



**Executive Board of the  
United Nations Development  
Programme, the United Nations  
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Project Services**

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**Internal audit and oversight**

## **Proposal for achieving full transparency with regard to disclosure of internal audit reports**

### *Summary*

UNDP, UNFPA and UNOPS are committed to organizational transparency. The three organizations share the objective of disclosing their internal audit reports by publishing them on their respective websites, noting that confidentiality may have to be protected in certain circumstances. The organizations propose a series of steps which, if approved by the Executive Board, will lead to public disclosure of internal audit reports by the end of 2012. In moving towards full disclosure, the organizations will ensure that (a) internal audit reports remain a central tool to inform senior management in its decision-making; (b) proper diligence is exercised, to which end the quality assurance capacity and the recommendation follow-up processes of the internal audit offices will be strengthened, as appropriate, to ensure the integrity and quality of the information disclosed; and (c) there are effective safeguards in place to maintain the confidentiality of any information deemed particularly sensitive.

### *Elements of a decision*

The Executive Board may wish to: (a) support the commitment of UNDP, UNFPA and UNOPS to organizational transparency; (b) approve the steps proposed towards full disclosure of audit reports by the end of 2012; (c) approve the safeguards proposed; (d) express its support for strengthening the quality assurance capacity and, as appropriate, the recommendation follow-up processes of the internal audit offices of UNDP, UNFPA and UNOPS; and (e) request UNDP, UNFPA and UNOPS to report to the Executive Board, at its annual session 2014, on experience gained from the public disclosure of internal audit reports.



## Background

1. UNDP, UNFPA and UNOPS are committed to organizational transparency. Among the various measures and initiatives leading to greater transparency, the public disclosure of internal audit reports is of critical importance: host countries, contributing countries and other donors will have increased assurances and better insight into how resources are being used to achieve intended objectives. In that regard, the three organizations share the objective of disclosing their internal audit reports by publishing them on their respective websites, noting that confidentiality may have to be protected in certain circumstances.
2. Based on informal consultations held with the Executive Board at its first regular session 2012, the organizations submit the present plan for achieving full transparency with regard to disclosure of internal audit reports and seek the approval of the Board to implement the steps outlined in the plan. While the individual steps may vary among the three organizations, depending upon their audit environments, programme portfolios and stakeholders, all of them share the common aim of achieving full public disclosure at the end of the process.

## I. Process

3. The three organizations have consulted, as appropriate, with their audit advisory committees, and have taken into account discussions and developments in the United Nations and its funds and programmes.
4. In moving towards full public disclosure, the three organizations are committed to ensuring that:
  - (a) internal audit reports continue to be a central tool for the information of and decision-making by senior management;
  - (b) proper diligence is exercised, to which end the quality assurance capacities and the recommendation follow-up processes of the internal audit offices is strengthened, as appropriate, to ensure the integrity and quality of the information disclosed; and
  - (c) there are effective safeguards in place to maintain the confidentiality of any information deemed particularly sensitive.

## II. Steps

5. As they move towards full disclosure, the three organizations have taken or intend to take, the following steps:
  - (a) Since the beginning of 2012, the three organizations have been publishing on their public websites a list of all internal audit reports issued:
    - (i) UNDP: [http://www.undp.org/content/undp/en/home/operations/accountability/audit/internal\\_audits.html](http://www.undp.org/content/undp/en/home/operations/accountability/audit/internal_audits.html)
    - (ii) UNFPA: <http://www.unfpa.org/public/home/about/oversight/pid/4866>
    - (iii) UNOPS: <http://www.unops.org/english/whoweare/Accountability/Pages/Disclosure-of-Audit-Reports.aspx>

As a result, what has been audited – and which audit reports can be made available under the confidential disclosure procedures adopted by the Executive Board – is now public knowledge. Member States may use this information to determine reports to which they wish to request confidential access, either on site or through the secure remote access system.

- (b) All three organizations have established secure web-based systems for remote access to internal audit reports. In the case of UNDP, the Global Fund to Fight AIDS, Malaria and Tuberculosis has already made extensive use of the remote access facility, and in the case of

UNFPA, three Member States used the remote access facility in 2011. In the case of UNOPS, at time of writing no request had been made to use the remote access facility.

(c) To facilitate access to audit results while preparing for full disclosure, the organizations have taken the following interim steps:

(i) UNOPS has made internal audit reports on processes and thematic areas available on its website; and

(ii) UNDP has made the executive summaries of project audit reports available to Member States on a password-protected website. This step followed Executive Board decision 2011/23 authorizing the organizations, when requested by a Member State, an inter-governmental donor or the Global Fund, to provide executive summaries of reports covering the internal audit of projects without the need for a formal disclosure process. A request by a Member State for the password is deemed to be a request for electronic access to the available executive summaries.

(d) Subject to Executive Board approval, the organizations intend to make the executive summaries of all internal audit reports available on their public websites. This will increase transparency by allowing the general public to access the overall results and key findings of all internal audits at a level that can easily be absorbed by the interested reader and without entering into technical details. Since the information contained in the executive summaries is general rather than specific, confidentiality should not be an issue. Where, exceptionally, an executive summary might contain particularly sensitive information, it will be redacted at the discretion of the Director of Internal Audit<sup>1</sup>. This step could be implemented during the third quarter of 2012 and will apply to reports issued thereafter.

(e) Likewise subject to approval by the Executive Board, the organizations intend to make all internal audit reports issued after 31 December 2012 available on their respective public websites. This will lead to full public disclosure by the end of 2012.

### III. Due diligence and safeguards

6. In order for internal audit reports to serve as a management tool while informing Member States, stakeholders and the public at large and providing a balanced and accurate picture, a number of due diligence steps will be put into place at various stages of the audit process, as will safeguards to deal with any sensitive information prior to disclosure.

(a) Full disclosure will apply once all due diligence steps and safeguards were in place, and will apply only to reports issued thereafter. There will be no retroactive disclosure.

(b) To ensure maximum clarity, more time will be allocated for discussing draft audit reports within the organizations to allow for factual corrections; put audit findings into their proper context; clarify outstanding issues; report dissenting views; and involve senior management in discussing any areas of contention. Adequate time will be devoted to this dialogue mechanism.

(c) To ensure accuracy and quality both in substance and in format, and if not already in place, all internal audit reports will be subject, to an internal quality assurance step, independent from the conduct or supervision of the audit assignment. This may require strengthening the quality assurance capacity of the internal audit offices.

(d) Prior to uploading an internal audit report onto the public website, the report will be reviewed by the Director of Internal Audit to ensure that it contained no information deemed

<sup>1</sup> The ultimate authority signing off on internal audit reports (titles may differ by organization).

particularly sensitive. If the report were deemed to contain particularly sensitive information<sup>2</sup>, it will be redacted to the extent necessary. In exceptional cases, where redaction might not be suitable, the report could be withheld, at the discretion of the Director of Internal Audit.

(e) Internal audit reports will be posted to the public website within one month after their submission to the executive head of the relevant organization. Senior management will thus have the opportunity to initiate any corrective action necessary and be fully prepared for queries that might be addressed to the organization once the report was in the public domain.

(f) Prior to the publication of a report, the Government concerned, if any, will be given adequate time to review it and bring to the attention of the Director of Internal Audit any confidentiality concerns.

(g) Together with each report, the internal audit offices will publish and periodically update, after proper validation, the status of implementation of the recommendations of the audit report. This will be essential since audit reports constitute a 'snapshot' taken at a given point in time. With the passage of time, the picture conveyed will no longer be fair and accurate if it did not reflect corrective actions taken subsequent to the audit. The publication of such information will allow the interested reader to monitor progress made in addressing issues identified in the audit report. That information will also represent a publicly available indicator of the responsiveness of the organization to audit findings and recommendations. As appropriate, the organizations will strengthen the capacity of their internal audit offices to provide such information.

(h) The publication of internal audit reports might elicit queries and questions from the media and other stakeholders. To ensure that audit findings are properly understood and taken in context, the internal audit offices will contribute to responses, providing pertinent explanations and clarifications where appropriate. The organizations will ensure that their internal audit offices have the capacity to respond to the requests.

7. Subject to approval by the Executive Board, UNDP, UNFPA and UNOPS are confident that full disclosure including the above due-diligence steps and safeguards could be achieved by the end of 2012.

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<sup>2</sup> The UNDP oversight policy (DP/2008/16/Rev.1), endorsed by the Executive Board in its decision 2008/37, provides for the possibility of redaction in particular cases "where certain information deemed particularly sensitive relates to third parties or a country, government or administration; or could compromise pending action; or where such is likely to endanger the safety or security of any individual, violate his or her rights or invade his or her privacy". The UNFPA oversight policy (DP/FPA/2008/14), endorsed by the Executive Board in its decision 2008/37, provides that a report may be modified "when access to a report would be inappropriate for reasons of strict confidentiality". The UNOPS accountability framework (DP/2008/55), endorsed by the Executive Board in its decision 2008/37, provides that a report may be redacted, "when access to a report would reasonably be deemed inappropriate due to the risk of violating the due process rights or endangering the safety and security of individuals involved in the investigations conducted by the Internal Audit Office or other competent offices".