

CHARTER OF THE OFFICE OF AUDIT AND INVESTIGATIONS

Introduction

1. According to UNDP Financial Regulation 4.01, the Office of Audit and Investigations shall be responsible for the internal audit of UNDP. "It shall conduct independent, objective assurance and advisory activities in conformity with the International Standards for the Professional Practice of Internal Auditing. It shall evaluate and contribute to the improvement of governance, risk management and control processes, and report thereon. The Office of Audit and Investigations shall exercise operational independence in the performance of its duties."
2. According to UNDP Financial Regulation 4.02, the Office of Audit and Investigations shall be responsible for assessing and investigating allegations of fraud and corruption committed by UNDP personnel or committed by others to the detriment of UNDP.
3. Financial Regulation 4.03 stipulates that the internal audit function's purpose, authority and responsibility shall be further defined in the Charter of the Office of Audit and Investigations.
4. This Charter sets out the purpose, authority and responsibility, policies and procedures applicable to the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP).

Mission of OAI

5. The mission of OAI is to provide UNDP an effective system of independent and objective internal oversight that is designed to improve the effectiveness and efficiency of UNDP's operations in achieving its developmental goals and objectives through the provision of (i) internal audit and related advisory services, and (ii) investigation services.

Scope of work

6. The internal oversight services cover all programmes, operations and activities undertaken by UNDP at its headquarters and its country offices, regional service centers, liaison offices and offices in any other location. The services also cover UNDP's coordination function as well as the activities of UNDP's affiliated entities, which include the United Nations Capital Development Fund and United Nations Volunteers. However, the investigation function in respect to United Nations Volunteers is restricted to persons working in UNDP projects or working on UNDP premises.

(A) Internal Audit

7. Internal auditing is an independent, objective assurance and advisory activity designed to add value and improve the operations of UNDP. It helps UNDP accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.
8. OAI shall undertake its internal audits in accordance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics established by the Institute of Internal Auditors (IIA) as adopted by the Representatives of Internal Audit Services of the United Nations Organizations, Multilateral Financial Institutions and Associated Intergovernmental Organizations (RIAS).

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9. The internal audit activities assess the adequacy and effectiveness of governance, risk management, and control processes of UNDP, and provide reasonable assurance to the Administrator regarding the:
 - (i) Reliability and integrity of financial and operational information;
 - (ii) Effectiveness and efficiency of operations;
 - (iii) Safeguarding of assets; and
 - (iv) Compliance with legislative mandates, regulations and rules, policies and procedures;

Internal audit activities also aim at assisting the management of country offices and other business units in continuously improving governance, risk management, and control processes.
10. In order to provide the audit services efficiently and effectively, the Director shall prepare and submit for the review of the Audit Advisory Committee and approval of the Administrator
 - (i) Every three years: An internal audit and investigation strategy covering a three-year period; and
 - (ii) Annually: A risk-based annual work plan that is flexible and adaptable to the emerging needs and issues.
11. The approval requirement does not prevent OAI from auditing any other area within the purview of its mandate, which OAI deems necessary.
12. In preparing the annual work plan, OAI shall consult with the management of bureaus and offices, the United Nations Board of Auditors, and where appropriate, other stakeholders. OAI shall apply a risk-based methodology, including risks and concerns identified by management to identify and prioritize engagements to be undertaken during the year. OAI aims at covering all UNDP country offices on a cycle ranging from two to five years, depending on financial exposure and other risks.
13. In cooperation with the Internal Audit Services of other United Nations system organizations, OAI shall initiate and coordinate joint audits of inter-agency activities, including Multi Partner Trust Funds, Joint Programmes and Delivering as One Programmes.
14. OAI shall submit its audit reports to the Administrator, the Head of the Bureau concerned and the Head of the audited unit. OAI aims at submitting its final audit reports within three months after the completion of audit field work.
15. In addition, OAI may submit special reports to the Administrator and senior management on cross-cutting or other significant issues, such as those related to specific functions, processes and programmes, including the potential for the improvement to processes.
16. In accordance with decision 2012/18 of the UNDP Executive Board, OAI shall make publicly available all internal audit reports issued from 1 December 2012. In exceptional cases, reports may be redacted, or withheld in their entirety, at the discretion of the Director of OAI. In accordance with Executive Board decisions 2008/37 and 2011/23, the Director of OAI may disclose, upon request, internal audit reports issued prior to 1 December 2012 and after 19 September 2008, to

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Member States and, in case of audits of projects (co-)funded by intergovernmental organizations or by the Global Fund, to the donor concerned.

17. OAI shall periodically inform the Audit Advisory Committee and the Administrator of:
- (i) Progress made in the implementation of the annual plan, changes made thereto and other issues related to the implementation of the plan;
 - (ii) Summaries of significant and systemic audit findings; and
 - (iii) Action taken by management on the implementation of audit recommendations.

18. OAI shall review and assess audit reports prepared by third party auditors on audits of nationally implemented projects and projects implemented by Non-Governmental Organizations (“NGO/NIM audits”) and on audits of implementing partners in the context of the Harmonized Approach to Cash Transfers (“HACT audits”). OAI may review and assess any other third party audit reports related to UNDP funded activities.

19. In addition to assurance services, OAI provides advisory services at the request of management on issues from an internal control perspective, on the design and adoption of practices and procedures that add value to the organization and contribute to the improvement of risk management and operational effectiveness.

20. OAI shall provide such advisory services in accordance with IIA standards, taking care to ensure that OAI’s independence and objectivity are not compromised.

(B) Investigations

21. OAI shall assess and conduct investigations into allegations of misconduct, such as fraud, theft and embezzlement, corruption, abuse of privileges and immunities, sexual exploitation and sexual abuse, workplace harassment and abuse of authority, retaliation on whistleblowers, or other acts or omissions in conflict with the general obligations of staff members that involve UNDP staff and other personnel.

22. OAI may assess and conduct investigations into allegations of fraud and other financial irregularities committed by contractors, implementing partners and other third parties, deemed to be detrimental to UNDP.

23. In addition, OAI may undertake proactive investigations in high risk areas that are susceptible to fraud, corruption and other wrongdoings.

24. OAI shall assume the function of compliance review for UNDP’s social and environmental policies and procedures. In that regard, OAI will operate a reporting mechanism and will assess all reports received to determine whether an investigation is required or whether the issue raised is more appropriately dealt with through the separate Grievance Handling process. Where the assessment determines that an investigation is warranted, OAI will investigate allegations of non-compliance with UNDP’s social and environmental policies and procedures. On the basis of the evidence collected during the investigation, OAI will recommend action to bring a project into compliance.

25. OAI shall have sole responsibility for the conduct of all investigations within UNDP.

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26. OAI shall conduct investigations in accordance with the Uniform Principles and Guidelines for Investigations endorsed by the 10th Conference of International Investigators, with the UNDP Legal Framework for Addressing Non-Compliance with the United Nations Standards of Conduct, and with the OAI Investigation Guidelines.
27. The assessment, investigation and reporting of alleged non-compliance with UNDP's social and environmental policies and procedures will be conducted in accordance with generally accepted international processes.
28. OAI shall maintain reporting facilities (telephone hotline, web-based reporting facility, email, postal address and other means as appropriate) that function around the clock to facilitate staff, management and others to report any instances of fraud, corruption or other wrongdoings. OAI will operate separate mechanisms for the reporting of alleged non-compliance with UNDP's social and environmental policies and procedures.
29. OAI shall maintain an effective system for the recording and management of all cases.
30. OAI shall prepare an annual work plan for the efficient and timely management of all investigations. The plan shall be submitted to the Administrator for approval after review and advice by the Audit Advisory Committee.
31. OAI shall submit its investigation reports concerning UNDP staff members to the Legal Support Office for consideration and disciplinary or administrative action, as appropriate.
32. In cases involving contract personnel, OAI shall submit its investigation reports to the Head of Office concerned for administrative or other action, as appropriate.
33. In case the investigation results in credible allegations of criminal conduct, OAI shall prepare a case file with a recommendation for referral to national law enforcement authorities, as appropriate, for criminal investigation and prosecution.
34. In cases where a vendor is found to have engaged in 'proscribed practices' (corrupt practice, fraudulent practice, coercive practice, collusive practice, unethical practice or obstruction), OAI shall submit its investigation report to the UNDP Vendor Review Committee for consideration of appropriate action in accordance with UNDP's Vendor Sanctions Procedures.
35. OAI shall submit its investigation reports as soon as possible, based on the priority of the case and available resources.
36. OAI shall also submit reports to the Administrator and senior management on weaknesses in controls, processes, deficiencies in regulations and guidance that are identified in the course of investigations with recommendations for addressing these weaknesses and further strengthening the accountability framework in the organization.

Responsibility and Authority

37. The Director of OAI is accountable to the Administrator for the provision of internal audit and investigation services in accordance with the provisions of the Financial Regulations and Rules and this Charter.

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38. The Director of OAI shall report to the Administrator on the performance of OAI against agreed key performance indicators.
39. The Director of OAI shall maintain a quality assurance and improvement program that covers all aspects of the internal audit and investigations activity.
40. The Director of OAI shall be responsible for selecting and maintaining a cadre of audit and investigation staff with sufficient knowledge, skills, experience, and professional certifications in order to provide the independent and objective internal oversight services envisaged in this Charter. In addition to staff, the Director may engage consultants and experts as necessary for the performance of the functions under this Charter.
41. The Director of OAI shall engage and manage all staff and apply resources allocated to OAI in accordance with the relevant regulations, rules, policies and procedures established by UNDP.
42. OAI shall have:
 - (i) Free access to the organization's records, personnel and premises, as necessary, in its opinion, for the performance of its duties; and
 - (ii) The assistance and cooperation of all UNDP personnel deemed necessary for the discharge of responsibilities under this Charter. This includes communicating directly with all levels of staff and management as well as requesting any staff member to furnish all information and explanation that are deemed necessary for the completion of any audit or investigation.
43. Management and staff shall have the responsibility to provide a written response to all OAI audit and investigation reports within a reasonable period of time.
44. The Director and staff of OAI are not authorized to:
 - (i) Perform any operational, managerial or supervisory duties for UNDP or its affiliates;
 - (ii) Initiate or approve accounting transactions external to OAI; and
 - (iii) Direct the activities of any UNDP personnel not employed by OAI, except to the extent that such personnel have been appropriately assigned to OAI teams or to otherwise assist OAI.

Independence

45. OAI shall exercise operational independence in the conduct of its duties. It shall be free from interference in determining the scope of its audit and investigations, performing the work and communicating results.
46. The Director of OAI shall be appointed for a term of five years, with the possibility of renewal once for a maximum of five years, and shall be barred from re-entry into UNDP after the expiry of his/her term. The Administrator shall consult with the Audit Advisory Committee on the appointment, performance evaluation, extension and dismissal of the Director of OAI.
47. The Director shall have free and unrestricted access to the Chairpersons of the Executive Board and the Audit Advisory Committee and to the Board of Auditors.

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48. The Director and staff of OAI shall abide by the United Nations Code of Conduct as well as the IIA's Code of Ethics to which they are subject to and shall at all times maintain and safeguard their independence, objectivity and professionalism in fulfilling the responsibilities assigned under this Charter.
49. The Director and staff of OAI must refrain from assessing specific operations for which they were previously responsible. Functions for which the Director and staff of OAI have responsibility shall not be audited by OAI. Allegations of misconduct against OAI staff members, which require an investigation, shall not be investigated by OAI.
50. The Director and staff of OAI must avoid being placed in situations which might create any conflict of interest that may impair their judgment on audit and investigation matters. The Director or staff concerned shall declare any conflict of interests or impairment that may affect their participation in an audit or investigation engagement and accordingly discharge themselves from such participation.
51. The Director of OAI shall bring to the attention of the Audit Advisory Committee any impairment to independence, objectivity or professionalism.

Resources

52. OAI shall be provided with the necessary resources, including appropriately trained and experienced professionals, in order to fulfil its responsibilities under this Charter. The budget of OAI shall be approved by the Administrator on the basis of the request submitted by the Director of OAI in accordance with the strategy and the annual work plan, after review and advice by the Audit Advisory Committee.
53. The Director of OAI shall keep the Audit Advisory Committee apprised on the funding and staffing of OAI.

Cost Reimbursable Services

54. OAI may provide internal audit and investigation services to other organizations of the United Nations system on a cost reimbursement basis. The cost of supervising and/or conducting specific audits of UNDP projects may be charged to those projects.

Coordination with the United Nations Board of Auditors

55. In planning its audits, OAI shall interact regularly with the Board of Auditors in order to optimize audit coverage and avoid duplication of assurance work. OAI shall share with the Board of Auditors information on issues of mutual interest.

Accountability to the Executive Board

56. OAI shall independently prepare and submit to the Executive Board, after review by the Audit Advisory Committee, an annual report for each completed calendar year on its activities, resources, disclosure of audit reports, significant audit findings, systemic weaknesses identified in audits, action taken by management to implement audit recommendations and such other matters as may be requested by the Executive Board.



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57. In the annual report, the Director of OAI shall confirm to the Executive Board the organizational independence of the internal audit and investigation functions.

Approval and revision of the Charter

58. This revised version of the Charter was reviewed and endorsed by the Audit Advisory Committee and has been approved by the Administrator. This version shall take effect from 1 December 2012.

59. The Charter shall be reviewed at least every two years, or more often, if required. Any revision shall be approved by the Administrator after consultation with the Audit Advisory Committee and shall be brought to the attention of the Executive Board.

A handwritten signature in black ink, which appears to read 'Helen Clark', is written over a horizontal line.

Approved: _____

Helen Clark, Administrator

Date: 10 / 10 / 2012