

Briefing on OIOS Internal Audit Activities 2024-2025

First session of the UN-Habitat Executive Board – 21-22 April 2026

Agenda

1. Overview of internal audit approach and available resources
2. UN-Habitat risk profile
3. Overview of audit coverage
4. Internal audit reports issued in 2025, including status of implementation of audit recommendations
5. Update on declined audit recommendation

Overview of internal audit approach and available resources

- OIOS prepares its plan of work using a risk-based methodology
- The Internal Audit Division audit strategy is to audit high-risk areas once in three years and medium-risk areas once in five years, based on the availability of resources
- Audits may address one or a combination of risks at headquarters and/or field offices
- UN-Habitat supports OIOS with two audit resources: 1 P-3 and 1 G-7 (apart from 2023, when no funding was available for audit)
- Based on these resources, OIOS provides up to 2 audits per year to UN-Habitat

UN-Habitat ERM risk profile

based on UN-Habitat 2023 risk register and reviewed during OIOS 2025 risk assessment

| Very high risks – 3 | High risks – 6 | Medium risks – 8 |
|--|--|--|
| <ul style="list-style-type: none">• Programme performance measurement• HR strategy and planning, resource allocation and availability, recruiting, hiring and retention, training and development• Organizational transformation and management reform, empowerment, management of organizational transformation | <ul style="list-style-type: none">• Financial contributions• Extrabudgetary funding• Budget allocation• Advocacy• Economic and social development• Research, analysis and advisory activities | <ul style="list-style-type: none">• Unique events (e.g., pandemics)• Climate change• Organization structure• Sexual exploitation and abuse• Disaster response and humanitarian assistance• Procurement• Knowledge management• Implementing partners |

Overview of internal audit coverage – Past audits

Audits completed in past 5 years

| Audit title | Report year |
|--|-------------|
| Audit of the response to the COVID-19 pandemic at UNON, UNEP and UN-Habitat | 2021 |
| Audit of land, housing and shelter activities at UN-Habitat | 2021 |
| Audit of accounts receivable and accounts payable at UNON, UNEP and UN-Habitat | 2021 |
| Audit of UN-Habitat programme in Somalia | 2022 |
| Audit of management of implementing partners at UN-Habitat | 2025 |
| Audit of operations of UN-Habitat in Burkina Faso, Guinea-Bissau and Senegal | 2025 |

Overview of internal audit coverage – Current and planned audits

2026 IAD work plan

| Audit title | Commencement | Completion | Status |
|---|--------------|------------|----------|
| Audit of communication, advocacy and partnership management at UN-Habitat | 2025 | 2026 | On-going |
| Audit of management of land, housing, and shelter programme at UN-Habitat | 2026 | 2027 | Planned |
| Audit of project management processes in UN-Habitat | 2026 | 2027 | Planned |

Audit areas being considered for 2027-2029 to address UN-Habitat's risks

- Performance measurement and results-based management at UN-Habitat
- Financial management at UN-Habitat
- Donor fund management and reporting at UN-Habitat
- UN-Habitat regional architecture and decentralization of operations
- Human resources and workforce management at UN-Habitat

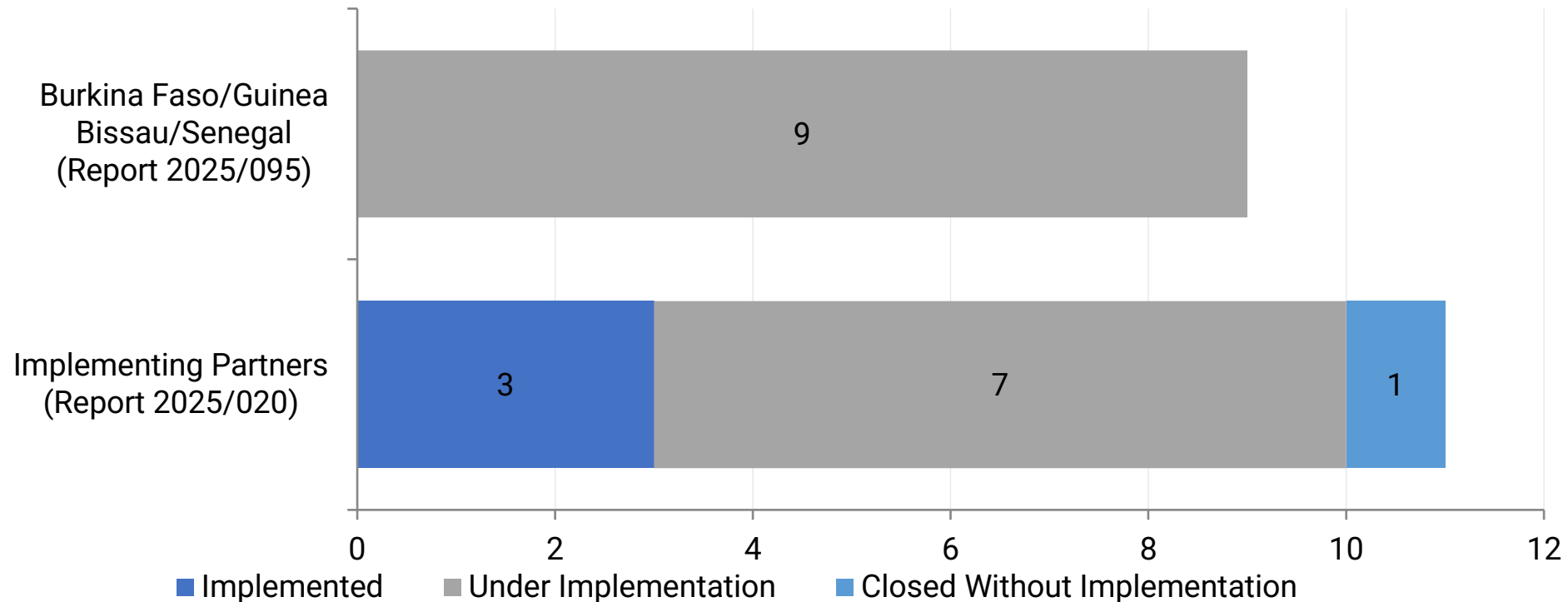
Internal audit reports issued in 2024 and 2025

| Audit title | Report number | Date issued | Number of recommendations |
|--|-----------------|------------------|---------------------------|
| Audit of management of implementing partners at UN-Habitat | Report 2025/020 | 27 June 2025 | 11 |
| Audit of operations of UN-Habitat in Burkina Faso, Guinea Bissau and Senegal | Report 2025/095 | 30 December 2025 | 9 |
| Total number of recommendations | | | 20 |

Overall conclusions – UN-Habitat needed to strengthen:

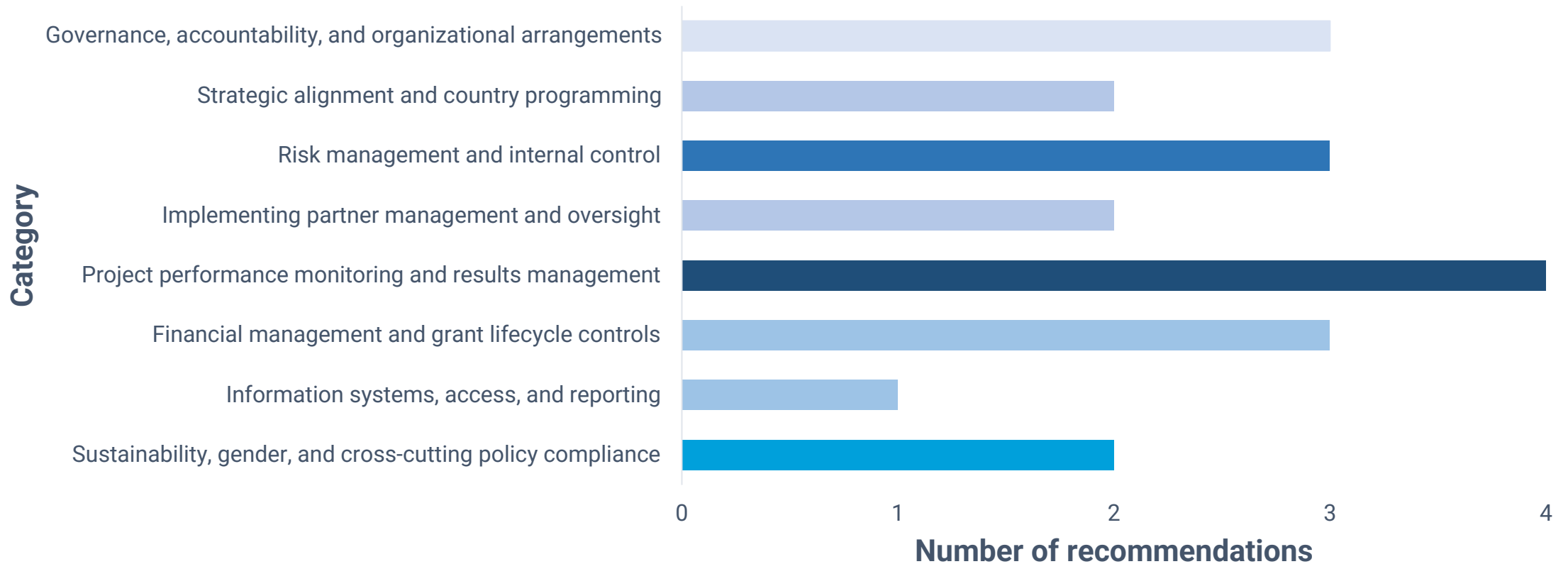
- Processes for selection, management and monitoring of implementing partners
- Strategic and administrative management at country offices

Status of implementation of internal audit recommendations



- OIOS follows up on the status of implementation of critical recommendations semi-annually, and important recommendations annually
- All audit recommendations issued prior to 2024 have been closed.

Categorization of recommendations issued



Outstanding high priority recommendations

Audit of management of implementing partners at UN-Habitat

- Establish a comprehensive policy framework to govern community agreements to ensure effective engagement and accountability for funds
- Conduct a comprehensive assessment of risks specific to implementing partners, update risk register and provide training for staff on project risk management.
- Develop an action plan to address causes of delays in project implementation to ensure efficient realization of project objectives.
- Enhance measures to ensure sustainability of projects beyond their implementation period by improving stakeholder engagement and proposing post-completion maintenance.

Audit of operations of UN-Habitat in Burkina Faso, Guinea Bissau and Senegal

- Conduct a comprehensive assessment of devolved authorities to ensure alignment with responsibilities and update the Organizational and Personnel Accountability Framework.
- Ensure project deliverables by country offices are aligned with the United Nations Sustainable Development Cooperation Framework to strengthen UN-Habitat's visibility.

Update on declined audit recommendation

Recommendation 10 in Report 2025/020 on management of implementing partners

UN-Habitat should strengthen financial oversight of its implementing partners (IP) by ensuring that:

- (a) All expenditures charged to projects are fully supported with adequate documentation; and
- (b) Procurement policies are complied with to assure transparency and cost efficiency.

Response from UN-Habitat

UN-Habitat declined the recommendation, stating that:

- Full verification of all IP expenditures would require disproportionate resources and was not cost-effective
- IP financial management capacity was assessed prior to engagement
- Ongoing support was provided through training and guidance
- Financial assurance was carried out through spot checks and audits

Subsequent actions by UN-Habitat

- Strengthened terms of reference for external auditors tasked with financial oversight of implementing partners
- Promulgated a new implementing partner policy, which included strengthened financial assurance requirements

Our Vision

A strong and accountable United Nations

Our Mission:

**Delivering objective oversight results that
make a difference**