



**Received**

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cc: Amb. Wallace  
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26 February 2008

Excellency,

Thank you for your letter of 8 February 2008 on transparency and accountability. We are pleased to share an update of the note we sent to you in June 2007 on our continued efforts towards becoming a more efficient, effective, transparent and accountable organization.

Please accept, Excellency, the assurances of my highest consideration.

A handwritten signature in black ink, which appears to read 'Thoraya Ahmed Obaid', is positioned above the typed name.

Thoraya Ahmed Obaid  
Under-Secretary-General

His Excellency  
Mr. Mark D. Wallace  
United States Representative for  
United Nations Management and Reform  
140 East 45 St.  
New York, N. Y. 10017

## **1. Availability of internal audits and other reports**

In 2007 the subject of availability of internal audit reports was reviewed by the High Level Committee on Management (HLCM) and the Chief Executive Board (CEB). The CEB at its October 2007 session endorsed a recommendation on disclosure of Internal Audit Reports (IARs) providing for disclosure to Member States subject to conditions and criteria to be defined within the context of an “organization” policy that should not be applied retrospectively, and for this to be presented to their governing body.

Consequently UNFPA in its Oversight Policy (DP/FPA/2008/4) proposed to the Executive Board at its First Regular Session in January 2008 disclosure of internal audit reports under certain conditions and criteria. The Executive Board did not reach an agreement on the UNFPA Oversight Policy and in an oral decision requested the administrator of UNDP and the Executive Director of UNFPA to revert on this matter to the Executive Board at its second regular session 2008, after extensive consultations with the Executive Board to review these documents, taking into account the concerns of Member States. UNFPA looks forward to continue the dialogue on this important subject with Members States up to and during the second regular session.

While investigation reports are confidential documents, information on investigations is provided in the report by the United Nations Board of Auditors. This document is available to member states.

## **2. Public access to all relevant documentation related to operations and activities**

Information about UNFPA operations and activities is available to the public. Documentation provided to the Executive Board includes the Multi Year Funding Framework (MYFF), Biennial Support Budget (BSB), Country Programmes, Annual Report, and the Statistical Overview that includes financial performance information (<http://www.unfpa.org/exbrd/index.htm>). UNFPA also has an extensive presence on the web (<http://www.unfpa.org/about/index.htm>), where the public has access to additional information, including annual procurement statistics.

## **3. “Whistleblower Protection” policies**

UNFPA staff members have the duty to inform their immediate supervisor or head of office about any suspicions of wrongdoing and mismanagement, unless the staff member feels that the supervisor or head of office may be implicated. In such an event, they shall report to the Director, Division for Oversight Services. Staff members may also avail themselves of the Fraud Hotline.

The UNFPA policy on “Protection against Retaliation for Reporting Misconduct or for Cooperating with an Authorized Fact-Finding Activity” protects “whistleblowers” from possible retaliation. Formal complaints of retaliations shall be submitted to the UNFPA Ethics Office.

#### **4. Financial Disclosure policies**

A Financial Disclosure policy for UNFPA went into effect in 2007. The policy is administered by the UNFPA Ethics Office. The Executive Director and the Deputy Executive Directors have been providing financial disclosure information since the policy was established at the United Nations Secretariat.

#### **5. Ethics Office**

In line with the 2008-09 approved Biennial Support Budget and fully coherent with the SG's Bulletin (ST/SGB/2007/11 (dated 30 November 2007 and effective 1 December 2007) entitled "United Nations system-wide application of ethics: separately administered organs and programmes" UNFPA has established an Ethics Office with an Ethics Advisor. This was done after careful review of the options available and in order to ensure system-wide harmonization.

In accordance with ST/SGB/2007/11, the specific functions of the UNFPA Ethics Office include:

- Undertaking the responsibilities assigned to it under UNFPA's policy for the protection of staff against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations;
- Administering UNFPA's financial disclosure programme;
- Providing confidential advice and guidance to UNFPA staff members on ethical issues (e.g., conflict of interest), including by administering an ethics helpline;
- Developing standards, training and education on ethics issues, in coordination with various offices, including the Division for Human Resources, the Division for Oversight Services and the United Nations Ethics Committee.

The UNFPA Ethics Office is headed by an Ethics Advisor, who functions independently and reports to the Executive Director. The Ethics Advisor also serves on the Secretary-General's recently-established Ethics Committee.

#### **6. Independence of internal oversight bodies**

The independence of both internal audit and the Audit Advisory Committee is ensured by their respective charters and terms of reference, that, inter alia, allow them to contact the President of the Executive Board at any time. Please refer to Executive Board document DP/FPA/2007/14 UNFPA internal audit and oversight activities in 2006.

#### **7. Adoption of IPSAS accounting standards**

The adoption of the International Public Sector Accounting Standards (IPSAS) is mandatory across the United Nations system. It should be noted that the United Nations Secretariat, through the Task Force on Accounting Standards, is leading the IPSAS

adoption effort. UNFPA is planning on adopting IPSAS standards in a phased approach, and has begun implementing two IPSAS standards in 2008. UNFPA will be fully IPSAS compliant by 2010. In light of the adoption of IPSAS, under the leadership of the United Nations secretariat, UNFPA, along with UNDP, UNICEF and WFP, is working on a harmonized set of financial regulations. These will be presented to the General Assembly for decision in due course.

## **8. Establishing a cap on administrative overhead costs**

For several years, UNFPA has had a cap on its administrative costs. The amount that UNFPA can spend on its Biennial Support Budget (BSB) is approved by a decision of the Executive Board. UNFPA operates within the cap imposed by this decision. Before the Executive Board approves the administrative budget, it goes through a rigorous review by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and by the Executive Board. The 2008-09 BSB, which was approved by the Executive Board at the First Regular Session of the Executive Board in January 2008, went through this review process.

It should be noted that, for a development agency such as UNFPA, the resources that comprise the BSB, are much more than just administrative overhead. Rather, they provide the basis on which the core business of the organization is carried out in support of its mission and mandate. The BSB is the set of resources that enables each agency to undertake the programme activities that lead to the achievement of its broad goals and objectives.