



**Executive Board of the
United Nations Development
Programme, the United Nations
Population Fund and the
United Nations Office for
Project Services**

Distr.: General
24 March 2025
Original: English

Annual session 2025

2 to 5 June 2025, New York

Item 3 of the provisional agenda

Internal audit and investigations

**UNDP: Annual report of the Office of Audit and Investigations on
internal audit and investigation activities in 2024**

Summary

The Office of Audit and Investigations (the Office) is an independent entity that ensures accountability, compliance, and effective risk management across UNDP global operations. With a presence in five regional offices and UNDP headquarters, the Office conducts audits and investigations, and is able to respond to issues in the 170 countries and territories in which UNDP operates. The Office adheres to Global Internal Audit Standards, which ensure it maintains its independence and delivers high-quality services.

This 2024 Annual Report of the Office highlights audit and investigation findings, performance, budget and staffing from 1 January 2024 to 31 December 2024.

The overall opinion of the Office on UNDP governance, risk management and controls was satisfactory, with some improvement needed. The Office issued 108 audit reports and identified issues relating to project management, procurement, governance and financial management. The Office opened 434 new investigations, the highest ever, and closed 419 cases, with a significant number of cases related to procurement fraud and sexual misconduct.

The management response to this report is presented separately, as requested in decision 2006/13.

Elements of a decision

The Executive Board may wish to: (a) take note of the present report and the accompanying annexes; and (b) express its continuing support for UNDP internal audit and investigation functions.



Contents

I.	Introduction.....	3
II.	Office mandate.....	3
III.	Office budget and staffing	4
IV.	Audit: Opinion and statement of conformance	5
V.	Audit: Summary of audit results and recommendations	6
VI.	Office audit: Performance.....	13
VII.	Investigations section: Overview of 2024 activities	16
VIII.	Investigations: Case activity	17
IX.	Investigations: Case outcomes in 2024	22

Annexes (available on the Executive Board website)

I.	Audit and advisory reports issued in 2024
II.	Recommendations unresolved for more than 18 months as of 31 December 2024
III.	Charter of the Office of Audit and Investigations
IV.	Investigation reports by type of allegation issued in 2024

I. Introduction

1. The Office of Audit and Investigations (the Office) is an independent entity that ensures accountability, compliance, and effective risk management across the UNDP global portfolio. In addition to risk-based auditing and advisory services, it investigates misconduct and plays an important role in fostering a safe and ethical working environment.
2. Together, the Office's twin functions of audit and investigations safeguard the investments that donors have made in UNDP and make sure that the entity is delivering results in an efficient and effective manner.
3. The Office has a global presence, with staff in five regional offices as well as UNDP Headquarters in New York. This geographic distribution allows the Office to respond to issues across the 170 countries and territories where UNDP operates.
4. The Office plans its work to ensure that it is providing a robust amount of coverage over the UNDP global portfolio. This is accomplished by an annual risk-based work programme as well as intake systems to allow audit or investigative resources to be deployed for emergent issues.
5. The Office conducts its work under the standards set forth by the Institute of Internal Auditors' Global Internal Audit Standards. Hallmarks of these standards are the independence of the Office, the expertise of staff and methodologies that ensure our work is of the highest quality.
6. This report summarizes the internal audit, advisory services and investigation activities conducted by the Office in 2024. It also provides an overall opinion on the adequacy and effectiveness of UNDP governance, risk management and control processes in accordance with Executive Board decisions 2015/13 of June 2015, 2016/13, of June 2016, and 2018/13 of June 2018.

II. Office mandate

7. The Office provides UNDP with an independent, objective internal oversight system to improve its operations' effectiveness and efficiency in achieving its development goals. The charter approved by the UNDP Administrator defines the purpose, authority and responsibility of the Office (see annex III).
8. The Institute of Internal Auditors' Global Internal Audit Standards, state that "the chief audit executive be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the [management] board when necessary."
9. The Office confirms its organizational independence in accordance with the Institute of Internal Auditors' Global Internal Audit Standards. The Office confirms that in 2024 it was free from interference in determining its audit and investigation scope, planning, performing its work, and communicating its results.
10. All audit staff of the Office completed the 2024 integrity, objectivity and confidentiality statement, certifying their adherence to the Institute of Internal Auditors and UNDP code of ethics and core principles.
11. The Office has an effective quality assurance and improvement programme that covers both internal audit and investigation functions as validated by external quality assurance reviews conducted on both the internal audit and investigations sections.
12. The Office continued to receive good support from UNDP senior management in 2024. The director, with the heads of the other independent offices, is a member of the Organizational Performance Group, which enabled discussions on various key strategic matters, long-outstanding recommendations and other significant matters with potential risk to UNDP. The Office held monthly meetings with the UNDP Associate Administrator to share audit and investigations results as well as discuss any emerging matters that have an impact on its work and UNDP. It also held regular meetings with the Administrator, the

Bureau for Management Services and regional bureaux to discuss key and recurring audit and investigation issues, and coordinate with other independent entities in UNDP as needed.

13. During the course of 2024, the Office reported to the Audit and Evaluation Advisory Committee in April, July and October. The committee is composed of external, independent subject matter experts that provide scrutiny and oversight of the Office's work. The committee prepares its own annual report that is shared with the Executive Board, in accordance with decision DP/2008/16/Rev.1.

III. Office budget and staffing

Budget

14. In 2024, the Office had an approved budget of \$23.75 million funded from institutional budget resources (see table 1).

15. The Office received an additional \$1.34 million for the audit and investigation of UNDP activities funded by Global Fund grants. This allocation covered staff and operating costs for three audit specialist positions and one investigation adviser, based in Dakar, Istanbul, Pretoria and New York, respectively.

16. In 2024, the Office underspent its allocated budget by \$2.02 million. From its approved budget of \$23.75 million, the Office spent \$21.73 million. These cost savings were generated by staff vacancies, including senior leadership positions.

Table 1. Budget vs. actual expenditures 2024, excluding the Global Fund

Category	Approved Budget (millions of United States dollars)	Actual Expenditures (millions of United States dollars)
Audit	11.74	10.96
Investigations	10.23	9.03
Management and support	1.78	1.74
Total	23.75	21.73

Data source: UNDP data

Staffing and recruitment

17. As of 31 December 2024, the Office had 95 approved posts, nearly all of which were filled.

18. At the close of 2024, 13 posts were vacant, but most were expected to be filled soon. Of the 13 vacancies, seven candidate selections were made, and the positions were expected to be filled in the first quarter of 2025.

19. While the Office had an average vacancy rate that was above its target in 2024, it completed staff recruitments much faster than expected. In other words, there were more vacancies than usual during 2024, but the Office was able to fill them relatively quickly. In 2024, the average vacancy rate¹ was 13.7 per cent (against a target of 7 per cent) and the average time that staff positions remained vacant² was 4.1 months (against a target of 6 months).

¹ Average vacancy rate is equal to total vacant posts not filled (13) divided by total posts (95).

² Vacancy rate is measured by the average vacancy duration of all vacant posts (starting from the month a post becomes vacant until it is filled).

20. There were a total of 25 vacant positions in the Office in 2024. Of the 25 posts, 23 were at the international professional level, one post was at the national professional level, and one was at the general service level.

21. During the course of 2024, the Office completed a total of 12 recruitments. These recruitments were a mix of new staff (five posts) and promotions (two posts), or lateral moves of current Office staff (five posts). Among the five new staff, three were male and two were female. Of the two staff promoted, both were female. Of five staff who moved to the new posts at the same level, three were male and two were female (see table 2).

Table 2. Staff recruited in 2024, by gender

Gender	New Staff	Promotion	Lateral Move	Total	Per Cent
Female	2	2	2	6	50%
Male	3	0	3	6	50%
Total	5	2	5	12	100%

Data source: Office staff data

IV. Audit: Opinion and statement of conformance

Audit opinion

22. The Office independently assesses the adequacy and effectiveness of UNDP systems and processes with reference to the UNDP Programme and Operations Procedures and Policies, the UNDP risk appetite statement and any other applicable policies or best practices. The Office develops its annual audit programme and the scope of individual audit assignments on a risk basis.

Overall opinion

23. Based on the scope of work undertaken in 2024, in the Office's opinion, the adequacy and effectiveness of the governance, risk management, and control in the reports issued in 2024 were, in aggregate, satisfactory, with some improvements needed. This means that UNDP governance, risk management and controls were generally established and functioning but needed some improvement. Issues identified are important for management to address, but do not significantly affect the achievement of the UNDP objectives.

Basis of opinion

24. The opinion is based on the following:

- (a) Results of audits undertaken in 2024 in accordance with the approved annual work plan. These include: country office audits; corporate audits; Global Fund audits; directly implemented modality project audits; and advisory services.
- (b) Results of the review of UNDP project audit reports executed by non-governmental organizations and/or national governments.
- (c) The implementation rate for the Office's audit recommendations.
- (d) The time it takes for the Office's audit recommendations to be implemented by management.
- (e) Management letters relating to investigations.

Statement of conformance with Global Internal Audit Standards

25. The Office conducts its assurance and advisory work in accordance with the Institute of Internal Auditors' Global Internal Audit Standards.

26. The Office maintains an internal quality assurance and improvement programme that covers all aspects of the internal audit function. The Office's quality assurance and improvement programme includes two types of assessments: (a) external assessments and (b) internal assessments.

27. External quality assessments take place once every five years and are conducted by a qualified, independent assessor or assessment team. The external quality assessment review entails a comprehensive review of the adequacy of the internal audit function, which among others, includes conformance with the Global Internal Audit Standards. The Office passed its most recent external quality assessment in 2022 with the highest possible rating (generally conforms). This rating means that the Office's internal audit function has successfully conformed to all standards of the Institute of Internal Auditors. The next review will occur in 2027.

28. Internal assessments undertaken by the Office include the following:

- (a) Ongoing monitoring of the internal audit function's conformance with the Global Internal Audit Standards and progress toward performance objectives.
- (b) Periodic self-assessments to evaluate conformance with the standards.
- (c) Communication with the Audit and Evaluation Advisory Committee, senior management and the Executive Board about the results of internal assessments.

29. Ongoing monitoring of the internal audit function's conformance with the Global Internal Audit Standards includes performing day-to-day supervision, review of internal audit products and measurement of the internal audit function's performance. In addition, engagement-level quality assurance is conducted on all assurance products published by the Office, and entails performing assessments to ensure conformance with the requirements of the Global Internal Audit Standards.

30. From 2025, periodic self-assessments will be conducted on an annual basis and entail a comprehensive review to assess the internal audit function's conformance with every standard in the Global Internal Audit Standards.

Disclosure of audit results statement

31. Thirty days after issuance, internal audit reports issued in 2024 were published in accordance with Executive Board decision 2012/10. They are available on the Office's audit disclosure website (<https://audit-public-disclosure.undp.org>). The Office redacted some contents of two audit reports³ due to the sensitive nature of their contents.

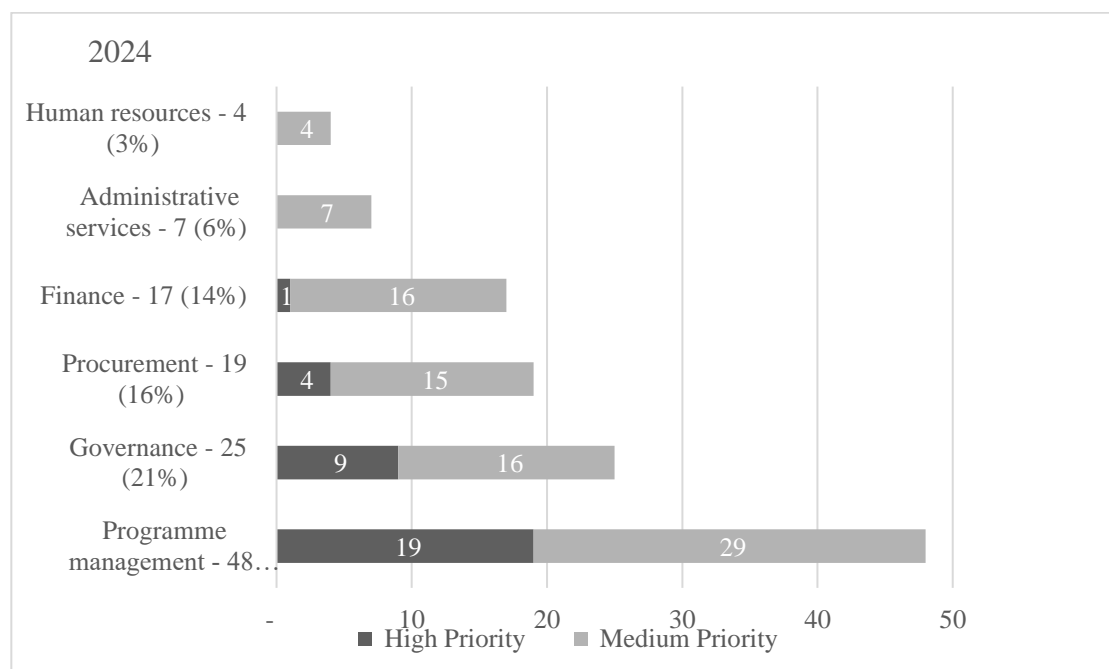
V. Audit: Summary of audit results and recommendations

Overview of strategic and systemic issues and trends

32. The majority of audit findings in 2024 can be categorized into four thematic risk areas: (1) project and programme oversight; (2) procurement; (3) governance; and (4) financial management. Recurrent issues noted were in respect of country offices not undertaking adequate management and oversight of projects and programmes, resulting in delays in implementation of project activities. Furthermore, there were recurrent issues relating to inadequate risk management and concerns on the financial sustainability of country offices. Details of these are illustrated in figures I (a) and I (b) below. The recurrent issues were taken into consideration when the Office prepared its 2025 annual work plan. In addition, the investigations section will conduct more proactive scrutiny in 2025, which will enable reviews of high-risk areas that may be susceptible to fraud, financial irregularities, and other wrongdoing.

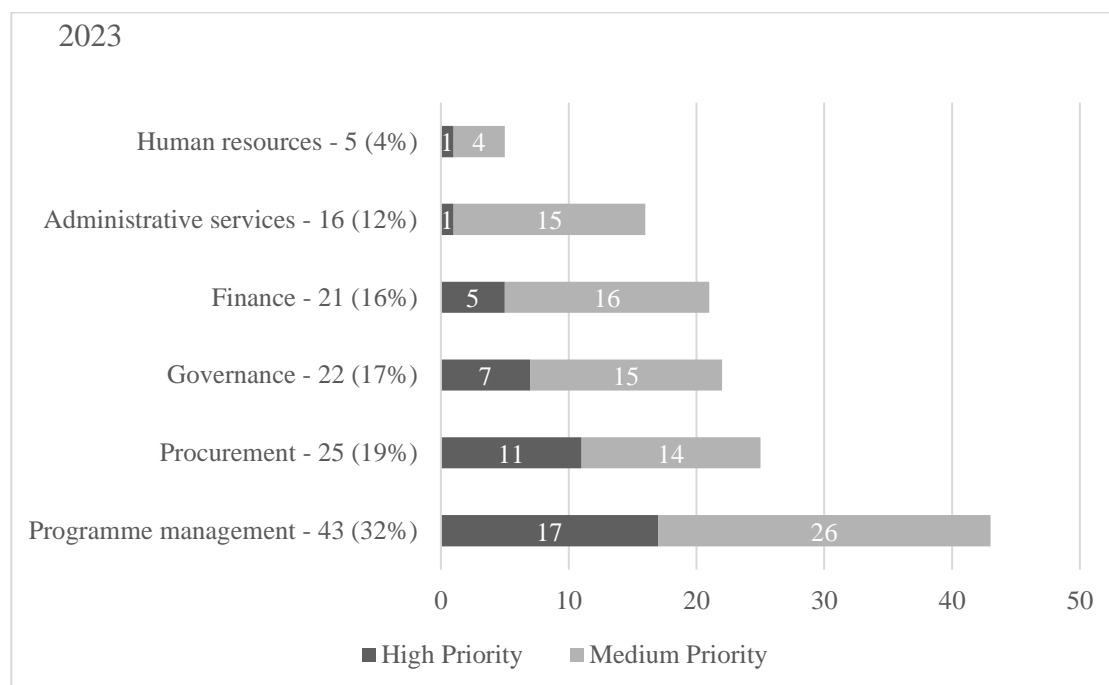
³ Quantum and ISO 27001 audits (report nos. 2643 and 2645, respectively).

Figure I (a). Issues and recommendations identified in country office audits for 2024, by audit area



Data source: Office audit reports issued in 2024

Figure I (b). Issues and recommendations identified in country office audits for 2023, by audit area



Data source: Office audit reports issued in 2023

Audit recommendation implementation rate

33. The implementation rate refers to the percentage of audit recommendations that have been fully implemented by UNDP management following an audit, essentially measuring how effectively management has acted upon the auditor's suggestions to address identified issues. Based on this metric, UNDP management has demonstrated a willingness to prioritize and complete the recommendations from the Office's audits and to do so in a timely way.

34. The implementation rate is calculated by dividing the number of implemented recommendations by the total number of recommendations made as well as how timely they have been implemented. The implementation rate of internal audit recommendations covering all reports issued by the Office from 7 September 2022⁴ to 31 December 2024 was 85.9 per cent as of 31 December 2024.

Ageing status of recommendations

35. The ageing status of recommendations as of 31 December 2024 is shown in table 3.⁵

36. Two long-outstanding audit recommendations had not been fully implemented for more than 18 months as of 31 December 2024⁶ (see details in annex II). The two recommendations pertained to the Pakistan country office audit and the consolidated thematic regional audit on project results monitoring. They related to the need to update the asset listing on a timely basis and amending the policy on oversight of high-risk projects. Both of these recommendations were ranked high priority.

Table 3. Ageing status of recommendations as of 31 December 2024

Priority	Total outstanding recommendations	< 12 months	12–18 months	>18 months
High	53	44	7	2
Medium	147	126	21	0
Total	200	170	28	2

Data source: Office audit reports

Country office audits

37. The 29 country office audit reports issued in 2024 resulted in 120 recommendations, 33 (28 per cent) of which were rated high priority. In 2023, the Office issued 29 country office audit reports that resulted in 132 recommendations, 42 (32 per cent) of which were rated high priority. The total number of recommendations and share of high-priority recommendations marginally decreased in 2024 compared to 2023, indicating a consistent standard in internal controls in country offices.

38. In 2024, the Office identified recurrent issues in the audit areas described in table 4. In 2024, programme/project management continued to have the highest number of audit observations. Every country office audit considers governance and risk management risks across the country office's portfolio, as well as the controls and delivery of a sample of high-risk projects.

⁴ Based on the audit report issue date with the oldest open recommendation.

⁵ In 2024, the Office withdrew one recommendation from an audit report issued in 2023.

⁶ Compared to two long-outstanding audit recommendations as of 31 December 2023.

Table 4. Recurrent country office audit issues

Audit area	Recurrent audit issues
Programme/ project management (23 offices)	Inadequate resource mobilization strategy; weaknesses in implementation of the harmonized approach to cash transfers; inadequate tracking of programme/project results; delays in project closure; weak project design and planning; deficiencies in project monitoring and reporting; inadequate project risk management; and weaknesses in social and environmental screening procedures
Procurement (15 offices)	Audit findings relating to procurement planning and oversight; weakness in procurement processes; failure to submit to procurement committees when thresholds are reached; lapses in timely creation and approval of requisition; weaknesses in selection and management of direct contractors
Governance (15 offices)	Office financial sustainability concerns; inadequacies in organizational structure; inadequate risk management process; challenges in mobilizing resources
Finance (14 offices)	Incorrect recording of financial transactions; shortcomings in payment processing; exceptions in financial management processes; ineffective application of delivery enabling services
Administrative services (six offices)	Weaknesses in asset management; shortcomings in travel management; and inadequate lease agreement

Data source: Office audit reports issued in 2024

Corporate audits

39. The Office issued 16 corporate audits in 2024 including two special reviews (one in Yemen and another in the Democratic Republic of the Congo). These audits are shown in table 5 below.

Table 5: Corporate audits

No.	Audit title
1	United Nations Office for South-South Cooperation
2	Office of Legal Services
3	Independent Evaluation Office
4	UNDP Global Policy Centres
5	Regional Bureau for Latin America and the Caribbean
6	OneICTBox and IT Infrastructure Support to Country Offices
7	Treasury Management System
8	Quantum
9	Compliance with ISO 27001 (Information Security)
10	Corporate data warehouse
11	Consolidated Thematic Regional Audit-Knowledge Management Practices
12	Regional Thematic Audit - Knowledge Management RBA
13	Regional Thematic Audit - Knowledge Management RBAS
14	Regional Thematic Audit - Knowledge Management RBLAC
Special reviews	
15	Special review in the Republic of Yemen
16	Special review in the Democratic Republic of the Congo

Data source: Office audit reports issued in 2024

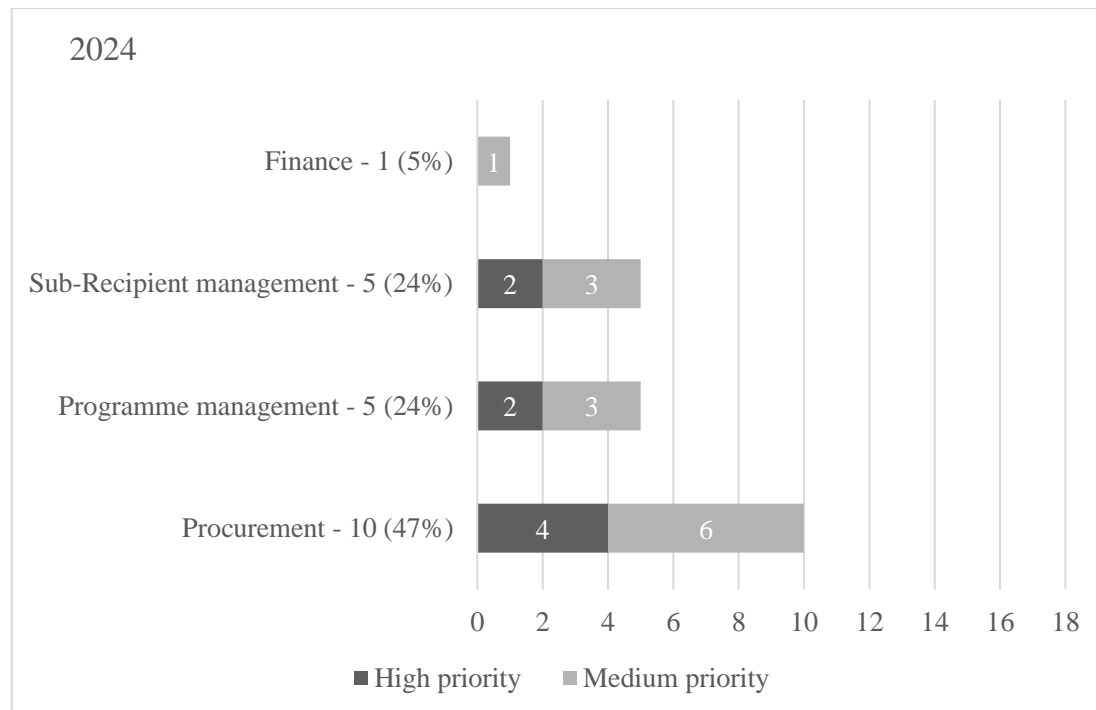
40. Twelve of the 16 corporate audits resulted in 50 recommendations, five (10 per cent) of which were ranked high priority. In the prior year, the Office issued eight corporate audit reports that resulted in 34 recommendations, seven (21 per cent) of which were ranked high priority.

Global Fund audits

41. The Office issued eight Global Fund audit reports (seven country office reports and one consolidated report) in 2024. They covered the management of Global Fund grants in seven country offices: three in Africa; two in the Arab States region; one in Asia; and one in Europe and the Commonwealth of Independent States. All seven audit reports involved grants managed by UNDP as principal recipient.

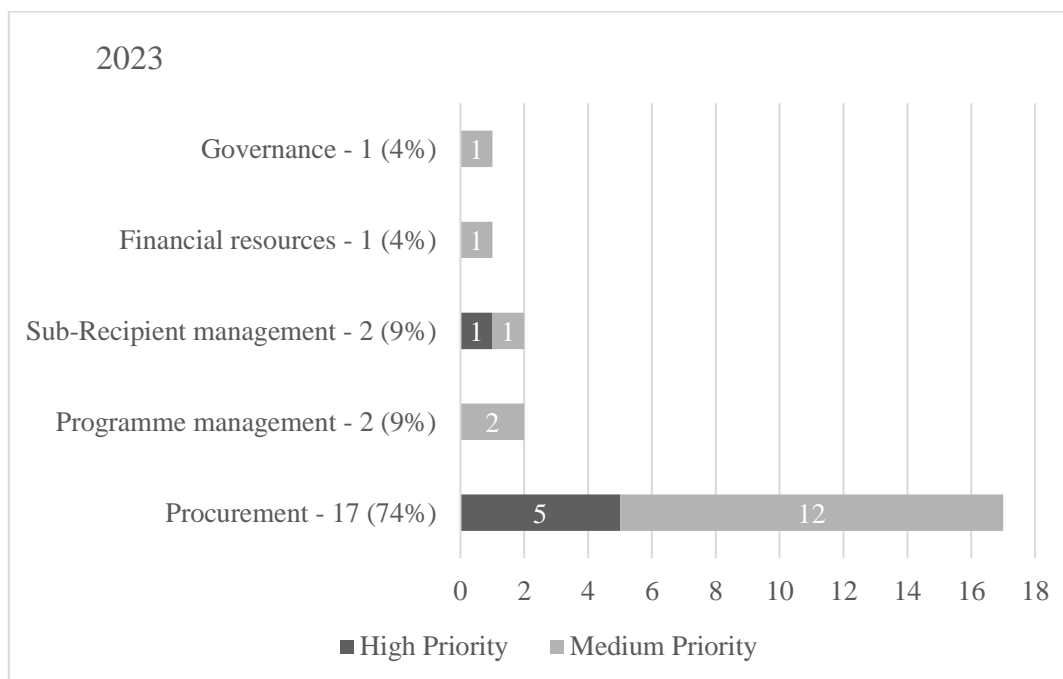
42. The seven audit reports contained 21 recommendations, eight of which (38 per cent) were rated high priority. The significant issues are grouped according to audit area in figures II (a) and II (b). Most issues noted by the Office concerned procurement and supply chain management, including stock management and quality control of health products, as well as sub-recipient oversight and programme management. Similarly, in 2023, most issues were noted in the areas of procurement and supply chain management, including stock management and quality control of health products. However, the number of issues decreased in 2024 due to improved management oversight over procurement and supply chain management

Figure II (a). Distribution and prioritization of Global Fund audit recommendations in 2024 internal audit reports



Data source: Office audit reports issued in 2024

**Figure II (b). Distribution and prioritization of
Global Fund audit recommendations in 2023 internal audit reports**



Data source: Office audit reports issued in 2023

Directly implemented modality project audits

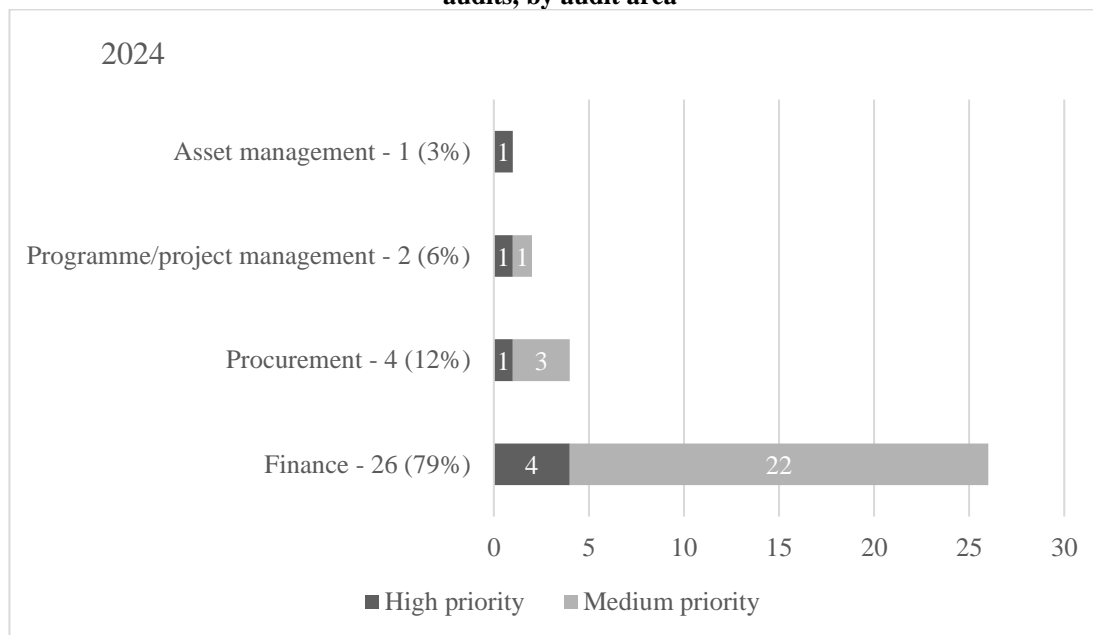
43. In 2024, the Office audited 55 directly implemented projects, with the total audited expenditure amounting to \$488 million. Of these 55 audits, 47 were directly implemented by 24 UNDP country offices, five by the United Nations Capital Development Fund, two by the Regional Bureau for Africa, and one by the Crisis Bureau.

44. The results of these directly implemented project audits indicated an improvement in 2024 as 89 per cent of these audit reports had an unmodified opinion compared to 75 per cent in 2023. This represents a year-over-year improvement in controls involving management of directly implemented projects in UNDP for 2024.

45. Of the 55 directly implemented project financial audit reports issued, auditors provided unmodified opinions on the financial statements of 49 projects (89 per cent) and modified opinions on the financial statements of six projects (11 per cent). Modified opinions (two with adverse and four with qualified opinions) were provided on the combined delivery report for six projects (11 per cent), and no modified opinions were provided on the statement of fixed assets for the six projects. No project received a modified opinion on both the combined delivery report and the statement of fixed assets. The net financial impact of the modified opinions resulted in an overstatement of expenses on the combined delivery reports totalling \$0.9 million, accounting for 0.2 per cent of the total audited direct implementation expenditures (\$488 million). For the Office, a net financial misstatement of 1.5 per cent or greater requires management's attention to take remedial actions or enhance relevant controls as this negatively impacts the accuracy of UNDP project financial information.

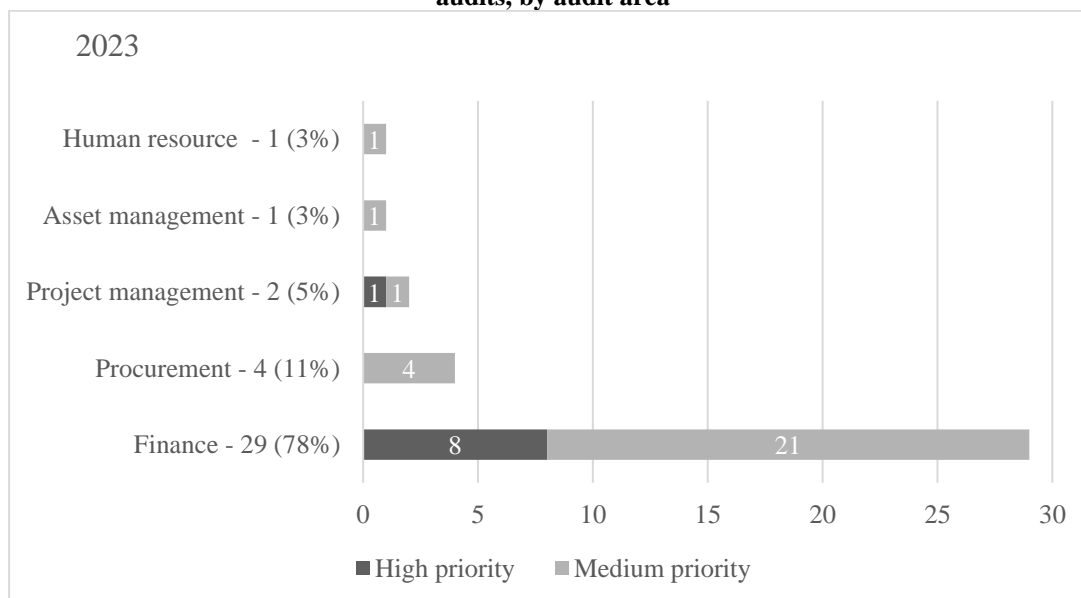
46. The auditors raised a total of 33 audit observations related to financial audits. They were mainly related to financial management and included seven high-priority audit observations (see figures III (a) and III (b)). These observations pertained to: (a) finance – expenditures recorded in the incorrect accounting period, ineligible project expenses charged, and lack of supporting documents; (b) procurement – weak contract management; (c) weak programme/project management; and (d) asset management – non-compliance with inventory management and recording procedures.

Figure III (a). Issues and recommendations identified in 2024 directly implemented project audits, by audit area



Data source: Office audit reports issued in 2024

Figure III (b). Issues and recommendations identified in 2023 directly implemented project audits, by audit area



Data source: Office audit reports issued in 2023

Audits of projects executed by non-governmental organizations and/or national governments

47. In 2024, UNDP country offices engaged supreme audit institutions or audit firms to audit nationally implemented projects for fiscal year 2023. The total audited expenditures were \$569 million. As of 31 December 2024, the Office had received 342 out of 344 audit reports from 72 country offices. Auditors expressed modified opinions on 14 of the 342 audit reports (four disclaimer, two adverse, and eight qualified opinions) with a total net financial misstatement of \$0.91 million, or 0.2 per cent of the total audited expenses (\$569 million). The modified audit opinions were mainly due to unsupported expenditures, ineligible expenses and unrecorded expenditures.

48. For fiscal year 2023 (audits were undertaken in 2024) the auditors raised a total of 1,206 audit observations, which was a decrease compared to 1,858 audit observations raised in fiscal year 2022. The significant decrease in the total number of audit observations indicates an improvement in the control system and environment in country offices.

49. Most of the audit observations related to financial management, record-keeping systems and controls, and procurement of goods and/or services. The Office monitored the actions taken by country offices to implement the audit recommendations. As of 31 December 2024, 63 per cent of the 1,206 audit recommendations had been implemented or were no longer applicable, which is a positive indication of management's willingness and acceptance to implement these recommendations.

50. As a result of its assessment of the audit exercise, the Office issued review letters to all 72 country offices. The review encompassed four elements: (a) strength of existing internal controls; (b) timely follow-up of audit recommendations; (c) compliance with audit scope requirements; and (d) timely administration of the audit exercise. Of the 72 country offices in 2024, 57 received a satisfactory rating (79 per cent), 12 a partially satisfactory rating, and three an unsatisfactory rating. In 2023, out of the 82 country offices, 67 received a satisfactory rating (82 per cent), 11 a partially satisfactory rating, and four an unsatisfactory rating. While the overall satisfactory rating decreased slightly in 2024, the overall number of audit observations significantly improved (from 1,858 in 2023 to 1,206 in 2024).

Advisory services

51. In 2024, the Office issued eight advisory notes, and all were related to requests for write-off memos. In line with rule 126.17 of UNDP Financial Regulations and Rules and the UNDP Programme and Operations Policies and Procedures, the Office issued eight requests for write-offs from six country offices.

52. The Office issued special review reports for two projects in 2024, one in the Democratic Republic of the Congo and the other in Yemen.

53. In addition to these advisory reports, the Office also provided ad hoc advice in 2024, such as providing comments on various UNDP policies, and vetting parts of contribution agreements signed with donors and due diligence exercises conducted by key donors.

VI. Office audit: Performance

Risk-based audit planning and completion of the annual work plan

54. The Office formulated the 2024 audit plan after conducting a comprehensive risk assessment of its auditable areas in UNDP, including United Nations Volunteers, the United Nations Office for South-South Cooperation, and the United Nations Capital Development Fund. The planning process was participatory, involving a series of discussions with senior management and heads of bureaux. The Office consulted the United Nations Board of Auditors to ensure adequate audit coverage of UNDP and minimize duplication of efforts in providing assurance to the Administrator and the Executive Board.

55. Measured by UNDP expenditures, the Office covered a large share of UNDP work in 2024. The combined expenditure for 91 country-level audits (28 country office audits, 55 directly implemented project audits and eight Global Fund audits) was \$2.4 billion (51 per cent) of the \$4.7 billion in UNDP

field-level expenditures in 2024. An additional \$0.57 billion in expenditure was covered by third-party audits of non-governmental organizations and nationally implemented projects.

56. The risk-assessment methodology covered the process from risk identification to risk measurement and risk ranking. Quantitative and qualitative risk indicators were used, classified as strategic, organizational, political, operational and financial, in line with UNDP enterprise risk management categories.

57. The approved annual work plan for 2024 initially included 98 audit assignments (see table 6). The Office adjusted the work plan in April 2024 resulting in 119 assignments when additional directly implemented modality projects were included to be audited. As of 31 December 2024, the Office had completed fieldwork in respect of all assignments included in its work plan. A total of 96 reports were issued as of 31 December 2024, while the remaining 23 reports were in various stages of completion and targeted to be completed during the first quarter of 2025.

Table 6. Implementation of the 2024 annual work plan

Audit Type	Approved annual work plan	Revised annual work plan	Implementation of revised annual work plan (issued reports)
Country office audits	30	30	22
Corporate audits	13	16	8
Global Fund audits	8	8	4
Directly implemented projects audits	44	56	55
Advisory service	3	9	7
Total	98	119	96^a
Per cent			81%

Data source: 2024 Office Annual Work Plan

^a As of 31 December 2024, the fieldwork of 119 of the 119 planned assignments was completed. Of the 119 assignments, 96 reports were issued in 2024 from the 2024 revised annual work plan, and the remaining 23 reports were in the process of issuance in the first quarter of 2025. In calendar year 2024, 108 reports were issued, and 12 reports were for the 2023 annual work plan.

Publication of reports

58. After completing each engagement, the Office issues a report to management to communicate the engagement results, and 30 days after issuance, all internal audit reports are publicly disclosed in accordance with Executive Board decision 2012/10.

59. In 2024, the Office issued 108 audit reports and eight advisory service notes. The 108 reports raised 224 recommendations, of which 53 were rated high priority and 171 medium priority. Of the 224 recommendations, 120 related to country office audits, 33 to directly implemented project audits, 50 to corporate audits, and 21 to Global Fund audits.

60. The highest number of products issued by the Office were directly implemented projects audits, followed by country office audits, corporate audits, and lastly, Global Fund audit reports (see table 7). In accordance with decision 2013/24, annex I presents the titles and ratings of all internal audit reports and advisory services issued in 2024.

Table 7. Number of reports issued in 2024

Audit Type	Carry over reports from 2023	Reports related to 2024 work plan	Total reports issued in 2024
Country office audits	7	22	29
Corporate audits	8	8	16
Global Fund audits	4	4	8
Directly implemented projects audits	0	55	55
Advisory service	1	7	8
Total	20	96	116*

Data source: Office reports issued in 2024

* This comprises 108 audit reports and eight advisory services notes.

61. In 2024, the Office managed to meet all of its performance targets except for its target for the average number of days to issue reports. In 2024, the Office recorded an average of 88 days per report against the target of 75 days to issue audit reports from the end of fieldwork (see table 8). The slightly longer time taken to issue audit reports was due to more time needed to finalize a few complex audit assignments, which acted as outliers distorting the average number of days. The median number of days from the end of fieldwork to the issuance of all reports was 77, which closely matched the target of 75 days.

Table 8. 2024 Key performance indicators

Metric	2024 target	As of 31 December 2024
Per cent of audit plan completed (Country Office/Corporate/Global Fund audits)	100%	100%
Per cent of audit plan completed (Directly Implemented Modality project audits fieldwork completed)	100%	100%
Average number of days to issue reports*	75 days	88 days**
Post audit client survey average overall rating (1 =Poor, 2=Fair, 3=Satisfactory, 4=Good, 5=Excellent)	4	4.49
Post audit client survey response rate	65%	80%
Average number of days to assess implementation of audit recommendations	20 days	15 days

Data source: Office data

* Number of days from end of fieldwork to issuance of the report per audit type.

** Issuance of three reports (nos. 2642-Corporate Data Warehouse; 2760-UNDP Sudan Country Office; and 2733-UNDP Guinea Country Office) experienced delays.

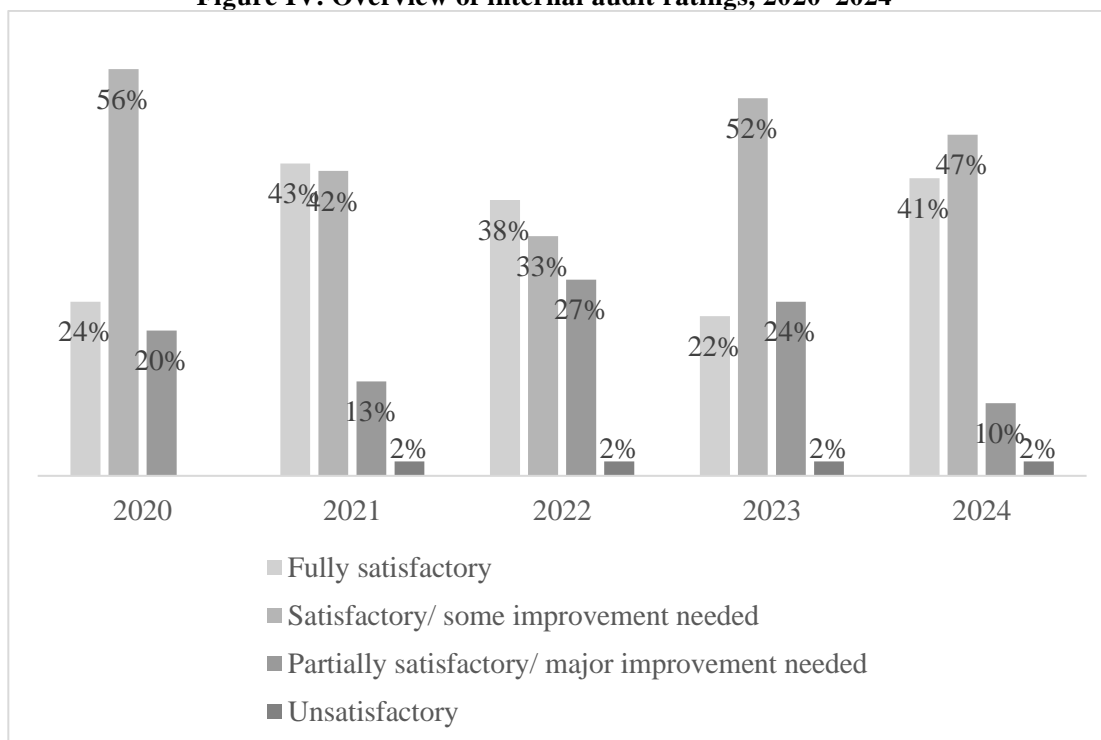
Audit reports and ratings

62. For country office, Global Fund and corporate audits, the Office assigns an audit rating that allows the reader to get a general sense of the results of the review. The Office uses four categories: fully satisfactory; satisfactory/some improvement needed; partially satisfactory/major improvement needed; and unsatisfactory, based on its assessment of the relevant governance, risk management and control processes.

63. Of the 108 audit reports issued in 2024 (96 audit reports from the 2024 work plan and 12 audit reports from the 2023 work plan), six (two special reviews, one corporate audit, one follow-up audit, and two consolidated reports) did not contain an overall rating.⁷

64. Comparing the distribution of audit ratings from 2020 to 2024, the mix of ratings has stayed fairly consistent over time, with some slight variations. This indicator suggests that there is a normal range of ongoing areas of improvement for UNDP, as would be expected for an enterprise with a portfolio of this size and geographic coverage. Please see figure IV.

Figure IV. Overview of internal audit ratings, 2020–2024



Data source: Office audit reports issued from 2020 to 2024

VII. Investigations section: Overview of 2024 activities

65. In 2024, the investigations section opened 434 new cases and closed 419. This is the largest caseload that the team has managed and continues the upward trend in case numbers observed since 2020.

66. The section deployed investigation missions to 10 countries, including a proactive mission to Iraq. The latter involved detailed field visits; engagement with local and national stakeholders; dozens of interviews of current and former UNDP personnel and vendors; and voluminous document reviews. The investigation resulted in recommendations aimed at strengthening controls and risk management in project design and implementation. It also resulted in the registration of eight new investigative cases.

⁷ The overall rating was not assessed in these reports due to the specific nature and scope of the audit assignments, such as special reviews and follow-up audits, which are not comprehensive assessments.

67. In addition to casework the investigations section modified its internal guidelines on the referral of investigation subjects to national authorities and continued restructuring the investigation function through implementation of geographic clustering of investigators to specific regions.

Prevention of sexual harassment and sexual exploitation/sexual abuse

68. During 2024, the Office continued to be an active member of the UNDP Task Force on the Prevention of Sexual Harassment and Sexual Exploitation and Abuse, the UNDP Task Team for victim/survivor support and the UNDP Clear Check Database Advisory Committee.⁸

69. The Office participated in several inter-agency technical working groups, including the Sexual Exploitation and Abuse Working Group. The Office also helped raise awareness of UNDP responses to sexual harassment and sexual exploitation and abuse through the delivery of training and presentations to various country offices.

70. Throughout 2024, the Office participated in donor briefings and evaluations and played a robust role in the UNDP response concerning sexual misconduct matters. The Office also continued to provide inputs on the sexual exploitation and abuse and sexual harassment clauses in donor agreements.

71. Since 1 January 2020, all participating offices and United Nations organizations have been obliged to report credible allegations of sexual exploitation and abuse to the Secretary-General via a near real-time secure online database known as the iReport Sexual Exploitation and Abuse Tracker. During 2024, the Office reported 12 cases of alleged sexual exploitation and abuse that were initially assessed to be credible, through the tracker.

Social and environmental compliance

72. In 2024, the Social and Environmental Compliance Unit registered two new cases, of which 10 are open and relate to projects located in Cameroon, India, Kyrgyzstan, Myanmar, Colombia, South Africa, North Macedonia, Chad, Iraq, and Cambodia. Two cases from South Africa and North Macedonia have entered the monitoring phase as per the UNDP Administrator's decision in response to the Unit's recommendations following the completion of the investigation. The Unit conducted its first self-initiated investigation for a project in Chad, which will be documented in a management letter assessing compliance and providing management recommendations and is set for completion in 2025. The Unit conducted field missions to Cambodia and Kenya as part of its investigative and outreach activities. The Unit also continued updating its investigation guidelines.

73. In 2024, the Unit hosted the second Annual Meeting of the United Nations Accountability Mechanisms Network. The meeting was held in a hybrid format in Italy, bringing together over 20 UN colleagues, experts and civil society representatives. The Unit also actively participated in the 21st Annual Meeting of the Independent Accountability Mechanism Network, hosted by the Asian Development Bank and Green Climate Fund accountability mechanisms in the Philippines. Throughout the year, the Unit conducted outreach activities to improve understanding of its mission, mandate and activities with partners and potential stakeholders. These efforts included an in-person event in Kenya, where the Unit delivered a plenary presentation and held multiple bilateral meetings with civil society organizations. Additionally, the Unit participated in a virtual outreach event for Latin American civil society organizations. The Unit also participated in a webinar organized by the Independence Redress Mechanism of the Green Climate Fund, focusing on access to grievance mechanisms within international institutions. The Unit continued its outreach activities through social media and other digital fora.

VIII. Investigations: Case activity

Intake and caseload management

74. The Office receives allegations of misconduct via internal and external channels. Complaints can be submitted anonymously to the Office using a web-reporting and telephone service, which is managed by an independent service provider on behalf of the Office to protect confidentiality. This service includes a multi-language online referral form and telephone lines accessible from many countries. Other reporting

⁸ A mechanism to prevent the re-hiring of personnel who have sexual misconduct allegations substantiated against them.

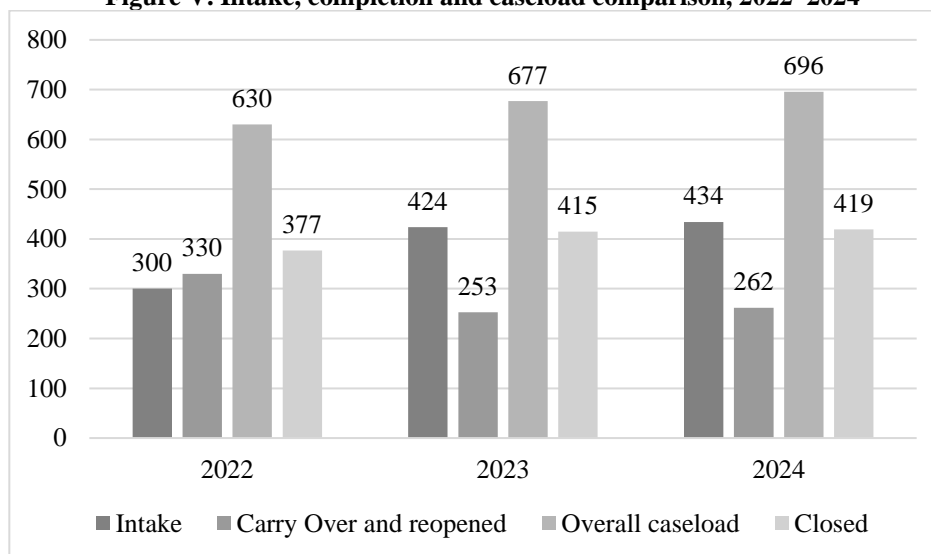
options include a dedicated Office email account, email to any Office personnel, and traditional email. All complaints received by the Office, except spam, scam and general grievances, are recorded in the Office's database of complaints and are assigned a unique reference number. The complaints are further assessed to establish whether they contain an allegation that falls within the jurisdiction of the Office.

75. Case intake in 2024 continued the upward trend observed in preceding years and set a new high at 434 cases for the year. The 434 new cases received in 2024 combined with 262 cases carried over from 2023 resulted in a total caseload of 696, the highest ever recorded. The investigations section finalized and closed 419 cases in 2024, the highest number in any year to date. At the end of 2024, 277 cases were carried over to 2025 (see table 9 and figure V).

Table 9. Investigation cases handled in 2024

Status of cases	Number of cases
Carry-over as of 1 January 2024	262
Intake during the year	434
Total cases during the year	696
Closed during 2024	419
Cases ongoing as of 31 December 2024	277

Figure V. Intake, completion and caseload comparison, 2022–2024



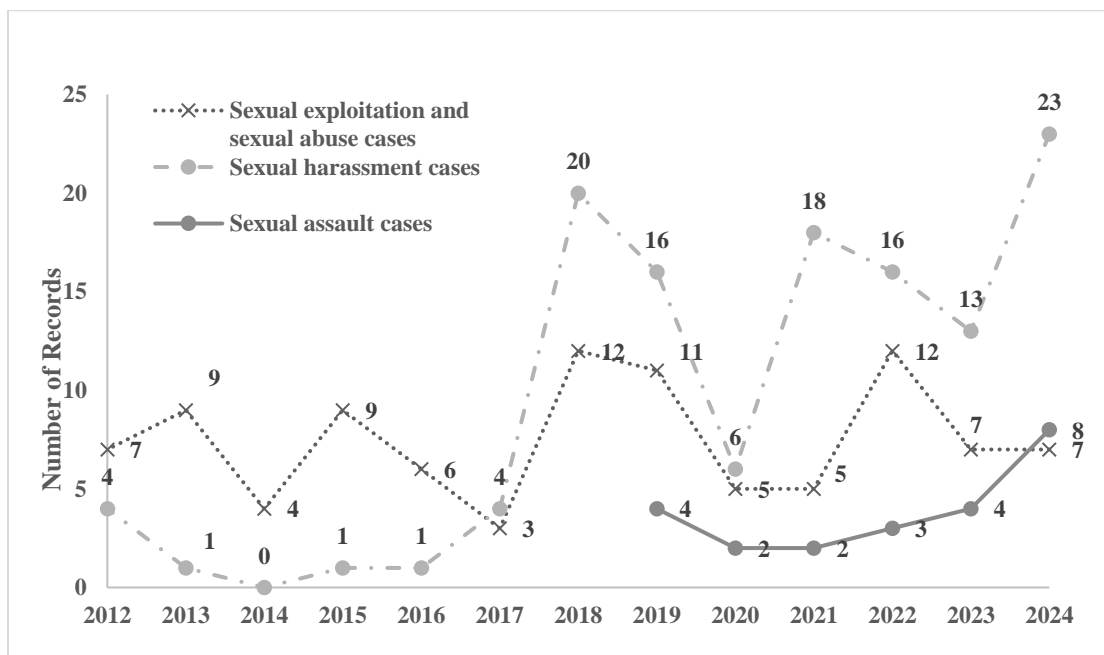
Types of complaints received

76. The investigations section recorded a notable increase in complaints of theft and embezzlement (30 cases), sexual harassment (23 cases), misuse of official resources (17 cases) and entitlement fraud (19 cases), compared to 8 cases of theft and embezzlement, 13 cases of sexual harassment, 9 cases of misuse of official resources, and 11 entitlement fraud complaints opened in 2023. The year 2024 marked the first year in which conflict of interest (22 cases) and unauthorized outside activity (11 cases) were recorded as distinct categories. These had previously been recorded in the general category of failure to comply with obligations. There was therefore a decrease in the general category of failure to comply with obligations from 97 cases in 2023 to 52 in 2024.

77. The Office opened seven cases of discrimination in 2024, compared with eight in 2023. There was a significant decline in complaints of abuse of authority, from 45 in 2023, to 15 in 2024. The Office noted a slight decrease in procurement fraud complaints (103 cases) and workplace harassment (34 cases) complaints, compared to 109 and 35 cases, respectively, in 2023.

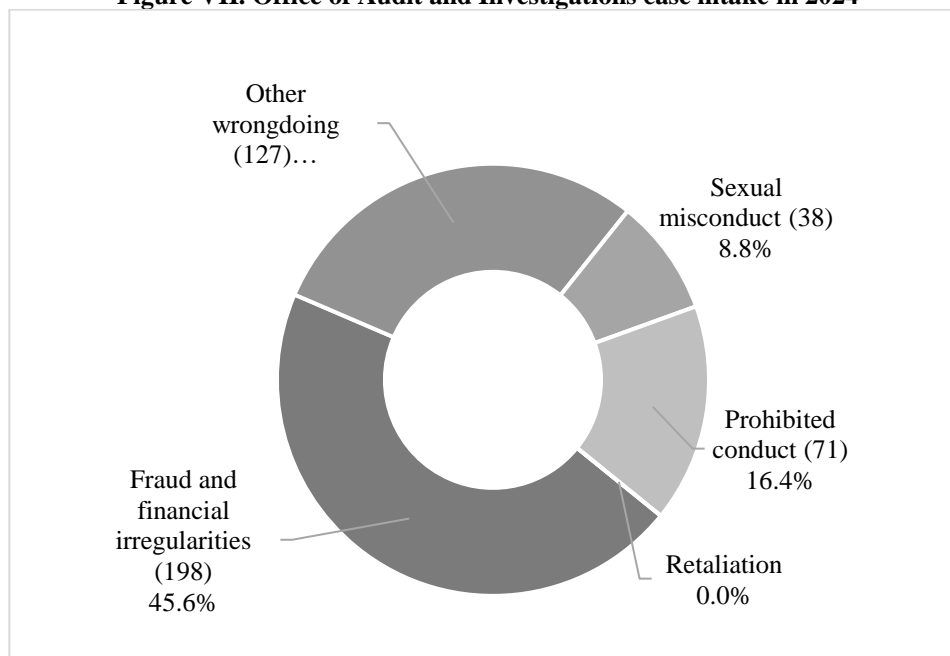
78. In 2024 the Office opened 38 cases related to sexual misconduct (23 sexual harassment complaints, 8 sexual assault complaints, and 7 sexual exploitation and sexual abuse complaints)⁹. This is a 58 per cent increase from 2023, when the Office opened 24 cases of sexual misconduct. In addition, the Office carried over nine sexual misconduct cases from 2023 to 2024 (five sexual exploitation and sexual abuse complaints, two sexual harassment complaints, and one sexual assault complaint). Therefore, the Office had an overall caseload of 47 sexual misconduct cases during 2024 (see figure VI for historical trends).

Figure VI. Sexual harassment, sexual exploitation/sexual abuse and sexual assault cases received, 2014–2024



79. As part of an initiative to harmonize annual reporting on oversight among some United Nations entities, the intake of new cases is presented in five broad categories (see figure VII and table 10). The same cases are then further broken down into specific categories (see figure VIII).

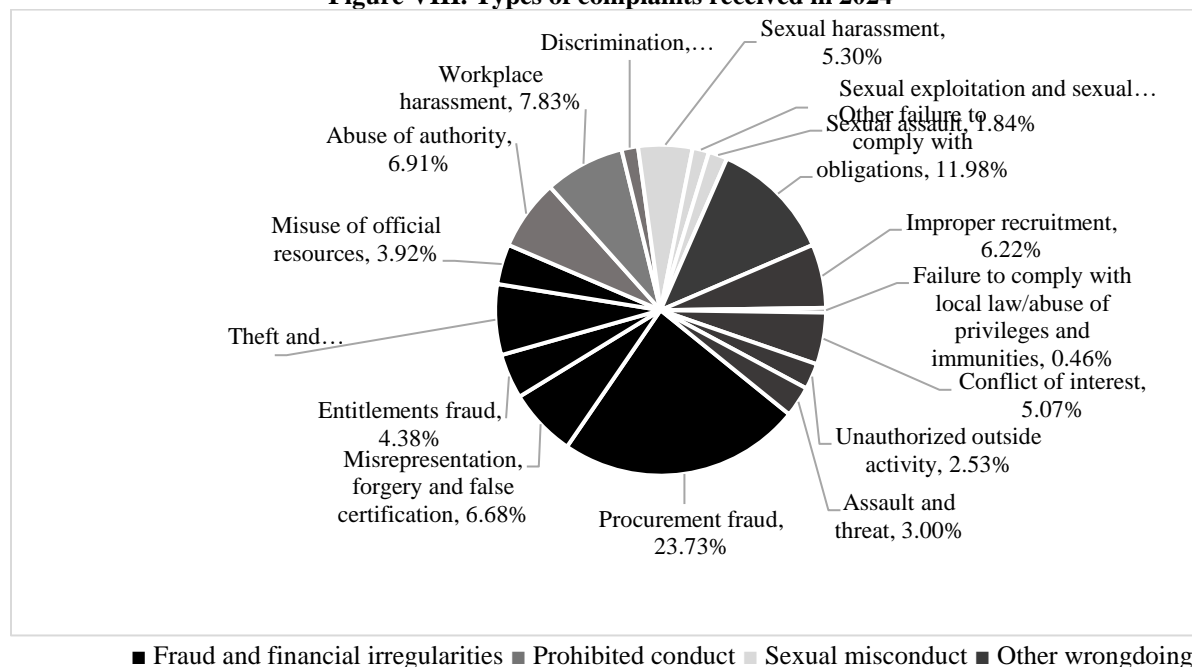
⁹ The Office received an additional 17 complaints containing sexual misconduct which did not fall within its mandate. 10 concerned implementing partners et al. and were referred to the relevant UNDP office and partner for further action, seven were referred to other United Nations funds, programmes and other entities.

Figure VII. Office of Audit and Investigations case intake in 2024**Table 10. Office of Audit and Investigations intake by broad category, 2022–2024**

Allegation category	Cases in 2022	Cases in 2023	Cases in 2024
Fraud and financial irregularities	119	173	198
Prohibited conduct ¹⁰	54	88	71
Sexual misconduct	31	24	38
Retaliation	2	2	0
Other wrongdoing	94	137	127
Total	300	424	434

80. Complaints relating to financial irregularities (procurement fraud; theft and embezzlement; misuse of official resources; misrepresentation, forgery, and false certification; and entitlements fraud) accounted for 46 per cent of the cases received in 2024, an increase from the 41 per cent recorded in 2023. Complaints relating to sexual misconduct (sexual assault, sexual harassment and sexual exploitation and abuse) constituted 9 per cent of the cases received by the Office in 2024, an increase from the 6 per cent recorded in 2023 (see figure VIII).

¹⁰ “Prohibited conduct” consists of allegations mentioned in the UNDP policy on harassment, sexual harassment, discrimination and abuse of authority. However, for the purpose of this report, this category does not include sexual harassment allegations, which are counted under “sexual misconduct.” “Other wrongdoing” includes any allegation that does not fall into the other broader categories but could still amount to a breach of UNDP administrative issuances. Examples include not cooperating with an investigation or engaging in outside employment without authorization.

Figure VIII. Types of complaints received in 2024

81. In 2024, the Office received the most complaints from Africa (116 cases), followed by Asia and the Pacific (103 cases), the Arab States region (66 cases), Europe and the Commonwealth of Independent States (33 cases), Latin America and the Caribbean (31 cases) and Headquarters (25 cases). Additionally, 60 complaints involved staff members or other personnel on UNDP contracts assigned to other United Nations entities for a total of 434 complaints (see table 11).

Table 11. Complaints received in 2024 by region

	Number of complaints
Africa	116
Asia and the Pacific	103
Arab States	66
Other United Nations organizations	60
Europe and the Commonwealth of Independent States	33
Latin America and the Caribbean	31
Headquarters	25
Total	434

Processing of cases

82. In 2024, the Office finalized 391 assessments. Of these, 171 warranted an investigation. The remaining 220 (56 per cent) were closed after assessment. In addition, the Office finalized 18 assessments carried over from 2023, bringing the total cases assessed to 409.

83. In 2024, the Office closed 184 cases following an investigation. The allegations in 109 (59 per cent) of these cases were found to be unsubstantiated. Of the remaining 75 cases, 74 resulted in investigation reports that established evidence of misconduct. The remainder was finalized through a financial loss report (see table 12).

84. As a key performance indicator, the Office aims to finalize 50 per cent of its case assessments within three months and close 50 per cent of its cases under investigation in under 270 working days. Of the 409 cases assessed in 2024, the Office finalized 98 per cent within three months. Of the 184 cases closed following an investigation, 42.4 per cent were finalized within 270 working days.

85. At the end of 2024, 43 cases were under assessment and 234 under investigation.

IX. Investigations: Case outcomes in 2024

Substantiated cases

86. Of the potential misconduct identified in the 74 substantiated cases where an investigation report was issued, the majority concerned allegations of procurement fraud (29 cases, or 39 per cent); entitlement fraud (10 cases, or 14 per cent); other failure to comply with obligations (eight cases, or 11 per cent); misrepresentation, forgery and false certification (five cases, or 7 per cent); and theft and embezzlement (four cases, or 5 per cent). A summary of the substantiated investigations reported in 2024, by type of allegation, can be found in annex IV.

87. Of the 74 substantiated cases, 21 (28 per cent) occurred in the Asia and the Pacific region, 18 (24 per cent) in the Africa region, 11 (15 per cent) in other United Nations entities, 10 (14 per cent) in the Arab States region, eight (11 per cent) in the Europe and Commonwealth of Independent States region, five (7 per cent) in the Latin American and Caribbean region, and one at Headquarters.

88. In 2024, the Office substantiated three cases of sexual misconduct (two sexual assault cases and one sexual exploitation and sexual abuse case). This was a significant decrease compared to 2023, when the Office substantiated nine cases of sexual misconduct (six sexual harassment cases, two sexual assault cases and one sexual exploitation and sexual abuse case). In 2024, the Office closed a total of 21 cases of sexual misconduct, out of the overall caseload of 47. The apparent drop in substantiation of sexual harassment cases is partly attributable to turnover in the specialist sexual misconduct investigation team. This has resulted in longer investigation times, and 26 sexual misconduct complaints being carried over to 2025. Additionally, the majority of cases closed at the assessment stage were due to issues with victim consent, while after investigation, a significant portion of cases were either unsubstantiated or lacked sufficient information.

Table 12. Disposition of cases in 2023 and 2024

Actions taken	Number of cases 2023	Number of cases 2024
<i>After assessment:</i>		
Closed, investigation not warranted	212	198
Referred to other United Nations entities	7	8
Referred to other UNDP offices	12	29
<i>Total cases closed after assessment</i>	231	235
<i>After investigation:</i>		
Closed (not substantiated)	100	109
Closed (substantiated)	84	75
Submitted to Office of Legal Services	21	19
Submitted to country offices	27	23
Submitted to Vendor Review Committee	27	25
Submitted to other United Nations entities	5	6
Submitted to other UNDP offices	3	2

Options letter issued ¹¹	1	-
Total cases closed after investigation	184	184
Total cases closed during the year	415	419
Investigation reports issued	83	74
Financial loss reports issued	-	1
Options letter issued	1	-
Management letters issued	1	9

Actions taken in cases of misconduct

89. Follow-up actions taken by other offices of UNDP (Office of Legal Services, Ethics Office, country offices, Vendor Review Committee and regional bureaux) as a result of investigation reports issued by the Office are detailed below.

90. Based on the 19 investigation reports concerning staff members that were sent to the Office of Legal Services in 2024, one staff member was separated from service. One staff member was subject to dismissal with a fine. A letter was placed in the file of eight staff members who had either resigned or whose contracts expired prior to the completion of the investigation, indicating, pursuant to article 72 of the Legal Framework, that the Office of Legal Services would have recommended charging them with misconduct had they remained with the organization. Of the remaining nine reports, eight were still under review by the Office of Legal Services while one was returned to the Office awaiting an amendment.

91. As a result of 25 reports submitted to country offices concerning non-staff members, seven national personnel service agreement holders had their contracts terminated whilst an additional five had a note placed in their service file, three of whom did not have their contracts renewed. Meanwhile, cases involving two individual contract holders resulted in two contract terminations. One service contractor separated before the conclusion of the investigation and had a note placed in their service file. The remaining 10 reports concerning one international personnel service agreement holder, four national personnel service agreement holders, two individual contract holders, and three service contract holders are still under review.

92. Of 25 reports submitted to the Vendor Review Committee in 2024, four were finalized and closed by the end of the year, resulting in sanctions against four vendors and their agents. In addition, eight vendors that were subjects of the remaining reports received an interim suspension pending finalization by the committee.

93. Five investigation reports were submitted to another United Nations entity. One concerned a contractor while another concerned a staff member, and they remained under review at the end of the year. Three cases concerned United Nations Volunteers, two of whom would have been summarily dismissed had they remained in service, while the third case is still under review.

Financial losses and recovery

94. The total financial loss for UNDP that was substantiated in investigation reports issued by the Office during 2024 amounted to \$362,995. According to the Office of Financial Management, the total financial loss from investigations reports that were submitted from 2013 to 2024 was \$10,910,958, of which \$9,685,735 was deemed recoverable. Of that amount, \$4,038,065 has been recovered, or 41.7 per cent of the recoverable loss.

Management letters

95. In 2024, the Office issued nine management letters to the concerned business units addressing weaknesses in internal controls, following the completion of investigations. Two of the management

¹¹ Option letters are instruments through which UNDP staff against whom there is evidence of wrongdoing are given the option to either resign under certain conditions, including a commitment to reimburse any financial loss resulting from the wrongdoing, or be subjected to a full investigation and possible disciplinary process.

letters addressed recommendations for improving the country office's procurement processes. One management letter addressed recommendations for strengthening fuel purchase procedures and one provided recommendations following an abuse of authority investigation. Additionally, one management letter was issued against six United Nations Capital Development Fund cases following an unauthorized outside activities investigation.
