

# Activities of the Office of Internal Oversight Services in UN-Habitat

For the period 1 July 2022 to 30 June 2023

24 November 2023

## Executive Summary

OIOS completed 5 oversight assignments (1 audit, 2 evaluations and 2 investigations) involving UN-Habitat during 2022–23. OIOS issued 8 recommendations, including one that was not accepted by UN-Habitat. As of 24 November 2023, a total of 38 recommendations remained to be implemented by UN-Habitat, of which 14 have remained open for longer than 24 months.

For this current period, OIOS is nearing completion of an evaluation of the *UN-Habitat Strategic Plan 2020–2023*, an evaluation of the Regular Programme of Technical Cooperation, where UN-Habitat is one of the implementing entities, and is planning to commence an audit to be completed later in 2024.

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# Background to OIOS

The purpose of OIOS is to assist in the fulfilment of internal oversight responsibilities

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 the resources and staff of the Organization through the provision of internal audit, inspection, evaluation, and investigation services.

## OIOS mandate

The mandate derives from the priorities established in relevant General Assembly resolutions and decisions, including resolutions 48/218 B, 54/244, 59/272, 64/263, 69/253 and 74/257.

The Office is operationally independent in carrying out its activities and reports directly to the Secretary-General and the General Assembly. It has the authority to initiate, carry-out, and report on any action it considers necessary to fulfill its oversight responsibilities.

OIOS has the right to direct and prompt access to all persons engaged in activities under the authority of the Organization, including the right of access to all records, documents, assets, and premises as it considers necessary in the conduct of its activities.

The Under-Secretary-General for Internal Oversight is appointed by the Secretary-

General and approved by the General Assembly for a non-renewable term of 5 years.

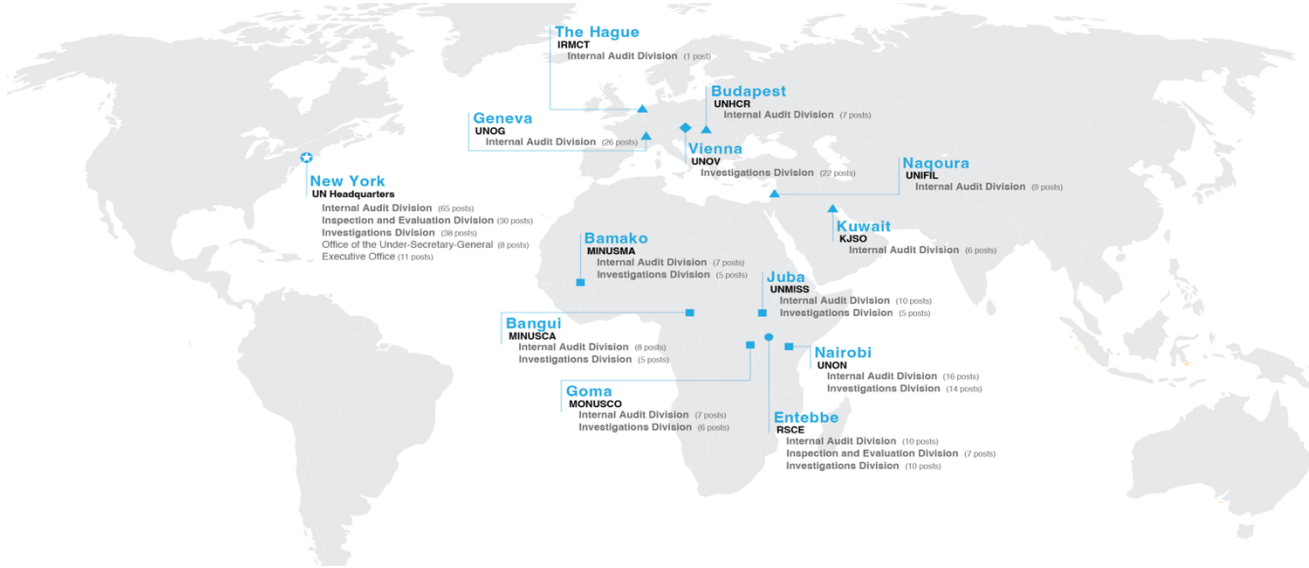
The Independent Audit Advisory Committee provides OIOS with advice to strengthen the Office's risk-based planning and budgeting.

## Oversight coverage

OIOS provides internal oversight services to more than 90 entities, including:

- UN Secretariat Departments and Offices at Headquarters;
- Secretariat Offices away from Headquarters (including UNOG, UNOV and UNON);
- Five regional commissions (ECLAC, ECA, UNESCAP, UNECE, and ESCWA);
- Peacekeeping and Special Political Missions;
- Courts and Tribunals (ICJ, IRMCT); and
- Certain funds & programmes: such as UNEP, UN-Habitat, UNHCR and UNJSPF.

**Figure 1 OIOS worldwide locations (and hosting entity)**



### Staffing and locations

OIOS has an authorized staffing level of 344 posts, spread across 13 locations (see Figure 1) and across the three OIOS functions as follows:

- 180** Internal Audit Division
- 38** Inspection and Evaluation
- 107** Investigations Division
- 19** Executive Office/OUSG

### Cooperation and coordination

The Office cooperates with the Board of Auditors and the Joint Inspection Unit to enhance synergies and efficiencies in the discharge of their respective mandates, holding regular formal and informal meetings and exchanging information with leadership and teams working in the two entities.

The Office also engages in interagency coordination and liaison, sharing knowledge on good practices and innovations in oversight methodologies with the other internal oversight functions of the United Nations system

through the meetings of the Representatives of Internal Audit Services of the UN Organizations, the UN Representatives of Investigative Services and the UN Evaluation Group.

### Relationship with UN-Habitat

There have been no inappropriate limitations of scope presented by UN-Habitat that impeded the work or independence of OIOS. Although UN-Habitat contributed resources for the mid-term evaluation, OIOS did not receive extra-budgetary audit resources from UN-Habitat and did not conduct related audits in 2023.

OIOS receives effective cooperation from the management and staff of UN-Habitat. Effective engagement with the senior leadership of UN-Habitat helps OIOS to identify risks to the organization and provide timely assurance and advice on issues related to the efficient, economical, effective and ethical management of the organization's resources.

# Oversight activities in 2022–23

OIOS aims to add value in the areas of risk management, governance and operations in entities covered by its activities

OIOS adopts a risk-based approach to determining its assurance strategy and overall plan of work, aligned with the Enterprise Risk Management Framework of the Organization and assessment of the effectiveness of internal controls.

## Assurance strategy and plan of work

OIOS prepares its plan of work (and associated budget proposals and resource requests) using a risk-based methodology that aims to ensure it has the resources necessary to provide adequate coverage of high-risk areas, as well as cyclical coverage of all entities within a reasonable timeframe.

OIOS plans to provide audit coverage of high and medium risks over a three- and five-year cycle, respectively; and evaluation coverage of very high and high risk subprogrammes over an eight-year cycle. With respect to investigations, OIOS has set internal targets to ensure different types of investigation are completed within mandated or reasonable timeframes.<sup>1</sup>

OIOS discusses the details of its oversight coverage strategies, capacity

gap analyses and resource proposals with management and with the Independent Audit Advisory Committee each year.

## Internal audit activities

OIOS issued one audit memorandum on 27 December 2022 pertaining to an audit of cybersecurity preparedness (AA2022-250-04). The memorandum contained 7 recommendations, one of which was not accepted by UN-Habitat.

The tentative plan of work for 2024 (to be finalized shortly) has identified two audits: one on the management of implementing partners at UN-Habitat (to be completed in 2024) and one on the operations of UN-Habitat Regional Office for Asia and the Pacific (to be completed in 2025).

<sup>1</sup> The Office's overall assurance strategy, priorities and plan of work can be found in the OIOS programme plan ([A/78/6 \(Sect.30\)](#)), and a list of all OIOS its oversight

activities in the OIOS Annual Report ([A/78/301 \(Part I\)](#)) and Addendum ([A/78/301 \(Part I\)/Add.1](#)).

## **Inspection and evaluation activities**

OIOS completed two evaluations involving UN-Habitat: a thematic evaluation of Secretariat support for the achievement of the Sustainable Development Goals ([E/AC.51/2023/3](#)) and the report on strengthening the role of evaluation ([A/78/70](#)).

The SDG evaluation found that, while Secretariat support for efforts to attain the Goals had been provided in regions of greatest need and areas of comparative advantage, Secretariat strategies, structures and tools had not always been adequate, and there had been unmet demand by Member States for more support for achieving the Goals. The Secretariat lacked sufficient coherence in its delivery of SDG support work, but, when it was provided, the support was generally of good quality and well aligned with national development priorities. The report made one recommendation to UN-Habitat related to strategic planning.

The report on strengthening the role of evaluation ([A/78/70](#)) assessed the state of evaluation during the period 2020–2021 in 76 Secretariat entities. With respect to UN-Habitat, OIOS found that it had a robust evaluation system in place and that estimated expenditure was only slightly below the recommended minimum benchmark. Of the UN-Habitat evaluation reports that were sampled, OIOS rated 86 per cent as of good or very good quality, although evaluation recommendations generally needed to be improved by being logically derived from findings and conclusions, realistic, and actionable. Gender considerations

and human rights were integrated in 71 per cent of reports, and all reports addressed environmental concerns at least partially, and two reports addressed disability issues. The report contained two recommendations to entities across the Secretariat, and UN-Habitat indicated its support for the report's findings and recommended actions to strengthen evaluation capacities.

OIOS is nearing completion of a mid-term evaluation of the UN-Habitat Strategic Plan 2020–2023. Data collection is almost complete, and a report is expected to be available in the first quarter of 2024.

Also to be completed in early 2024, is an OIOS evaluation of the Regular Programme of Technical Cooperation, where UN-Habitat is one of the 11 implementing entities.

## **Investigation activities**

OIOS issued two investigation reports during the period: a closure report on allegations of procurement fraud (30 September 2022) and an investigation report on the submission of a falsified document by a staff member (12 January 2023) that found that the staff member had provided a manipulated contract end date to gain approval for a personal loan.

As of 24 November 2023, OIOS has so far received 10 reports alleging misconduct pertaining to UN-Habitat. As a result, one OIOS investigation has been opened and four complaints referred to UN-Habitat for action.

# Status of UN-Habitat recommendations

OIOS regularly monitors and reports on the implementation of its recommendations

As of 24 November 2023, a total of 38 recommendations remained to be implemented by UN-Habitat, of which 14 have remained open for longer than 24 months, 3 of which were older than 48 months.

## Summary of recommendation status

Since 2016, OIOS has issued a total of 115 recommendations to UN-Habitat, of which 38 remain in-progress and unimplemented. The overall rate of implementation has slowed over the past four years, with 35 out of 40 recommendations issued during that period still open. See Figure 2.

Some of the risks that these open recommendations aim to address include:

- grants management;
- financial management;
- strategic planning; and
- monitoring and reporting.

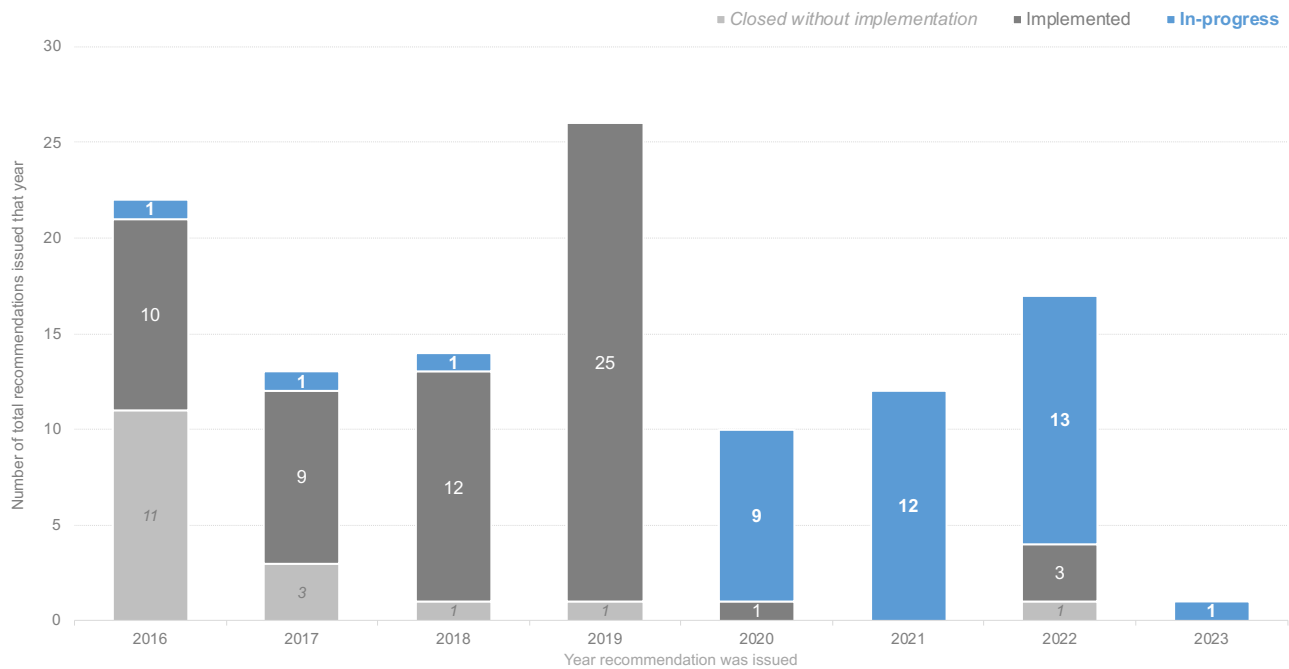
## Improving recommendation implementation

OIOS systematically follows up on the status of implementation of all recommendations through comprehensive follow up exercises. All open recommendations are followed up

biannually: in January for open recommendations as of 31 December of the previous year, and in July for open recommendations as of 30 June. In the intervening periods, entities have access to an online system provided by OIOS to allow for recommendation status updates on an ongoing basis. Recommendations that are overdue for more than one year past their target implementation date are considered long overdue. In addition to the biannual review, overdue critical recommendations are reviewed quarterly in April and October each year.

OIOS has also enhanced its engagement with entities on potential barriers to implementation, especially on those that are overdue or have been open for prolonged periods. This involves a periodic exercise in which OIOS engages with those entities that have recommendations that are long outstanding (that is, have missed their target due dates by more than 12

**Figure 2 Status of OIOS recommendations to UN-Habitat, by year issued (2016–2023)**



months or that had been open for more than 24 months) to ensure that concrete steps are taken to adequately manage the associated risks: either through full and timely recommendation implementation; through reformulation of the recommendation or implementation actions; or through recommendation closure and escalation.

Another such exercise to address the long outstanding recommendations in UN-Habitat is scheduled to begin shortly.

OIOS has also improved the way in which it formulates its recommendations to ensure that recommendations are directed towards actions that are not just implemented, but implemented so that control weaknesses are quickly addressed and

opportunities for performance improvements swiftly realized.

Some of these efforts have included working with entities in formulating OIOS recommendations so that they:

- better weigh the costs and benefits of implementation;
- take better account of Organizational reforms, and management input on existing/ongoing improvement initiatives;
- are aimed towards actions that can be implemented within 24 months; and
- focus on addressing risks to economical, efficient and effective programme delivery and achievement of Organizational and entity priorities and objectives.

In addition, the OIOS web-based recommendation monitoring system allows near real-time updating by entities of actions taken to implement



their open recommendations. The associated recommendation dashboard provides continuous information to entity heads and management on the implementation status for all current recommendations as well trend analysis for all OIOS recommendations issued

since 2011. OIOS also requests that entities identify the programme manager(s) responsible for implementation and includes this information in the monitoring dashboard.

**Table 3 Long outstanding recommendations to UN-Habitat**

Report	Recommendation	Time Outstanding
<b>Audit of resource mobilization at UN-Habitat (2016/134)</b>	2. UN-Habitat should devise viable options for identifying countries of strategic importance and ensuring that representation in these countries is strengthened, given the importance of country presence in resource mobilization.	<b>84 months</b> (7 years)
<b>Audit of Urban Legislation, Land and Governance (2017/055)</b>	5. UN-Habitat should implement a mechanism to ensure that personnel costs are allocated to projects accurately based on actual work performed.	<b>77 months</b> (6 years)
<b>Audit of the Research and Capacity Building Subprogramme at UN-Habitat (2018/077)</b>	2. UN-Habitat should develop an organization-wide research strategy to clarify the expected outcomes to be achieved, necessary activities to be undertaken, and resources to be mobilized for achieving its goals.	<b>64 months</b> (5 years)
<b>Audit of grants management at UNON, UNEP and UN-Habitat (2020/018)</b>	2. UNON, UNEP and UN-Habitat should jointly define key performance indicators for the various processes in the grant management cycle to monitor their efficiency.	<b>39 months</b> (3 years)
	3. UN-Habitat should: (i) in coordination with UNON develop and implement guidelines for handling cash deficits and comply with cash availability controls in Umoja; and (ii) use the weekly statements of financial performance to monitor and clean up deficit balances in grant accounts.	
	4. UN-Habitat, in coordination with UNON, should strengthen the mechanisms for processing, approval and settling internal loans for grants to facilitate closure of grants and ensure accountability for the funds.	
	5. UN-Habitat should, in coordination with UNON: (i) define the specific actions to take for long overdue receivables, including write-down of donor receivables which are unlikely to be received, and notional claims and write-offs for implementing partner advances based on review of deliverables; and (ii) enhance controls over operationally closed grants to ensure that they are financially closed within the stipulated time frame.	
	7. UN-Habitat should: (i) in coordination with UNON, review and agree on the mechanisms for clearing and issuing financial reports prepared in various formats to conform with donor requirements; (ii) ensure that clearance for final financial reports is obtained from UNON in cases where donors have specific reporting requirements; and (iii) issue final reports only after closure of all open items to ensure accuracy and completeness of the reported figures.	
	9. UN-Habitat should expedite the implementation of recommendations arising from donor verification missions.	