



INTERNAL AUDIT DIVISION

REPORT 2016/021

Audit of the United Nations Secretariat's engagement with selected non-governmental organizations and a related entity

Overall results relating to the Secretariat's compliance with applicable policies and procedures were initially assessed as partially satisfactory. Implementation of seven important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

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AUDIT REPORT

Audit of the United Nations Secretariat's engagement with selected non-governmental organizations and a related entity

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Secretariat's engagement with selected non-governmental organizations (NGOs)¹ and a related entity.
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The audit was undertaken at the request of the Secretary-General in the wake of recent allegations relating to the President of the sixty-eighth session of the United Nations General Assembly, and media reports concerning the relationship among the United Nations, the President of the sixty-eighth General Assembly, various NGOs and a related entity.
4. Comments provided by the Secretariat are incorporated in italics.

II. OBJECTIVE AND SCOPE

5. The audit was conducted to assess the adequacy and effectiveness of the United Nations Secretariat's governance, risk management and control processes in providing reasonable assurance regarding **compliance with applicable policies and procedures concerning the Secretariat's engagement with selected NGOs and a related entity**.
6. The audit was included in the 2015 internal audit work plan based on the Secretary-General's request in view of the significant risks arising from engagement with external parties, including the risk to the Organization's reputation.
7. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined regulatory framework as controls that provide reasonable assurance that policies and procedures: (a) exist to guide the Secretariat's engagement with external partners; (b) are implemented effectively and consistently in the best interests of the Organization; and (c) ensure the reliability and integrity of financial and operational information.
8. The key control was assessed for the control objectives shown in Table 1. Certain control objectives shown in Table 1 as "Not assessed" were not relevant to the scope defined for this audit.
9. OIOS conducted the audit from 10 November to 31 December 2015. The audit covered the period from 1 January 2012 to 31 October 2015. The activities audited pertained to the Secretariat's

¹ The term "selected NGOs" has been used in this report to refer to one or more of the NGOs listed in Table 2, which, according to information available from public sources, were affiliated to Sun Kian Ip Group (referred to in this report as a "related entity").

engagement with those NGOs and entities that were referred to in allegations and media reports relating to the President of the sixty-eighth session of the General Assembly.

10. Although the audit examined the adequacy of internal controls designed to regulate the Secretariat's engagement with NGOs and external partners in general, it did not include tests to determine the effectiveness of those controls, except insofar as they pertained to the specific NGOs and the related entity identified in the allegations and/or media reports referred to above.

11. The audit team identified the selected NGOs by researching and corroborating, to the extent possible, information that was available from public sources at the time of the audit, as well as information available within the Secretariat, to ascertain their affiliation to the related entity. The audit team consulted with the Office of Programme Planning, Budget and Accounts (OPPBA) and other departments/offices of the Secretariat to determine the total funds received by the Secretariat from the selected NGOs and the related entity, and also whether any funds were disbursed to them by the Secretariat.

12. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key control in mitigating the associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

13. The United Nations Secretariat's governance, risk management and control processes examined were initially assessed as **partially satisfactory**² in providing reasonable assurance regarding **compliance with applicable policies and procedures concerning the Secretariat's engagement with selected NGOs and a related entity**. OIOS made seven recommendations in the report to address the issues identified in the audit.

14. Funds in the amount of \$60,000 received from one of the selected NGOs were utilized for the intended purpose in accordance with United Nations Financial Regulations and Rules. However, due diligence procedures were not always complied with before engagement with certain NGOs, which exposed the Organization to the risk that it could get involved with external parties whose interests may be at odds with those of the United Nations – particularly its integrity, independence and impartiality. The Department for General Assembly and Conference Management (DGACM) amended General Assembly document A/66/748 without complying with applicable procedures for document publishing. The lapses in publishing this official document assume significance in the context of the allegations against the President of the sixty-eighth session of the General Assembly and the role allegedly played by this document in furthering the alleged scheme.

15. An exhibition at United Nations Headquarters sponsored by one of the selected NGOs was not in compliance with applicable regulations, which could lead to the perception that the NGO was given preferential treatment or favour. The risk to the reputation of the United Nations from this event was aggravated by the fact that this NGO was affiliated to the entity that has been named in a criminal complaint in the host country. One staff member of the Secretariat attended an event along with spouse, at the expense of one of the selected NGOs, which was contrary to the staff member's obligations as an international civil servant. Some staff members, who had received iPads distributed to them at an event

² A rating of "**partially satisfactory**" means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

co-sponsored by the related entity in August 2015, only returned them to their respective Executive Offices after commencement of the present audit, which indicated the need for dissemination of additional guidance to enhance staff members’ awareness of their obligations in regard to gifts.

16. The initial overall rating was based on an assessment of the key control presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of seven important recommendations remains in progress.

Table 1: Assessment of key control

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Compliance with applicable policies and procedures concerning the Secretariat’s engagement with selected NGOs and a related entity	Regulatory framework	Partially satisfactory	Partially satisfactory	Not assessed	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

Regulatory framework

A. Identification and selection of NGOs for partnering with the Secretariat

Several NGOs affiliated to a business sector entity had partnered with the Secretariat in organizing various events

17. The allegations against the President of the sixty-eighth session of the General Assembly refer to an entity known as Sun Kian Ip Group, which is a real estate investment services company registered in China. This entity was enlisted by the Global Compact Office as a participant in the Global Compact initiative on 9 April 2013 but was subsequently expelled on 9 April 2015 due to its failure to communicate progress on its efforts to implement the ten principles of the Global Compact. A number of NGOs affiliated to this entity had partnered with departments/offices of the Secretariat in various ways. According to media reports, this entity also contributed \$1.5 million to the United Nations Development Programme (UNDP)³ and co-sponsored a “High Level Multi-Stakeholder Strategy Forum on South-South and Triangular Cooperation” in Macau (China) in August 2015, which was attended by a number of Secretariat staff. Also, General Assembly document A/66/748* dated 6 June 2013 states that this entity would serve as the representative for implementing the “Permanent Expo and Meeting Centre for countries of the South” under the aegis of UNDP. Based on information gleaned from public sources and information provided by the Secretariat, Table 2 shows a listing of these NGOs and their principal activities in relation to various departments/offices of the Secretariat during the period covered by the audit.

³ UNDP is outside the mandate of OIOS and has its own internal oversight office

Table 2: NGOs affiliated to Sun Kian Ip Group

NGO	Department/office with whom interacted	Activities/interactions with the Secretariat
Global Sustainability Foundation	United Nations Office for Partnerships	This NGO contributed \$60,000 towards a fundraising luncheon for the anti-slavery memorial (10 December 2014)
	Department of Public Information (DPI)	<p>This NGO sponsored the event “Unveiling of the ‘Ark of Return’ Permanent Memorial” (25 March 2015). <i>DPI stated that there was no direct interaction between DPI and this NGO; the logistical support provided to this event was based on a request from the Office of the President of the General Assembly of the sixty-ninth session</i></p> <p>This NGO sponsored an exhibition titled “The Transformative Power of Art” at United Nations Headquarters (30 June 2015)</p>
International Organization for South-South Cooperation	Department of Economic and Social Affairs (DESA)	<p>This NGO’s website indicated that it co-organized the following events with support from the United Nations Public Administration Network (UNPAN) of DESA:</p> <p>(i) “Third High Level Forum on South-South Cooperation for Sustainable Development: South-South Cooperation, Information and Communications Technology (ICT) and Financing for Sustainable Development” in Hong Kong (13 April 2014)</p> <p>(ii) “South-South Awards 2013 (Innovation and Technology for Sustainable Development)”, 22 September 2013</p> <p>(iii) “South-South Awards” for 2014 (17 September 2014)</p> <p><i>DESA clarified that UNPAN is a network of regional and national institutions and it should not be viewed as a stand-alone institution with a capacity to organize events. DESA stated that this NGO did not seek or obtain permission to organize these events. On 9 February 2016, DESA sent a letter to the NGO requesting removal of all references made to UNPAN/DESA on its websites</i></p>
World Harmony Foundation	Global Compact Office	This NGO was listed as a participant in the Global Compact initiative on 1 December 2008. As of December 2015, its status was indicated as “non-communicating”
	DPI	This NGO was not directly engaged with DPI but was indirectly associated through the “Friends of the United Nations”
South-South News	DGACM	This NGO funded the travel of a Secretariat staff member to attend: (a) a seminar and round table on South-South Cooperation in Hong Kong (8-9 April 2015); and (b) the “High Level Multi-Stakeholder Strategy Forum on South-South and Triangular Cooperation” held in Macau (25-26 August 2015)
	Global Compact Office	This NGO was listed as a participant in the Global Compact initiative on 17 December 2010 but was expelled on 17 December 2012 due to its failure to communicate progress in implementing the ten principles of the Global Compact
	DPI	This NGO was accorded media accreditation and also provided office space in the Secretariat since 2010. It covered

		various United Nations events in the media
	DESA	This NGO signed a MOU (7 June 2010) to cooperate with DESA in implementing UNPAN with a view to facilitate capacity-building through utilization of modern technology in the countries of the Caribbean and Latin American region. The MOU expired on 7 June 2013 and was not renewed
	UN-Habitat	This NGO funded the travel of a staff member to participate in a “High-level Meeting on ICT and Sustainable Urbanization” in Hong Kong (16 April 2012) This NGO signed a MOU (30 July 2012) as a media partner with UN-Habitat for cooperation on the “World Urban Campaign” and its various component projects and initiatives
Sun Kian Ip Group Foundation	Unknown	This entity was indicated as a sponsor in documents relating to the “High Level Multi-Stakeholder Strategy Forum on South-South and Triangular Cooperation” held in Macau on 25-26 August 2015, which was attended by some Secretariat staff. However, there was no evidence of this entity’s engagement with any department/office of the Secretariat
Delaware Corporation	Unknown	There was no evidence of this NGO’s engagement with any department/office of the Secretariat

Due diligence procedures were not always complied with

18. Guidelines issued by the Secretary-General on a principle-based approach to cooperation between the United Nations and the business sector stipulate that the concerned United Nations entity should ensure the integrity of the partnership through a robust due diligence process for selecting partners. United Nations entities are encouraged to consult each other as part of the due diligence process.

19. There were multiple avenues for NGOs and private entities to engage with the United Nations Secretariat (see Table 3 below). Due diligence procedures varied across the departments/offices of the Secretariat. For example, while an NGO interested in working with DESA needed to apply for obtaining consultative status and comply with the procedures established by the Economic and Social Council (ECOSOC) which involved multiple levels of approval, in most other instances the Secretariat’s due diligence process only involved an internal review of required documents.

Table 3: Avenues for NGOs and private entities to engage with the Secretariat

Department/office/division	Due diligence procedures	Comments
DESA/Office for ECOSOC Support and Coordination	Procedures in place for according ECOSOC consultative status	Due diligence required multiple levels of approval, including at the intergovernmental level
DESA/Division for Public Administration and Development Management	Procedures for partnering with the DESA UNPAN	Due diligence required an internal review of documentation prior to signing of a MOU
DPI/News and Media Division	Media accreditation required for first time applicants	Due diligence required an internal review of documentation
DPI/Outreach Division – Exhibits Unit	Exhibits Committee guidelines in place for organizing exhibitions	Due diligence required an internal review of documentation and review and approval by the Exhibits Committee
DPI/Outreach Division – NGO Relations and Advocacy Unit	Guidelines for NGOs’ association with DPI	Due diligence required review of documentation by the DPI Committee on NGOs
United Nations Office for	There was no evidence that due	<i>UNOP stated that it exercises due</i>

Partnerships (UNOP)	diligence procedures were established	<i>diligence procedures on a case-by-case basis before deciding to partner with non-State actors</i>
Global Compact Office	Interested entities may submit their applications online for participating in the Global Compact initiative; guidelines on the application process were posted online	Internal review of required documentation confirming commitment to the ten principles; checking databases and inquiring with local networks in the country
UN-Habitat	Guidelines were in place for selection of implementing partners and donor partners with whom cooperation agreements are signed	Internal review of required documentation (such as financial statements, certificate of incorporation, and annual reports)

20. With regard to due diligence checks for the NGOs listed in Table 2, OIOS noted the following:

(a) The United Nations Office for Partnerships (UNOP) accepted a contribution of \$60,000 from the Global Sustainability Foundation without performing any due diligence check of this NGO. UNOP accepted this contribution based on a letter received from the Permanent Mission of Jamaica, whose Permanent Representative chaired the Permanent Memorial Committee for the anti-slavery memorial that was erected at United Nations Headquarters (this is further discussed in section B of the present report). *UNOP stated that it had no relationship with the Global Sustainability Foundation. UNOP accepted the contribution in good faith in line with its role as the administrator of the Trust Fund account for the Permanent Memorial. The current experience will lead UNOP to enhance its due diligence procedures in future interactions and partnerships with non-State actors.*

(b) There was no evidence of due diligence checks by DPI on Global Sustainability Foundation, which sponsored the event “Unveiling of the ‘Ark of Return’ Permanent Memorial” on 25 March 2015. Further, on 30 June 2015, this NGO sponsored an exhibition at United Nations Headquarters titled “The Transformative Power of Art” without obtaining the required clearance of the DPI Exhibits Committee (this is further discussed in section C of the present report). *DPI stated that there was no direct interaction between DPI and this NGO, and the logistical support DPI provided to the event of 25 March 2015, i.e., registration of participants, was based on a request from the Office of the President of the General Assembly of the sixty-ninth session.*

(c) Another NGO – International Organization for South-South Cooperation – appeared to have worked with UNPAN of DESA in organizing the 2013 and 2014 “South-South Awards” and the “Third High Level Forum on South-South Cooperation for Sustainable Development: South-South Cooperation, ICT and Financing for Sustainable Development” in Hong Kong on 13 April 2014. There was no evidence of due diligence checks performed on this NGO. *DESA stated that this NGO did not seek or obtain permission to organize these events. On 9 February 2016, DESA sent a letter to the NGO requesting removal of all references made to UNPAN/DESA on its websites. In addition, on 8 January 2016, the former Director of the Division of Public Administration and Development Management (DPADM) of DESA instructed all DPADM staff to seek the Director’s prior advice and permission before engaging in any collaboration or partnership with any external institution, either with DPADM or through UNPAN.*

(d) UN-Habitat signed a MOU with South-South News on 30 July 2012 for cooperation in the “World Urban Campaign” and its component projects and initiatives. However, there was no evidence that due diligence checks were conducted for the selected partner. *UN-Habitat stated that prior to signing the MOU with South-South News, financial statements, certificate of registration and documents showing alignment of purpose with UN-Habitat activities were requested and reviewed, and that enrolment with the Global Compact was also checked – although documentation was not retained. This*

NGO has not provided any service to UN-Habitat from December 2012, when it was delisted by the Global Compact. UN-Habitat is currently reviewing its policies and procedures governing implementing partners, including the requirement for vetting against fraud and corruption, and particularly for MOUs with a material dimension.

21. Various resolutions of the General Assembly (most recently, resolution 70/296) have recognized the importance of developing partnerships with the private sector, NGOs and civil society to enable them to contribute to the realization of the Organization's goals and programmes, particularly in the pursuit of sustainable development. However, engaging in such partnerships requires that a robust due diligence process is established and consistently applied to ensure that the attendant risks are mitigated. The above instances of non-compliance with due diligence requirements exposed the Organization to the risk that it could get involved with external parties whose interests may be at odds with those of the United Nations – particularly its integrity, independence and impartiality.

(1) The Secretary-General should advise heads of departments/offices to ensure that due diligence procedures are fully complied with before external parties are engaged as partners.

EOSG accepted recommendation 1 and stated that the Chef de Cabinet will inform all heads of department/office of the importance of complying with due diligence procedures before engaging with external entities as partners. Recommendation 1 remains open pending receipt of documentation showing that it has been implemented.

Need to monitor the continuation of engagement with the selected NGOs

22. The guidelines on cooperation between the United Nations and the business sector, issued by the Secretary-General in November 2009, stipulate that the United Nations will seek to engage with business sector entities that demonstrate: (a) supporting the core values of the United Nations; and (b) a commitment to meeting or exceeding the principles of the Global Compact. One of the ten principles of the Global Compact is anti-corruption, which states that businesses should work against corruption in all its forms, including extortion and bribery.

23. Additionally, according to the integrity measures adopted by the Secretary-General to assure that the integrity of the Global Compact is safeguarded, participants who fail to communicate/demonstrate progress made in implementing the ten principles will be expelled. Accordingly, on 9 April 2015, Sun Kian Ip Group was expelled from the list of participants in the Global Compact registry⁴.

24. At this stage, the allegations referred to in paragraph 3 of the present report are still under investigation by the concerned law enforcement authorities of the host country. There is a need for the Secretariat to monitor these proceedings and determine, at the appropriate time depending on their outcome, as to whether the United Nations would continue to engage in partnership with Sun Kian Ip Group and/or its affiliated NGOs.

(2) The Secretary-General should advise heads of departments/offices to keep under review their engagement with the selected NGOs, pending the outcome of the ongoing legal proceedings in the host country's jurisdiction.

EOSG accepted recommendation 2 and stated that the Chef de Cabinet will request heads of

⁴ In addition, the NGO South-South News was similarly expelled on 17 December 2012, and another NGO – World Harmony Foundation – enlisted on 1 December 2008 was “non-communicating” as of 31 December 2015.

department/office to keep their engagement with the selected NGOs under review, pending the outcome of legal proceedings in the host country. Recommendation 2 remains open pending receipt of documentation showing that it has been implemented.

Need to address the policy gap in engagement with NGOs affiliated to business sector entities that have failed to demonstrate commitment to meeting the principles of the Global Compact

25. The guidelines issued in November 2009 by the Secretary-General on cooperation between the United Nations and the business sector state that the United Nations should not partner with business sector entities that systematically fail to demonstrate commitment to meeting the principles of the Global Compact. As previously explained, Sun Kian Ip Group, which is a “business sector entity” within the meaning of the term in these guidelines, was expelled from the Global Compact Office’s registry for its failure to communicate/demonstrate progress on its efforts to implement the ten principles of the Global Compact.

26. OIOS noted that while the guidelines clearly indicated that the United Nations should not partner with business sector entities that fail to demonstrate commitment to meeting the ten principles, there was no indication of whether it would be acceptable for the United Nations to engage with NGOs that may be affiliated to or sponsored by such business sector entities. OIOS is of the view that the Secretariat needs to address this policy gap to ensure that the integrity of the Organization’s engagement with NGOs is appropriately regulated.

(3) The Secretary-General should address the policy gap in the Secretariat’s engagement with NGOs affiliated to business sector entities that have been expelled for failing to demonstrate commitment to meeting the principles of the Global Compact.

EOSG accepted recommendation 3 and stated that the Chef de Cabinet will request DESA and the Global Compact Office to jointly identify the best way to address the policy gap identified by OIOS. The approach is to be agreed between DESA and Global Compact by 30 April 2016, and implementation is expected to be completed by 31 December 2016. Recommendation 3 remains open pending receipt of documentation showing that it has been implemented.

B. Use of funds received from the selected NGOs and any funds disbursed to them

Extent of funds received from and disbursed to the selected NGOs by the Secretariat

27. Consultations with OPPBA and other departments/offices at Headquarters, including DESA, DPI, DGACM, the Global Compact Office and UNOP indicated that the total funds received by the Secretariat from the NGOs listed in Table 2 were in the amount of \$60,000. This represented a contribution received from the Global Sustainability Foundation for organizing a fundraising luncheon for the anti-slavery memorial (more fully discussed in the subsequent paragraphs). Apart from this, one NGO paid for the travel of a United Nations staff member to attend: (a) a conference in Hong Kong in April 2015; and (b) an event in Macau in August 2015 (these are discussed in section C of the present report). Similarly, the same NGO also paid for the travel of another staff member to participate in a “High-level Meeting on ICT and Sustainable Urbanization” in Hong Kong in April 2012. There was no evidence that the Secretariat received any other contributions or donations from the NGOs listed in Table 2, or that any funds were disbursed to them by the Secretariat.

Contribution received from an NGO was used for the intended purpose in accordance with Financial Regulations and Rules

28. In a number of resolutions⁵, the General Assembly welcomed and endorsed the initiative of Member States to erect at the United Nations a “Permanent Memorial to Honour the Victims of Slavery and the Transatlantic Slave Trade”. Funding for the memorial was to come primarily from Member States, as well as from private foundations and individual donors. By its resolution 64/15, the General Assembly endorsed the establishment of a trust fund for this purpose, to be managed by UNOP. The Permanent Memorial Committee, chaired by the Permanent Representative of Jamaica, oversaw the implementation of this project.

29. In view of a shortfall in contributions received for the project, by its letter dated 24 October 2014, the Permanent Mission of Jamaica secured a commitment from the Global Sustainability Foundation to contribute \$100,000 to the trust fund. This contribution was intended to be used to host a luncheon at the United Nations to raise funds for completion of the memorial. Eventually, between October 2014 and March 2015, this NGO paid a total amount of \$60,000 into the trust fund. UNOP secured the delegates’ dining room at United Nations Headquarters, where the luncheon was held on 10 December 2014, and made payments to the contractor as well as artists performing at the luncheon.

30. In this regard, OIOS noted the following:

(a) Administrative instruction ST/AI/284 on management of trust funds stipulates that “all pledges must be in written form from a representative of the donor and should indicate the amount”. However, there was no evidence that a pledge in written form was received from the donor (Global Sustainability Foundation). Instead, there were letters written to this NGO by the Permanent Mission of Jamaica, which were copied to UNOP, indicating “confirmation” that the NGO would commit a contribution of \$100,000 towards the memorial. Eventually, the total contribution received from the NGO was \$60,000.

(b) In terms of the delegation of authority granted by the Controller in December 2013, UNOP was authorized to accept voluntary contributions and sign all related financing agreements with donors and implementing partners for the trust funds managed by it. UNOP exercised this delegation of authority in receiving and disbursing the contribution from the Global Sustainability Foundation.

(c) The total expenditure incurred on the luncheon was \$44,930. UNOP entered into an agreement with the United Nations catering contractor, which constituted the bulk of the total expenditure incurred. DPI facilitated the registration of participants who comprised of representatives of Member States, NGOs, senior United Nations staff, the press, and other sponsors. The balance of \$15,070 remained in the trust fund for use in construction of the memorial.

(d) The concept note for the luncheon indicated that the target was to raise an additional \$600,000 to complete the project. At its meeting on 18 December 2014, the Permanent Memorial Committee noted that the fundraising luncheon was successful, and that the total amount pledged or contributed at the luncheon was \$425,000.

31. OIOS therefore concluded that the funds of \$60,000 received from the NGO were utilized for the intended purpose in accordance with United Nations Financial Regulations and Rules.

⁵ General Assembly resolutions 63/5, 64/15, 65/239 and 66/114

C. Compliance with regulations, rules, administrative instructions and other guidance in regard to the Secretariat's engagement with the selected NGOs and a related entity

Document A/66/748 was amended without complying with applicable procedures

32. On 24 February 2012, the Permanent Representative of Antigua and Barbuda (who was later elected as the President of the sixty-eighth session of the General Assembly) wrote a letter to the Secretary-General describing the “outcomes of recent High-level meetings and working sessions on information and communications technology (ICT) for development that resulted in the launching of the Global Business Incubator”. The Permanent Representative also requested the Secretary-General to circulate the letter as a document of the sixty-sixth session of the General Assembly.

33. According to the guidelines issued to Permanent and Observer Missions by EOSG, requests for circulation of letters as official United Nations documents “must be received in the EOSG in the original with a live signature or stamp”. The letter dated 24 February 2012 from the Permanent Representative of Antigua and Barbuda complied with this requirement (besides others). Accordingly, EOSG affixed its stamp (dated 14 March 2012) on this letter and transmitted it to DGACM for publication/circulation as an official document of the sixty-sixth session of the General Assembly. DGACM published the document with the symbol A/66/748 dated 15 March 2012.

34. On 6 June 2013, i.e., during the next (sixty-seventh) session of the General Assembly, DGACM published a new version of the same document, substituting the previous version, with the symbol A/66/748* and a note stating that it was “reissued for technical reasons”. The reissued version of the document contained significant modifications. While the original letter from the Permanent Mission had only referred to a “Global Business Incubator”, the reissued version also included a “Permanent Expo and Meeting Centre”. Additionally, it included two new paragraphs, one of which stated as follows:

“In this regard, I’m pleased to inform you that in response to the recommendation, Sun Kian Ip Group of China has welcomed the initiative and will serve as the representative for the implementation of the Permanent Expo and Meeting Centre for the countries of the South. This is one of the first centres in a network of incubator centres in a public-private partnership with the support of leading partner South-South News”.

35. In this regard, OIOS noted the following:

(a) The significant modifications to the original document were made without the knowledge of EOSG. OIOS is of the view that it was improper for DGACM to modify the original letter addressed to the Secretary-General, which was written more than a year earlier, without informing EOSG. Since EOSG was the substantive office which received the original letter and requested DGACM to publish the document as such, any significant modifications (other than minor editorial changes) should have been cleared with EOSG before reissuance. This was not done.

(b) According to the United Nations Editorial Manual, a ‘corrigendum’ should be issued when modifying “any specific part of an existing document to correct errors, revise wording or reorganize text”. A ‘revision’ should be issued when there is “new text superseding and replacing that of a previously issued document”. ‘Revision’ should be used “when the document must be reissued in its entirety”. Further, the Manual states that “on the rare occasions when it is deemed necessary to reissue a document in its entirety because of a technical error such as serious misprints or errors resulting from the malfunctioning of a machine, complete texts of corrected documents may be issued under the original symbol followed by an asterisk and a corresponding footnote reading “Reissued for technical reasons””. OIOS is of the view that the conditions for reissuance of the document for “technical reasons” were not

met in this case. The revised document should have been issued as a ‘revision’ (after informing EOSG of the significant changes) since the original document had been substantially modified to include two new paragraphs as well as the “Permanent Expo and Meeting Centre”.

(c) According to administrative instruction ST/AI/189/Add.18 dated 19 January 1976 on “Regulations for the control and limitation of documentation – Mention of names of commercial firms in United Nations documents and publications”, names of commercial firms and industrial enterprises other than research organizations and government-operated undertakings may not be mentioned in official United Nations documents and publications, unless certain specific exceptions were satisfied. Even though none of those exceptions were applicable in the present case, DGACM published document A/66/748* with the name of the commercial firm Sun Kian Ip Group mentioned in it.

36. OIOS is of the view that these irregularities in publication of document A/66/748* assume significance in the context of the allegations against the President of the sixty-eighth session of the General Assembly and the role allegedly played by this document in furthering the alleged scheme. It is therefore essential that responsibility is assigned for these lapses, and steps are taken to prevent possible misuse of authority in publishing official documents of the United Nations.

(4) The Secretary-General should assign responsibility for the irregularities in publishing of document A/66/748* and advise DGACM to institute appropriate measures to prevent possible misuse of authority in publishing official documents.

EOSG accepted recommendation 4 and stated that responsibility will be assigned and action will be taken to avoid future reoccurrences. A memorandum circulating new guidelines was sent on 1 March 2016 to all staff members involved in authorizing, processing, and issuing communications from Member States that are requested to be published as official documentation of the General Assembly. EOSG will circulate a related Note Verbale to all Member States clarifying the procedure. Recommendation 4 remains open pending receipt of evidence of: (a) the action taken to assign responsibility for the irregularities in publishing document A/66/748; and (b) the measures implemented by DGACM to prevent possible misuse of authority in publishing official documents.*

An exhibition sponsored by an NGO was not in compliance with applicable regulations

37. On 30 June 2015, Global Sustainability Foundation sponsored an exhibition titled “The Transformative Power of Art” in the visitors’ lobby at United Nations Headquarters. This exhibition was curated by an Italian artist, whose works were displayed along with the works of other artists participating in one of his workshops.

38. Exhibitions in publicly accessible areas at Headquarters are governed by the Secretary-General’s Bulletin ST/SGB/2008/6, which stipulates, inter alia, as follows:

(a) The United Nations Exhibits Committee, which is an interdepartmental body of the Secretariat chaired by the Under-Secretary-General for Communications and Public Information, is the standing body that reviews and authorizes such exhibitions;

(b) Any proposal originating from an NGO or foundation must be accompanied by a written communication of support from a Secretariat department or office, a separately administered organ or programme of the United Nations, an organization of the United Nations system or a permanent or observer mission to the United Nations;

- (c) Exhibit proposals focusing on a specific individual, or originating from a single artist, shall not be permitted;
- (d) The Exhibits Committee may, at its discretion, reject a proposal for an exhibit in part or in its entirety, or require the elimination or alteration of any part thereof; and
- (e) The secretariat of the Exhibits Committee shall inform the Assistant Secretary-General, Office of Central Support Services, of the authorization granted for a proposed exhibit.

39. OIOS noted that the exhibition held on 30 June 2015 was not in compliance with these provisions. The Exhibits Committee did not authorize the exhibition because it did not receive a proposal in accordance with (b) above. The Chef de Cabinet of the Office of the President of the sixty-ninth session of the General Assembly informed the Exhibits Committee of the President's decision to host a series of major cultural events, which included an exhibition, reception and concert. The Committee informed the Office of the President that the exhibition was not in accordance with the regulations for exhibits in publicly accessible areas at Headquarters, but the Office of the President decided to proceed with the exhibition anyway. Therefore, the Exhibits Committee did not accept, reject or alter the "proposal".

40. OIOS notes that the Exhibits Committee only had an advisory role in the matter, and in the circumstances described, it could not have possibly prevented the staging of the event. However, considering that the exhibition was attended by the Secretary-General and other senior Secretariat staff despite its non-compliance with the Secretary-General's bulletin on exhibits, the perception that the NGO was given preferential treatment or favour (that too without performing any due diligence checks) could have an adverse impact on the Organization's reputation. This risk is aggravated by the allegations in the criminal complaint against Sun Kian Ip Group, with whom this NGO is affiliated.

(5) The Secretary-General should advise DPI to sensitize the presidents of the main bodies of the United Nations about the need to comply, and demonstrate compliance, with applicable regulations for organizing exhibits in the public areas at United Nations Headquarters, including the conduct of due diligence checks of their sponsors.

EOSG accepted recommendation 5 and stated that DPI will send a letter to the presidents of the main bodies of the United Nations conveying guidelines for the Exhibits Committee and reiterating the compliance with the procedures contained therein. Recommendation 5 remains open pending receipt of documentation showing that it has been implemented.

Unauthorized acceptance of a favour by a staff member

41. With regard to a staff member whose travel was arranged/paid for by one of the selected NGOs, OIOS was informed that the concerned department head verbally agreed that the staff member could participate in the event at no cost to the United Nations. The staff member accordingly covered the absence from duty by applying for annual leave. However, the NGO had also paid for the travel of the staff member's spouse, who accompanied the staff member to the event.

42. Section 2.1 (e) of ST/AI/2010/1 titled "Reporting, retaining and disposing of honours, decorations, favours, gifts or remuneration from governmental and non-governmental sources" defines favour as "a special privilege or treatment granted to a staff member by a governmental or non-governmental source". Section 3.1 of the same ST/AI states that when a favour or gift is offered or presented to the staff member from a governmental or non-governmental source, the "appropriate response is for the staff member to decline with an explanation that it is a requirement in accordance with

the staff member's duties and obligations as an international civil servant". Section 5.1 of the ST/AI states that when a staff member becomes aware that he/she is being offered a favour or gift, the staff member shall notify in writing to the administering official the circumstances of the proposed offer, the nature of the favour or gift, the name and role of the sources, and if possible, the estimated value. Section 5.2 of the same ST/AI requires the administering official to communicate this information to the Assistant Secretary-General for Human Resources Management, who may approve on behalf of the Secretary-General the acceptance of the favour or gift. Staff Regulation 1.2 (l) of the United Nations states that no staff member shall accept any honour, decoration, favour, gift or remuneration from any non-governmental source without first obtaining the approval of the Secretary-General.

43. OIOS is of the opinion that the travel of the staff member's spouse, as well as the hospitality accorded to the spouse during the event, represents a favour extended to the staff member by the NGO. The staff member accepted the favour without obtaining the approval of the Secretary-General, which was contrary to staff members' obligations as international civil servants. In the circumstances, OIOS is of the view that appropriate corrective action is warranted, which could include requiring the staff member to reimburse to the hosts the travel cost and related local expenses pertaining to the spouse's trip.

(6) The Secretary-General should determine appropriate corrective action to address the apparent violation of obligations by the staff member who accepted a favour from an NGO without prior authorization.

EOSG accepted recommendation 6 and stated that the Under-Secretary-General for General Assembly and Conference Management will decide on appropriate action in accordance with established procedures. Recommendation 6 remains open pending receipt of documentation showing that it has been implemented.

iPads distributed at an event in Macau were not promptly reported by some staff

44. In August 2015, Sun Kian Ip Group co-sponsored with UNDP an event titled "High Level Multi-Stakeholder Strategy Forum on South-South and Triangular Cooperation" in Macau (China). Participants at this event received iPads (64 GB capacity) from the organizers, with their logos engraved at the back. The current price of such a device is at least \$599 plus taxes. During interviews, participants stated that they received the iPads at the registration desk upon arrival, where they were informed that the forum was a "paperless event"; all documents relating to its meetings/presentations had been pre-loaded in the device for their use. There was no attempt by the organizers to take back the iPads at the conclusion of the event.

45. Three staff members informed OIOS that they reported and handed over the iPads to their Executive Office immediately upon return from Macau. One staff member handed over the iPad to his Executive Office on 1 October 2015; three other staff members only handed over the devices to their respective Executive Offices after commencement of the present audit, by which time the issue of iPads had appeared in media reports. The representative of the Global Compact Office, who was not a United Nations staff member, stated that he kept the iPad for himself.

46. In this connection, OIOS noted as follows:

(a) The iPads distributed to participants amounted to gifts, which, according to ST/AI/2010/1, are defined as "any item that has a physical form, offered to a staff member". But some staff members stated that the iPads given to them were "tools" (such as pen drives) which did not have to be returned or reported. Some others were of the view that since they received the iPad at a conference co-hosted by the United Nations (i.e., UNDP), it was not a gift.

(b) Despite the mandatory training on ethics and other initiatives such as “leadership dialogue” introduced by the Ethics Office, staff members (including some at Director level) did not seem to clearly understand the definition of a gift, and their obligations in this regard.

(c) ST/AI/2010/1 did not provide specific guidance on the timeframe within which gifts should be reported. *The Ethics Office stated that section 3.2 of ST/AI/2010/1 obliges staff to “promptly report”, thus providing qualitative direction/guidance. The administrative instruction could be strengthened through a quantitative directive, e.g., number of days, in its next revision.*

(d) There was need to consider whether the United Nations’ policy on gifts should be made applicable to external individuals such as members of local networks, who are not United Nations staff but represent the Organization at various events. The Global Compact Office has since updated its gift policy to cover other representatives as well as staff.

(7) The Secretary-General should advise the Ethics Office to disseminate, in line with its mandate, additional guidance as necessary to enhance staff members’ awareness of their obligations in regard to gifts.

EOSG accepted recommendation 7 and stated that a gift registry will be jointly launched on a pilot basis in New York by the Department of Management and the Ethics Office. The registry includes more detailed guidance on gifts. Recommendation 7 remains open pending receipt of documentation showing the additional guidance disseminated by the Ethics Office to enhance staff members’ awareness of their obligations in regard to gifts.

Travel claims of five staff members who attended the event in Macau had been regulated in accordance with applicable rules

47. Sun Kian Ip Group, which co-sponsored with UNDP the two-day event in Macau in August 2015, arranged and paid for the accommodations of participants and also covered their local expenses. Seven Secretariat staff attended this event⁶, of whom five charged the travel cost to their respective budgets; in one case the travel cost was borne by UNDP; and in one case the travel cost was borne by one of the selected NGOs. OIOS reviewed the travel claims of the five staff members (whose costs were borne by the Organization) and noted that they had been processed and paid in accordance with applicable rules.

IV. ACKNOWLEDGEMENT

48. OIOS wishes to express its appreciation to the Management and staff of the United Nations Secretariat for the assistance and cooperation extended to the auditors during this assignment.

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

⁶ A representative of the Global Compact Office’s local network, who was not a United Nations staff member, also attended the event. This individual indicated that he paid for his own travel.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the United Nations Secretariat's engagement with selected non-governmental organizations and a related entity

Recom. no.	Recommendation	Critical ⁷ / Important ⁸	C/ O ⁹	Actions needed to close recommendation	Implementation date ¹⁰
1	The Secretary-General should advise heads of departments/offices to ensure that due diligence procedures are fully complied with before external parties are engaged as partners.	Important	O	Receipt of documentation showing that the recommendation has been implemented.	30 April 2016
2	The Secretary-General should advise heads of departments/offices to keep under review their engagement with the selected NGOs, pending the outcome of the ongoing legal proceedings in the host country's jurisdiction.	Important	O	Receipt of documentation showing that the recommendation has been implemented.	30 April 2016
3	The Secretary-General should address the policy gap in the Secretariat's engagement with NGOs affiliated to business sector entities that have been expelled for failing to demonstrate commitment to meeting the principles of the Global Compact.	Important	O	Receipt of documentation showing that the recommendation has been implemented.	31 December 2016
4	The Secretary-General should assign responsibility for the irregularities in publishing of document A/66/748* and advise DGACM to institute appropriate measures to prevent possible misuse of authority in publishing official documents.	Important	O	Receipt of evidence of: (a) the action taken to assign responsibility for the irregularities in publishing document A/66/748*; and (b) the measures implemented by DGACM to prevent possible misuse of authority in publishing official documents.	30 April 2016
5	The Secretary-General should advise DPI to sensitize the presidents of the main bodies of the United Nations about the need to comply, and demonstrate compliance, with applicable regulations for organizing exhibits in the public areas at United Nations Headquarters, including the conduct of due diligence checks of their sponsors.	Important	O	Receipt of documentation showing that the recommendation has been implemented.	31 May 2016

⁷ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

⁸ Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

⁹ C = closed, O = open

¹⁰ Date provided by EOSG in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the United Nations Secretariat's engagement with selected non-governmental organizations and a related entity

Recom. no.	Recommendation	Critical ⁷ / Important ⁸	C/ O ⁹	Actions needed to close recommendation	Implementation date ¹⁰
6	The Secretary-General should determine appropriate corrective action to address the apparent violation of obligations by the staff member who accepted a favour from an NGO without prior authorization.	Important	O	Receipt of documentation showing that the recommendation has been implemented.	30 April 2016
7	The Secretary-General should advise the Ethics Office to disseminate, in line with its mandate, additional guidance as necessary to enhance staff members' awareness of their obligations in regard to gifts.	Important	O	Receipt of documentation showing the additional guidance disseminated by the Ethics Office to enhance staff members' awareness of their obligations in regard to gifts.	30 June 2016

APPENDIX I

Management Response

Management Response

Audit of the United Nations Secretariat's engagement with selected non-governmental organizations and a related entity

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The Secretary-General should advise heads of departments/offices to ensure that due diligence procedures are fully complied with before external parties are engaged as partners.	Important	Yes	Chef de Cabinet	30 April 2016	The Chef de Cabinet will inform all heads of department/office of the importance of complying with due diligence procedures before engaging with external entities as partners.
2	The Secretary-General should advise heads of departments/offices to keep under review their engagement with the selected NGOs, pending the outcome of the ongoing legal proceedings in the host country's jurisdiction.	Important	Yes	Chef de Cabinet	30 April 2016	The Chef de Cabinet will request heads of department/office to keep their engagement with the selected NGOs under review, pending the outcome of legal proceedings in the host country.
3	The Secretary-General should address the policy gap in the Secretariat's engagement with NGOs affiliated to business sector entities that have been expelled for failing to demonstrate commitment to meeting the principles of the Global Compact.	Important	Yes	USG/DESA ED/ Global Compact	31 December 2016	The Chef de Cabinet will request DESA and the Global Compact Office to jointly identify the best way to address the policy gap identified by OIOS. The approach is to be agreed between DESA and Global Compact by 30 April 2016, and implementation is expected to be completed by 31 December 2016.
4	The Secretary-General should assign responsibility for the irregularities in publishing of document A/66/748* and advise DGACM to institute appropriate measures to prevent possible misuse of authority in publishing official documents.	Important	Yes	USG/DGACM	30 April 2016	Responsibility will be assigned and action will be taken to avoid future reoccurrences. A memorandum circulating new guidelines was sent on 1 March 2016 to all staff members involved in authorizing, processing,

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

Audit of the United Nations Secretariat's engagement with selected non-governmental organizations and a related entity

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						and issuing communications from Member States that are requested to be published as official documentation of the General Assembly. The Executive Office of the Secretary-General will circulate a related Note Verbale to all Member States clarifying the procedure.
5	The Secretary-General should advise DPI to sensitize the presidents of the main bodies of the United Nations about the need to comply, and demonstrate compliance, with applicable regulations for organizing exhibits in the public areas at United Nations Headquarters, including the conduct of due diligence checks of their sponsors.	Important	Yes	Chef de Cabinet USG/DPI	31 May 2016	The Department of Public Information will send a letter to the presidents of the main bodies of the United Nations conveying guidelines for the Exhibits Committee and reiterating the compliance with the procedures contained therein.
6	The Secretary-General should determine appropriate corrective action to address the apparent violation of obligations by the staff member who accepted a favour from an NGO without prior authorization.	Important	Yes	USG/DGACM	30 April 2016	The USG/DGACM will decide on appropriate action in accordance with established procedures.
7	The Secretary-General should advise the Ethics Office to disseminate, in line with its mandate, additional guidance as necessary to enhance staff members' awareness of their obligations in regard to gifts.	Important	Yes	Chef de Cabinet USG/DM Director/Ethics Office	30 June 2016	As announced on i-Seek's "Holiday Gift Guidance" on 9 December 2015, a gift registry will be jointly launched on a pilot basis in New York by the Department of Management and the Ethics Office. The registry includes more detailed guidance on gifts.