Annual Session of the Executive Board of UNDP/UNFPA/UNOPS
1st -9th of June 2015

Item 12- Internal Audit and Oversight

Chair,

I have the pleasure to make this statement on behalf of Australia and my own country Norway.

We would like to thank the audit and investigations offices of UNDP, UNFPA and UNOPS for their informative annual reports and the respective managements for their responses. Thanks also to the Advisory Audit Committees for their reports. For UNDP and UNFPA, we believe that the recently revised Charters of the respective Offices form a solid basis for the work.

On investigations, we commend all three organizations for the transparent and systematic description of how cases of fraud, financial mismanagement and other misconduct are prosessed and followed up. In this regard, we also welcome the information on financial losses and amounts recovered. We encourage the offices to maintain these good practices in future annual reports.

Looking back at the last few years, we are concerned that vacancies in the internal audit and investigations offices appear to be a periodically recurring issue for all the organizations. Clearly, long vacancies have a negative impact on the capacity to undertake internal audits and investigations, thereby undermining the enhanced capacity provided by the Executive Board through the approval of the respective budgets of the organizations. We recognize that factors beyond the control of the organizations, including the market, contribute to long vacancies but would also assume that more can be done to speed up the recruitment processes. We encourage the organizations jointly to review their recruitment processes and to inform the Executive Board about steps taken.

With regard to long outstanding audit recommendations, we commend UNFPA and UNOPS for the improvements made while we urge UNDP to intensify implementation of such recommendations.
Chair,

Let me now provide some agency-specific comments:

On UNDP, we appreciate the improvements made to strengthen the internal audit function and the implementation of a sizable number of internal audits. We notice the recurring audit observations with regret and are especially concerned about last year’s increase in recommendations related to human resources, including “improper recruitment”. We urge UNDP to take necessary steps to reverse this trend.

With regard to UNFPA, we would first like to commend the Director of the Office of Audit and Investigation Services for her active role as the UN-RIAS Vice-Chair for internal audits and focal point for the UNDG. We welcome the adopted Framework for Joint Internal Audits of Joint United Nations Activities, developed under the joint leadership of Office of Audit and Investigation Services and the Office of Audit and Investigations of UNDP. We also appreciate that the system carried out two joint audits in 2014. Joint audits are crucial for ensuring accountability in multi-partner funding mechanisms, which we think should become an important source of funding of the UN Development System in the Post 2015 area.

Two comments on the less positive side: First, on the conclusions of the internal audits carried out in 2014: We are pleased to see the reduction in audit recommendations in the areas of office governance and operations management. We are, however, concerned about the audit ratings in the field of programme management and the corresponding number of audit recommendations, including with regard to nationally executed projects. It appears that some related tools were improved and that a global programming system was introduced towards the end of the year. We would urge UNFPA to take further steps as required to ensure organization-wide compliance with existing programme management guidelines. In this regard, we would also request UNFPA to keep the Executive Board informed about the progress of the renewed initiative to establish the enterprise risk management system.

Second, on the capacity of the Office of Audit and Investigation Services: We notice that the audit coverage in 2014 was substantially below what is stipulated in the newly revised Charter of the Office, as also mentioned by the Director in her report, and also substantially lower than for comparable organizations. Furthermore, it is noted that the Office had difficulties in keeping track with the increasing number of investigation cases. We request UNFPA to ensure that sufficient resources are set aside for internal audit and investigations not later than when the revised Integrated Budget is presented to the Executive Board in 2016, after paying due attention also to what would constitute a suitable balance between the core activities of the Office and it advisory services.

On UNOPS, it is positive that the follow-up of audit recommendations has improved. We are, however, concerned about the increased number of procurement-related recommendations in 2014 and would urge the management to take all necessary steps to reverse this development.
Chair,

With regard to the Audit Advisory Committee issue raised by the Deputy Executive Director of UNOPS today, I would like to mention that Australia and Norway are of the opinion that the Audit Advisory Committee should have the same function and be appointed in the same manner as similar committees in UNDP and UNFPA.

Thank you.