United Nations Nations Unies

INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

Ethics Office / Bureau de la déontologie

TO: Ms. Carmen Lapointe,
A: Under Secretary-General for the Office of Internal Oversight Services

DATE: 6 April 2011

FROM: Joan Elise Dubinsky, Joan Elise Dubinsky
DE: Director, United Nations Ethics Office

SUBJECT: **AH/2010/55/1: Audit of the management of the Financial Disclosure Programme, including**
OBJET: **information security aspects, by the United Nations Ethics Office**

1. Kindly refer to the draft report of OIOS regarding the audit of the management of the Financial Disclosure Programme (FDP), including information security aspects, by the United Nations Ethics Office (Ref. IAD:11-00070, dated 1 February 2011).

2. I appreciate the opportunity that OIOS has provided to the Ethics Office to offer its comments in order to enhance the accuracy and relevance of the draft audit report, particularly its recommendations.

3. I am pleased to inform you that the audit has helped the Ethics Office improve its processes, for example through incorporating those vendors in offices away from headquarters into the Restricted Entity Lists for the 2011 filing cycle. The Performance Metrics in Annex 3 were also developed with the assistance and initial input of OIOS.

4. While I find much of the discussion contained in the report useful to enhance the programme, a number of observations and recommendations give rise to concern. I would like to draw to your attention the following points:

   a. Ratings given to the high risk recommendations within the audit:

      A number of the issues discussed in Annex I have been addressed and/or were ongoing while the audit was in progress. Therefore, they should not be rated as high risks. Of the four (4) "high risk" recommendations identified by OIOS, three are in the process of implementation, with expected due dates of 31 December 2011. The fourth recommendation has already been fully implemented.

   b. Current status of the programme:

      The report could/should reflect more accurately the current state of the FDP. The Ethics Office provided its comments to OIOS at multiple points during

the audit process as well as at the exit meeting held on 23 November 2010 (in which I participated). I would appreciate it if those comments could be taken into full consideration.

c. Factual accuracy of the report:

The accuracy of some facts referred to in the report should be further verified and/or enhanced in order for the report and its recommendations to be of greater relevance.

d. Implementing Partners:

The issue of "Implementing Partners" addressed in the audit is one that poses much wider ethical risks than those than can be identified within the context of the FDP. The scope of the FDP, as defined by the relevant policy (ST/SGB/2006/6) and legislative mandates, does not provide the mechanism nor the capacity to permit it to deal with the range of ethical issues and diverse risk portfolios and business relationships between the United Nations and the wide number of implementing partners in various offices / departments / missions.

5. Kindly find attached for your reference our more detailed response to the recommendations and our commentary on the factual and other issues identified within the report. We have taken the liberty of repeating various paragraphs or excerpts from the draft report, followed by our observations and comments, in order for you to have a fuller appreciation of our feedback.

6. Please accept our appreciation for the time and attention which you and your staff have provided to the UNEO and the administration and management of the UN Financial Disclosure Programme.

7. Should you require further clarification, kindly contact me.

cc: Mr. Gurpur Kumar, Deputy Director, OIOS
Ms. Fatoumata Ndiaye, Director, OIOS

In Re:

AH/2010/55/1: Audit of the management of the financial disclosure programme, including information security aspects, by the United Nations Ethics Office

United Nations Ethics Office (UNEO) comments relating to the draft report and response to recommendations

6 April 2011

Executive Summary:

Paragraph 1:
"(ii) assess the efficiency and effectiveness of administering the financial disclosure programme, including the satisfaction of staff members participating in the programme".

Comment:

The UNEO considers that the survey conducted by OIOS is not statistically reliable and should not be used as an indicator of staff satisfaction with the FDP. This issue was brought to the attention of OIOS by the programme officer and by the Director. We note that questionnaires were sent to 51 participants in the programme selected on a random basis – approximately 1.3% of the filing population. The response rate was 75 per cent, i.e. 28 participants.

Paragraph 2:
"The UNEO is mandated to administer the financial disclosure programme (FDP) as a means of managing organizational risks pertaining to ethics issues and maintaining and enhancing public trust in the integrity of the Organization. The programme serves as a formalized and systematic means by which the UN can prevent, detect and resolve ethics violations on the part of its staff".

Comment:

The paragraph does not accurately reflect the mandate of the UNEO to administer the FDP. The UNEO is mandated to administer the financial disclosure programme (FDP) as a means of managing financial and personal conflicts of interest risks in the best interest of the organisation as well as maintaining and enhancing public trust in the integrity of the Organization. The programme serves as a formalized and systematic means by which the UN can identify, manage, remedy, and mitigate financial and personal conflicts of interests disclosed through the FDP. The FDP is not designed to detect "ethics violations."

Introduction:

Paragraph 4:
"Under the current arrangements approved by the General Assembly, the information submitted is maintained in strict confidence and is only accessible by reviewers from PricewaterhouseCoopers (PwC), who have been contracted to review the statements submitted".

Comment:

The paragraph is not accurate and we suggest the following rewording for your consideration:

"Under section 8 of the Secretary General's bulletin ST/SGB/2006/6, the financial disclosure statements are confidential and will be accessible to and used only by the Secretary-General, the Ethics Office or by offices or persons specifically authorized in writing by the Secretary-General." Currently, only the Ethics Office and the authorized reviewers, PriceWaterhouseCoopers (PwC) have access.

Paragraph 8:
"The initial contract with PwC ended on 5 December 2009. In February 2009, the UNEO initiated a third party feasibility study, as requested by the Advisory Committee on Administrative and Budgetary Questions (A/62/7/Add.14), regarding the possible assumption by the UNEO of the financial disclosure review functions currently being undertaken by PwC. The objective of the feasibility study was to determine the advantages, disadvantages and costs of the potential assumption of the review functions by the UNEO, taking into full consideration the institutional relevance, cost-effectiveness and sustainability, confidentiality, as well as the information management and information technology requirements of the programme. The findings and recommendations of the in-depth analysis are under consideration by the High Level Advisory Group to Review Financial Disclosure Programme Arrangements that was established on 28 July 2010. The membership of the Advisory Group includes senior level personnel from the following offices and departments: the Executive Office of the Secretary-General, the Department of Management, the Office of Legal Affairs, the Department of Field Support, the Office of Information and Communications Technology (OICT) and the UNEO. Pending a decision from the General Assembly on the alternative arrangements for the FDP, the contract between the PwC and the United Nations Secretariat has been extended under the same terms and conditions for one additional year until 31 January 2011".

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Comment:

The paragraph is not accurate as stated and we suggest the following revisions for your consideration:

"The initial contract with PwC expired on 5 December 2009. In its resolution of 62/236 (2007), the General Assembly endorsed ACABQ's recommendation for the Secretary-General to conduct an in-depth analysis of the relative advantages and disadvantages, including costs, of conducting the financial disclosure review in-house as compared to the current outsourcing arrangements. Following internal review and subsequent discussions with the Controller's Office, an independent third party was engaged by the UNEO, This feasibility study was completed in September 2010.

The study reviewed the current status of the Secretariat's programme, examined several alternatives, and described the relative advantages and disadvantages of these alternatives. The study is a comparative presentation of the financial, general, operational and technical advantages and disadvantages of running the programme in-house as opposed to out-sourcing. The study was not meant to provide recommendations but only to objectively set out a range of options. The findings and recommendations of the in-depth analysis are under consideration by the High Level Advisory Group set up by the Secretary-General to review financial disclosure programme arrangements. The membership of the Advisory Group includes senior personnel from the following offices: the Executive Office of the Secretary-General, the Department of Management, the Office of Legal Affairs, the Department of Field Support, the Office of Information and Communications Technology (OICT) and the Ethics Office. Pending a decision from the General-Assembly on the future direction of the programme, the contract between the PwC and the United Nations Secretariat has been extended, with relevant amendments, on an annual basis through 31 January 2012".

Paragraphs 9 and 11:
"The FDP has seen an annual increase in the number of staff members participating in the programme since its inception in 2005. In 2006 more than 1,700 staff members participated in the programme. In 2009, the number of participants increased to nearly 3,600 staff members who were required to file either a financial disclosure or declaration of interest statement; an increase of more than 110 per cent from 2006".

"The direct costs associated with outsourcing the programme to PwC have risen by 50 per cent from $910,583 in 2005 to $1,378,581 in 2009. The total cost of the programme over the last five years has topped $6,892,906".

Comment:

We suggest that merging the paragraphs as indicated below would result in greater clarity:

"Over the years, the external costs have increased, though at a slower rate of growth than increases in the filing population. Cost increases are primarily associated with the increase in the number of filers, rather than other costs, such as the programme's application system, administration services, and system hosting. During the period 2006-2010, the filing population grew by 139 per cent: from 1074 filers (2006) to 4065 filers (2010), while the total external costs grew by 32 per cent. In other words, the growing filing population has been the main driver for cost increases".

Chart: Outsourced costs - Financial Disclosure Programme, 2006-2010

	Calendar year				
	2006	2007	2008	2009	2010
Total number of filers	1,704	2,528	3,118	3,618	4,065
Total outsourced costs	$1,301,118	$1,107,269	$1,445,543	$1,307,224	$1,719,770

Audit Scope and Methodology:

Paragraph 14:
"OIOS also conducted a survey to assess participants' awareness of the FDP. Questionnaires were sent to 51 participants of the programme selected on a random basis. The response rate was 75 per cent, and the overall results are presented for information purposes in Annex 2".

Comment:

As noted above, the survey is not representative of the filling population given the inadequacy of the sample size and the lack of statistical reliability. It should not be used as an indicator of staff satisfaction with the FDP. We note that questionnaires were sent to 51 participants in the programme who were selected on a random basis –representing approximately 1.3% of the filing population. The response rate was 75 per cent, i.e. 28 participants.

The UNEO feels that OIOS should not include the survey as an Annex to the report, particularly as no conclusions are drawn within the body of the report regarding staff satisfaction with the FDP. We suggest that references to this survey be deleted from the audit report.

Audit Findings and Recommendations:

Paragraph 15:
"A number of senior officials at the grade of Under-Secretary-General and Assistant Secretary-General participate in the voluntary public disclosure of a summary of their financial disclosure reports;"

Comment:

We suggest that more robust statistics are required to adequately portray participation in the Voluntary Public Disclosure Initiative. Please note that 80.7% of ASGs/USGs participated in the voluntary public disclosure as of 31 August 2010 for the last completed programme cycle.

Paragraph 16:
"The UNEO currently evaluates the effectiveness of the FDP in terms of process indicators, such as the number of staff members filing financial disclosure forms, and to some extent, the amount of time ethics officials spend on such activities. However, these indicators are inadequate, as measuring the effectiveness of the programme should go beyond levels of participation and also seek to (i) determine the extent to which participants understand and accept the programme, and (ii) evaluate the extent to which organizational risks for conflict of interests have been reduced. The UNEO needs to develop micro-level goals and objectives, as well as accompanying performance measures, for each of these components. The micro-level goals could be assessed against a baseline set of data established from a variety of existing sources or through specific surveys. Suggestions for more specific performance metrics are included in Annex 3 for consideration".

Comment:

We should like to draw your attention to the following aspects of the programme:

(1) The UNEO currently evaluates the effectiveness of the FDP in terms of the following indicators: the number of staff members filing financial disclosure forms and the compliance, adherence to and acceptance of the programme.
(2) The UNEO is moving towards expanding these indicators and shall be using the more specific performance metrics that were developed by the UNEO during the course of this audit, with the assistance of OIOS.

Paragraph 17: Recommendation (High)

"Recommendation: The UNEO should enhance the framework to measure the effectiveness of the financial disclosure programme".

Comment:

The UNEO has used metrics relating to staff member understanding of the Programme and reduction in reported conflicts of interest since the inception of the Programme. These metrics measure compliance, adherence to and acceptance of the FDP. The UNEO is in the process of implementing improved data gathering and reporting for the FDP, in collaboration with the external reviewers, in order to ensure that measurement of programme effectiveness is enhanced. In this context, the 2010 programme report submitted by PwC in January 2011 already contains more detailed information on personal conflicts of interest metrics addressed by the FDP.

The Performance metrics listed in Annex 3 are being implemented. Full implementation is expected by 31 December 2011. As a result, we do not believe that this recommendation merits a ranking of "high risk."

Paragraph 19:

"…… In OIOS' opinion, the criteria for determining which staff members have responsibilities that warrant the filing of financial disclosure statements could be refined within the guidelines. For example, the guidelines provide eligibility criteria for procurement-related staff members by referring to the Section 1.2 of the Secretary-General's bulletin ST/SGB/2006/15, entitled "Post-employment restrictions". However, this SGB has a broader scope and applicability than the SGB on financial disclosure and declaration of interest statement, as it covers requisitioners, approving and certifying officers, contract managers etc., who are not necessarily required to participate in the FDP".

Comment:

The ST/SGB/2006/15 is used by the UNEO to define procurement-related staff for the purposes of the FDP guidelines. Our guidelines are predicated on this definition and as such, this definition of the term "procurement-related staff" is relevant in guiding heads of department on the inclusion of staff in the FDP. The broader issue of the authority to determine participants in the FDP is established in ST/SGB/2006/6 where inclusion in the programme is based on significant and substantial involvement in procurement and /or investment activities, as determined by the head of department. The head of department, therefore, makes an individualized risk assessment for each staff member who is identified as subject to the FDP filing requirements. The Ethics Office does not have the

authority to take a final decision on the inclusion of staff. In this respect, the Ethics Office's role is advisory only.

Paragraph 20:

"The interpretation of who is required to file annual financial disclosure statements is different between the various departments, organizations/units within the United Nations system. Currently, 30 per cent of the filers are represented by the General and Field Service Staff categories versus 41 per cent represented by the Professional category. There are disparities among entities participating in the FDP; for example, the Office of the United Nations High Commissioner for Refugees (UNHCR) has 642 filers comprising field-based staff members, while the Office for the Coordination of Humanitarian Affairs and the Office of the United Nations High Commissioner for Human Rights, also with an extensive field presence, have 17 and 18 filers respectively (i.e. senior officials at the headquarters only). OIOS also noted that United Nations Volunteers (UNVs) filed returns in the 2009 filing cycle. UNVs are not United Nations staff members; hence, they are not required to file disclosure statements".

Comment:

The FDP is a programme that covers 96 offices, departments, and missions across the Secretariat, inclusive of select funds, programmes and offices such as UNRWA and UNHCR. Senior management filers in funds and programmes are also required to file with the UNFDP. Disparities identified in the audit, particularly where UNHCR is used as a source of comparison, do not reflect the nature of the relationship that the offices have with the UNEO and the UNFDP. In the case of UNHCR, a UNHCR Ethics Office was established. They have selected to outsource UNHCR's financial disclosure programme to the UNFDP, thus accounting for higher number of filers they report compared to other offices such as OHCHR and OCHA. To date, both OHCHR and OCHA are considered Secretariat offices and as such are covered by the UNFDP and by the UNEO for all their ethics needs. The submission of names from OHCHR and OCHA for inclusion in the FDP is based on the names provided by the head of office according to the UNEO guidelines and ST/SGB/2006/6. The filing rates and use of the programme's services cannot be compared without recognition of the different relationships among these entities and the UN Secretariat.

The UNEO is aware that some UN volunteers (UNVs) are included in the FDP and that certain offices ask UNVs to file financial disclosures. We are aware that at some locations, UNVs undertake functions normally performed by staff members. Whether to include such UNV's in the FDP is a decision taken by the head of office based on the risk assessment conducted at office or mission level. This may be flagged as a larger issue in regards to the appropriateness and risk level of tasks assigned to UNVs. However, the UNEO believes that where UNV's are tasked with performing procurement related duties, it is appropriate for them to be included in the FDP.

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Paragraph 21:

Table 1: Summary of number of participants in the FDP

Year	*Filers*			*Total*	*Filing statistics %*	*Conflict of Interest instances*
	Peacekeeping operations	*Secretariat*	*Other*			
2006	603	762	339	1,704	98%	17
2007	1,062	997	469	2,528	92%	21
2008	1,449	919	750	3,118	99%	111
2009	1,584	1,212	822	3,618	99%	58
2010	1,700	1,380	985	4,065	99%	150

Comment:

See updated statistics provided in the table.

Please note that we do not believe that there is a high correlation between the number of filers and the number of conflict of interests matters identified through the programme. Further, as the UNEO has a high number of new participants in the programme each year, the number of conflicts may vary depending on the nature of the disclosures for new and returning participants. From a year to year basis, as many as one quarter of the entire filing population may be first year participants.

Paragraph 22:
"In OIOS' view, the criteria for determining the designated positions that may pose conflict of interest should be fine-tuned based on the experience and lessons drawn in implementing FDP since its inception in 2006. Although the Secretary-General's bulletin assigns responsibility to the various heads of departments for identifying those staff members who are required to file confidential disclosure statements, sound management practice requires overall consistency among the participating entities to the programme. OIOS is of the opinion that the UNEO should accordingly enforce its revised criteria for identifying persons who should file disclosure.

Comment:

The UNEO has no authority to "enforce" the revised criteria for identifying persons who should file a disclosure given that the final onus on inclusion or exclusion of participants rests with the head of department. The UNEO does undertake yearly revisions to the guidelines and is implementing more robust guidelines for the upcoming cycle. The

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UNEO provides guidance and direction but the interpretation of our mandate excludes enforcement authority.

Paragraph 23: Recommendation (High)

"Recommendation: The UNEO should revise the guidelines for preparation of the Departmental List to streamline the categories of personnel that file disclosure statements and ensure consistency among the participants of the programme".

Comment:

The UNEO is in the process of further revising the FDP guidelines for the 2012 filing cycle. In this context, while the UNEO can streamline further the categories of personnel who file and ensure greater consistency among the participants of the FDP, the UNEO does not currently have the authority to "enforce" the revised criteria for identifying persons who should file a disclosure. The responsibility for identifying staff member required to file rests with the head of department as per ST/SGB/2006/6.

Please be advised that any changes to the Secretary-General's bulletin cannot be considered until after the General Assembly considers the future direction of the programme in its 66th session.

However, the UNEO will implement further refinements to its guidelines by 31 December 2011. As a result, we do not believe that this recommendation should be rated as "high risk."

Paragraph 28: Recommendation (High)

"Recommendation: The UNEO, in collaboration with the Office of Human Resources Management, should strengthen procedures for disclosure statements to be submitted by newly qualifying staff members upon appointment, and specify a time period for compliance".

Comment:

The UNEO shall contact OHRM to ensure that an enhanced mechanism for ensuring that newly qualifying staff members is in place. Implementation of this recommendation requires the cooperation of OHRM for which the Ethics Office is grateful.

Contingent upon the assistance of OHRM, the UNEO will implement this recommendation by 31 December 2011. As stated above, we do not believe that this recommendation merits the designation of "high risk."

Paragraph 29:

" ..... The Analytical Framework is a PwC generated document and details its scope of work and timeline of activities, including the methodology used during the review cycle to analyze possible conflict of interest as defined by the UNEO".

Comment:

Please note that the Analytical Framework is in fact a document prepared by PwC and reviewed and approved by the UNEO. It details PwC's annual scope of work and timeline of activities, including the methodology used during the review cycle to analyze possible conflicts of interest as defined by the UNEO. Without this document the UNEO would not have the tools for identifying and managing personal conflicts of interest.

Paragraph 30:

"As the reviewer, PwC analyzes each of the submitted financial disclosure statements or declaration of interest statements provided by UN staff members to determine whether any actual, apparent or potential conflict of interest exists between the United Nations staff members' personal holdings and the Organization's activities and interests".

Comment:

We suggest that a complete picture of the financial statement review process is required. Please note that paragraph 30 does not completely reflect the shared responsibilities of the UNEO and PwC. The initial file review is conducted by PwC but the responsibility for running the programme rests principally on the UNEO as it discharges its administrative, programmatic and coordination requirements, in addition to the guidance, advice and briefings provided to PwC by the UNEO. The UNEO meets with the PwC review team on a monthly basis as well as on an ad hoc basis as required.

Paragraph 31:

" ..... The FDP guidance prohibits involvement in any outside activity which might impact the objectivity or independence of the staff member in the performance of duties for the United Nations. PwC performs research and determines whether a potential conflict of interest exists in fact or appearance for individual items. ....."

Comment:

The analytical framework provides guidance on how PwC and UNEO identify, review and mitigate conflicts of interest. This process does not prohibit involvement in any outside activity which might impact the objectivity or independence of the staff member but rather requires a detailed review on a case by case basis as to the nature of the activity. Each possible conflict situation is individually addressed, in order that PwC and the UNEO can provide specific guidance and outline the steps necessary to mitigate and remedy such situations.

Paragraph 32:

"PwC advises on how any potential conflict of interest could be mitigated. If needed, PwC conducts a meeting with the staff member to review the recommended course of action. If the staff member concurs with the recommendation, the issue is indicated in the FDS as resolved. No follow-up is conducted with the staff member to ensure that the recommended action has actually been carried out, except for the reviews in the following cycle. If the staff member disagrees with the recommended course of action to mitigate the potential conflict of interest, the matter is referred to the UNEO for resolution. If the UNEO and the staff member cannot reach satisfactory conclusion, the issue is referred to OHRM, or to the parent organization (for non-Secretariat participating entities) for action".

Comment:

The paragraph is not accurate as written. We suggest the following language more accurately reflects current practice and activity:

"PwC advises the staff member, based on advice from the Ethics Office, on how any potential conflict of interest should be managed and mitigated. If needed, PwC conducts a meeting with the staff member to review the recommended course of action. If the staff member concurs with the recommendation, the issue is indicated in the FDS as resolved. No follow-up is conducted by PwC with the staff member to ensure that the recommended action has actually been carried out, except for the reviews in the following cycle. Follow-up is in fact conducted by the UNEO for those cases referred to its attention given that the UNEO is in communication with the staff member on the resolution of the conflict. Staff members are required to submit documentation relating to the action taken such as a recusal from certain functions or asset freeze recommendation. Should the staff member not undertake the required action, the matter is expeditiously brought to the UNEO's attention by PwC for further action. If the staff member disagrees with the recommended course of action to mitigate the potential conflict of interest, the matter is referred to the UNEO for resolution. Non-compliant staff members and those who refuse to implement the recommended advice are referred to OHRM or to the parent organization (for non-Secretariat participating entities) for disciplinary action".

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Paragraph 37:

"With the exception of staff members in DPKO, UNHCR, UNFCCC and UNJSPF, screening of the disclosure statements for conflict of interest is performed against the "Secretariat's REL", which is provided by PD. OIOS noted that this list contains around 300 vendors, of which ten were concentrated geographically and represented 60 per cent of the total annual value of procurement. In OIOS' opinion, it is unlikely that the screening for conflict of interest is effective for the FDP participants from the Offices Away from Headquarters, as well as from other United Nations agencies, funds and programmes, because their vendors are not included in the REL. Further, significant activities may be executed through implementing partners, which are also not included in the REL. OIOS is of the view that completeness and accuracy of the RELs within the Secretariat should be ensured through independent checks and data confirmation from United Nations systems (such as IMIS)".

Comment:

The UNEO comment relates to the issue of implementing partners identified in the audit. Implementing partners are considered beyond the range and scope of the FDP given the number and variety of implementing partners in the wide range of departments, offices, and missions covered by the Programme. The issue of implementing partners addressed in the audit is one that poses much wider ethical risks than those identified in the audit in the context of the FDP. The FDP is not constituted to deal with the range of ethical issues and diverse portfolio of risks and business relationships between the United Nations and its implementing partners.

Paragraph 38:

" .... Due to the confidential nature of the investment activities within UNJSPF, the UNEO requests the Northern Trust – the custodian for the UNJSPF, to send directly to PwC a snapshot of the interests held in the Pension Fund (or a quarterly statement). .... " .

Comment:

The UNEO has formally requested that the administration of UNJSPF provide PwC with quarterly statements.

Paragraph 39: Recommendation (High)

"Recommendation: The UNEO should ensure that the restricted entity lists are complete, accurate and reflect entities with which participants of the financial disclosure programme are likely to be in conflict of interest situations".

Comment:

The UNEO has incorporated required vendors from offices away from headquarters into the Restricted Entity Lists for the 2011 Programme. Implementing partners are considered beyond the range and scope of the FDP given the number and variety of implementing partners in the wide range of departments / offices / missions covered by the Programme. The review of disclosure statements of UNJSPF staff is facilitated by comparisons with the quarterly statements for the current period, by the compliance policies in place for pre-clearance by the UNJSPF and by the wider issue of addressing those conflicts of interest that do not always fall under a financial purview.

The UNEO considers that the recommendation has been implemented. As a result, a rating of "high risk" is not indicated.

Paragraph 41:

"The administration of the FDS involves several stakeholders including: (i) the UNEO; (ii) PwC which is responsible for reviewing and verifying financial disclosure statements and administering and hosting the FDS; (iii) Neva Group Inc. which is responsible for providing database management services; and (iv) the Office of Information and Communications Technology (OICT) for providing ongoing troubleshooting, as well as database management, mainly involving support of end users. Some of these functions are interdependent requiring collaboration between the stakeholders. However, a comprehensive plan is not developed at the beginning of the filing cycle, to clarify how the parties will work with each other, which impacts on the efficiency of administering the programme. Furthermore, there is no service level agreement between the UNEO and OICT indicating expected levels of performance and turnaround times for resolving the problems reported".

Comment:

Contrary to the OIOS observation that a comprehensive plan has not been developed, we should like to bring to your attention that a number of comprehensive planning documents are in place. As the administrator of the programme, the UNEO follows an annual internal work plan developed with PwC, a timeline and a commencement booklet. A memorandum detailing the functions to be undertaken by OICT and the UNEO is in place as is the contract with Neva indicating the vendor's contractual requirements. The

UNEO then coordinates the required actions and requirements of the various stakeholders in the process. The UNEO interfaces with each stakeholder individually to ensure that the system runs smoothly. The SLA is in the process of being developed with OICT based on the budgeted availability of funds in the 2012 cycle.

Paragraph 42:

" .... For example, the current FDS does not interface with or leverage data from other United Nations systems (such as IMIS) to assist the UNEO in pre-populating basic staff member data and this increases the workload of both the UNEO and PwC. ...."

Comment:

The FDS platform upon which the on-line filing process is predicated was designed as a stand alone system in order to guard the confidentiality of staff member data. It addresses the significant confidentiality concerns raised by senior management, member states and staff by virtue of not having interface with other United Nations systems. Given the number of offices / departments / missions that the FDS would have to interface with, each operating on a different system, the issue of interfacing with these systems is not feasible. As noted above, the UNFDP includes staff from 96 separate offices, departments, missions as well as non-secretariat entities. As such, these staff do not share a single employer, e-mail system, index number system, or HR office.

Paragraph 44:

"A vulnerability assessment of the financial disclosure application used by the UNEO was conducted in 2008 by the then Information Technology Services Division (now OICT). A review of the recommendations made by OICT showed that not all of them have been implemented. OIOS takes note particularly of four of the recommendations which are considered critical, namely: (i) establish a process to periodically verify Lotus Notes or operating system updates, as well as the configuration of the application after each update/change; (ii) redesign the application to allow for low bandwidth connection; (iii) maintain United Nations level three security; and (iv) ensure full transparency by using individual user accounts for PwC and Neva Group Inc. instead of shared accounts".

Comment:

The paragraph is inaccurate as it does not reflect the current status of the programme. Please note the following actions taken by the UNEO during the first quarter of 2011:

(i) in the 2011 system contract with Neva Group, the vendor is required to provide the UNEO with documentation relating to system changes and upgrades;

(ii) the application was also redesigned to allow for low bandwidth connection, to the extent possible, noting that not all bandwidth issues originate with the FDS and may also be attributable to the receiving office;

(iii) maintenance of UN Level 3 security is coordinated with Neva and OICT, and;

(iv) as previously shared with OIOS, the legal and risk management responsibility for the sharing of individual user accounts was taken by PwC in their response to the OICT assessment.

Paragraph 46: Recommendation (Moderate)

Recommendation: The UNEO should establish individual accountability in respect of the Financial Disclosure System (FDS) database administration, by clearly defining roles and responsibilities among UNEO staff, vendors supporting the FDS application and the Office of Information and Communications Technology.

Comment:

The UNEO is concerned that the recommendation does not appear to reflect the information provided to OIOS. Further, a number of upgrades have been incorporated into the current Neva contract and have been or are currently in the process of implementation. Accountability of roles and responsibilities is defined according to the contractual terms and conditions in place with PwC and Neva Group, as well as with the ongoing work plans and coordination with all stakeholders. The Ethics Office is in the process of establishing the SLA with OICT based on the budgeted availability of funds in the 2012 cycle.

As such, the recommendation is not applicable given the information provided by the UNEO in paragraph 41 above. Please note that we do not accept this recommendation.

Paragraph 47: Recommendation (Moderate)

Recommendation: The UNEO should redesign the Financial Disclosure System database to provide improved analytical tools, as well as a clear audit trail.

Comment:

The UNEO should like to draw the attention of OIOS to the exit meeting of 23 November 2010 in which a number of matters were discussed, including the future direction of the programme and the need to redesign the FDS. At that time, we shared with the OIOS audit team the options and alternatives that we were exploring, including approaches to

enhance the IT Platform (FDS database) upon which the programme depends. We have consistently noted the need for a system upgrade or system redesign to ensure the long-term viability of the FDP. In this context, we should like to draw to your attention that redesign costs are estimated between $750,000 and $800,000. Redesigning the system will be one of the options advanced to the GA in its 66th session. However, this office cannot undertake a system redesign without executive, governance, and budgetary direction and support. The fact that OIOS recognizes the need for a system redesign is quite positive.

Paragraph 50: Recommendation (Moderate)

Recommendation: The UNEO should enter into memoranda of understanding with the United Nations agencies that are part of the financial disclosure programme, to clarify the respective areas of responsibility for the programme.

Comment:

The UNEO has drafted proposed memoranda of understanding to be reviewed by OLA for consistency and accuracy. The UNEO will implement the recommendation subject to legal review.