



INTERNAL AUDIT DIVISION

REPORT 2023/097

Audit of the financial disclosure programme managed by the Ethics Office

The programme effectively contributed to proactively detecting and managing conflicts of interests of designated staff participants, but its effectiveness and efficiency could be enhanced with increased use of risk and data analyses and assessment of a few key processes

**28 December 2023
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Audit of the financial disclosure programme managed by the Ethics Office

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the financial disclosure programme (FDP) managed by the Ethics Office. The objective of the audit was to assess the efficiency and effectiveness of the management of the programme to mitigate the conflicts of interests risks of United Nations staff and non-staff members serving in high-risk positions and functions. The audit covered activities related to the 2020 to 2022 filing cycles. Based on an activity-level risk assessment, the audit covered higher and medium risk areas related to the regulatory framework and related guidance governing FDP and conflict of interest, management of the programme, and review and reporting on its effectiveness. The audit addressed two main audit questions:

- (a) How effective has FDP been in achieving its objectives?
- (b) To what extent was FDP adequately managed?

Overall, FDP was an effective corporate tool that contributed to proactively detecting and managing conflicts of interests of designated staff participants. There was an established process with strong internal controls to implement the annual programme, which significantly contributed to a nearly 100 per cent filing compliance rate and the accountability process for non-compliant staff was satisfactory. However, some staff with a high risk of conflict of interest were not participating in the programme, and a risk-based approach could further enhance verification of the accuracy and completeness of FDP disclosures.

The established processes to review submitted disclosure statements were also adequate. The Ethics Office collaborated with the Office of Human Resources (OHR) in the Department of Management Strategy, Policy and Compliance (DMSPC) to raise staff awareness on conflicts of interests and conducted several training and outreach activities. However, the audiences could be better targeted with greater use of data analysis and the results and lessons learned from the annual FDP exercise needed to be shared within the Secretariat to further raise awareness. In addition, certain processes could be improved for enhanced efficiency, which would also alleviate the impact of insufficient resources.

OIOS made 10 recommendations to the Ethics Office and one recommendation to DMSPC. To address issues identified in the audit, the Ethics Office needed to:

- Streamline guidance on conflicts of interest and financial disclosure on its website and incorporate hyperlinks to other interrelated policies for easy accessibility;
- Explore measures to improve the risk-based approach to identifying FDP participants and to cover a larger number of staff in the programme in a cost-effective manner;
- Provide additional guidance to heads of entities to identify and prioritize higher-risk groups of personnel for participation in FDP;
- Use data analysis to inform outreach and training strategies;
- Review the methodology used for selecting the sample for in-depth reviews of the accuracy and completeness of staff disclosures;
- Enhance the financial disclosure system to ensure completeness and accuracy of submitted information by staff;
- Implement measures to improve the efficiency of FDP;
- Use disaggregated data on FDP by Secretariat entity for more detailed analysis of risks and trends and any targeted interventions that may be necessary;

- Provide annual performance reports on the results of the FDP exercise to Secretariat entities to increase transparency and enable them to identify areas for strengthening conflict of interest management and compliance; and
- Include the treatment of electronic and paper records related to FDP in its retention schedule.

In addition, OHR in DMSPC needed to report to the Executive Office of the Secretary-General heads of entities who do not complete the mandatory courses, including those on ethics and integrity, for strengthened accountability.

The Ethics Office and DMSPC accepted their recommendations and have initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

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Audit of the financial disclosure programme managed by the Ethics Office

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the financial disclosure programme (FDP) managed by the Ethics Office.
2. FDP was initially established in 1999¹ as a corporate governance mechanism to prevent conflicts of interest and promote transparency and integrity. It obligates certain staff and non-staff members to disclose their financial and personal interests annually in respect of themselves, their spouses and their dependent children. Staff members are also obligated to proactively prevent and mitigate risks of conflicts of interest,² in line with the highest standards of conduct, independence and impartiality required by the Charter of the United Nations, staff regulations and rules, and the Standards of Conduct for the International Civil Service. The programme was revamped in 2006 to strengthen its effectiveness in providing assurance to Member States on ethical conduct and transparency in the United Nations.
3. The objectives of FDP are to identify, detect, mitigate and resolve the actual or potential risks of conflict of interest that may arise in the performance of official United Nations duties. Staff regulations 1.2 (m) and (n) and Secretary-General's bulletin ST/SGB2006/6 on financial disclosure and declaration of interest statements (the bulletin) are the primary policy instruments governing FDP. They are broadly complemented with policies on topics such as outside activities, gifts and honours, and unsatisfactory conduct, investigations and the disciplinary process. FDP is an honour-based system that relies on a strong culture of ethics, transparency and accountability to ensure the full compliance of all participants.
4. The following categories of Secretariat staff members have an obligation to participate in the annual FDP:
 - (a) All staff members at the D-1 level and above;
 - (b) All staff members who are procurement officers, or whose principal occupational duties are the procurement of goods and services for the United Nations;
 - (c) All staff members whose principal occupational duties relate to the investment of the assets of the United Nations, the United Nations Pension Fund or any accounts for which the United Nations has fiduciary or custodial responsibility;
 - (d) Other staff members whose direct access to confidential procurement or investment information warrants the filing of a financial disclosure statement; and
 - (e) All staff members serving in the Ethics Office.
5. In 2007, the Secretary-General launched the voluntary public disclosure initiative (VPDI) to offer additional assurances to Member States and the general public that United Nations senior officials at the uppermost ranks in the Organization (Assistant Secretary-General (ASG) and above) are transparent and not influenced by their private interests. The VPDI makes public a summary of pertinent information confidentially reported in the disclosure statements of these officials to demonstrate this commitment. In 2017, the General Assembly further expanded the FDP scope to include the incoming and outgoing Presidents of the General Assembly.

¹ A/60/312: Measures to strengthen accountability in the United Nations: Report of the Secretary-General; paragraphs 41 and 42

² Secretary-General's bulletin ST/SGB/2016/9, "Status, basic rights and duties of United Nations staff members" and Information Circular ST/IC/2016/25, "Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat"

6. FDP covers both the Secretariat and 29 non-Secretariat entities that participate on a cost-sharing basis. The United Nations Ethics Office collaborates with the Office of Human Resources (OHR) in the Department of Management Strategy, Policy and Compliance (DMSPC) to manage its implementation. Within the Ethics Office, a P-5 staff member, who reports to the Director of the Office, and two professional and one general service staff manage the programme as part of their overall functions. An independent, third-party service provider (external reviewer) is contractually engaged to review the financial disclosure statements submitted by the participants to identify potential conflicts of interest and recommend appropriate mitigation measures. As of 31 December 2022, the estimated annual cost of the programme was around \$1.4 million comprising administrative costs and contractual services.

7. Comments provided by the Ethics Office and DMSPC are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

8. The objective of the audit was to assess the efficiency and effectiveness of the management of FDP to mitigate the conflicts of interests risks of United Nations staff and non-staff members serving in high-risk positions and functions. The audit addressed two main questions:

- (a) How effective has FDP been in achieving its objectives?
- (b) To what extent was FDP adequately managed?

9. This audit was included in the 2022 risk-based work plan of OIOS due to the higher and medium risks associated with managing FDP in the Ethics Office.

10. OIOS conducted this audit from April to October 2023. The audit focused on activities related to the 2020 to 2022 FDP filing cycles. Based on an activity-level risk assessment, the audit covered the regulatory framework and related guidance governing FDP and conflict of interest, management of the programme, and review and reporting on its effectiveness.

11. The audit methodology included: (a) interviews with key personnel in the Ethics Office, DMSPC and the external reviewer; (b) review of relevant documentation; (c) analytical review of data and information; (d) interviews with representatives of select Secretariat entities;³ and (e) benchmarking with other intergovernmental organizations.⁴ Data sources included Umoja, Inspira, annual reports and databases maintained by the Ethics Office and the external reviewer, and data provided by DMSPC and the Department of Operational Support.

12. Given the confidential nature of FDP, the audit was not provided access to the financial disclosure system (FDS), the online electronic system created and maintained in-house by the Office of Information and Communications Technology (OICT) to facilitate staff participant reporting. OIOS conducted a walk-through of FDS to assess system validation and other related controls implemented to ensure completeness and accuracy of submitted information.

13. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

³ Department of Operational Support/Department of Peacebuilding and Political Affairs, Department of Economic and Social Affairs, Office for the Coordination of Humanitarian Affairs (OCHA), Office of the High Commissioner for Human Rights (OHCHR), the United Nations Mission in South Sudan, and the United Nations Multidimensional Integrated Stabilization Mission in Mali

⁴ World Bank Group (WBG), International Monetary Fund (IMF), World Health Organization (WHO), Food and Agriculture Organization (FAO), Inter-American Development Bank (IADB) and United Nations Development Programme (UNDP)

III. AUDIT RESULTS

A. How effective has FDP been in achieving its objectives?

There was an established process with strong internal controls to effectively implement the FDP

14. Under FDP, key United Nations personnel who have fiduciary or custodial responsibilities for managing the Organization's assets and resources submit their annual financial disclosure or declaration of interest statements between 1 and 31 March for examination. Overall, the programme contributed to proactively managing the potential and actual conflicts of interests of staff and non-staff that fall under its scope. The following elements contribute to the programme's effectiveness as a tool to identify, review and manage/mitigate conflicts of interest that may arise during staff members' performance of their official duties and responsibilities.

- (a) Tone-at-the-top: The Secretary-General, as the Chief Administrative Officer, sets the tone-at-the-top for each filing cycle by launching the programme and issuing a reminder to senior leaders and heads of entities of the importance to adhere to high ethical standards and personal demonstration of integrity, urging timely and full participation in the FDP and VPDI, as applicable.
- (b) VPDI: In the 2022 filing cycle, 130 of the 149 (or 87.2 per cent) United Nations senior managers at the ASG-level and above participated in the initiative. According to the Ethics Office, 18 filers opted not to participate on the grounds of security or privacy concerns or for cultural or personal reasons, while one did not communicate a decision on whether to participate.⁵
- (c) Participation by Presidents of the General Assembly: As of 2017, incoming and outgoing Presidents of the General Assembly, as the highest-ranking non-staff members in the Organization, participate in the programme upon assumption and completion of their duties.
- (d) Senior leadership pre-appointment vetting and induction: As part of the selection process for positions at the ASG-level and above, heads of entities, and mission leadership (e.g., Force Commanders), short-listed candidates are pre-screened to identify actual or potential conflicts of interest and issued with recommendations to mitigate them. Upon induction, appointed senior managers are briefed on their ethical responsibilities, including the need for annual financial disclosure.
- (e) Onboarding: During the onboarding process, OHR flags staff positions that are subject to financial disclosure from a pre-defined dropdown menu in the offer management module in Inspira. A financial disclosure letter is attached to the offer letter to successful candidates of these positions, which advises them to contact the Ethics Office for consultation.
- (f) Confidentiality and privacy rights: The bulletin stipulates requirements for financial disclosure and declaration of interest statements to be kept in a secure location given their confidential status.
- (g) Hotline for anonymous reporting: The Ethics Office's website provides staff members with a link to contact OIOS to provide confidential reports of waste, fraud, mismanagement or other wrongdoing. This tool is also useful for reporting conflicts of interest of which staff may be aware.
- (h) Disciplinary measures: The Ethics Office prepares a report listing staff who have not fully complied with FDP requirements at the close of the annual cycle on 31 December each year. This list is referred for accountability measures to OHR for staff members below the ASG-level and to the Executive Office of the Secretary-General (EOSG) for those at the ASG-level and above.
- (i) Ethics Office follow-up: The programme had strong filing compliance rates due to persistent follow-up by the Ethics Office. There was 99.9 per cent filing compliance in the 2020 and 2021 cycles and 100 per cent compliance in the 2022 cycle.

⁵ Activities of the Ethics Office (A/78/91)

There was no single source of all relevant policies and guidance on implementing FDP for staff

15. While information on the requirements of FDP was provided in the bulletin, the Ethics Office's website and other guidelines, there was no single source of guidance showing the correlation between these requirements and underlying United Nations policy instruments that must be complied with to meet financial disclosure obligations or to avoid conflict of interest situations. There were also no practical in-depth explanations or summaries of anonymized actual cases to clarify complex policy requirements and ensure consistent application. The audit results reflected throughout this report showed that a general lack of awareness by heads of entities and staff were contributing to various policy infractions. For example, the following were noted.

16. Neither the bulletin nor the guidelines⁶ provided to the heads of entities for designating staff to participate in FDP spelled out all the principles and policies in the Secretariat's regulatory framework that reinforce proactive management of conflict of interest and financial disclosure or their legal implications. These included the following policy instruments that regulate one or more of the types of conflicts of interests that were frequently identified through FDP.

- (a) Charter of the United Nations
- (b) Standards of conduct for the international civil service
- (c) Staff regulations and rules
- (d) Anti-fraud and anti-corruption framework
- (e) Systemwide Code of Ethics
- (f) Outside activities
- (g) Reporting of honours, decorations, favours, gifts or remuneration from governmental and non-governmental sources

17. Reports of the external reviewer for the 2020 to 2022 filing cycles showed:

- (a) Some staff members were unclear about: (i) the legal definitions of what constitutes acceptable and unacceptable outside activities in the context of their official duties; and (ii) their responsibilities or obligations under FDP to implement conflict mitigation measures that may be required.
- (b) Other staff members were confused about their obligation to comply with Staff regulation 1.2 (n), which regulates the Organization's examination of their financial and personal interests to mitigate conflicts of interest.
- (c) In instances where a potential or actual conflict of interest was detected, some staff members demonstrated a general lack of knowledge on their obligation to mitigate the conflict in the best interests of the United Nations.

18. The Ethics Office commented that financial disclosure information was also published on the Knowledge Gateway and the participant user manual on FDS was included on its website. However, it acknowledged that the website could be improved with relevant hyperlinks to facilitate understanding of interrelated policies and guidelines and easy access to them.

(1) The Ethics Office should streamline information on conflicts of interest and financial disclosure on its website and incorporate hyperlinks to interrelated policies for easy accessibility.

The Ethics Office accepted recommendation 1 and stated that it regularly updated its website, iSeek and other intranet-based pages and would continue to enhance its focus on and streamlining of

⁶ UN Financial Disclosure Programme Guidelines on Designating Filing Staff

information on conflict of interest, FDP and interrelated policy materials by the 2025 FDP filing cycle, if not sooner.

The current bulletin needed updating to reflect revisions to staff regulations and rules

19. The bulletin broadly promulgates the provisions outlined in the staff regulations and rules pertaining to conflict of interest and the financial disclosure obligations of certain United Nations staff members, along with related procedures for implementation. However, it had not been updated since 2006 and did not reflect the following provisions of the current staff regulation and rule.

- (a) Staff regulation 1.2 (n),⁷ which states that the Secretary-General may require other staff to file financial disclosure statements as he or she deems necessary in the interest of the Organization. This provision allowed flexibility in adapting FDP to include additional categories of staff serving in high-risk positions or functions that may have actual or potential conflicts of interest. However, this was not being done and only the staff categories listed in paragraph 4 were being invited to participate in the programme. This issue is discussed further in the next section of this report.
- (b) Staff rule 1.2 (p), which stipulates that staff members shall, except as otherwise authorized by the Secretary-General, formally recuse themselves from any involvement in a matter that might give rise to an actual or possible conflict of interest. It further stipulates that staff members shall implement the mitigation or remediation prescribed by the Organization to resolve a conflict-of-interest situation.

20. OHR commented that the staff regulations and rules take precedence over the related Secretary-General’s bulletins and once the General Assembly approves the latest revisions, it plans to update relevant bulletins and administrative instructions based on priority. Therefore, OIOS did not issue a recommendation at this time.

There were areas for improvement for the enhanced effectiveness of FDP

21. OIOS identified the following areas for improving effectiveness of FDP.

- (a) Inadequate designation of staff with a high risk of conflict of interest

22. The Ethics Office guidelines instruct heads of entities to carefully review their respective entity’s risk profiles in designating staff to file disclosure statements to ensure that higher risk groups are prioritized due to limited resources and budget constraints. However, the Ethics Office had not adequately socialized the guidelines with the heads of entities, along with a methodology on how to conduct their risk assessments, resulting in uneven practices in identifying staff to participate in the programme. For example, some categories of staff performing high-risk functions were not consistently subjected to FDP requirements during the 2020 to 2022 filing cycles as shown in the below examples in Table 1.

Table 1. Additional categories of staff who may be considered for FDP

Category of staff for consideration	Participation in FDP during the audit period
(i) Technical experts and contract managers below the D-1 level in offices such as the Office of Supply Chain Management (OSCM) and OICT, who determine requirements and conduct technical evaluations for	In 2022, OSCM and OICT were managing 311 active contracts with a total not-to-exceed value of \$7.39 billion. However, out of a sample of 7 OSCM technical experts and 27 OICT contract managers reviewed by OIOS, none

⁷ ST/SGB/2023/1

Category of staff for consideration	Participation in FDP during the audit period
high value systems contracts and interact with vendors.	of the sampled technical experts in OSCM had been designated to participate in the 2022 FDP filing cycle, nor had 19 of the 27 contract managers in OICT.
(ii) Members of the Architecture Review Board (ARB), comprising staff whose functions include establishing technical ICT standards and architecture for the United Nations, recommending the endorsement or rejection of new standards, and renewing, maintaining or abolishing existing and expiring standards that can lead to sole source procurement.	In 2020, five out of nine ARB members were below the D-1 level and, therefore, did not file as they were not subject to FDP in accordance with related requirements. In 2021 and 2022, 8 out of 10 ARB members were below the D-1 level and also did not file (the two ARB representatives who filed were from the Global Service Centre and one from a field mission).
(iii) Staff members serving on grants committees and performing related fiduciary functions, such as authorizing and approving grant awards to implementing partners from trust funds with significant extrabudgetary resources (2021 - \$3.9 billion; 2022 – approximately \$3.5 billion), signing contribution agreements on behalf of the Secretary-General, ⁸ and managing donor relations.	OCHA and OHCHR, for example, manage large trust funds, donors and implementing partners. However, a review of data for OCHA showed that 101 of 115 (or 87.8 per cent) of staff members performing these functions did not file a financial disclosure. (This excludes staff managing the Central Emergency Response Fund for which United Nations agencies, funds and programmes are implementing partners.)

23. In addition, some interviewed entities acknowledged the risk that political or external influence may impact the impartiality of staff serving in positions that deal with donors, non-governmental organizations (NGOs) and governments. However, such staff were not required to participate in FDP. For example:

- i. One sampled entity in the development pillar stated that its staff members regularly write for journals and research papers and engage in public speaking on subjects in line with their United Nations work. Therefore, there was a need to better sensitize staff and senior managers on actual or potential conflicts of interest with clearer guidance.
- ii. Another sampled entity in the human rights pillar stated that senior staff at the P5 level performing confidential human rights functions were at risk for potential conflicts of interest when making public statements or through involvement in outside activities that could jeopardize their independence as international civil servants (e.g., a special rapporteur). However, these staff were not included in FDP since they are not at the D-1 level. Conversely, the Chief of Planning, Budget, and Evaluation Officer in the entity, who is at the D-1 level and is assigned with coordination functions only, was required to file even though the role did not include any decision-making authority.

24. The Organization imposes restrictions on employment after separation of staff involved in the procurement process (ST/SGB/2006/15) but not for staff in other functions. Equally, staff collaborating closely with external stakeholders such as implementing partners or NGOs who solicit or accept a promise or offer of future employment or in-kind benefits for themselves, spouse, child, other relatives or close personal friends may pose significant risk of conflict of interest to the Organization. OIOS noted a former United Nations staff member who had a personal and significant involvement with an NGO as part of her official duties and accepted an offer of employment for a senior position within one month of retirement. The FDP questionnaire does not include questions regarding a staff member taking instructions from

⁸ The Controller stipulated impartiality and integrity requirements in signing agreements for the acceptance of voluntary contributions (memorandum to heads of entity of 13 July 2022)

external parties or receiving offers of employment from vendors, implementing partners or other entities affiliated with the Organization to identify and manage these conflicts of interests.

25. Although professional staff posing higher risks of conflicts of interest were not designated for FDP, general service staff, who do not significantly influence the procurement process, were consistently designated. For example, in the 5-year period covering the 2018 to 2022 filing cycles, the general service staff category comprised 11.94 to 19.65 per cent (or a 5-year average of 15.61 per cent) of the filing populations for these cycles. For the same cycles, only 28 of the 466 filers (or 6.01 per cent) in this category were identified with conflicts of interest.

26. In benchmarking the practices of other intergovernmental organizations, OIOS found that World Bank Group (WBG) and World Health Organization (WHO) follow an integrated top-down and bottom-up approach to identify highest risk exposures to conflicts of interest, where risks are identified at the corporate level by the ethics function and at the entity level by the heads of substantive areas. For example, the ethics function in WBG, in conjunction with one of its corporate entities, identified additional staff for inclusion in its annual declaration of interest programme due to heightened risk exposures for conflict of interest posed by the bank working closely with the private sector. This was an ongoing exercise each year and contributed to more than doubling the number of participants designated for the programme from around 2,350 in fiscal year 2019 to 5,200 in fiscal year 2022. The Office of Compliance Risk Management and Ethics in WHO reported it was able to identify additional staff for inclusion in its annual declaration of interest programme through collaborating with some substantive areas to identify conflicts of interest related to the tobacco industry.

27. The Ethics Office stated that a top-down approach would require it to have a deep understanding of all entities' operations and business (in the peacekeeping, development, human rights, humanitarian pillars), which was not practicable. However, some common high-risk functions, such as contract management, acceptance of voluntary contributions and management of implementing partners, were areas of vulnerability that may be prioritized for coverage by the programme. In addition, consulting with the entities on their risks for conflicts of interest would allow the Office to customize their approach where necessary. This is in line with the recommendation of the Joint Inspection Unit (JIU) in its report on the review of the ethics function in the United Nations system,⁹ which considered the integration of ethical risks into the overall enterprise risk management framework to be of high importance. Specifically, there was a need to identify those areas exposed to higher ethical risks and prioritize them in the management and monitoring of risks.

(b) FDP questions should focus on areas of high risk and high frequency of conflicts of interest

28. Performance data for the 2018 to 2022 filing cycles consistently showed outside employment/outside activities and family relationships within the United Nations as the areas of highest concentration of identified risks of conflict of interest for the Secretariat rather than those derived from financial activities. Therefore, increased focus on these types of conflicts of interest with additional drill-down questions to obtain more detailed information from staff participants (e.g., on their outside activities) was necessary to mitigate the highest risk exposures to the Organization's interests and ensure greater transparency.

29. Examples of outside activities included board of directors or management positions, interests in companies having dealings with the United Nations, ownership of business entities, and rental of owned properties to governments. The distribution of the identified conflicts of interest, by major type, for the five-year period is reflected in Table 2.

⁹ Review of the ethics function in the United Nations system (JIU/2021/5)

Table 2. Identified conflicts of interest – by type for the 2018-2022 FDP filing cycles

Type of conflict of interest	2018	2019	2020	2021	2022	5-Year Average
Financial activity	18%	24%	15%	16%	37%	22%
Outside activity/employment	64%	56%	71%	48%	39%	56%
Family relationship	16%	18%	13%	34%	23%	21%
Other	2%	2%	1%	2%	1%	1%
TOTAL	100%	100%	100%	100%	100%	100%

Source: Data provided by the external reviewer

30. According to three sampled entities, outside activities exposed the Organization to high risk of reputation damage as staff members’ engagement in external roles, such as consulting, advisory boards or board memberships, could pose significant ethical challenges.

(c) Consideration of other options to address high risk at the time of budget constraints

31. The Ethics Office could also consider the lessons learned of benchmarked organizations to identify possible solutions for covering a larger number of staff with high risk of conflicts of interest within limited resources. For example, two benchmarked international organizations – WBG and the Food and Agriculture Organization (FAO) – took measures to improve the effectiveness and efficiency of their programmes given evolving contexts. FAO stated that the number of identified conflicts of interest under its previous financial disclosure programme was almost negligible. Based on the design, which focused on financial interests similar to FDP, FAO’s programme was inadequate to reveal potential conflicts of interest since gathering financial details had little or no value to the objectives while being unnecessarily intrusive and time-consuming for participants. WBG and FAO rebranded their FDPs as Declaration of Interest or Conflict of Interest programmes to manage the highest conflict of interest risks through reformulated questions and an increased focus on personal conflicts of interest. As a result, this enabled WBG to bring the programme in-house and garner cost-savings of around 70 per cent, allowing them to expand the programme to cover more staff.

32. Other organizations also updated their programmes to strengthen management of conflicts of interest. For example, two organizations – the International Monetary Fund and Inter-American Development Bank (IADB) – have a self-certification policy that requires all staff to declare that they are in compliance with the ethics code of conduct annually, which covers policies related to conflicts of interest. One of the entities require all staff to submit a sworn statement that answers filtering questions to pre-select high-risk staff for participation in its declaration of interest programme and detailed review (IADB). Examples of questions considered include: (i) types of employment the staff member has held outside the entity in the last five years; (ii) information on the staff member’s relatives who work for the entity; and (iii) all positions held by the staff member during the calendar year. Three organizations have no requirements for verification of disclosures due to the nature of self-reporting and the “honour-based” system of disclosure (WBG, WHO, IADB).

33. Another organization (the United Nations Development Programme, UNDP) pre-screens all incoming staff members as part of the job application process, irrespective of grade, to identify and mitigate potential conflicts of interest. It asks applicants to complete conflict of interest declarations, including whether they have any immediate family member or relative who are currently employed by a UNDP vendor, supplier, provider, partner, agent, NGO or contractor/consultant, or by an individual or entity that seeks to have or currently maintains a business relationship with UNDP. The Ethics Office undertook to consult with OHR on the possibility of including screening questions to identify potential conflicts of interest in all job opening announcements.

34. The Ethics Office indicated that the contract with the external reviewer had recently been signed in March 2023 and any substantial changes to FDP would have to be considered in the next contract cycle. In the meantime, the Ethics Office needed to assess ways to address high conflict of interest risks, improve the effectiveness of the programme and seek approval for any proposed changes from the General Assembly.

- (2) The Ethics Office should review the risks identified during the audit and the experience of benchmarked intergovernmental organizations and: (a) explore measures to make the United Nations financial disclosure programme more risk-based and cover a larger number of staff in a cost-effective manner; and (b) make a proposal to the General Assembly on required changes to the policy framework to address risks, taking into consideration financial constraints.**

The Ethics Office accepted recommendation 2 subject to the General Assembly's decisions and additional funding allocation. The Office would submit a request for additional resources through forthcoming regular programme budget proposals from 2025 onwards.

- (3) The Ethics Office should provide additional guidance to heads of entities on how to: (a) identify conflicts of interest risk exposures in their operations; and (b) prioritize related higher risk groups of personnel for participation in the United Nations financial disclosure programme.**

The Ethics Office accepted recommendation 3 and stated that the existing written guidance issued by the Office on identifying and designating staff filers had been updated and would be further enhanced by 31 December 2024, if needed. In its induction and other briefings on FDP for heads of entities, the Office would continue to emphasize their role and responsibilities for compliance of their staff with the programme and conflict of interest management in their entities.

There was a need to enhance the training strategy to increase staff awareness

35. As part of its strategy, the Ethics Office collaborated with OHR at the corporate level to raise staff awareness on areas of conflicts of interests through its contributions to the new global "Go to UN" induction programme. In addition, during the audit period, the Office conducted 591 outreach and training activities with 141 Secretariat and non-Secretariat entities, covering various ethics and integrity topics. However, these activities could be more targeted to optimize allocated resources.

- (a) Outreach and training needed to be more targeted

36. Analysis of available FDP performance data on the number of ethical trainings received by Secretariat entities with the highest number of recurring conflicts of interest indicated a need for alignment. For example, as shown in Table 3, the top 13 entities accounting for 54 per cent of the total 351 identified conflict of interest in the 2020 to 2022 filing cycles received 6 per cent of the total outreach and training interventions in those years.

Table 3. Total number of outreach and training activities provided by the Ethics Office to entities with the highest number of identified conflicts of interest in the 2020 to 2022 filing cycles

	Entities	No. of identified conflicts of interest	No. of outreach and training interventions conducted
1	United Nations Multidimensional Integrated Stabilization Mission in Mali	28	Nil
2	United Nations Development Coordination Office	22	5
3	Executive Office of the Secretary-General ¹⁰	19	1
4	United Nations Mission in South Sudan	18	3
5	Office for the Coordination of Humanitarian Affairs	17	4
6	Department of Economic and Social Affairs	17	2
7	Department of Global Communications	14	2
8	Department of Operational Support	11	1
9	United Nations Office on Drugs and Crime	11	1
10	Economic Commission for Africa	10	1
11	United Nations Interim Force in Lebanon	10	1
12	Department of Political and Peacebuilding Affairs	7	9
13	Department of Management Strategy, Policy and Compliance	5	3
	Total for top 13 entities	189	33
	Total for 2020 to 2022 filing cycles	351	591
	Percentage-to-total	54%	6%

Source: Report of external reviewer and Ethics Office

37. Further analysis showed a repeated pattern in the types of identified conflicts of interest. Examples included:

- i. Holding financial interests in vendors on the procurement restricted entities list for each reportable year;¹¹
- ii. Engagement in outside employment and activities without prior approval from heads of entities;
- iii. Acceptance of gifts, honours, decorations, and favours without prior authorization or registration; and
- iv. Failure to disclose family relationships.

38. In most cases, implementation of the mitigation recommendations from the external reviewer for the staff participant to divest financial holdings, recuse themselves, obtain approval for or resign from the outside activity resolved the identified conflict of interest. The pattern indicated, however, that there was a need for additional training to avoid these conflict of interest situations.

(b) Numerous requests for clarification from filers

39. Review of the number of filers seeking clarification on financial disclosure and conflicts of interest showed a persistent high number of requests. For example, analysis of data from the 2020 to 2022 filing cycles showed the following number of filers requested clarification on various requirements:

¹⁰ The number of identified conflicts of interests identified under EOSG include senior officials on “When Actually Employed” or on \$1 a year appointments, who are not EOSG staff members but are administered by the Executive Office of EOSG.

¹¹ The restricted entities list comprises vendors with cumulative awards of \$100,000 or more in the reporting year; it contains vendors that are restricted for United Nations staff members, by duty station.

- i. 2020: 2,126 of 2,777 filers (or 77 %)
- ii. 2021: 1,497 of 2,469 filers (or 61 %)
- iii. 2022: 1,295 of 2,463 filers (or 53 %)

40. The performance data showed both new and returning participants sought clarifications on FDP requirements pertaining to:

- i. Their obligations to maintain independence as international civil servants and United Nations staff members. This was due to lack of awareness of the Organization’s requirements regarding staff regulation 1.2 (o) on outside activities (for example, 92 mitigation recommendations required filers to obtain approval from their head of entities for their outside activities).
- ii. Their obligation to file each year when the same disclosures had been made in previous years without any change.
- iii. Family relationships within the United Nations (e.g., spouse, child, parent or sibling of a staff member) which are governed by staff rule 4.7.
- iv. The need to implement conflict mitigation recommendations related to rental or business activities, maintaining instead that their limited personal involvement did not constitute an “outside occupation or employment” requiring approval under staff regulation 1.2 (o) and (p).

41. Therefore, there is a need to strengthen the outreach and training strategies for raising staff awareness and align them to address high, frequent and repeated conflicts of interest risks based on FDP performance data. Repeated inquiries could also be addressed by incorporating them in the list of frequently asked questions (FAQs) posted on the Ethics Office’s website.

(4) The Ethics Office should analyze available performance data and statistical results from the financial disclosure programme to inform outreach and training strategies to target the entities with the highest number of identified conflicts of interest and to mitigate the most common occurrences of risks of conflict of interest, including proactively addressing them through frequently asked questions.

The Ethics Office accepted recommendation 4 and stated that it had already been analyzing performance data and statistics available from FDP and would look for more opportunities to enhance the use of such data to support outreach and training activities. This recommendation would be addressed through planning and delivery of the outreach activities of the Office such as visits to other duty stations and various briefings. The Office would also avail of the 2024 Leadership Dialogue to address outside activities as one of the identified high-risk areas.

There was inadequate completion of the ethics mandatory course covering conflicts of interest by heads of entities

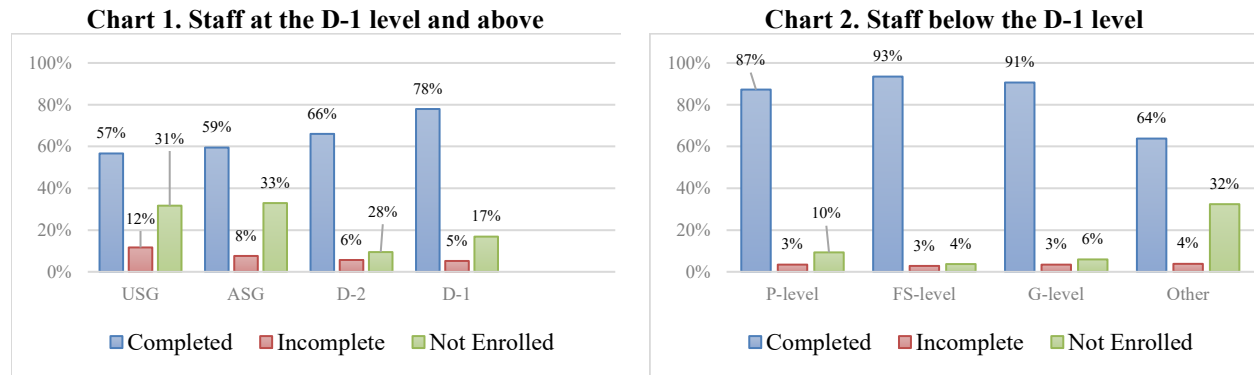
42. All United Nations staff are required to take nine mandatory courses,¹² including two on ethics. The mandatory programme aims to build a common foundation of knowledge and promote a shared organizational culture among staff of the Organization. OHR delivers the related trainings through the Inspira platform, which is accessible by all staff globally.

43. The objective of the “Ethics and Integrity” mandatory course, which covers risks of conflict of interest, was to enhance staff awareness of the ethical standards of conduct that are expected from international civil servants. A review of compliance data in the Secretariat for this mandatory course

¹² The Secretary-General’s bulletin on United Nations mandatory learning programme (ST/SGB/2018/4)

revealed a high rate of non-compliance among staff at the D-1 level and above who had an obligation to file a financial disclosure and who may also play a role in identifying staff members to participate in the programme. As shown in Charts 1 and 2, as the rank of staff increased, the completion rate for mandatory ethics training decreased. For example, the completion rate was 93 per cent at the field service (FS) level, 87 per cent at the professional level, 78 per cent at D-1 level, 66 per cent at D-2 level, 59 per cent at ASG level and 57 per cent at USG level. It was crucial for all United Nations staff to complete the mandatory courses on ethics due to their importance in raising awareness on ethical issues and reinforcing an organizational culture of integrity, transparency and compliance.

Completion rates of the Ethics and Integrity mandatory course as of July 2023



Source: Data extracted from Inspira through OHR/DMSPC

44. Furthermore, the ethics mandatory courses only had to be completed once and were not recurring. The JIU, in its report on conflict of interest (JIU/REP/2017/9), made a recommendation to strengthen training and comprehensive guidelines on related risks, stating this training should be done every three years starting in 2023. The Board of Auditors (BOA) supported this recommendation. As of the date of the current audit, however, the recommendation had not yet been addressed.

45. OHR implemented a procedure to remind heads of entities twice a year of their responsibilities for ensuring compliance of their entities staff with all nine mandatory learning requirements. The heads of entities were also referred to the DMSPC management dashboard available for all entities as a tool to help them monitor the progress of their staff’s completion of the courses. However, heads of entities themselves had still not achieved full compliance with the mandatory courses as of the date of the report.

46. OHR commented that heads of entity were accountable to the Secretary-General to ensure compliance with control mechanisms, including those related to mandatory training. Accordingly, they provide assurance to the Secretary-General on this through the statement of internal control exercise. The Business Transformation and Accountability Division (BTAD) in DMSPC provides real-time training information by staff category in the management dashboard, for heads of entity to use to review their compliance rate against the key performance indicator and improve their performance. In addition, OHR on a semi-annual basis, provides all heads of entities with their compliance status.

(5) The Office of Human Resources should report to the Executive Office of the Secretary-General heads of entities who do not complete the mandatory courses for strengthened accountability.

OHR accepted recommendation 5 and stated that it would communicate personalized compliance status on the mandatory Ethics course to EOSG on a semi-annual basis, starting from 2024.

B. To what extent was FDP adequately managed?

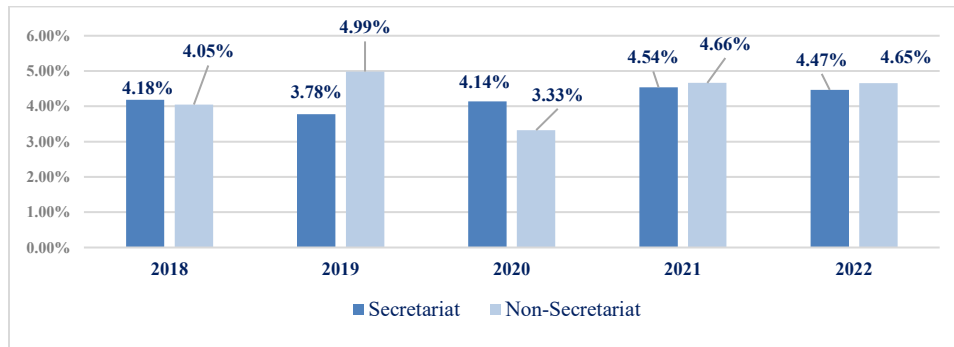
A risk-based approach was needed to enhance verification of accuracy and completeness of FDP disclosures

47. Based on the approved methodology, the external reviewer selects a random sample¹³ of 5 per cent of staff participants for an in-depth review of the accuracy and completeness of their disclosures through provision of third-party documentation. Statistically, 5 per cent was commonly recommended for random sampling and was comparable in benchmarked organizations (IMF and FAO) that also implement a verification process for a selected sample of filers. However, the following weaknesses were observed in the methodology.

(a) Data were not segmented by entities

48. The 5 per cent sample was drawn from the entire filer population and not segmented between the Secretariat and non-Secretariat entities. As indicated in Chart 3, the Secretariat staff randomly sampled for review in the 2018 to 2022 FDP filing cycles was below the 5 per cent threshold, ranging from 3.78 to 4.54 per cent. Therefore, a smaller percentage of the Secretariat filer population was being selected for verification.

Chart 3. Percentage of total filer population selected for verification



Source: Data provided by external reviewer

(b) The 5 per cent sampling for verification was not stratified on a risk basis

49. The methodology did not stratify the filing population for sampling to ensure that the categories of staff participants who posed a higher risk for conflicts of interest based on historical data were prioritized for detailed review and thus, ensure more optimal use of resources. As shown in Tables 4 and 5, the percentage of filers selected for verification was not commensurate with associated risks. For example, in the 2022 filing cycle, sampled staff in the ASG and above, D and general service categories accounted for 3-4 per cent each of their staff categories; however, ASGs and above accounted for 5 per cent of the total filer population and 27 per cent of total identified conflicts. The conflicts of interest risks for this staff category were more complex (e.g., financial holdings, outside activities, related-party relationships) than those identified for filers in the lower levels. Furthermore, according to the external reviewer, the number of incomplete files in the ASG and above population remained higher than the general filing population, representing a significant risk that warranted closer scrutiny through verification. Similarly, filers at D-level accounted for 30 per cent of the total filing population and 43 per cent of total identified conflicts.

¹³ Every participant of the population has an equal chance of being selected.

Meanwhile, filers in the general service category accounted for 12 per cent of the total filer population and only 3 per cent of identified conflicts.

Table 4. Filers identified for verification in the 2020 to 2022 filing cycles

Category of filers	Percentage of selected verification filers in category		
	2020	2021	2022
ASG and above	3.20%	3.20%	3.85%
D-level	4.14%	4.95%	3.74%
P-level	4.47%	4.68%	4.98%
FS-level	2.95%	5.74%	6.13%
G-level	4.32%	2.43%	3.74%
Other / unknown	6.25%	4.26%	1.08%
	4.14%	4.54%	4.47%

Table 5. Filers' profile in the 2020 to 2022 filing cycles

Category of filers	2020		2021		2022	
	%age of total population	%age of total identified conflicts	%age of total population	%age of total identified conflicts	%age of total population	%age of total identified conflicts
ASG and above	4%	11%	5%	11%	5%	27%
D level	27%	44%	30%	55%	30%	43%
P level	33%	28%	32%	21%	33%	18%
FS level	16%	10%	16%	7%	15%	8%
GS level	15%	5%	13%	1%	12%	3%
Other / unknown	5%	2%	4%	5%	5%	1%

Source: Reports of the external reviewer

50. Furthermore, other risk considerations could be factored into the sampling methodology. For example, the historical data showed the highest trends for conflicts of interest included procurement officers with financial interests in vendors on the restricted entities list and staff with director appointments to boards of companies and non-governmental organizations that could be sampled at higher rates. In the 2018 to 2022 filing cycles, 97 conflicts of interest arising from the filer's ownership of interest in restricted entities were identified and 137 conflicts of interest arising from a filer's membership on the board or management of a business or entity were deemed to be incompatible with the filer's obligations to maintain independence and impartiality as a United Nations staff member.

51. The verification methodology and results were reviewed by the General Assembly in 2011. However, based on OIOS review of the random sample methodology and data analysis, selecting the verification sample commensurate with the risk profiles of the filing population would add more value to achieving its objective. The Ethics Office commented that the statement of work of the current contract with the external reviewer stipulates that a randomly selected 5 per cent of the filer population shall participate in the verification process. Therefore, any change to the methodology would have to be reflected in the contract.

(6) The Ethics Office should review the methodology used for selecting the sample for an in-depth review of the accuracy and completeness of staff disclosures by considering: (a) segmenting the population to ensure that Secretariat staff participants account for 5 per cent annual verification; (b) stratifying the population by categories of staff in alignment

with risks of conflict of interest; and (c) applying judgemental sample based on the review of disclosures to ensure higher risks are covered.

The Ethics Office accepted recommendation 6 and stated that it would be addressed through the next contract procurement exercise for FDP between 2025 and 2027, depending on extension(s) of the current contract.

Established processes for review of financial disclosure statements were adequate

52. Established processes to review filers' disclosure statements following submission were adequate. The external reviewer conducted an initial: (a) review of the statements, consisting of a completeness check, during which filers were contacted to provide any missing documents and/or check the accuracy of the answers given in their disclosure statement; and (b) assessment of the filer's disclosures for any actual or potential conflicts. Each disclosure statement received a second level of review to confirm the level one assessment and, if additional information was required to complete the review, the external reviewer sought clarification through email from the filer to obtain the necessary information. An enhanced review of the disclosure statements of ASG and above filers was also conducted as this population of filers were assigned a higher risk rating. Review of these files included an open-source search for outside activities and a check of historical disclosures for past conflicts of interest risks. Each filer in this category was also encouraged to participate in the VPDI in addition to the regular review procedure. In addition, a "high-risk review" of the disclosure statements of the Secretary-General and the incoming and outgoing Presidents of the General Assembly was conducted.

53. In the cases where an identified conflict of interest may be current, the external reviewer issued a mitigation recommendation for immediate implementation. A preventative conflict of interest recommendation (a prescriptive letter) was issued for any potential future conflict of interest with proposed mitigating measure. For the 2020 to 2022 filing cycles, the external reviewer issued prescriptive letters with 376 recommendations to mitigate the 351 identified conflicts. Forty-four of the 376 (or 11.7 per cent) recommendations were not implemented by the end of the three cycles and were indicated with an "incomplete" mitigation status (e.g., filers did not respond to the external reviewer, the recommendation was not accepted, or filers were unable to implement the recommendation). For the same cycles, only 34 of the total 7,709 files (or approximately 1 per cent) submitted for FDP had to be escalated by the external reviewer to the Ethics Office for follow-up. Reasons for the escalation included: (a) a change of filer's assignment potentially affecting participation in FDP; (b) filer requesting confirmation of his or her participation; (c) filer requesting extension or was on leave; and (d) other reasons. All files with discrepancies were marked for priority review and follow-up with the relevant filers in the next filing cycle.

There was a need to improve ICT controls in FDS to enhance data integrity

54. The FDS online system utilized to facilitate submission of financial disclosure information did not have adequate validation controls, which led to around 760 follow-ups with staff by the external reviewer for the 2020 to 2022 filing cycles. For example, the system allowed users to:

- (a) Skip mandatory fields without prompting the user to input the required information (incomplete data)
- (b) Input text into numeric fields and vice-versa (lack of data validation)
- (c) Input inconsistent/erroneous information (e.g., a user can input mortgage information without inputting a corresponding asset) (lack of data integrity)
- (d) Upload more information than is required (e.g., the attachment field is "optional" for all participants rather than restricted for use by participants selected for verification only. This feature increases the risk of loss and exposure of sensitive data.)

55. Strong data management controls should be in place to ensure the collection of accurate and complete requisite financial disclosure information that would facilitate an efficient detailed review.

(7) The Ethics Office should, in cooperation with the Office of Information and Communications Technology, enhance the financial disclosure system to ensure completeness and accuracy of submitted information by staff.

The Ethics Office accepted recommendation 7 and stated that it would be addressed in collaboration with OICT, subject to availability of additional funding to cover related costs, which would be included in the regular programme budget proposal for 2025.

The efficiency of the FDP process needed to be improved

56. Although the Ethics Office established a timetable and milestones for managing FDP, analyzed the workflow processes, and updated standard operating procedures, the FDS manual and FAQs after each cycle, there were opportunities for improving efficiency. For example, the annual FDP management cycle runs for 13 months (the 2022 filing cycle ran from 1 December 2021 to 31 December 2022) and requires multiple manual tasks to ensure smooth implementation, including launching the programme, responding to queries from heads of entities, focal points and participants, monitoring compliance, sending reminder notifications, and reporting on programme results. A review of the tasks undertaken to manage the programme noted the following:

(a) Preparation of the staff participant lists by entities was susceptible to inaccuracies

57. The annual FDP guidelines instruct heads of entities to compile lists of staff to participate in the programme based on current staffing tables and grade and/or roles and responsibilities. The entities prepare the list using an Excel template provided by the Ethics Office, indicating names, index numbers, email addresses and the funding source for the post (i.e., regular or extrabudgetary budget) to ensure appropriate billing for extrabudgetary budget staff participants. However, OIOS review of the lists developed by the entities for the 2020 to 2022 FDP filing cycles against centrally available data sources identified omissions of the following staff who met the eligibility criteria:

- i. 196 staff at the D-1 level and above when compared with Umoja data;
- ii. 129 staff with procurement sub-delegations as indicated in the delegation of authority portal maintained by BTAD; and
- iii. 21 staff serving the Headquarters Committee on Contracts (HCC) and local committees on contracts as indicated in the HCC secretariat database.

58. In addition, even though explicitly stipulated in the guidelines, none of the interviewed entities indicated that they were aware of the requirements to exclude staff from FDP who would separate from the Secretariat on or before the 31 March deadline but include staff separating thereafter. As a result, the entities had not designated their retirees falling under this requirement.

59. The accuracy and completeness of the lists of participants could be improved by the Ethics Office compiling the initial lists based on the information provided by DMSPC and other enterprise data sources and requesting the entities to validate and update them, as necessary. This would allow the entities to focus resources on assessing conflict of interest risks pertaining to their programmes and designating additional staff in higher risks groups.

(b) The FDP form design was not self-explanatory to facilitate completion

60. FDP filing consists of participants completing a form on FDS with “Yes” and “No” responses and providing additional information when prompted. However, the design of the form could be improved to reduce some of the requests for clarifications made by the external reviewer to filers, as well as by the filers to the Ethics Office. This could also increase the accuracy and completion of information provided and improve the overall efficiency and effectiveness of FDP. Compared to forms used by benchmarked entities, the following enhancements could be introduced to make the FDP form more user-friendly, clear and intuitive.

- i. An introductory statement with information on why and when to file financial disclosures.
- ii. Clear guidance on what specific information to report, such as future employment offers, and what not to report, such as the earned income of dependent children who have no dealings with United Nations’ vendors, implementing partners, etc.
- iii. Penalties and accountability measures for non-compliance.
- iv. Confidentiality clause.
- v. Questions formulated with explanations on the expected response to avoid future inquiries. For example, the external reviewer noted that many filers incorrectly indicated details of their relatives within the United Nations in response to a question for information on relatives who may have current interests in or association with entities with which the filer may be required to interact on behalf of the Organization. Tooltips that provide explanations, examples or definitions when participants hover over or click on specific fields/questions may make it easier for participants to understand what needs to be disclosed.
- vi. Dropdown menus to select pre-populated options instead of “free text” fields. For example, dropdowns listing specific assets and personal property (such as stocks, options, real property), or types of liabilities and loans (mortgages, business loans, personal loans) requiring disclosure.

61. In addition, the system allows filers to submit forms with a “No” response to all substantive questions without prompting them to verify that they had not accidentally omitted any relevant information or unintentionally overlooked any questions. Absence of this control resulted in 616 automatic follow-up queries to filers from the external reviewer to ensure their “all-No” responses were accurate in the 2018 to 2022 filing cycles, which was highly inefficient.

62. According to the Ethics Office, the electronic version of the form was introduced in 2018 with implementation of FDS and is reviewed annually by the Office and OICT. Under the memorandum of understanding with OICT, the form may be modified if significant changes that impact a large number of users were needed; and the form was reviewed every year for this purpose. However, the Ethics Office stated that, as any modifications would have cost implications, adequate resources would need to be available to make any such changes. Moreover, as the staff regulations and rules were under review by the General Assembly, any modifications to the form would have to be made after this process was completed.

(c) Large number of manual follow-ups with filers put pressure on available capacity

63. Available data from the system’s “Incomplete Files Tracker” showed that the external reviewer sent 399 email reminders to 31 staff for unsubmitted files and incomplete verification documents between April and December for the 2021 filing cycle. This count did not include the number of email reminders the Ethics Office sent to the non-compliant staff members, focal points and heads of entities, as this information was unavailable. This count also did not include the email reminders sent internally by heads of entities and focal points within their entities to non-compliant staff members to increase compliance.

64. According to OICT and the external reviewer, leveraging a feature in FDS could automate email reminders and increase efficiency. The Ethics Office stated that there were some challenges to automating email reminders, including lack of reliable internet connections in some duty stations that may prevent the staff participants from receiving the auto-reminder. However, OICT could run data to flag participants who cannot receive auto-reminders, allowing the Office to follow up with this sub-set of participants directly. Technology could be leveraged to reduce the number of emails the Office sends to the participants each year, save time and free up resources for other activities.

(d) Focal points of entities with non-compliant staff did not have information for timely follow-up

65. Currently, the Ethics Office notifies the entity focal points of non-compliant staff at the end of April after closing the filing period on 31 March. The Office also emails a monthly list of non-compliant filers to the heads of entity, with a copy to the focal point. Focal points follow up with non-compliant staff every 2-3 days through email communications, which is labour-intensive and time-consuming. After significant efforts have been exhausted in cases of non-responsive staff members, the Office writes to the head of entity, who also follows up directly with the staff participants. Actual 5-year performance data for the 2018 to 2022 filing cycles showed that over one-fifth (21.3 per cent) of the filing population in the Secretariat did not comply with the 31 March deadline. This historical trend indicated a heavy workload for the focal points, who needed to manually follow-up with non-compliant staff in their entities at least once.

66. Reader-only access to the FDS management dashboard for the focal points would provide real-time information on the compliance status of filers in their entity, enabling proactive follow-up before the 31 March deadline. The Ethics Office stated that the current dashboard contained a lot of information that went beyond the roles of focal points. However, customizing the management dashboard interface in FDS with a dedicated view for the focal points could facilitate real-time monitoring and increase efficiencies for both the Office and the entities.

(8) The Ethics Office should implement measures to improve the efficiency of the financial disclosure programme including: (a) reviewing how the lists of participants are prepared, including potentially increasing involvement by the Office; (b) modifying the design of the form to include more specific information, guidance and tooltips; and (c) automating reminders to non-compliant staff.

The Ethics Office accepted recommendation 8 subject to required changes to the existing relevant regulatory frameworks and the availability of additional funding resources, which would be requested in the regular programme budget proposal for 2025.

The process for accountability measures was satisfactory

67. Staff participants who failed to comply with FDP requirements by 31 December each year were required to be referred to the Administrative Law Division (ALD) in OHR, the EOSG, or OIOS for administrative measures/investigation. At the end of the 2020 to 2022 filing cycles, four cases were referred for accountability measures (two at the D-level and above and two below the D-level). Accountability action taken in two of the non-compliant cases included administrative/managerial measures (e.g., reprimands, caution/warning, or fines) and a note was added to relevant personnel files in two cases where staff separated prior to completion of disciplinary process.

68. Data compiled by ALD/OHR showed 89 non-compliance cases related to FDP between 2009 and 2023. Actions taken included administrative/managerial measures, cases closed with no measures, cases not pursued as a disciplinary measure due to the absence of formal allegations of misconduct, or other measures, such as separation for administrative reasons prior to completion of the disciplinary process and

a note added to the staff member's personnel file. During the audit period, five cases were referred to OIOS for investigation due to failure of filers to submit their FDP forms in previous cycles despite repeated reminders. These cases were either closed or are still under investigation and one was referred to OHR for accountability measures. The audit concluded strong controls were in place for sanctioning non-compliant staff.

There was a need to improve performance reporting to provide information for decision-making and outreach to staff

(a) Reports on Secretariat performance were not available to identify areas for improvement

69. The external reviewer reported statistics and information on FDP performance, including on risks, performance and outcome metrics, and the status as requested by the Ethics Office annually. However, the Secretariat's performance was aggregated with 29 non-Secretariat entities for some metrics and only selected information was disaggregated. For example, performance data were not separately reported for the Secretariat on the:

- i. Number of clarification requests by the external reviewer for new and returning staff;
- ii. Types of conflicts of interest by category, sub-categories, entity, status review and grade level;
- iii. Number and types of conflict of interest recommendations and their mitigation status, by type; and
- iv. Verification process by grade level for new and returning staff.

70. This hampered the Ethics Office from assessing the Secretariat's FDP performance results to identify opportunities for improvement. Disaggregated data broken down by various entities, geographic location, new or returning filers, and categories of staff grades allow for identification of trends and patterns, enabling targeted interventions and improvements.

(b) There was a need to provide entities with lessons learned regarding FDP

71. The Ethics Office reports on consolidated FDP performance each year in its report on annual activities for both the Secretariat and non-Secretariat entities. In addition, the report identifies the number of completed filings and non-compliant filers for each entity in the Secretariat in the annex of the report, reflecting the end result of the FDP exercise. However, lessons learned on the results of FDP were not shared with heads of entities and focal points for them to better assess their risk exposures and highlight areas for continuous improvement. For example, the consolidated report did not:

- i. Highlight data on the types of conflict of interest risks identified within the entity, which could enhance their own conflict of interest management processes enabling them to take the necessary steps to prevent ethical violations (e.g., need for raising awareness regarding pre-approval of outside activities by the head of entity to proactively mitigate this risk); and
- ii. Provide visibility on the entity's individual compliance status with FDP requirements to allow the entities to benchmark their own performance each year based on data and identify areas for improvement such as internal communication and where additional support may be needed to strengthen performance results (e.g., number of staff within the entity who had not fulfilled their obligations by the deadline or resolved conflicts of interest by the close of the filing cycle to assess their non-compliance risk exposures).

72. Absence of individual annual performance reports decreased the entities' access to pertinent information that would allow them to proactively reduce the number of issues related to FDP in the future.

It could also provide entities with the necessary information to assess where they were underperforming and signal the need for additional support, resources or targeted training, thereby alerting both the entities and Ethics Office to address those issues.

(c) Lessons learned were not shared with staff at large

73. Lessons learned and outcomes from the annual FDP were not published on iSeek and shared with the staff at large. Sharing lessons learned would promote greater awareness of FDP and staff obligations and responsibilities regarding conflicts of interest, ethical behavior, relevant policies and procedures, and compliance. The Ethics Office commented that it would consider providing general feedback to staff at large on the lessons learned and outcomes of FDP on iSeek after the 2024 filing cycle.

(9) The Ethics Office should request the external reviewer to provide disaggregated data by Secretariat entity on the financial disclosure programme and use the information for more detailed analysis of risks and trends and any targeted interventions that may be necessary.

The Ethics Office accepted recommendation 9.

(10) The Ethics Office should provide annual performance reports to Secretariat entities with high-level, non-identifiable statistical data to: (a) increase transparency and stakeholder awareness; and (b) enable them to identify areas for strengthening conflict of interest management and compliance in line with the financial disclosure programme objectives.

The Ethics Office accepted recommendation 10 on the understanding that only high-level non-identifiable by-entity data would be shared with entities since no confidential individual information submitted under FDP may be released pursuant to the staff regulations and ST/SGB/2006/6. The recommendation can be implemented starting in 2024 after receiving and consolidating the 2023 annual performance data.

The retention and disposal schedule for FDS records needed to be developed

74. There was no retention schedule for information, data and documentation maintained in FDS. The Ethics Office retention schedule only mentions FDP documents related to outreach, communications and training activities. Lack of a retention and disposal schedule for FDS records may require the Ethics Office to maintain these records indefinitely, putting pressure on resources to maintain and safeguard the personal and sensitive information of staff members and their dependants or dispose of them without authorization.

(11) The Ethics Office should include the treatment of electronic and paper records related to the financial disclosure programme in its retention schedule for proper records management.

The Ethics Office accepted recommendation 11 and stated that its implementation was in progress.

IV. ACKNOWLEDGEMENT

75. OIOS wishes to express its appreciation to the management and staff of the Ethics Office and DMSPC for the assistance and cooperation extended to the auditors during this assignment.

Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the financial disclosure programme managed by the Ethics Office

Rec. no.	Recommendation	Critical ¹⁴ / Important ¹⁵	C/ O ¹⁶	Actions needed to close recommendation	Implementation date ¹⁷
1	The Ethics Office should streamline information on conflicts of interest and financial disclosure on its website and incorporate hyperlinks to interrelated policies for easy accessibility.	Important	O	Receipt of evidence of the updated website, incorporating the hyperlinks to interrelated policy materials pertaining to conflicts of interest and financial disclosure.	31 December 2024
2	The Ethics Office should review the risks identified during the audit and the experience of benchmarked intergovernmental organizations and: (a) explore measures to make the United Nations financial disclosure programme more risk-based and cover a larger number of staff in a cost-effective manner; and (b) make a proposal to the General Assembly on required changes to the policy framework to address risks, taking into consideration financial constraints.	Important	O	Receipt of evidence of its proposal to the General Assembly.	31 March 2024
3	The Ethics Office should provide additional guidance to heads of entities on how to: (a) identify conflicts of interest risk exposures in their operations; and (b) prioritize related higher risk groups of personnel for participation in the United Nations financial disclosure programme.	Important	O	Receipt of the enhanced FDP guidance and induction and other briefing materials.	31 December 2024
4	The Ethics Office should analyze available performance data and statistical results from the financial disclosure programme to inform outreach and training strategies to target the entities with the highest number of identified conflicts of interest and to mitigate the most common occurrences of risks of	Important	O	Receipt of evidence of the improved outreach and training strategies.	31 December 2024

¹⁴ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

¹⁵ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

¹⁶ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

¹⁷ Date provided by the Ethics Office and DMSPC in response to recommendations, except for recommendation 6,* which is provided by OIOS.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the financial disclosure programme managed by the Ethics Office

Rec. no.	Recommendation	Critical ¹⁴ / Important ¹⁵	C/ O ¹⁶	Actions needed to close recommendation	Implementation date ¹⁷
	conflict of interest, including proactively addressing them through frequently asked questions.				
5	The Office of Human Resources should report to the Executive Office of the Secretary-General, heads of entities who do not complete the mandatory courses for strengthened accountability.	Important	O	Receipt of evidence of the reporting heads of entities who do not complete mandatory courses to EOSG.	30 June 2024
6	The Ethics Office should review the methodology used for selecting the sample for an in-depth review of the accuracy and completeness of staff disclosures by considering: (a) segmenting the population to ensure that Secretariat staff participants account for 5 per cent annual verification; (b) stratifying the population by categories of staff in alignment with risks of conflict of interest; and (c) applying judgemental sample based on the review of disclosures to ensure higher risks are covered.	Important	O	Receipt of the results of the review of the methodology used for selecting the sample for in-depth review of the financial disclosure statements.	31 December 2026*
7	The Ethics Office should, in cooperation with the Office of Information and Communications Technology, enhance the financial disclosure system to ensure completeness and accuracy of submitted information by staff.	Important	O	Receipt of evidence of enhancements made to FDS, subject to availability of resources.	31 March 2024
8	The Ethics Office should implement measures to improve the efficiency of the financial disclosure programme including: (a) reviewing how the lists of participants are prepared, including potentially increasing involvement by the Office; (b) modifying the design of the form to include more specific information, guidance and tooltips; and (c) automating reminders to non-compliant staff.	Important	O	Receipt of evidence of efficiency improvements for FDP.	31 March 2024
9	The Ethics Office should request the external reviewer to provide disaggregated data by Secretariat entity on the financial disclosure programme and use the information for more	Important	O	Receipt of evidence of the analysis of risks and trends on FDP performance results for Secretariat entities.	31 January 2025

STATUS OF AUDIT RECOMMENDATIONS

Audit of the financial disclosure programme managed by the Ethics Office

Rec. no.	Recommendation	Critical ¹⁴ / Important ¹⁵	C/ O ¹⁶	Actions needed to close recommendation	Implementation date ¹⁷
	detailed analysis of risks and trends and any targeted interventions that may be necessary.				
10	The Ethics Office should provide annual performance reports to Secretariat entities with high-level, non-identifiable statistical data to: (a) increase transparency and stakeholder awareness; and (b) enable them to identify areas for strengthening conflict of interest management and compliance in line with the financial disclosure programme objectives.	Important	O	Receipt of evidence of annual performance reports provided to Secretariat entities with selected high-level, non-identifiable statistical data.	31 March 2024
11	The Ethics Office should include the treatment of electronic and paper records related to the financial disclosure programme in its retention schedule for proper records management.	Important	O	Receipt of evidence of the revised retention schedule that includes FDP records.	31 January 2024

APPENDIX I

Management Response

Management Response

Audit of the financial disclosure programme managed by the Ethics Office

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
1	The Ethics Office should streamline information on conflicts of interest and financial disclosure on its website and incorporate hyperlinks to interrelated policies for easy accessibility.	Important	Yes	Senior Ethics Officers (Advice/FDP Unit and Outreach/PaR Unit)	31 December 2024	The Office regularly updates its website, iSeek and other intranet-based pages and will continue to enhance their focus on and streamlining of information on conflict of interest, the UN Financial Disclosure Programme and interrelated policy materials by the 2025 FDP filing cycle, if not sooner.
2	The Ethics Office should review the risks identified during the audit and the experience of benchmarked intergovernmental organizations and: (a) explore measures to make the United Nations financial disclosure programme more risk-based and cover a larger number of staff in a cost-effective manner; and (b) make a proposal to the General Assembly on required changes to the policy framework to address risks, taking into consideration financial constraints.	Important	Yes	Director/Acting Director Administrative Officer	31 March 2024	This recommendation is accepted subject to General Assembly's decisions and additional funding allocation. The Ethics Office will submit a request for additional resources through forthcoming regular programme budget proposals from RB 2025 onwards.
3	The Ethics Office should provide additional guidance to heads of entities on how to: (a) identify conflicts of interest risk exposures in their operations; and (b) prioritize related higher risk groups of	Important	Yes	Senior Ethics Officer (Advice/FDP Unit)	31 December 2024	The implementation of this recommendation is in progress. The existing written guidance issued by the Ethics Office on identifying and designating staff filers has been

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Management Response

Audit of the financial disclosure programme managed by the Ethics Office

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
	personnel for participation in the United Nations financial disclosure programme.					updated and will be further enhanced by 31 December 2024, if needed. In its induction and other briefings on the UN Financial Disclosure Programme for heads of entities, the Ethics Office will continue to emphasize their role and responsibilities for compliance of their staff with the Programme and conflict of interest management in their entities.
4	The Ethics Office should analyze available performance data and statistical results from the financial disclosure programme to inform outreach and training strategies to target the entities with the highest number of identified conflicts of interest and to mitigate the most common occurrences of risks of conflict of interest, including proactively addressing them through frequently asked questions.	Important	Yes	Senior Ethics Officers (Advice/FDP Unit and Outreach/PaR Unit)	31 December 2024	The Ethics Office has already been analyzing performance data and statistics available from the UNFDP and will look for more opportunities to enhance the use of such data to support outreach and training activities. This recommendation will be addressed through planning and delivery of the outreach activities of the Office, such as visits to other duty stations and various briefings. The Office will avail of the 2024 Leadership Dialogue to address outside activities as one of the identified high-risk areas.
5	The Office of Human Resources should report to the Executive Office of the Secretary-General, heads of entities who	Important	Yes	Office of the Director GSPD/OHR	June 2024	The Secretariat is a decentralized organization. Several compliance mechanisms are in place and each

Management Response

Audit of the financial disclosure programme managed by the Ethics Office

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
	do not complete the mandatory courses for strengthened accountability.					<p>Head of Entity is accountable to the Secretary-General to ensure that compliance is met. Each Head of Entity is responsible for ensuring that controls such as mandatory training are part of their internal control framework (as the first line of the three lines of defense model) – and they provide assurance to the SG on this through the Statement of Internal Control exercise.</p> <p>OHR (as part of the second line of defense) sets the requirement to complete mandatory training. The Ethics Office (also second line) provides the content for this specific course and BTAD (also as part of the second line) provides the information in the management dashboard for the Heads of Entity to use to review their compliance rate against the Key Performance Indicator and improve their performance. In addition, OHR on a semi-annual basis, provides all Heads of Entities with their compliance status. Additionally, Heads of Entity have access to real-time information on performance against the mandatory training</p>

Management Response

Audit of the financial disclosure programme managed by the Ethics Office

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
						<p>KPI via the Management Dashboard for different category-grade, including D1/D2/ASG at the entity/entities which they have access to – and can also go to the Detail tab to filter on grades – e.g. D1, D2, ASG, USG, (see end of table for an example).</p> <p>OHR, beginning 2024 on a semi-annual basis, will communicate personalized compliance status on the mandatory Ethics course and keep the EOSG updated.</p>
6	The Ethics Office should review the methodology used for selecting the sample for an in-depth review of the accuracy and completeness of staff disclosures by considering: (a) segmenting the population to ensure that Secretariat staff participants account for 5 per cent annual verification; (b) stratifying the population by categories of staff in alignment with risks of conflict of interest; and (c) applying judgemental sample based on the review of disclosures to ensure higher risks are covered.	Important	Yes	Director Administrative Officer	31 December 2027	This recommendation will be addressed through the next contract procurement exercise for the UNFDP, any time between 2025 to 2027, depending on the extension(s) of the current contract.
7	The Ethics Office should, in cooperation with the Office of Information and Communications Technology, enhance the financial disclosure system to ensure	Important	Yes	Director/Acting Director Administrative Officer	31 March 2024	This recommendation will be addressed in collaboration with OICT, subject to availability of additional funding resources to cover related costs and included in the

Management Response

Audit of the financial disclosure programme managed by the Ethics Office

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
	completeness and accuracy of submitted information by staff.					regular programme budget proposal for 2025.
8	The Ethics Office should implement measures to improve the efficiency of the financial disclosure programme including: (a) reviewing how the lists of participants are prepared, including potentially increasing involvement by the Office; (b) modifying the design of the form to include more specific information, guidance and tooltips; and (c) automating reminders to non-compliant staff.	Important	Yes	Director/Acting Director Administrative Officer	31 March 2024	This recommendation is accepted subject to required changes to the existing relevant regulatory frameworks and the availability of additional funding resources and included in the regular programme budget proposal for 2025.
9	The Ethics Office should request the external reviewer to provide disaggregated data by Secretariat entity on the financial disclosure programme and use the information for more detailed analysis of risks and trends and any targeted interventions that may be necessary.	Important	Yes	Senior Ethics Officer (Advice/FDP Unit)	31 January 2025	None.
10	The Ethics Office should provide annual performance reports to Secretariat entities with high-level, non-identifiable statistical data to: (a) increase transparency and stakeholder awareness; and (b) enable them to identify areas for strengthening conflict of interest management and compliance in line with the financial disclosure programme objectives.	Important	Yes	Senior Ethics Officer (Advice/FDP Unit)	31 March 2024	The recommendation is accepted on the understanding that only high-level non-identifiable by-entity data can be shared and that no confidential individual information submitted under the UNFDP may be released pursuant to the Staff Regulations and ST/SGB/2006/6. It can be implemented starting in 2024, after receiving and consolidating the 2023 annual performance data.
11	The Ethics Office should include the treatment of electronic and paper records	Important	Yes	Administrative Officer	31 January 2024	The implementation of this recommendation is in progress.

Management Response

Audit of the financial disclosure programme managed by the Ethics Office

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
	related to the financial disclosure programme in its retention schedule for proper records management.					

Client comments to recommendation 5 continued:

Details									
All Courses Status	Enrolment Date	Completion Date	Duty Station	Employee Group	Contract Type	Position Type	Grade Level	Entity	
Incomplete	26/04/2019	26/04/2019	New York	International Staff	Permanent	Established Post			
Incomplete	24/03/2019	26/04/2019	New York	International Staff	Permanent	Established Post			
Incomplete	12/10/2017	15/10/2017	New York	International Staff	Permanent	Established Post			
Incomplete	-	-	New York	International Staff	Permanent	Established Post			
Incomplete	12/03/2019	24/03/2019	New York	International Staff	Permanent	Established Post			
Incomplete	-	-	New York	International Staff	Permanent	Established Post			
Incomplete	-	-	New York	International Staff	Permanent	Established Post			
Incomplete	18/02/2018	29/04/2019	New York	International Staff	Permanent	Established Post			
Incomplete	-	-	New York	International Staff	Permanent	Established Post			
Incomplete	21/05/2019	21/05/2019	New York	International Staff	Fixed Term	Established Post			
Incomplete	13/02/2018	13/02/2018	New York	International Staff	Fixed Term	Established Post			