capacity to investigate them.

Audit of vendor payment processing

35. During the period under review, of the \$5.9 billion processed globally by the Secretariat, the Department of Management processed \$1.8 billion in payments to vendors. The audit identified that: (a) \$207.6 million for 32,303 invoices was processed globally through the funds commitment process, without raising purchase orders; (b) the bank accounts of 10 vendors matched individual bank accounts of seven staff members, suggesting that these staff members may have conducted business transactions with the Organization without the necessary approval; (c) 78 per cent of vendor payments processed in New York did not meet payment terms; (d) various date fields in the accounts payable and treasury modules in Umoja were not correctly or consistently completed, thereby affecting the timeliness of payment; (e) dual controls were not established for updating some critical fields in Umoja; and (f) monitoring controls over the use of corporate credit cards did not exist.

Audit of the management of the onboarding process

36. The Department of Management onboarded new staff and disbursed their relocation payments generally in compliance with United Nations policies and procedures. However, among other measures, the Department needed to: (a) implement guidelines on the conduct of qualitative reference checks; (b) establish, monitor and report on performance indicators related to the onboarding process to improve its efficiency; (c) prepare project initiation documents to outline the costs and benefits of the Secretariat's participation in the United Nations Global Centre for Human Resources Services, an operation endorsed by the High-Level Committee on Management and hosted by United Nations Volunteers in Bonn, Germany, to provide job classification and reference checks services on a cost-recovery basis. The Department of Management Strategy, Policy and Compliance subsequently advised that it had prepared the initiation documents.

Economic Commission for Europe

Audit of the management of the Transport International Routier trust fund at the Economic Commission for Europe

37. The audit showed that controls over governance and financial management needed to be strengthened. OIOS recommended, inter alia, that the Economic Commission for Europe (ECE): (a) propose to the Administrative Committee possible mechanisms to monitor and evaluate the documentation submitted by the authorized international organization to strengthen governance under the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention), particularly with regard to accountability; (b) seek advice from the Ethics Office on the apparent conflict of interest arising from its arrangement with the external partner on the eTIR project, including the receipt of funds from the external partner, to whom ECE has become accountable under the contribution agreement, despite having the responsibility to assist the Executive Board in overseeing the external partner's operations and assessing its compliance with the TIR Convention; and (c) bring to the attention of the Administrative Committee the need to develop an appropriate alternative financing arrangement to ensure the sustainability of the trust fund operations.

United Nations Joint Staff Pension Fund

Comprehensive audit of the governance structure and related processes of the United Nations Joint Staff Pension Board

38. Pursuant to General Assembly resolution [72/262 A](#), OIOS conducted a comprehensive audit of the governance structure and related processes of the United Nations Joint Staff Pension Board ([A/73/341](#)). The report contained 13 recommendations, of which 5 were critical. The General Assembly considered the report during the main part of its seventy-third session and adopted resolution [73/274](#), in which it requested the Board to take a number of actions on the basis of the OIOS recommendations and to report thereon at the main part of the Assembly's seventy-fourth session. As at 30 June 2019, 12 recommendations (including the 5 critical recommendations) remained open, pending receipt of evidence of their implementation; one recommendation had been closed because it had been overtaken by events.

Audit of data interfaces and monthly contributions in the secretariat of the United Nations Joint Staff Pension Fund

39. The audit indicated that the secretariat of the United Nations Joint Staff Pension Fund needed to strengthen project management and oversight of the pension interface programme and monthly contributions project. OIOS recommended that the Fund secretariat, inter alia: (a) assess the changes in business processes that are essential for programme implementation; (b) establish schedules in consultation with member organizations for implementing the pending interface projects and develop performance indicators for measuring the benefits expected; (c) establish a cost budget and track actual costs to mitigate the risk of cost overruns; (d) finalize the service-level agreement with member organizations; (e) develop detailed ICT security requirements for pension interfaces and implement controls to address security weaknesses; and (f) ensure timely processing of interfaces, including investigation and resolution errors.

Audit of information and communications technology services provided by a United Nations agency to the Office of Investment Management of the United Nations Joint Staff Pension Fund

40. The Office of Investment Management needed to strengthen controls over the management of services provided by a United Nations agency by, inter alia: (a) reviewing its usage of services to determine future requirements and the related budget; (b) improving the due diligence process during the preparation of agreements; (c) ensuring that project agreements describe the projects in sufficient detail and clearly link deliverables to project cost; (d) reconciling the advance payments and recovering net overpayments; and (e) periodically monitoring the access logs of the file server.

United Nations Office on Drugs and Crime

Audit of procurement and contract management at the United Nations Office on Drugs and Crime in Colombia

41. Procurement needs were clearly defined and justified, and bids received were appropriately evaluated in accordance with pre-established evaluation criteria. However, there was a need to improve the operational framework for procurement to effectively cater for the increase in procurement levels following the signing of the new alternative development project with a budget of \$316 million. There was also a need to strengthen acquisition strategy for procuring recurring requirements and to establish review mechanisms to ensure compliance with the minimum requirements for the number of vendors invited to bid and the number of days allowed for the submission of bids.

Audit of United Nations Office on Drugs and Crime operations in Pakistan

42. The UNODC country office in Pakistan had developed appropriate programme planning documents in consultation with stakeholders. However, the office needed to develop a strategy for mainstreaming and raising awareness of the Sustainable Development Goals and strengthen efforts towards mainstreaming human rights and equality. Controls relating to performance reporting and procurement also needed to be strengthened.

United Nations Office at Geneva

Audit of medical services at the United Nations Office at Geneva

43. The United Nations Office at Geneva had established adequate arrangements for planning and implementing health promotion and preventive programmes and for medical clearance of staff travelling on official assignments. However, there was a need to strengthen controls relating to the processing of rejected sick leave claims and medical evacuations.

Audit of procurement activities at the United Nations Office at Geneva

44. The solicitation process was generally conducted in a competitive and transparent manner in accordance with established guidelines. However, the Office needed to strengthen the procurement planning guidelines and tools to help requisitioners to improve procurement planning and avoid ex post facto cases and repeated extensions of expired contracts. The Office also needed to establish review mechanisms to ensure that risk assessments, particularly for large procurement actions, were done properly and that risks were mitigated.

United Nations Human Settlements Programme (UN-Habitat)

Audit of the financial management of the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III) at the United Nations Human Settlements Programme (UN-Habitat)

45. An OIOS audit of the financial management of the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III), held in October 2016, indicated the need for transparency and accountability in the use of resources provided to the Habitat III secretariat. OIOS recommended, inter alia, that UN-Habitat: (a) assign accountability for the failure to comply with the terms of reference of the Habitat III trust fund for certifying the related expenditures and ensure that such violations do not recur; (b) review the expenditure of \$3.7 million incurred through an external operator to assure accountability for the funds; (c) expedite the financial and substantive reports to donors of the Habitat III trust fund; and (d) review and reconcile all disbursements made to a United Nations agency, ensuring that adequate documentation is available to support the expenditure incurred by the agency on behalf of the Habitat III secretariat.

United Nations Environment Programme

Audit of official travel at the United Nations Environment Programme

46. The United Nations Environment Programme (UNEP) had established a travel pre-authorization process that required supervisors to authorize travel plans quarterly, in advance. Staff were also required to document mission reports after their travel. However, UNEP needed to enhance accountability and transparency in the management and utilization of travel funds by, inter alia: (a) establishing an appropriate tone at the top by emphasizing the necessity for managers and staff to respect the applicable regulations and rules; (b) demonstrating the value addition from travel expenditures by ensuring that they are linked to outputs and outcomes; (c) ensuring that mission reports are prepared and are accessible for reference and follow-up action; and (d) developing policies and incentives that minimize travel to reduce carbon emissions.

Audit of the United Nations Environment Programme Afghanistan project office

47. The OIOS audit of the UNEP Afghanistan project office indicated that monitoring and accountability systems needed to be strengthened by, inter alia: (a) establishing accountability to ensure that grants are disbursed in a timely manner; (b) developing effective monitoring mechanisms to proactively respond to challenges; (c) closely monitoring the activities undertaken by implementing partners; and (d) undertaking physical verification and site visits to assess implementation and provide technical support where needed.

United Nations Conference on Trade and Development

Audit of the Intergovernmental Support Service of the United Nations Conference on Trade and Development

48. The audit showed that the role of the Intergovernmental Support Service, including arrangements for internal coordination with other parts of the United Nations Conference on Trade and Development (UNCTAD), needed to be clarified and documented. There was also a need to address weaknesses in staffing and structure, planning, performance management and operational arrangements to ensure that the Service effectively delivers its mandated activities.

Audit of statistical services at the United Nations Conference on Trade and Development

49. UNCTAD had established a statistical coordination task force and drafted a statistical quality assurance framework, which it expected to finalize in 2019. However, the long-term mandate of the task force and the role of the Development Statistics and Information Branch in coordinating and supporting all UNCTAD statistical activities needed to be clarified. There was also a need to develop policies, rules and standards for the acquisition and maintenance of statistical data management systems and for the dissemination of statistical data, including nomenclature of statistical products. Furthermore, UNCTAD needed to develop a strategy to address its mandate on technical assistance and capacity-building on statistics.

B. Inspection and Evaluation Division

50. During the reporting period, the Division issued six reports on non-peacekeeping activities, four of which were considered by the Committee for Programme and Coordination at its fifty-ninth session in June 2019.

United Nations Secretariat

Strengthening the role of evaluation and the application of evaluation findings on programme design, delivery and policy directives

51. The report provided an assessment of the state of evaluation across 31 United Nations entities during the biennium 2016–2017 in terms of evaluation functions, resources and practice (A/74/67 and A/74/67/Corr.1). As compared with the previous period, entities made modest improvements to evaluation functions in terms of their organizational independence and outputs, including an increase in the overall number and quality of evaluation reports. However, shortfalls in evaluation capacity persisted: only six entities met the minimum organizational benchmark for evaluation expenditure, and estimated spending on evaluation was broadly below budgeted allocations. Evaluation reports continued to fall below system-wide standards regarding the integration of gender and human rights issues. At the entity level, there was an observable divergence between the entities that have further consolidated evaluation capacity and those that have not improved or that have fallen further behind. The Secretary-General's commitment to strengthening the culture of accountability and evaluation by establishing the Department of Management Strategy, Policy and Compliance – notably its Evaluation Section – presents a strong opportunity to address common challenges to help to close that gap.

Evaluation of United Nations entities' preparedness, policy coherence and early results associated with their support for the Sustainable Development Goals

52. The evaluation of United Nations entities' preparedness, policy coherence and early results associated with their support for the Sustainable Development Goals assessed the extent to which United Nations entities have: (a) prepared themselves to maximize the relevance, efficiency and effectiveness of their individual and collective contributions to the Sustainable Development Goals; (b) achieved policy coherence; and (c) achieved early results through the provision of support to governments. Most United Nations entities have taken steps to align the relevance of their work with the 2030 Agenda for Sustainable Development, but the extent of their preparedness to support Member States with the Sustainable Development Goals has varied. Given their particularly key roles in the 2030 Agenda, the Department of Economic and Social Affairs and the regional commissions have made multiple changes to their

work programmes; however, they still faced challenges in coordinating the work of United Nations entities around the 2030 Agenda. Furthermore, in the absence of an overarching system-wide plan, United Nations entities were still striving for coherence and efficiency, including around partnerships. Lastly, while still early, some United Nations entities have reported providing effective support to Member States in achieving the Sustainable Development Goals.

Office for Outer Space Affairs

53. The evaluation of the Office for Outer Space Affairs reviewed the effectiveness, efficiency and relevance of its normative work; technical work in implementing the various programmes on space applications; and stewardship of the Inter-Agency Meeting on Outer Space Activities. The demand for the Office's technical services in the full range of peaceful uses of outer space outpaced its ability to provide such services, with increasing interest in the benefits of space science, technology and applications. The Office sought to modernize and reinforce its mandate and structure through an intergovernmental process for a "Space2030" agenda, but this reinforcement did not materialize. Nevertheless, its broad internal strategy to promote "access to space for all" continued to address a widening gap between space-faring and non-space-faring nations through an extensive number of conferences, workshops, training events and other activities. The Office expanded its partnerships, strengthened existing relationships and collaborated with private sector entities to create innovative opportunities for countries aspiring to have their own outer space programme. Nevertheless, the Office lacked adequate internal mechanisms to better focus on the most value-adding activities and use a cross-functional approach to address demands in a more coherent manner.

Office of the United Nations High Commissioner for Refugees

54. The evaluation of UNHCR examined the relevance, effectiveness and efficiency of UNHCR public health interventions for refugees and asylum seekers (E/AC.51/2019/8). The global strategy for public health for the period 2014–2018 provided a good overarching framework for relevant operation programming, but gaps remained in relation to the integration of refugees into national health systems and longer-term planning. Most stakeholders rated UNHCR public health interventions as effective, although actual outcomes indicated a more mixed performance, with more successes in primary care. While most refugees were able to gain access to national health systems, they faced critical barriers, such as costs. Partnerships and coordination have been critical to effective and efficient implementation and have been leveraged to address gaps and constraints, but the varied capacity of partners and coordination with United Nations agencies presented challenges. Finally, insufficient integration across public health subsectors and between public health and the protection, education and shelter sectors and inadequate global monitoring of health outcomes presented challenges for the effective and efficient delivery of public health programmes.

Office of Legal Affairs

55. In its programme evaluation of the Office of Legal Affairs, OIOS reviewed the effectiveness, relevance and efficiency of the Office through the work of its three functional pillars, namely, through: (a) supporting intergovernmental processes and technical and expert bodies; (b) the provision of capacity-building, advisory services and dissemination of information; and (c) the provision of legal advice and support to the principal and subsidiary organs of the United Nations in accordance with international law (E/AC.51/2019/9). The evaluation concluded that the work programme of the Office was aligned with its diverse, complex mandate and that the

Office responded to the needs of its stakeholders and beneficiaries, who valued the specialized legal skill set, institutional memory, credibility and neutrality that it provided in delivering its mandate. The Office effectively delivered its work programme and achieved significant outcomes in all functional areas. However, some gaps remained in the strategies, visibility, dissemination, and monitoring and evaluation of its work. The Office efficiently delivered its work programme, with increased demands for its services. However, information technology, knowledge management and information-sharing practices created inefficiencies and failed to maximize opportunities for consistency in output delivery. While the partnerships that the Office created strengthened its work, particularly in the technical assistance realm, at times, they were not fully leveraged and good practices were not replicated. The Office supported the implementation of Sustainable Development Goals 14 and 16, but did not systematically integrate all relevant Goals into its work programme.

United Nations Environment Programme

56. In the evaluation of UNEP, OIOS focused on the institutional arrangements and management approaches in place to support the achievement of results from 2014 to 2018 (E/AC.51/2019/7). OIOS concluded that the Programme remained highly relevant as the leading global environmental authority to promote the implementation of the environmental dimension of sustainable development within the United Nations system. UNEP, however, had difficulty operationalizing its strategic plans, setting priorities and optimally aligning its resources and capabilities (including synergies with multilateral environmental agreements). Despite the increased prominence of global environmental issues, funding for core work has been in decline. Resource mobilization and partnership strategies were unevenly implemented, which resulted in a decline in flexible funding from Member States and increased competition for resources internally and with other United Nations agencies. UNEP effectively delivered scientific assessments, policy advice and technical capacity-building to Governments, with visible outcomes. However, lack of accountability, unclear roles and responsibilities, incomplete change management efforts, lack of support for knowledge management, uneven results-based management and inadequate support for policy implementation have hindered effectiveness. Despite those challenges, staff remained proud of their work and felt valued by the organization. However, morale, particularly at UNEP headquarters, had been affected by perceptions that senior-level priorities were disconnected from the rest of the organization.

C. Investigations Division

57. From 1 July 2018 to 30 June 2019, 557 matters pertaining to non-peacekeeping operations were reported to the Investigations Division, representing an increase of 63 per cent over the previous year and comprising 49 per cent of all reported matters. That increase in reporting was significant, relative to the 46 per cent increase seen in the 2017/18 reporting cycle, and the 2 per cent increase in the 2016/17 cycle. Following an evaluation through the intake process, 124 matters were assigned for OIOS investigation, 301 matters were referred or were in the process of being referred to other entities (see table 1), 85 were filed for information, 24 were closed without further action or consolidated with other cases, 12 cases remained in suspense and 11 were pending review.

58. The number of new investigations increased by 55 per cent over the previous cycle. The largest increase was in the category of prohibited conduct, which includes sexual harassment. That category accounted for 33 per cent of new investigations in the reporting period, compared with 23 per cent in the previous period. The number

of non-peacekeeping matters that were referred to other entities increased by 82 per cent from the previous cycle and by 162 per cent compared with two cycles previously.

Table 1
Predicated investigations and referrals on non-peacekeeping activities by category

<i>Primary category</i>	<i>Investigations</i>		<i>Referrals</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
Criminal activity	4	3	16	5
Financial	4	3	18	6
Fraud/presumptive fraud	27	22	28	9
Misuse of office/position	6	5	28	9
Personnel	21	17	51	17
Procurement	4	3	17	6
Prohibited conduct	17	14	66	22
Recruitment	7	6	56	19
Retaliation	3	2	4	1
Sexual exploitation and abuse	7	6	9	3
Sexual harassment	24	19	8	3
Total	124	100	301	100

59. In total, 83 non-peacekeeping investigation and closure reports were issued during the reporting period, representing a 46 per cent increase over the previous year (see table 2). The average time taken to complete an investigation and issue the report was 10.2 months. For sexual harassment investigations, the average completion time was 6.3 months.

Table 2
Non-peacekeeping investigation and closure reports issued during the reporting period

<i>Primary category</i>	<i>Number of reports</i>
Criminal activity	3
Financial	2
Fraud/presumptive fraud	18
Misuse of office/position	3
Personnel	16
Procurement	1
Prohibited conduct	11
Recruitment	1
Retaliation	3
Sexual exploitation and abuse	3
Sexual harassment	22
Total	83

60. In 2018, OIOS assumed responsibility for investigating all sexual harassment complaints. Since then, OIOS has completed investigations into a range of personnel, including staff, former staff and retirees, a Commission Chair and vendor employees.

61. In case No. 0174/18, OIOS received a report that a UN-Habitat staff member had committed acts of sexual harassment, harassment and abuse of authority. In its investigation, OIOS found that the staff member had sent a female colleague text messages after working hours that were unrelated to work and had made unwelcome comments. It further found that the staff member then made negative comments about the colleague's performance and excluded her from staff meetings. The findings were issued to UN-Habitat with a recommendation that appropriate action be taken. The staff member subsequently resigned from the organization.

62. In case No. 0628/18, OIOS received a report of possible sexual harassment implicating an ECA staff member. In its investigation, OIOS found that the staff member had hugged a female colleague against her wishes and asked for her accommodation room number during a training course. Witnesses further corroborated that the staff member had asked a second female colleague for her room number, asked whether he could stay in her room and made gender insensitive and culturally insensitive comments. The findings were issued to the Office of Human Resources, with a recommendation that appropriate action be taken; the matter is currently under review.

63. In case No. 1002/18, OIOS received a report of sexual harassment implicating a staff member of the Economic Commission for Latin America and the Caribbean. In its investigation, OIOS found that the staff member had engaged in unwelcome touching of three female colleagues. The findings were issued to the Office of Human Resources, with a recommendation that appropriate action be taken; the matter is currently under review.

64. The Division investigated several reports of retaliation, including case No. 0072/18, in which OIOS received a report that a senior manager had retaliated against a staff member of the secretariat of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, after the latter had made reports of misconduct, specifically by not extending his contract, by reclassifying his post and by excluding him from recruitment exercises. The OIOS investigation did not support the complaint of retaliation; however, the findings included that the reclassification process had been significantly flawed and that it was likely that the senior manager had excluded the staff member from recruitment exercises because of personal differences. The findings were issued to the Ethics Office for appropriate action. After reviewing the investigation report, the Ethics Office recommended that the subject of the complaint be considered for possible disciplinary or other appropriate action.

65. The Division also investigated multiple fraud and corruption cases. In case No. 0847/18, OIOS received a report that a staff member from the United Nations Office at Nairobi used her health insurance card to access medical services for a family member who was not covered under her plan. In its investigation, OIOS found that the staff member had attended a clinic with her sister, registered as an outpatient, and that her sister had then posed as the staff member in order to receive a medical examination. The findings were issued to the Office of Human Resources for appropriate action and for consideration on onward referral to the appropriate national authorities, in consultation with the Office of Legal Affairs; the matter is currently under review.

66. In case No. 0963/18, OIOS received a report that a UNEP staff member had claimed and received an education grant, when the tuition fees had already been paid by his wife's employer. Through its investigation, OIOS substantiated the allegation

and found that the staff member had been overpaid by \$21,976. The findings were issued to the Office of Human Resources for appropriate action, including consideration of financial recovery, and for consideration of onward referral to an appropriate professional body, in consultation with the Office of Legal Affairs; the matter is currently under review.

67. In case No. 0472/18, OIOS received a report that a staff member of the secretariat of the United Nations Framework Convention on Climate Change improperly claimed a relocation grant. In its investigation, OIOS found that the staff member had unduly claimed and accepted the sum of \$27,806 as a repatriation grant after his separation from the organization. The findings were issued to the secretariat of the Framework Convention for appropriate action and consideration of financial recovery in consultation with the Office of Human Resources.

68. In cases Nos. 0210/17, 0252/17, 0404/18, 0405/18 and 0645/17, OIOS received reports of fraud, abuse of authority and retaliation implicating a then staff member of the Conference Documentation and Services Section of the Economic and Social Commission for Asia and the Pacific (ESCAP) and his wife, an individual contractor working for the Division of Conference Management of the United Nations Office at Geneva. While conducting its investigation, OIOS referred the complainant to the Ethics Office for prevention of retaliation, in application of section 5.2 of the Secretary-General's bulletin on protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations ([ST/SGB/2017/2](#), which was in force at the time). The Ethics Office undertook preventive actions. In its investigations, OIOS found that the ESCAP staff member had assigned to a supervisee tasks that were assigned to his wife under her contract with the United Nations Office at Geneva, and for which she had received a lump-sum payment of \$12,931. OIOS further found that the staff member had used ESCAP time and resources to perform his wife's contracted work.

69. In addition, it was found in the investigation that, subsequent to the supervisee making a prohibited conduct report against the staff member, the staff member instructed two ESCAP colleagues to give the supervisee a negative performance assessment, which was used to justify a non-extension of contract. The findings were issued to the Department for General Assembly and Conference Management, the Ethics Office and ESCAP for appropriate action. The findings were also issued to the United Nations Office at Geneva for appropriate action with respect to the individual contractor, including consideration of financial recovery and debarment from future consultancies. That resulted in a refund to the Organization of the full \$12,931. The Division of Conference Management of the United Nations Office at Geneva also reached out to other duty stations (Vienna, New York and Nairobi) to recommend barring the contractor from future consultancies with the Organization.

VI. Mandated reporting requirements

A. Construction activities

Desk review of the seismic mitigation retrofit and life-cycle replacements project at the Economic and Social Commission for Asia and the Pacific

70. The project stakeholders committee met only twice in 2018. ESCAP indicated that the meetings were cancelled because there were no decisions to be taken by the committee pending the appointment of the new Executive Secretary. The infrequent meetings of the committee, however, diminished the effectiveness of its contributions to project governance and risk management. For instance, the current project risk register did not reflect any fraud and corruption risks related to the construction

project, and fraud and corruption risks were not considered in the stakeholders committee meetings. There is also a current risk that the completion of the project could be delayed and delivered at a higher cost than budgeted, although these risks were being mitigated as part of the project risk management process.

Audits of the renovation of Africa Hall and visitors centre construction projects at the Economic Commission for Africa

71. The independent advisory board and the stakeholder committee were established and operational, and ECA was developing the resource mobilization strategy for the project. However, project and procurement management needed to be strengthened to mitigate project risks, including delays. For instance, ECA processed a change order to construct extra space for additional tenants in the Congo and Nile Buildings, even though it was deemed outside the scope of the project by both the project manager and the Global Asset Management Policy Service in the Department of Management Strategy, Policy and Compliance. With regard to procurement of the contract for the main works, there were lapses by the ECA Procurement Unit to guide the technical evaluation team and the local committee on contracts in its review of the case, resulting in deviations in the technical evaluation. Consequently, the Headquarters Committee on Contracts, at its meeting in July 2018, recommended approval of the Procurement Division's request to reject all three proposals received and to enter into negotiations with the three bidders. Actions to address those concerns delayed the process by nine months and involved offices at United Nations Headquarters, such as the Procurement Division, the vendor management team and the Office of Legal Affairs. The contract was signed on 10 May 2019.

B. United Nations Compensation Commission

72. The United Nations Compensation Commission was created in 1991 as a subsidiary organ of the Security Council to process claims and pay compensation for losses and damages suffered as a direct result of the invasion and occupation of Kuwait by Iraq. Successful claimants are paid out of the Compensation Fund, which is administered by the Commission.

73. Following three successive one-year postponements of the obligation of Iraq to deposit a percentage of proceeds from its oil export revenues into the Compensation Fund, deposits into the Fund and payments towards the outstanding award resumed in 2018, following the adoption of Governing Council decision 276 of 2017. That decision provided for 0.5 per cent of proceeds generated by Iraqi oil export revenues to be deposited into the Compensation Fund in 2018, 1.5 per cent in 2019 and 3 per cent thereafter, until the outstanding compensation award has been paid in full. As at 30 April 2019, of the approximately \$52.4 billion in compensation awarded, \$48.3 billion had been paid, leaving an outstanding balance of approximately \$4.1 billion owing to one remaining claim. On the basis of current levels of income to the Compensation Fund, the Commission estimates that the outstanding balance would be fully paid by 2021.

74. With the resumption of payments towards the outstanding compensation award, OIOS conducted an audit of the Commission's claims payments for the period from 1 January 2018 to 28 February 2019 (report 2019/031). The audit showed that arrangements for accounting of revenue deposited into the Compensation Fund and processing of claims payments were adequate and operating as intended.