



# General Assembly

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## Seventy-seventh session

Agenda item 139 of the preliminary list\*

### Proposed programme budget for 2023

## Internal oversight: proposed programme budget for 2023

### Report of the Independent Audit Advisory Committee

#### *Summary*

The present report reflects the comments, advice and recommendations of the Independent Audit Advisory Committee on the proposed programme budget for 2023 of the Office of Internal Oversight Services (OIOS). The Committee continues to be mindful that, in his reform initiative, the Secretary-General called for, inter alia, strengthened evaluation capacity. The Committee is also aware that an effective oversight regime can foster a strengthened evaluation mechanism. To achieve this, the Committee expects that OIOS will continue to review its business model so that it is adaptive to the changing environment, including with regard to measuring its performance and being responsive to the impact of emerging risks.

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\* [A/77/50](#).



## I. Introduction

1. The Independent Audit Advisory Committee has undertaken a review of the proposed programme budget for 2023 of the Office of Internal Oversight Services (OIOS) in accordance with paragraphs 2 (c) and (d) of its terms of reference (see General Assembly resolution [61/275](#), annex). The Committee's responsibility in this respect is to review the budget proposal of OIOS, taking into account its workplan, and to make recommendations to the Assembly through the Advisory Committee on Administrative and Budgetary Questions. The present report contains the Committee's comments, advice and recommendations relating to the proposed programme budget for 2023 of OIOS for consideration by the Advisory Committee on Administrative and Budgetary Questions and the Assembly.

2. The Programme Planning and Budget Division of the Department of Management Strategy, Policy and Compliance provided the Committee with section 30, Internal oversight, of the proposed programme budget for 2023 ([A/77/6 \(Sect. 30\)](#)), as well as relevant supplementary information. OIOS provided supplementary information relating to its budget proposal, which the Committee took into consideration. At its fifty-eighth session, held from 19 to 21 April 2022, the Committee allocated a significant proportion of its agenda to discussions with OIOS and the Controller on the proposed budget of OIOS.

3. The Committee would like to acknowledge the efforts of the Programme Planning and Budget Division in expediting the preparation of the internal oversight section of the budget for review by the Committee. The Committee also appreciates the cooperation on the part of OIOS in providing information for the preparation of the present report.

## II. Review of the proposed programme budget for 2023 of the Office of Internal Oversight Services

4. The projected resources for OIOS for 2023 from the regular budget (before recosting), combined with other assessed and extrabudgetary resources, totalled \$69,401,600, compared with \$67,032,000 for 2022, which is an increase of \$2,369,600, or 3.5 per cent. The increases were in the regular budget and other assessed resources, whereas the extrabudgetary resources remained constant. The post resources increased by 13 posts, from 294 to 307, mainly as a result of the proposed conversion of 13 general temporary assistance positions under other assessed resources to posts (see table 1).

Table 1

### Overall financial and post resources for the Office of Internal Oversight Services, by source of funding (before recosting)

(Thousands of United States dollars)

	<i>Financial resources</i>				<i>Post resources</i>			
	<i>2022 estimate</i>	<i>2023 estimate</i>	<i>Variance</i>		<i>2022 estimate</i>	<i>2023 estimate</i>	<i>Variance</i>	
			<i>Amount</i>	<i>Percentage</i>			<i>Number of posts</i>	<i>Percentage</i>
A. Regular budget	21 187.4	21 356.1	168.7	0.8	116	116	–	0.0
B. Other assessed	32 097.6	34 298.5	2 200.9	6.9	133	146	13	9.8
C. Extrabudgetary	13 747.0	13 747.0	–	–	45	45	–	–
<b>Total</b>	<b>67 032.0</b>	<b>69 401.6</b>	<b>2 369.6</b>	<b>3.5</b>	<b>294</b>	<b>307</b>	<b>13</b>	<b>4.4</b>

*Note:* Budget figures were based on section 30, Internal oversight, of the proposed programme budget for 2023 ([A/77/6 \(Sect.30\)](#)) and the relevant supplementary information.

5. Table 2 shows the regular budget resources proposal for OIOS for 2023, compared with the appropriation for 2022. The proposed programme budget for 2023 for OIOS (regular budget) is estimated at \$21,356,100 (before recosting), which is a nominal increase of \$168,700, or 0.8 per cent, compared with the appropriation of \$21,187,400 for 2022. The post resources remained constant at 116 posts. The Committee was informed that the increase in the regular budget pertained to the delayed impact of the two additional posts in the Inspection and Evaluation Division that were approved in the current fiscal year, and which, according to the established practices, had been subject to the 50 per cent vacancy rate for new posts.

Table 2

**Regular budget financial and post resources, by programme (before recosting)**

(Thousands of United States dollars)

Regular budget	Financial resources				Post resources			
	2022 appropriation	2023 estimate	Variance		2022 appropriation	2023 estimate	Variance	
			Amount	Percentage			Number of posts	Percentage
<b>A. Executive direction and management</b>	<b>1 485.4</b>	<b>1 485.4</b>	–	<b>0.0</b>	<b>8</b>	<b>8</b>	–	<b>0.0</b>
<b>B. Programme of work</b>	<b>18 334.4</b>	<b>18 503.1</b>	<b>168.7</b>	<b>0.9</b>	<b>101</b>	<b>101</b>	–	<b>0.0</b>
Subprogramme 1.								
Internal audit	8 433.5	8 413.2	(20.3)	(0.2)	44	44	–	0.0
Subprogramme 2.								
Inspection and evaluation	4 034.7	4 223.7	189.0	4.7	24	24	–	0.0
Subprogramme 3.								
Investigations	5 866.2	5 866.2	–	–	33	33	–	0.0%
<b>C. Programme support</b>	<b>1 367.6</b>	<b>1 367.6</b>	–	–	<b>7</b>	<b>7</b>	–	<b>0.0</b>
<b>Total</b>	<b>21 187.4</b>	<b>21 356.1</b>	<b>168.7</b>	<b>0.8</b>	<b>116</b>	<b>116</b>	–	<b>0.0</b>

Note: Budget figures were based on section 30, Internal oversight, of the proposed programme budget for 2023 (A/77/6 (Sect.30)) and the relevant supplementary information.

6. OIOS further informed the Committee that the main priorities for the 2023 budget included the following: (a) implementation of the reforms of the management, peace and security, and development pillars; (b) strengthening of the organizational culture; (c) procurement and supply chain management, including management of fraud and corruption risks; (d) management of mission drawdown; and (e) strengthening of the whistle-blower protection system.

7. The Committee recalled that, for 2022, OIOS had the following priorities: (a) implementation of the Sustainable Development Goals; (b) response to the coronavirus disease (COVID-19) pandemic and lessons learned on United Nations system coherence and business continuity; (c) implementation of the Secretary-General's reforms of the management, peace and security, and development pillars; (d) strengthening of organizational culture on the basis of respect, equality and results; and (e) implementation of the Secretary-General's strategies on data, gender parity and environmental sustainability.

8. Upon following up on the status of addressing those 2022 priorities, the Committee was informed that, with respect to the implementation of the Sustainable Development Goals, the Internal Audit Division, where appropriate, included a review of how entities supported the implementation of the Goals in their programme

of work, including in the following audits that were currently in the reporting phase: (a) the audit of the Somalia country programme in the United Nations Human Settlements Programme (UN-Habitat); (b) the audit of the Regional Office for South Asia of the United Nations Office on Drugs and Crime; and (c) the audit of the activities of the United Nations Office for Partnerships to facilitate partnerships in support of the Goals. The Committee was further informed that, for 2022, the Inspection and Evaluation Division had undertaken four evaluations (two already completed) of the macroeconomic support work of the Economic Commission for Latin America and the Caribbean, the Economic Commission for Africa, the Economic and Social Commission for Western Asia and the Economic Commission for Europe and an evaluation of the work of the Economic and Social Commission for Asia and the Pacific in support of the Goals related to the environment and development, which were heavily oriented towards assessing the extent to which the regional commissions had supported the implementation of the Goals. Furthermore, two evaluations of the regional support provided by the Development Coordination Office to the resident coordinator system and the thematic evaluation of support provided by the Secretariat in connection with the Goals were under way.

9. With regard to the impact of COVID-19, the Committee was informed that several audits and advisory engagements had been undertaken and that the Internal Audit Division was factoring in the impact of COVID-19 in most of its current audits. OIOS also noted that the Investigations Division had invested in technology to improve remote working flexibility and online collaboration, including investigative software technology, and that it had improved online delivery of investigation training.

10. With regard to strengthening the organizational culture, the Committee was informed that the Internal Audit Division was continuing its thematic audit of conduct and discipline activities in peacekeeping missions, with audits of the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo and the United Nations Interim Security Force for Abyei. The Investigations Division was continuing its efforts to realize the Secretary-General's zero-tolerance policy on sexual exploitation and abuse, with a focus on following a victim-centred approach in its investigations.

11. With regard to environmental sustainability, the Committee was informed that the Internal Audit Division had issued a report on the environmental action plan in the United Nations Support Office in Somalia earlier in 2022 and that the following ongoing audits included reviews of the environment: (a) the audit of engineering projects at the United Nations Mission in South Sudan; (b) the audit of engineering support services at the United Nations Interim Force in Lebanon; and (c) the audit of warehouse operations at the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo. Other related audits planned for later in 2022 included those for the United Nations Environment Programme, the United Nations Framework Convention on Climate Change and the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa.

**12. The Committee welcomes the aforementioned initiatives, which reflect the organizational priorities and risks, and looks forward to: (a) the assessment and conclusions of OIOS regarding the achievement of its 2022 priorities; (b) understanding how the OIOS priorities link together from year to year; and (c) the contribution of OIOS to the achievement of the Sustainable Development Goals.**

## A. Executive direction and management

13. As indicated in table 2, the financial and post resources for executive direction and management for 2023 are expected to remain at the same level as those approved in 2022, amounting to \$1,485,400.

## B. Programme of work

### Subprogramme 1 Internal audit

14. The proposed regular budget financial resources for 2023 for subprogramme 1, Internal audit, are expected to decrease marginally, from \$8,433,500 approved for 2022 to \$8,413,200 proposed in 2023, while the post resource level will remain at 44 posts (see table 2). The Committee was informed that the net decrease of \$20,300 reflected the redeployment of the resources for contractual services for the external quality assessment of the Internal Audit Division to subprogramme 2, Inspection and evaluation.

#### *Risk-based workplan process*

15. The Committee continued to hold discussions with OIOS on the risk-based work planning process and to ascertain how the Internal Audit Division takes organizational risk into account in determining the level of resources required to deliver the programme of work. In line with the position expressed in its previous reports on the budget for OIOS, the Committee continues to believe that using risk assessments to prioritize and allocate audit resources is a best practice. In that regard, OIOS informed the Committee that, for the 2023 programme budget, the Internal Audit Division had continued to employ a refined methodology in assessing its resource requirements, whereby high-risk areas would be covered in a three-year period, including high-risk cross-cutting areas, whereas medium-risk areas would be covered in a five-year period. According to OIOS, lower-risk entities or areas not covered during the preceding period were deemed medium-risk, hence subjected to audit.

16. In its previous report ([A/76/81](#)), the Committee reported that high risks associated with information and communications technology (ICT) continued to be considered separately and would be covered over a five-year period, instead of a three-year period. In view of the critical nature of risks associated with ICT, the Committee was concerned that considering these risks every five years instead of every three years was not an optimum way to address this important focus area and called upon OIOS to reconsider this issue.

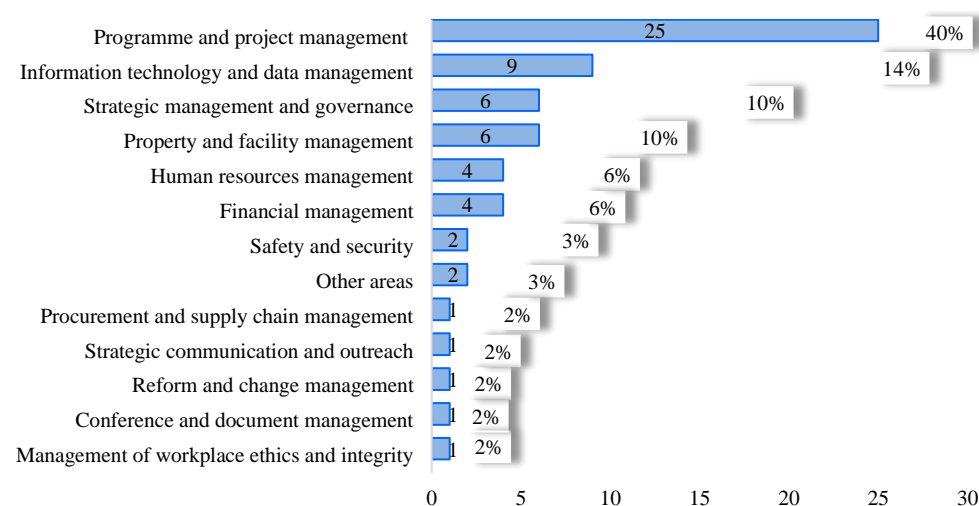
17. Upon follow-up, OIOS informed the Committee that, over a five-year cycle, OIOS covered all ICT risks across the ICT audit universe; however, for ICT high-risk areas, OIOS conducted audits every three years to address those risks. Such high-risk areas subject to a three-year cycle included: (a) cybersecurity and resilience; (b) ICT governance and risk management; (c) data management; (d) ICT operations and support; and (e) application availability and system availability. The Committee was further informed that OIOS was currently conducting a horizontal audit across the Secretariat, covering 40 entities and offices, to assess the Secretariat's cybersecurity control environment and its preparedness in detecting and responding to cybersecurity-related events.

**18. The Committee notes the approach that OIOS has taken in addressing its risk-based work planning and in particular the ICT risks, and will continue to monitor OIOS work in the area of ICT.**

19. OIOS further indicated that, as part of the refinements to the methodology for preparing its risk-based workplans, it continued to adjust the categories of risk used when conducting the entity risk assessments and capacity gap analyses to ensure better alignment with the enterprise risk management framework of the Secretariat. As shown in figure I, the Internal Audit Division plans to undertake 63 assignments (exclusive of the Office of the United Nations High Commissioner for Refugees and the United Nations Joint Staff Pension Fund) in 13 focus areas in 2023. The 63 assignments represent a significant reduction from the 75 assignments that were planned for 2022. According to OIOS, these focus areas continue to reflect the critical risks identified in the Organization's revised enterprise risk register. The majority (34 assignments) of the total 63 proposed assignments in 2023 will focus on two areas, namely: (a) programme and project management and implementation; and (b) information technology and data management.

Figure I

#### Assignments of the Internal Audit Division in 2023, by focus area



20. The Committee notes the efforts of OIOS to address high-risk focus areas, especially programme and project management, and information technology and data management. However, the analysis of the Internal Audit Division of planned audits by focus area shows that the Division is planning to spend 40 per cent of its resources in one focus area – programme and project management. Moreover, as shown in figure I, only 2 per cent of the resources of the Division will be spent on procurement and supply chain management, even though the Division stated that audits in other categories might also include procurement issues. Since it is not fully clear how the Division's focus areas relate to the risk register of the Organization, the Committee encourages the Division to better illustrate how its planned work mirrors the critical risks of the Organization in future workplans.

#### *Capacity gap analysis of the Internal Audit Division*

21. Within the context of its methodology for work planning, OIOS informed the Committee of the planning assumptions laid out in paragraph 19. According to OIOS, the capacity gap in the Internal Audit Division represents the resources needed to cover risks that cannot be covered within the current resource levels. For the regular budget-funded activities (excluding ICT), OIOS does not foresee a significant capacity gap (the staffing gap currently stands at 2.2). According to OIOS, the capacity gap of the Internal Audit Division for 2023 has become more apparent in

ICT, which covers the entire ICT audit universe, regardless of funding, with a 4.0 staffing gap (up from a 3.2 staffing gap reported in 2022). Despite this shortfall, OIOS informed the Committee that no additional resources had been requested for 2023.

22. The Committee enquired from OIOS why, in spite of the increasing capacity gap for ICT audits, OIOS had not requested additional resources. In response, OIOS informed the Committee that the Office had been taking steps to enhance its capacity to conduct ICT audits, including: (a) training general auditors on cybersecurity risk assessment and management, and on mainstreaming ICT controls; (b) reprofiling some general audit posts to ICT audit posts, when they become available; (c) using consultants to bring in expertise not readily available within the ICT audit section; (d) training ICT auditors on new developments in areas of cybersecurity; and (e) training ICT auditors on data governance and data management to keep their knowledge current.

**23. The Committee acknowledges the efforts of OIOS to address the capacity gap of the Internal Audit Division in a practical manner. Accordingly, the Committee endorses the resource requirements submitted for the Internal Audit Division.**

## **Subprogramme 2**

### **Inspection and evaluation**

24. As shown in table 2, the proposed regular budget financial resources for 2023 for subprogramme 2, Inspection and evaluation, amount to \$4,223,700, representing an increase of \$189,000, or 4.7 per cent, compared with the 2022 appropriation, which stood at \$4,034,700. The post resources remained the same as in 2022, at 24 posts. As noted in paragraph 5, the increase in the proposed budget is attributable to the delayed impact of the two additional posts approved in the current fiscal year for a Deputy Director (D-1) and an Evaluation Officer (P-4) to provide support for strengthening the evaluation function within the Secretariat and for delivering OIOS evaluations in an efficient and effective manner.

#### *Risk assessment and the workplan process*

25. As noted in the previous reports of the Committee, OIOS had changed the way that the Inspection and Evaluation Division was addressing the evaluation needs of the Organization, whereby some departments were now subject to performance auditing by the Internal Audit Division rather than through programme evaluations conducted by the Inspection and Evaluation Division. OIOS had also decided that the evaluation of other entities would be at the subprogramme level rather than the programme level.

26. OIOS further noted that, for the work planning process for 2023, the Inspection and Evaluation Division had followed a two-tier risk assessment approach that included a mix of quantitative and qualitative analysis of proxy and actual risk information. The risk assessment was focused on the subprogramme outcome level and was based on five key risk criteria, namely: resources, entity evaluation, oversight coverage, OIOS risk assessment and strategic relevance. According to OIOS, the first tier included three proxy risk criteria: resources, entity evaluation coverage and oversight coverage. These were used to identify 162 high-risk and medium-risk subprogrammes across the Secretariat. The second tier included a more qualitative review of the fourth criterion of OIOS risk assessment – based on information from risk registers of the Internal Audit Division – and the fifth criterion of strategic relevance, which considered strategic and utility issues. These last two qualitative criteria allowed OIOS to identify the more immediate higher-risk subprogrammes to evaluate in the next two cycles.

*Capacity gap analysis of the Inspection and Evaluation Division*

27. As was the case for the 2022 programme budget, the Committee was informed that the initial capacity assessment and gap analysis for the Inspection and Evaluation Division were made within the revised context noted in paragraph 26, which envisaged 162 subprogrammes.

28. OIOS further noted that, in order to meet its goal of evaluating every subprogramme once in an eight-year period, the Inspection and Evaluation Division would have to evaluate 20 subprogrammes per year, requiring 30 staff annually. According to OIOS, however, the Division had 17 staff available to conduct evaluations, leaving a gross annual capacity gap of 15 staff, after applying the 9 per cent vacancy rate on the available staff.

29. To partially address the gap, OIOS informed the Committee that it planned to take the following mitigating measures: (a) group common subprogrammes into similar thematic clusters to reduce the number of separate subprogramme evaluations required; (b) focus on 93 subprogrammes assessed as either of very high risk or high risk on an eight-year cycle; and (c) strengthen entity evaluation capacity within the Secretariat through training, support, guidance and tools for the conduct of high-quality evaluations by entities (for which one post at the D-1 level and one post at the P-4 level had been approved). According to OIOS, the aforementioned strategies were expected to reduce the capacity gap to five staff members.

30. The Committee enquired from OIOS what the impact of the capacity gap would be on the work of the Inspection and Evaluation Division and was informed that the gap of five posts would affect the ability of the Division to cover very high-risk or high-risk subprogrammes within an eight-year cycle. That is, without the five staff, the Division would not be able to cover all 93 very high-risk or high-risk subprogrammes over eight years, but rather the coverage cycle would increase to 12 years. The Committee was further informed that OIOS would continue to monitor the impacts of the new approach to outcome evaluation, as well as the improvements in the quality and scale of self-evaluation that were expected with the increased OIOS support for Secretariat evaluation and the implementation of the new Secretariat evaluation policy. OIOS would keep these insights in mind in determining whether to include requests for additional resources to address any identified future capacity gaps as part of the development of future OIOS resources proposals under the regular budget and support account.

**31. The Committee remains of the view that the Inspection and Evaluation Division needs to be augmented if it is to be effective in executing its mandate. The Committee notes the efforts of OIOS to mitigate the capacity gap. The Committee is nevertheless concerned that, in spite of those measures, a gap remains, which may affect the ability of the Division to address all the areas in a timely manner. Since this gap assumes a 9 per cent vacancy rate, the Committee encourages OIOS to redouble its efforts to address vacancies and ensure adequate prioritization to focus on evaluating the high-risk subprogrammes within the eight-year evaluation cycle. The Committee supports the 2023 resource request submitted for the Division, with the understanding that the Division should continue to refine its capacity gap analysis and consider the need for additional resources in future budget requests, if so warranted.**

**Subprogramme 3  
Investigations**

32. The proposed regular budget financial resources for 2023 for subprogramme 3, Investigations, amount to \$5,866,200, representing the same level of resource



requirements as in 2022. The post resources also remained the same, at 33 posts (see table 2).

33. During the review process, the Committee was informed that the Investigations Division was continuing to address the issues identified in the Committee's previous reports, especially the recruitment and retention of staff in the Division. The Committee was informed that, as at 31 March 2022, the regular budget vacancy rate stood at 18.4 per cent. This is an improvement from the high of 33.3 per cent noted in the previous report of the Committee (A/76/81).

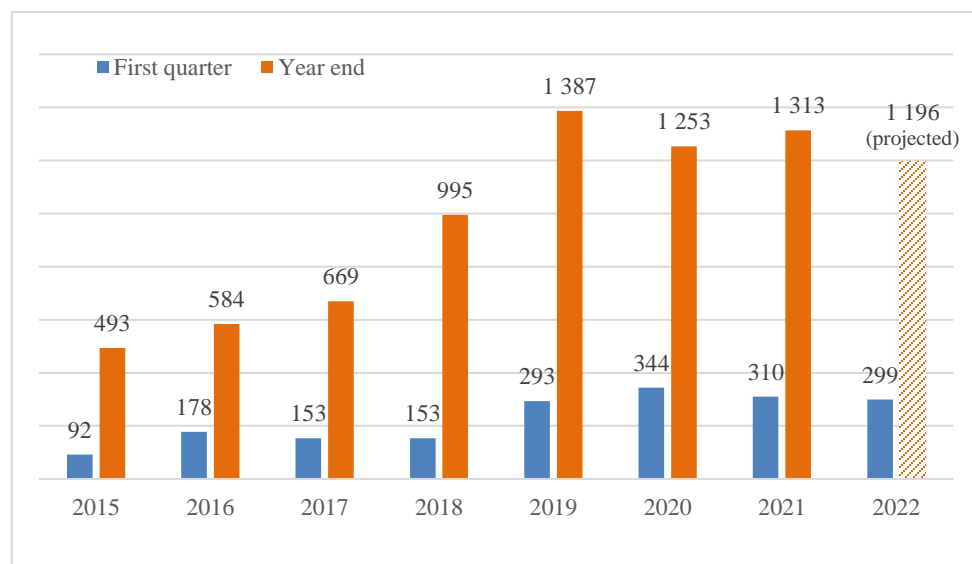
34. **The Committee acknowledges the progress that OIOS has made in addressing the vacancy situation and encourages the Office to continue to improve the recruitment and retention initiatives so as to keep the vacancy levels low.**

*Trend analysis and workplan process of the Investigations Division*

35. During its deliberations, the Committee was provided with relevant trend analyses of the activities of the Investigations Division. According to OIOS, those analyses had formed the basis for the workplan for 2023. Specifically, the Committee looked at the intake levels for the investigation matters that came to the Investigations Division and was informed that, after exhibiting a sustained upward trend in reported matters since 2015, OIOS projected that the number would remain generally at 2020 levels in 2023. It is projected that, by the end of 2022, the Division will have received 1,196 matters – slightly lower than the 1,313 matters received in 2021 (see figure II).

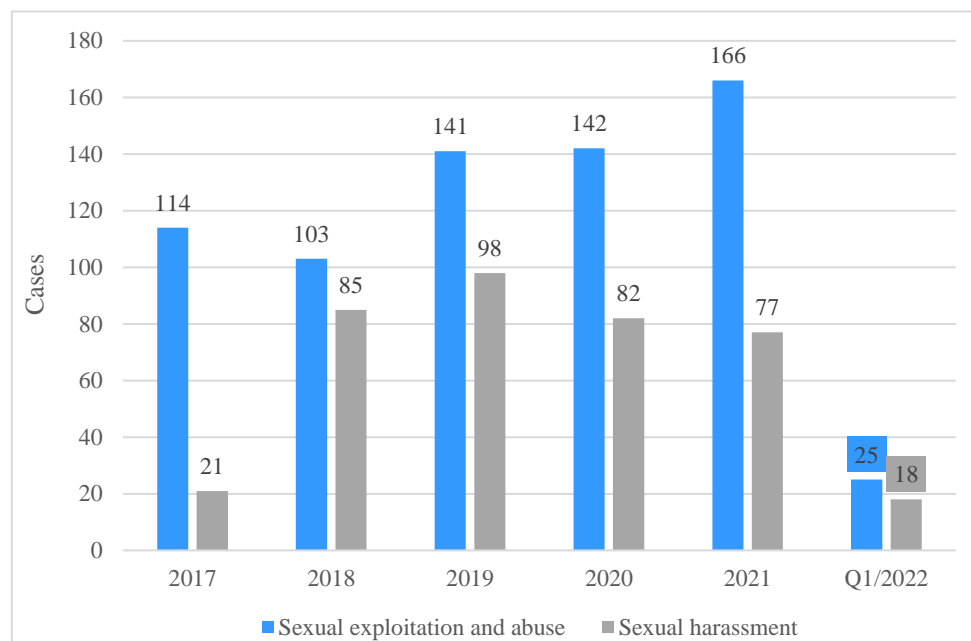
Figure II

**Trend analysis of cases received by the Investigations Division**



36. With respect to sexual harassment complaints, the Committee was informed that the numbers had remained around the same levels as in 2020, compared with a high of 98 cases reported in 2019. On the other hand, the number of cases of sexual exploitation and abuse saw a record rise in 2021, to 166 (see figure III). However, according to OIOS, the number of sexual exploitation and abuse cases reported in the first quarter of 2022 was 40 per cent lower than during the same period in 2021 (25, as compared with 42).

Figure III  
Sexual exploitation and abuse and sexual harassment complaints



*Capacity gap analysis of the Investigations Division*

37. In determining the capacity gap of the Investigations Division for 2023, OIOS informed the Committee of the planning assumptions used, which included: (a) reporting of cases had plateaued in 2021 and would remain at that level until 2023 (as shown in figure II); (b) each investigator would handle an average of five open investigations and complete six investigations per year; (c) the forecast for open and completed regular budget and extrabudgetary investigations in 2022 would remain at 2021 levels; and (d) the vacancy rates in the Division would be addressed.

38. According to OIOS, the capacity gap of the Investigations Division represented the available capacity versus that which was required to handle the expected caseload within the timeliness targets. The Committee was informed that OIOS was continuing its efforts to fill the positions as soon as possible, and that once the vacancies had been addressed, OIOS did not anticipate a capacity gap to complete the investigations projected for 2023.

39. With respect to the time it takes to complete investigations, the Committee has repeatedly been informed by stakeholders that cases are taking too long to complete. As noted in paragraph 31 of the Committee's report on the proposed budget of the Office of Internal Oversight Services under the support account for peacekeeping operations for the period from 1 July 2022 to 30 June 2023 (A/76/720), the average completion time rose from about 10.5 months in 2020 to 12.9 months in 2021, hence the Committee had called upon OIOS to consider reducing the average time for completing investigations a priority.

40. **The Committee is aware that the timeliness of investigations is governed by several factors, such as the complexity of a case and the availability of information. The Committee is also aware that the number of available investigators can have an impact on the timeliness. Without prejudice to the ongoing external assessment of the Investigations Division, the Committee**

reiterates its call for improvement in the average time it takes to complete investigations and refinement of the capacity gap analysis.

41. In view of the above and the fact that the external assessment is still ongoing, the Committee endorses the resource requirements submitted for the Investigations Division for 2023.

### C. Programme support

42. The proposed regular budget resources for programme support for 2023 are expected to remain at the same level, at \$1,367,600, and the post resources at seven posts.

## III. Conclusion

43. The members of the Independent Audit Advisory Committee respectfully submit the present report, containing the Committee's comments and recommendations, for consideration by the General Assembly.

*(Signed)* Janet **St. Laurent**  
Chair, Independent Audit Advisory Committee

*(Signed)* Agus Joko **Pramono**  
Vice-Chair, Independent Audit Advisory Committee

*(Signed)* Dorothy A. **Bradley**  
Member, Independent Audit Advisory Committee

*(Signed)* Anton V. **Kosyanenko**  
Member, Independent Audit Advisory Committee

*(Signed)* Imran **Vanker**  
Member, Independent Audit Advisory Committee

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