

February 2013

	منظمة الأغذية والزراعة للأمم المتحدة	联合国 粮食及 农业组织	Food and Agriculture Organization of the United Nations	Organisation des Nations Unies pour l'alimentation et l'agriculture	Продовольственная и сельскохозяйственная организация Объединенных Наций	Organización de las Naciones Unidas para la Alimentación y la Agricultura
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FINANCE COMMITTEE

Hundred and Forty-eighth Session

Rome, 18 - 22 March 2013

Disclosure of Internal Audit Reports

Queries on the substantive content of this document may be addressed to:

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EXECUTIVE SUMMARY

- The Finance Committee, at its 147th session, requested the Secretariat to gather information on the internal audit report disclosure policies implemented by other United Nations agencies and to perform an analysis of the data and present the results to the Committee at its next regular session. Based on information obtained from the internal audit services of these agencies, as of early 2013, seven specialized agencies do not make audit reports available to members, four allow for view only, and three provide copies of reports to members. Audit reports of UN-OIOS, which provides audit services to the UN Secretariat and a number of Funds and Programmes and other entities, makes copies of reports available to members on request, but are not made public. Of the six Funds and Programmes which have their own internal audit services, five have adopted public reporting policies in the latter half of 2012, and one currently has a view only policy.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Committee is invited to take note of the information of an analysis of internal audit report disclosure policies in the UN System presented in this document.

Draft Advice

- **The Committee noted the analysis of audit report disclosure policies implemented by other United Nations agencies.**

Introduction

1. The 2006 Joint Inspection Unit (JIU) report on “Oversight Lacunae” (JIU/REP/2006/2) recommended disclosure of audit reports to interested member states on request. In its 2010 report on “The Audit Function in the United Nations System” (JIU/REP/2010/5, paragraph 88) the JIU noted that by late 2010 “At 60 per cent of the organizations, the disclosure policy has been approved by the legislative/governing bodies and implemented by the internal audit/oversight head. Such a policy should be incorporated in all internal audit charters.”
2. An updated summary of practice in the UN system for disclosure of internal audit reports was presented, along with a proposed policy for incorporation in the Charter of the Office of the Inspector General (OIG), to the Finance Committee in 2011¹.
3. At its 147th session, the Finance Committee reviewed the implementation of the OIG report disclosure policy and endorsed some changes in the mode of implementation of the view only policy. At the same time, aware that there were further developments in the audit report disclosure policies in the UN System and having noted the new disclosure policy recently adopted by WFP, the Committee requested the Secretariat to gather further information on the internal audit report disclosure policies implemented by other United Nations agencies and to perform an analysis of the data and present the results to the Committee at its next regular session.

Results of Survey

4. The heads of internal audit services of the UN, Multilateral Development Banks and Associated Organizations (RIAS) annually survey the status of audit report disclosure policies, usually in mid year. Fourteen specialized agencies have internal audit services, and the status for each is included in the survey. The UN Office for Internal Oversight Services provides internal audit services to the UN Secretariat and a number of funds and programmes and other entities such as the UN Joint Pension Fund. Six Funds and Programmes currently have their own separate internal audit service and are included in the survey. Drawing on the most recent (June 2012) survey, and further update by the Office of the Inspector General for developments since then, the practice among UN agencies as of January 2013 is as follows:

¹ FC138/19 paragraphs 5-10.

	Specialized Agencies	Secretariat, Funds and Programmes
UN agencies which make audit reports publicly available (via posting on the internet) [in some cases only certain types of audit reports e.g. reports of thematic audits]	0	5
UN agencies which provide hard or electronic copies of audit reports available to Member States/Permanent Representatives, but not made public.	3	UN Secretariat and agencies audited by UN-OIOS
UN agencies which allow for Member States/Permanent Representatives to view audit reports only.	4 including FAO	1
UN agencies which do not make audit reports available to Member States/Permanent Representatives.	7 ²	

5. The practice of making internal audit reports available to the public is a recent (second semester of 2012) development among certain Funds and Programmes. In one case, the policy is applied to reports of thematic audits but not project-specific audits. There continue to be provisions in the policies for withholding or redaction according to established criteria. Prior to the adoption of public reporting policies, these organizations had pioneered the implementation of remote viewing of reports. Implementation of public reporting is too recent to derive conclusions on the impact on the internal audit function, however, the internal audit services have noted the need for additional internal quality assurance of the reporting process, and changes in editorial practices such as removing references in findings that identify particular staff members.

6. Of the UN organizations which make available copies of audit reports for viewing, following the changes being implemented from 2013, FAO is currently the only one that makes the reports available for viewing on line. Other organizations with view only policies have arrangements similar to FAO prior to 2013 for viewing in the oversight office premises.

² In one case, summaries of the internal audit reports are provided to members