



**Executive Board of the
United Nations Entity
for Gender Equality and the
Empowerment of Women**

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**Assessment of the Independence of the UN-Women
Independent Evaluation and Audit Services (IEAS),
September 2022**

Summary

This document provides an assessment of the independence of the Internal Audit Service (IAS) of the Independent Evaluation and Audit Services (IEAS) of UN-Women in response to the Executive Board Decision 2022/5.

It provides an overview of the methodology used, response to the specific Executive Board questions, suggestions and pathways to further strengthen the independence of IAS, and an overall conclusion.

I. Introduction

1. On 22 June 2022, the UN-Women Executive Board provided Decision 2022/5, in which paragraph 7:

Requests the Director of the IEAS, in coordination with OIOS, to:

- provide at the second regular session of 2022 an assessment on the independence of the Service, containing reflections on (but not limited to) the degree to which the IEAS can determine freely: (a) how and when to report to and brief the Executive Board; (b) the scope of audits and investigations; (c) what and who to audit or investigate; (d) what assessments to make; (e) how to utilize available funds; and (f) its relationship with the OIOS; and
 - requests the Director to also provide suggestions and pathways on how to further strengthen the independence of the Service, as well as the budget estimate required for the execution of the full mandate, and
 - requests a closed informal briefing between the management of IEAS, together with OIOS, and Executive Board members and observers on this topic in advance of the second regular session of 2022.
2. This paper addresses the Executive Board decision request in the form of a self-assessment by IAS of its independence against principles developed by an internationally recognized independent audit body and supported by publicly and internally available documentation (see below Methodology). This paper has been reviewed by the UN-Women Advisory Committee on Oversight and its comments were taken into consideration.
 3. The UN-Women internal audit function was created in 2018 with the full support of UN-Women management and the Executive Board. The UN-Women Internal Audit Service (IAS) was placed together with the Independent Evaluation Service (IES) (formerly the Independent Evaluation Office) in the new Independent Evaluation and Audit Services (IEAS) headed by a Director, IEAS. IEAS and IAS are fully governed by their individual Charters, which were reviewed by the Advisory Committee on Oversight, approved by the Executive Director and are shared with the Executive Board on an annual basis for its information:

The [Charter of the Independent Evaluation and Audit Services](#) (IEAS Charter) constitutes the framework for UN-Women IEAS to provide: (a) credible evidence on UN-Women's performance in achieving gender equality and the empowerment of women; and (b) assurance that UN-Women's governance, risk management and control processes are adequate, effective and functioning as intended to meet the Entity's strategic and organizational objectives.

The [Charter of the Internal Audit Service](#) (IAS Charter) defines IAS' purpose, authority, core principles and responsibility and is an integral part of the IEAS Charter.

4. Prior to November 2017, UN-Women management outsourced its investigation function, under a Memorandum of Understanding, to the United Nations Development Programme Office of Audit and Investigations (UNDP OAI). Since December 2017, the function has been performed by the United Nations Office of Internal Oversight Services (UN-OIOS). In January 2019, the Responsible Official role was re-allocated from the UN-Women Director of the Department of Management and Administration to the Director, IEAS.

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5. According to the IEAS Charter, the Director, IEAS is functionally and operationally independent from UN-Women management in the conduct of the Director's duties. In the exercise of the Director's functions, the Director takes advice from the Advisory Committee on Oversight. The Director, IEAS has the authority to initiate, carry out and report on any action, which the Director considers necessary to fulfil the IEAS mandate. This includes the right to determine the scope of work; decide on techniques and methodologies; and allocate resources within IEAS' budget authority, including the engagement of specialized consultants.

II. Methodology for the assessment of independence to fulfil the Executive Board request

6. For the purposes of this assessment, IEAS used the eight principles of independence identified by the International Organization of Supreme Audit Institutions (INTOSAI) to support Supreme Audit Institutions (SAIs) in demonstrating their independence. INTOSAI is an intergovernmental organization whose members are SAIs. Nearly every SAI in the world is a member of INTOSAI. INTOSAI is an autonomous, independent, professional and nonpolitical organization established as a permanent institution. Its objectives include: setting standards for public sector auditing; promoting good national governance; and fostering the exchange of ideas, knowledge and experiences.
7. While UN-Women IAS is not an SAI, the principles are still relevant to assess independence. These principles collectively determine if the audit function of an entity has the freedom and flexibility it needs to effectively carry out its mandate and fulfill its oversight function. Each principle highlights a key area where independence must be defined and consistently maintained if an audit function is to be successful in its work.
8. According to the Executive Board decision request, IEAS focused its assessment only on the internal audit and investigation function, and not its independent evaluation role. This was also in line with IEAS' understanding of the similar decisions that UNDP/UNFPA/UNOPS and UNICEF received, and the independence assessments that these entities were also requested to undertake. This assessment is structured around the INTOSAI principles; IAS' assessment against those principles demonstrating the legalistic framework, policies and de facto operationalization of the legal principles; IAS' conclusion; and the examples of supporting evidence used.

III. Assessment against INTOSAI individual criteria and conclusions

INTOSAI Principle 1: *The existence of an appropriate and effective constitutional/statutory/legal framework and of de facto application provisions of this framework.*

IAS assessment

9. The IEAS and IAS Charters are considered official corporate policies and are recorded in UN-Women's Policy, Procedure and Guidance, representing an appropriate and effective legal framework for governing IEAS and IAS. Both Charters were reviewed and approved in July 2021. IAS also has an Audit Manual that operationalizes the provisions of both Charters. It should be noted that when the UN-Women's Financial Rules and Regulations were approved in 2012 (annual session of 29 May – 1 June 2012), UNDP's Office of Audit and Investigation was the internal audit service provider and is currently listed in the Financial Rules and Regulations. While it does not limit the authority of IAS, the internal audit provisions in the Financial Rules and Regulations need to be updated (see recommendation below).
10. In fulfilling its Charter, IAS governs itself by adherence to the applicable United Nations and UN-Women regulations, rules, policies and procedures and the mandatory elements of the Institute of Internal Auditor's International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing¹ as adopted by the United Nations Representatives of the Internal Audit Services (UN-RIAS), and its Audit Manual. This allows IAS to enjoy full organizational independence and full access to people, systems and information. Any limitations of scope are reported in IAS' audit reports and in its annual report. In its annual report and during private sessions with the Advisory Committee on Oversight, IAS confirms, at least annually, its organizational independence and discloses any potential interference and related implications in determining the scope of its internal audit activities, performing its work and/or communicating its results. Both the Advisory Committee on Oversight and the Executive Board are independent from UN-Women management.
11. IAS staff are mandated to sign annual independence declarations as well as independence statements for each engagement they are assigned to in the internal audit plan.

Conclusion

12. IEAS and IAS have adequate Charters that clearly state the mandate of IAS as an assurance provider.

Link to supporting evidence:

- [Charter of the Independent Evaluation and Audit Services](#)
- [Charter of the Internal Audit Service](#)
- [IAS 2021 Annual Report](#) (example)

¹ <https://www.theiia.org/en/standards/international-professional-practices-framework/>

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- [UN-Women Advisory Committee on Oversight Terms of Reference](#)
 - UN-Women Audit Manual (not public but maintained for IAS personnel due to sensitivity).

INTOSAI Principle 2: *The independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties.*

IAS assessment

13. According to IEAS Charter provision 5.6.1-5.6.3, the Executive Director decides on the appointment and removal of the Director, IEAS taking into consideration the advice of the Advisory Committee on Oversight. Termination of employment is for just cause, as per established procedures for UN-Women staff, and in consultation with the Advisory Committee on Oversight. The tenure of the Director, IEAS is for an initial probation appointment of one year with an extension for the first tenure up to a maximum of five years, with the possibility of renewal for another maximum five years for the second tenure. To ensure security of tenure and independence in the normal discharge of the IEAS Director's duties, the current director's contract has been approved for four years so that contract extensions are not used to pressure or influence the Director's independence. IEAS personnel are protected by having reporting lines, contract extensions and staff performance management decided by IEAS management.
14. According to IEAS Charter provision 5.4.1, the Director, IEAS reports administratively and functionally and is accountable to the Executive Director, without prejudice to operational independence in discharging his/her oversight duties and responsibilities. IEAS reports to the Executive Board on an annual basis through the Report on Internal Audit and Investigation and the Report on the Evaluation Function. The performance appraisal of the Director, IEAS is carried out by the Executive Director after receiving input from the Advisory Committee on Oversight. The IAS Charter requires that the Director, IEAS bring to the attention of the Advisory Committee on Oversight any interference or impairment to IEAS' independence, objectivity or professionalism.

Conclusion

15. The independence of Director, IEAS and IEAS personnel are protected through application of the IEAS Charter.

Link to supporting evidence:
























- [Charter of the Independent Evaluation and Audit Services](#)

INTOSAI Principle 3: *A sufficiently broad mandate and full discretion in the discharge of SAI functions.*

IAS assessment

16. According to IEAS Charter provision 5.1.1, the IEAS mandate is sufficiently broad and provides independent evaluation and internal audit assurance, as well as advisory services on UN-Women’s strategies, programmes, governance, risk management, controls, and business systems and processes to provide evidence for decision-making, to identify good practices and to provide recommendations for improvement.
17. IAS has full discretion to decide on providing both assurance and advisory services which are defined in accordance with the Institute of Internal Auditor Standards as follows:
 - Assurance services** – are an objective assessment of evidence to provide an independent opinion or conclusions regarding the Entity, operations, function, process, system or other subject matter. The nature and scope of the assurance engagement is determined by the internal auditor.
 - Advisory services** – are advisory in nature and are intended to add value and improve UN-Women’s governance, risk management and control processes. Advisory services are undertaken in a manner in which IAS maintains its independence and objectivity and does not assume responsibilities reserved for management.
18. IAS Charter provision 4.2 states that the Director, IEAS is responsible for submitting a risk-based internal audit plan for review and approval, at least annually, to the Executive Director, upon consultation with the Advisory Committee on Oversight and the Executive Board. In preparing the annual audit workplan, IAS shall consult with UN-Women management, the United Nations Board of Auditors and, where appropriate, other stakeholders, including due consideration for the corporate and strategic risks identified through the Enterprise Risk Management framework. IAS shall apply a risk-based methodology, including, but not limited to risks and concerns identified by management, to identify and prioritize engagements to be undertaken during the year. The risk-based internal audit plan is reviewed and adjusted, as necessary, in response to changes in UN-Women’s business, risks, operations, programmes, systems and controls.
19. In practice, IAS implements its mandate through its independent risk assessment which is used as a key basis for its long-term audit strategy and its workplans. This ensures that IAS’ strategy and plans are independently constructed but relevant to UN-Women’s strategic priorities, aligned with key risks, coordinated with other oversight bodies, integrated and sequential, and deliver added value and advice. The IAS annual workplan is reviewed by the Advisory Committee on Oversight, presented for discussion to a corporate peer review group and approved by the Executive Director. In October 2019, IEAS had informal discussions with the Executive Board as an introduction to the IAS function, the IAS workplan and the IAS ethics and integrity review and invited Executive Board members to comment. Since its establishment, IAS has enjoyed full independence by choosing the most relevant high-profile themes (see Figure 1 on IAS thematic coverage during 2019–2021). In addition to its thematic audits, IAS provides assurance on governance, risk management and control, which includes programme management and operations in field offices.

Figure 1: Thematic reviews conducted by IAS 2019–2021

THEMATIC REVIEWS	2019	2020	2021
 Risk management and control framework	 Risk management maturity	 Ethics & Integrity	
		 Policy Cycle management	
			 Outsourced service providers
			 Anti-Fraud Programme
 Programme and Project cycle	 Implementing partner management		
	 Project Cycle management		
		 Trust funds management	
		 Management of donor requirements	
		 Support to IES: FPIs	
 Functional	 Travel management		
		 Detail assignment management	
		 Coordination governance	
			 Management of consultants
			 Assets and Lease management
			 Security Management
			 Communications
 Information Security		 Cybersecurity	
			 ERP rollout assessment

Conclusion

20. IAS has a sufficient mandate, well communicated in its Charter and maintains full discretion to execute its mandate. IAS has been able to provide assurance and advisory services to UN-Women without impairments to its independence.

Link to supporting evidence:

- [Charter of the Independent Evaluation and Audit Services](#)
- IAS annual reports for [2019](#), [2020](#), [2021](#)
- [Individual internal audit reports](#)
- IEAS strategy for 2019–2021 and IEAS strategy for 2022–2025 (internal documents).

INTOSAI Principle 4: Unrestricted access to information.

IAS assessment

21. According to IAS Charter provision 5.5 and IAS Audit Manual provision 3.4, with strict accountability for confidentiality and safeguarding records and information, and subject to any applicable restrictions related to protected information, IAS has full, free and unrestricted access to the premises, records, documents, electronic data and any other information relating to vendors,

implementing partners and/or other third parties that have contractual arrangements with UN-Women which IAS considers to be pertinent to its work, subject to appropriate terms and conditions being agreed with contractual parties. Through the Director, IEAS, IAS has full, free and unrestricted access to the Chairperson of the Executive Board (in a manner consistent with the Rules of Procedure of the UN-Women Executive Board), the Chairperson of the Advisory Committee on Oversight and the United Nations Board of Auditors.

22. According to IEAS Charter provision 4.9, the right of all staff and personnel to communicate confidentially with, and provide information to, IEAS without fear of reprisal shall be guaranteed by the Executive Director. This is without prejudice to measures that may be taken under UN-Women Staff Regulations and Rules regarding claims that are intentionally and knowingly false or misleading or made with reckless disregard for the accuracy of the information.
23. In practice, IAS enjoys full and unrestricted access to the above-listed items and if its access is impaired, this is reported in individual audit reports as a scope limitation. No scope limitations reported concerned IAS' right to access but rather operational challenges in accessing certain stakeholders during some audits, or the absence of effective filing systems at times. IEAS periodically meets with the United Nations Board of Auditors to share information on planning and results.
24. As an example of access to the Executive Board, in addition to standard formal and informal briefings on the results of audit and investigation activities, during 2019–2022 IAS organized several informal briefings for the Executive Board, for example:
 - January 2019, informal briefing on the IEAS Strategy.
 - October 2019, informal discussion on an introduction to IEAS, the IAS annual plan for 2020 and governance of ethics and integrity.
 - April 2022, informal briefing on orientation to oversight mechanisms in UN-Women.

Conclusion

25. IAS has unlimited access to information, systems and people, and protects the confidentiality of the information obtained during the course of its engagements.

Link to supporting evidence:

- [Charter of the Internal Audit Service](#)
- [Executive Board website](#)
- [IAS annual reports](#)
- UN-Women Audit Manual (not public but maintained for IAS personnel due to sensitivity).

INTOSAI Principle 5: *The right and obligation to report on their work.*

IAS assessment

26. According to IAS Charter provision 5.4.1, IAS is responsible for (a) submitting an annual and periodic summary report of IAS activities, including a summary of significant audit findings; implementation status of recommendations; and confirmation of the organizational independence of IAS activities to the UN-Women Executive Board and Advisory Committee on Oversight; and (b)

expressing an annual assurance opinion on the adequacy and effectiveness of governance, risk management and control in achieving UN-Women's objectives based on the audits issued during the reporting period.

27. This is in line with Executive Board decision UNW/2015/4, where IAS is required to assess and report to the Executive Board: (a) an opinion, based on the scope of work undertaken, on the adequacy and effectiveness of the Entity's framework of governance, risk management and control; (b) a concise summary of work and the criteria that support the opinion; (c) a statement of conformance with the internal audit standards being adhered to; and (d) a view on whether resourcing of the function is appropriate, sufficient and effectively deployed to achieve the desired internal audit and investigation coverage.
28. To operationalize this principle, IAS submits an annual report to the Executive Board and periodic summary reports of IAS activities to the Advisory Committee on Oversight, including a summary of significant audit findings; implementation status of recommendations; and confirmation of the organizational independence of IAS activities. IEAS shares and discusses its draft annual reports with the Advisory Committee on Oversight for its feedback prior to report issuance. IEAS also briefs management regularly at Business Review Committee meetings as part of corporate planning and performance management requirements.
29. According to the Entity's public disclosure policy, IAS publishes all its individual audit reports:
<https://www.unwomen.org/en/about-us/accountability/audit/internal-audit-reports>
30. Since 2018, only one audit report has not been published – in 2020 on cybersecurity management due to its high sensitivity. IAS also publishes briefs of some of its advisory reviews and reports their summaries in its annual reports.

Conclusion

31. IAS freely reports at informal and formal sessions of the Executive Board, without senior management interference.

Link to supporting evidence:

- [Charter of the Internal Audit Service](#)
- [Accountability webpage: https://www.unwomen.org/en/about-us/accountability/audit](https://www.unwomen.org/en/about-us/accountability/audit)
- IAS annual reports for [2019](#), [2020](#), [2021](#)
- UN-Women Audit Manual (not public but maintained for IAS personnel due to sensitivity).

INTOSAI Principle 6: *The freedom to decide the content and timing of audit reports and to publish and disseminate them.*

IAS assessment

32. According to IEAS Charter provision 5.8.1, the Director, IEAS is responsible and accountable for timely compliance with the decision made by the Executive Board 2012/10 in relation to disclosure of internal audit reports.
33. As mentioned above, Executive Board decision 2012/10 requires IEAS to publish all final audit reports on the IEAS public website, except for reports containing

confidential or sensitive information, which IEAS may decide to withhold or redact. Final reports for advisory engagements are generally not published, unless decided by management; however, some advisory assignments are published in the form of briefs either internally or externally and all advisory reports are summarized in annexes in IAS annual reports.

34. After its audit fieldwork, IAS prepares draft and final reports with areas that require improvement or have key control deficiencies. These are thoroughly discussed with the management of the areas audited, where management is provided with an opportunity to comment on the accuracy of findings, its agreement with audit conclusions and to provide an action plan on audit recommendations. If agreement on audit conclusions is not reached, IAS has the freedom to maintain its conclusions, clearly stating management's position and explaining the reasons for its audit conclusions. Such situations mainly occur because of IAS and management's different perceptions on governance, risk management or resources needed. According to the Audit Manual, IAS will report recommendations rejected by management, and management is asked to officially accept the risk which is then reported to the Advisory Committee on Oversight and Executive Board in the IAS annual report. Management, in general, has accepted all IAS recommendations thus far, some with a qualification on resource availability.

Conclusion

35. IAS has the freedom to decide on the content of its reports. Audit reports are published by default within 30 days of issuance, unless deemed sensitive. The key highlights of sensitive reports are included in IAS annual reports.

Link to supporting evidence:

- UN-Women Audit Manual (not public but maintained for IAS personnel due to sensitivity).
- Accountability webpage: <https://www.unwomen.org/en/about-us/accountability/audit>

INTOSAI Principle 7: *The existence of effective follow-up mechanisms on SAI recommendations.*

IAS assessment

36. IAS maintains all recommendations issued in its automated TeamMate database. In addition to the text of the recommendation and other administrative information, the database includes the text of the audit finding; recommendation details on the responsible client unit (including management and engagement [audit] focal points); management action plan; engagement (audit) area; recommendation priority (rating); and target date. This information enables IAS to analyse recommendations according to any of these factors and monitor the status of their implementation.
37. IAS monitors implementation of recommendations on a quarterly basis. IAS follows up on recommendations with imminent or past target dates, as well as prior to issuance of quarterly progress or annual reports and to provide statistics for corporate Quarterly Business Reviews. The TeamMate database can also be updated at any time with information on the status of recommendations.
38. IAS follows up on engagement findings, recommendations and management actions, and periodically reports on recommendations not effectively

implemented or overdue to the Business Review Committee, Advisory Committee on Oversight and the Executive Board. Management of relevant functional units are responsible for responding to recommendations from IAS and for implementing agreed actions.

39. If a critical recommendation is not accepted by management, it will be escalated to UN-Women senior management and the Advisory Committee on Oversight. The Director, IEAS may decide to escalate any critical recommendations to the Executive Board. Unaccepted recommendations will be included as "management accepts the risks" in the final report and in the recommendation tracking system (TeamMate). Unaccepted recommendations will be reported to the Executive Director, the Advisory Committee on Oversight and Executive Board through progress reports to the Advisory Committee on Oversight and the Annual Report on Internal Audit and Investigation Activities.

Conclusion

40. The follow-up of IAS recommendations is an effective mechanism. Management provides a formal response to the Annual Report on Internal Audit and Investigation, including on the status of implementation of IAS recommendations.

Link to supporting evidence:

- [Charter of the Internal Audit Service](#)
- UN-Women Audit Manual (not public but maintained for IAS personnel due to sensitivity)
- IAS annual reports for [2018](#), [2019](#), [2020](#), [2021](#).

INTOSAI Principle 8: *Financial and managerial/administrative autonomy and the availability of appropriate human, material and monetary resources.*

IAS assessment

41. IAS' budget approval follows UN-Women corporate planning and budgeting processes. Usually, the same amount of funding is provided to IAS each year, which is used to implement IAS workplans. So far, resources have been sufficient to implement the IAS risk-based audit workplans. Currently, the audit cycle is approximately six–seven years for high-risk items. To cover these items on a more regular basis, IAS would need additional resources.
42. During 2021, IAS received adequate resources to implement the activities in its 2021 audit plan. IAS staffing was fully funded with five approved posts: one P-5 (Chief), two P-4 and two P-3 posts. In 2021, IAS received US\$ 447,000 for non-staff expenditure. IAS uses these funds according to the financial regulations and rules of UN-Women. This includes travel to field offices and using subject matter experts, where needed, in the form of individual consultants or legal entities and non-staff auditors to boost the capacity of the existing team of five staff.

Conclusion

43. IAS has sufficient resources to implement its risk-based annual audit plan. IAS has the freedom to utilize the resources without interference from UN-Women management.

Link to supporting information:

- [Charter of the Internal Audit Service](#)

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- Para 23, 24 and 26 [IAS 2021 Annual Report](#).

IV. Assessment of the independence of the investigation function

44. UN-Women engages an external investigation service provider, currently the United Nations Office of Internal Oversight Services (UN-OIOS), based on a Memorandum of Understanding. Since 2019, the Director, IEAS has been the designated official responsible within UN-Women for coordinating investigation-related matters. UN-Women's Legal Policy for Addressing Non-compliance with UN Standards of Conduct defines the investigation process, roles and responsibilities. UN-OIOS is fully independent of UN-Women and is governed by its own mandate and policy. UN-OIOS has full authority to initiate investigations without Executive Head or any other approval. UN-OIOS uses a dedicated reporting tool on misconduct fully independent from UN-Women, which ensures full independence for receiving allegations.
45. UN-Women management has no role in the quality assurance of investigation reports produced by UN-OIOS which has its own quality assurance procedures. IEAS acts as focal point with UN-OIOS, receiving its case updates, reports and referrals, ensuring they are acted upon with confidentiality and follow UN-Women procedures. In this regard, the Director, IEAS briefs and advises management on investigation-related issues, including related clauses in donor agreements. IEAS also provides the Executive Board with an annual UN-Women Report on Internal Audit and Investigation Activities, and fraud-related statistics to the UN Board of Auditors.
46. UN-Women personnel have a responsibility to report allegations of wrongdoing to UN-OIOS or their immediate supervisor or another appropriate supervisor within the operating unit. Failure to report misconduct allegations, which include fraud, may represent misconduct itself. UN-Women personnel are reminded of their responsibility in preventing, detecting and reporting fraud. As part of the onboarding process, every personnel regardless of contract type is required to undertake a mandatory Fraud and Corruption Awareness and Prevention course. IEAS and the UN-Women Executive Leadership Team delivered a UN-Women-wide awareness communique in December 2021 on International Anti-Corruption Day.
47. UN-OIOS bills UN-Women on a cost-recovery basis for investigations completed. In addition, during 2020–2021, the Director, IEAS, Chief IAS and Audit Specialist (P4) spent between 10–30 per cent of their time on investigation matters in carrying out the role of Responsible Official for receiving and transmitting investigation related information and reports; coordinating and monitoring implementation of other reports; and for directing referrals, recommendations and requests for information, data and cost-recovery from UN-OIOS. The role involves coordination, monitoring and oversight efforts for which IEAS does not have dedicated resources, despite the role becoming more demanding. Therefore, in 2021, IAS used its internal audit budget to recruit a UN Volunteer to support work in this area, including IAS' ability to provide proactive integrity and counter-fraud efforts and raise awareness of how to handle potential misconduct. In its 2022 Annual Work Plan, IAS requested US\$ 82,000 to fund its investigation support and counter-fraud efforts, and IAS is pleased to note that this has been allocated for the year. Currently, IAS is assessing the lessons learned

from outsourcing the investigation function and will provide potential different scenarios to ensure the investigations function is more sustainable. IEAS' investigation-related support budget also needs a more sustainable solution.

V. Assessment of Internal Audit Services (IAS) independence against the Executive Board decision

48. In conclusion, IAS would like to respond to the Executive Board decision request as detailed below. The degree to which IEAS can determine freely:

(a) *How and when to report to and brief the Executive Board*

Through the Director, IEAS, IAS has full, free and unrestricted access to the Chairperson of the Executive Board. IAS submits an annual report of IAS activities, including a summary of significant audit findings; implementation status of recommendations; and confirmation of the organizational independence of IAS activities to the UN-Women Executive Board and makes periodic reports to the Advisory Committee on Oversight. IAS freely reports at each of the informal and formal sessions of the Executive Board, without senior management interference.

(b) *The scope of audits and investigations*

Internal Audits – In addition to the overall responsibilities as set out in the IEAS Charter, as it relates to IAS, the Director, IEAS is responsible for preparing a long-term audit strategy and risk-based internal audit workplan at least annually for the review and approval of the Executive Director, upon consultation with the Advisory Committee on Oversight and Executive Board. IAS determines the scope of audits and advisory engagements after the engagement objectives have been established, and sets the boundaries of the engagements and scope exclusions. The scope includes the time period, geographical locations and major processes that will be covered by the engagements, and all the key controls required to provide reasonable assurance that the risks identified are effectively managed. IAS determines the scope of the engagements independent of senior management. After the scope is determined, IAS discusses it with senior management to ensure IAS has not omitted any critical processes and key controls. Senior management does not have authority over IAS and does not dictate the scope of any IAS engagements.

Investigations – Investigations are outsourced to UN-OIOS; therefore, as an external entity it enjoys full independence during its investigations.

(c) *What and who to audit or investigate*

Internal Audits – As explained above, the audit strategy and workplans are independently prepared by IAS based on its own risk assessment and IAS has full freedom to determine what and who to audit. IAS has full, free and unrestricted access to the premises, records, documents, electronic data and any other information relating to vendors, implementing partners and/or other third parties that have a contractual arrangement with UN-Women, which IAS considers to be pertinent to its work, subject to appropriate terms and conditions being agreed with contractual parties.

Investigations – Investigations are outsourced to UN-OIOS; therefore, as an external entity it enjoys full independence during its investigations.

(d) *What assessments to make*

IAS uses its independent risk assessment to select topics for assurance or advisory engagements depending on the risks identified from its independent risk assessment of all functions, processes, headquarters units and field offices. As such, IAS reviews and adjusts the risk-based internal audit plan, as necessary, in response to changes in UN-Women's business, risks, operations, programmes, systems and controls. Identification of new and emerging risks comes from the Director, IEAS, Chief IAS and IAS personnel, discussions with the Advisory Committee on Oversight and management, review of client risk registers and other relevant documents. IAS has the freedom to decide on the type and nature of the assessments. As part of the development of the risk-based annual audit plan, IAS holds several consultation meetings with business process owners and senior management to ensure the annual audit plan meets the needs of UN-Women, is complete and IAS will provide timely assurance/advice aligned to the strategic direction and objectives of UN-Women.

(e) *How to utilize available funds*

IAS' budget approval follows corporate guidelines where the same yearly budget has been provided to IAS for its workplans. IAS has the freedom to utilize the resources provided without interference from UN-Women management in accordance with the financial regulations and rules of UN-Women. IEAS does not have dedicated resources for investigations; therefore, in 2021 IAS used its internal audit budget to recruit a UN Volunteer to support its collaboration with UN-OIOS for investigations, including IAS' ability to provide proactive integrity and counter-fraud efforts and raise awareness of how to handle potential misconduct. In 2022, IAS received US\$ 82,000 to fund its investigation support and counter-fraud efforts for the year.

(f) *Its relationship with UN-OIOS*

IAS and UN-OIOS have signed a Memorandum of Understanding for investigations support. In 2021, the Director, IEAS, with the support of two IAS staff, continued to carry out the role of Responsible Official for receiving and transmitting investigation information and reports; coordinating and monitoring implementation of other reports; and for directing referrals, recommendations and requests for information, data and cost-recovery from UN-OIOS. The role involved coordination, monitoring and oversight efforts. An internal standard operating procedure advises how to handle UN-OIOS referrals to UN-Women management (i.e. allegations where investigations are not opened, but that are referred to management for potential action as deemed necessary). UN-OIOS bills UN-Women based on completed investigations. The cost of investigations is not funded from the IEAS or IAS budgets. Other services that it provides, such as case intake and assessment, are not directly costed and billed. The cost of investigations is presented in the Annual Report on Internal Audit and Investigation.

VI. Suggestions and pathways to further strengthen the independence of Internal Audit Services (IAS) of IEAS

49. As part of the assessment, and as requested by the Executive Board, IEAS makes the following suggestions that could further enhance and support its independence:

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- a) IAS to draft and present to the Executive Board, the IAS-related provisions in the Financial Rules and Regulations for Executive Board review and approval.
 - b) UN-Women Executive Management to provide a sustainable solution to boosting IEAS' investigation support role, so that IEAS can conduct inspections, proactive integrity assessments in high-risk areas (consultants, direct procurement, staffing benefits, etc.) and lessons learned from investigations, anti-fraud prevention initiatives, etc.
 - c) The Executive Board, in contributing to a culture of accountability, may be able to better appreciate and use the results reported by IAS (in individual audit reports, and in the Annual Report on Internal Audit and Investigation) to guide UN-Women in the effective and efficient implementation of its mandate. While this would not directly enhance the independence of IAS, it would help reinforce a view of IAS' effectiveness, which in turn could help to ensure that sufficient resources continue to be provided for IAS to continue its services effectively.

VII. Conclusion

- 50. The Director IEAS reaffirms that the UN-Women internal audit and investigation functions enjoy functional and operational independence. Notwithstanding this, as noted in section VI above, there are potential pathways that could further enhance the independence of IAS to ensure continued integrity and objectivity.