



SECRETARIAT

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DIRECTOR GENERAL'S BULLETIN

CHARTER OF THE OFFICE OF EVALUATION AND INTERNAL OVERSIGHT

1. The purpose of this bulletin is to promulgate the revised Charter of the Office of Evaluation and Internal Oversight (EIO) of UNIDO. The Charter reflects changes in the Secretariat structure (as contained in DGB/2018/02, which established the Office of Evaluation and Internal Oversight) and implements the decision of the Industrial Development Board on the "Establishment of an effective and functionally and operationally independent Office of Internal Oversight" (IDB.44/Dec.3).
2. The Charter is complemented by the UNIDO Evaluation Policy contained in Director General's bulletin UNIDO/DGB/2018/08. It supersedes the Charter of the Office of Internal Oversight and Ethics (IOE) contained in Director General's bulletin UNIDO/DGB/2017/10.
3. The present Charter has been reviewed by the Independent Audit Advisory Committee (AAC). The AAC periodically reviews the Charter to further consolidate and strengthen the evaluation and internal oversight functions.
4. This bulletin shall enter into force and supersede the Charter of IOE with immediate effect.



**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
CHARTER OF THE OFFICE OF EVALUATION AND INTERNAL OVERSIGHT**

I. Preamble

1. The Office of Evaluation and Internal Oversight (EIO) is an internal body under the authority of the Director General of UNIDO. The Office enjoys operational independence relating to the performance of its internal oversight (investigation and internal audit) and evaluation functions, in accordance with the terms of the present Charter.
2. In order to discharge its mandate, EIO's internal structure is composed of two divisions: the Independent Evaluation Division (ODG/EIO/IED, or IED) and the Internal Oversight Division (ODG/EIO/IOD, or IOD). The two divisions shall collaborate and coordinate with each other to increase synergies as much as possible.
3. The present Charter is complemented by the Evaluation Policy (UNIDO/DGB/2018/08), which sets forth the scope of EIO's evaluation function.

II. Mission

4. EIO is responsible for providing independent and objective assurance, advice, investigation, and evaluation for the purpose of adding value to and improving the efficiency and effectiveness of UNIDO's operations, internal control framework, risk management, results-based management and governance processes. EIO provides evidence-based information that is credible, reliable and useful, enabling the timely incorporation of findings, recommendations, and lessons learned into the decision-making processes at organization-wide, programme, and project level. EIO also assesses the extent to which UNIDO's programmes and projects, as well as thematic areas, correctly address and effectively achieve the stated objectives of the Organization.
5. EIO shall be the organizational focal point for liaising with the Joint Inspection Unit regarding its activities in relation to UNIDO.
6. EIO shall cooperate as necessary with other international organizations in order to contribute to the oversight of joint or coordinated activities.
7. EIO shall function as the Secretariat for the Independent Audit Advisory Committee (AAC) to facilitate the Committee's work in accordance with the Committee's Terms of Reference (IDB.44/Dec.4).

III. Appointment of the Director, EIO

8. The Director, EIO is appointed by the Director General, who may terminate the appointment in accordance with the terms and conditions of his or her appointment. The Director General may consult the AAC in the appointment and termination of the Director, EIO as deemed

appropriate.

9. The Director, EIO shall be accountable to the Director General and shall periodically provide the Director General and the Industrial Development Board (Board) with information on the status and results of the annual work plan and on the adequacy of resources of EIO. The Director, EIO shall also provide the AAC with information on the status and results of the annual work plan and on the adequacy of resources of EIO in relation to the internal audit activities.
10. The Director, EIO shall oversee and ensure that IOD and IED conduct their work with proficiency, due professional care, objectivity and stringent regard for the safekeeping and confidentiality of information provided to or discovered, as well as with due regard for the regulatory framework of the Organization.
11. The Director, EIO functions as the chief audit executive as identified in the core principles of the Institute of Internal Auditors (IIA), including the International Standards for the Professional Practice of Internal Auditing.

IV. Independence and Objectivity

12. The work of EIO shall remain free from undue influence or interference by management, staff or any party related or external to the Organization. EIO shall determine the scope of its evaluation, internal audit, and investigation activities, performing the work and communicating the results thereof independently.
13. To preserve the objectivity necessary to render impartial and unbiased judgment in the performance of their duties, EIO staff shall **not**:
 - Actually have, or have had, in the previous 12 months managerial authority over, or operational responsibility for, any of the activities subject to independent evaluation, internal audit or investigation;
 - Design, develop, configure, test, deploy or install systems; draft or design processes, policies and procedures;
 - Initiate or approve accounting transactions external to EIO;
 - Direct or supervise the activities of any staff member not part of EIO, except to the extent that such staff member has been assigned to EIO or requested to assist EIO staff;
 - Perform any other managerial or operational functions for UNIDO; or
 - Engage in any activity that could impair, in fact or appearance, their individual objectivity and/or the organizational independence of EIO.
14. EIO staff shall promptly declare to the Director, EIO, through the Chief of the respective division, any impairment, in fact or appearance, of their individual objectivity in relation to an assigned activity. EIO staff shall also promptly report to the Director, EIO, any situation in which an actual or potential impairment of the organizational independence of EIO may reasonably be inferred, or any questions as to whether a situation constitutes an impairment of their individual objectivity or of the organizational independence of EIO.
15. The Director, EIO, shall declare to the Director General, the Board, and the AAC any situation representing an impairment of objectivity or of the functional independence of the internal oversight or evaluation functions.
16. The Director, EIO shall declare and confirm its organizational independence, as well as

whether any situation representing an impairment of its objectivity or functional independence occurred, in its annual activity report on internal oversight activities and in its activity report on independent evaluation activities.

17. IOD shall not investigate itself, i.e., concerning allegations of wrongdoing against the Director, EIO and IOD staff. EIO will leave the decision to the discretion of the Director General. If IOD audits or investigates the Independent Evaluation Division (IED), the relevant report will be signed by the Chief, IOD, in order to limit impairments to independence.
18. In the case of findings of wrongdoing against the Director General, EIO will consult the President of the Board and inform the AAC.

V. Authority

19. In conducting evaluations, internal audit activities or examination of alleged wrongdoing, EIO shall have full authority and shall, in particular, be free from interference in determining the objectives, scope, timing and manner of performing its work, and in communicating the results to relevant parties in accordance with the provisions of this Charter.
20. The Director, EIO shall have unrestricted access to, and communicate and interact directly with, the AAC and the Director General, including in private meetings.
21. In carrying out their internal oversight functions under this Charter, the Director, EIO and EIO staff shall have:
 - Full, free, unrestricted and prompt access to all organizational records (in paper and electronic format), property, personnel, operations and functions that, in the opinion of EIO, are relevant to the subject matter under review;
 - Access to official e-mail accounts, provided that the Director General is informed thereof;
 - Authority to communicate with all personnel, at all levels in the Organization; and
 - Authority to request any personnel to provide information and explanations that EIO deems necessary to discharge its responsibilities.
22. In the fulfillment of its responsibilities, EIO may use its own staff, consultants, contractors, or other UNIDO staff assigned to EIO, as appropriate. In this Charter, the term "EIO staff" covers all of the above categories.

VI. Reporting

23. Specific reporting requirements related to the evaluation function are provided in the UNIDO Evaluation Policy.
24. The Director, EIO shall report on the results of internal audit activities to the Director General and relevant managers. Copies of its reports shall be provided to the Board (decision IDB.44/Dec.3), the AAC and the External Auditor. Each report shall include management action plans (MAPs) that encompass the actions taken and/or plans made to implement internal audit findings or to address risks to the Organization, action owners, and target dates. Where a significant audit finding or conclusion is not accepted by management, or where implementation of a recommendation/MAP is assessed as unsatisfactory, the Director, EIO shall draw the issue to the attention of the Director General and to the AAC.

25. The Director, EIO shall issue a final report to the Director General on each investigation. Investigation reports are subject to restricted distribution, with read-only access given to the External Auditor. Information on the types of issues encountered during such activities may be shared with the Ethics Officer, as necessary.
26. After issuance of the investigation report, the Director General shall decide on further distribution thereof as necessary. EIO will give neither access to, nor a copy of, a report to any party unless expressly authorized to do so by the recipient. Reports of alleged retaliation against whistleblowers, are, however, shared with the Ethics Officer.
27. EIO shall issue an Information Circular annually, which summarizes the findings and recommendations of investigations completed during the reporting period. The anonymity of the subjects will be safeguarded.
28. The Director, EIO issues annually an Internal Oversight activity report to the Director General, with a copy to the AAC and the External Auditor. The activity report describes the internal oversight activities conducted during the reporting period and summarizes significant oversight findings, conclusions and actions taken in response. Upon direction of the Director General, the activity report may be shared with the Executive Board members and further layers of management.
29. As per Board decision IDB.44/Dec.3, the Director, EIO provides a yearly activity report to the Board on the internal oversight activities.

VII. Scope of Work and Responsibilities

30. The Director, EIO in cooperation with the Chiefs of IOD and IED, is responsible for the overall functioning and performance of the office and its divisions within the resources allocated.
31. The Director, EIO, in cooperation with the Chiefs of the divisions, shall maintain and strengthen the technical competence and professional standing of EIO staff through, inter alia, on-the-job and specialized training, and a quality assurance and improvement programme.
32. Specific EIO roles and responsibilities related to the evaluation function and the Independent Evaluation Division (IED) are provided in the UNIDO Evaluation Policy.
33. Specific EIO roles and responsibilities related to internal audit and investigation are provided for in the following paragraphs, and relate to the Director, EIO and the Internal Oversight Division (IOD).

A. Overview

34. The internal audit and investigation (hereafter, internal oversight) functions shall be governed by the terms of this Charter and the provisions of Financial Regulation 9.1 and Financial Rule 109.1.15.
35. The internal oversight functions cover all systems, processes, operations, functions, and activities of UNIDO, as well as persons or entities in a contractual relationship with the Organization.

B. Internal Audit

36. The internal audit function is comprised of assurance and advisory services.
37. Internal audit is an independent, objective assurance activity designed to add value and improve the Organization's operations. It helps the Organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes, as per the International Standards for the Professional Practice of Internal Auditing.
38. The main internal audit activities shall be covered by the audit plan (as part of IOD's biennial work programme) unless requested ad hoc by the Director General.
39. Internal audits shall determine whether, and provide assurance as appropriate that, the risk management, internal control and governance processes are adequate and functioning in a manner which ensures that:
 - Risks are appropriately identified and managed;
 - Significant financial, managerial and operating information is accurate, reliable and timely;
 - Actions are in compliance with the regulatory framework of UNIDO, including its policies, standards of conduct, procedures and applicable regulations and rules;
 - Resources and assets are acquired economically, used efficiently, as well as adequately protected and safeguarded;
 - Programmes and plans are achieved, and results are consistent with established objectives; and
 - Quality and continuous improvement are fostered in the Organization's internal control processes.
40. EIO shall:
 - Develop an audit risk assessment methodology and apply it in the preparation of an annual internal audit work plan that is consistent with UNIDO's goals;
 - Take into account and coordinate the internal audit work plan with other assurance providers such as the Independent Evaluation Division, and/or the External Auditor, in order to ensure a wide and effective coverage of the Organization's activities, as well as to minimize duplication of effort;
 - Submit the internal audit work plan to the AAC for review and thereafter to the Director General for review and approval;
 - Report significant departures from the approved work plan and the reasons thereof to the Director General for review and approval; and
 - Implement the internal audit work plan and, as appropriate, carry out any additional assurance or advisory services requested by the Director General, the AAC or the policymaking organs of UNIDO.

B.1 Assurance Services

41. Assurance services consist of the objective examination of evidence for the purpose of providing an independent assessment and issuing an audit opinion or conclusion on the design, effectiveness and efficiency of risk management, internal control, and governance processes. Assurance services shall rely on risk-based planning and an opinion or conclusion should be

included in each assurance audit report.

B.2 Advisory Services

42. Advisory services are usually management-requested consulting activities to advise, add value and improve UNIDO's risk management, internal control, and governance processes without EIO assuming management responsibility.
43. EIO may provide advisory services including, but not limited to, review of agreements, policies, procedures, or serve as an observer in committees. Advisory services do not require the issuance of audit conclusions, and its objectives, scope and terms are jointly defined with management.

C. Investigation Services

44. An investigation is an administrative fact-finding activity by which EIO gathers documents, and analyses information in order to determine whether wrongdoing occurred and if so, the persons or entities responsible.
45. EIO undertakes the investigative activities of UNIDO with a view to safeguarding the Organization's interests and to ensure accountability.
46. Investigation services examine and make findings of facts in connection with specific allegations of irregularity, wrongdoing, waste of resources and/or violation of UNIDO's regulations, rules and procedures. Examination of alleged wrongdoing also includes assisting in the detection and prevention of fraud and other financial irregularities.
47. Investigation services shall be guided by investigation guidelines¹.
48. EIO may conduct proactive reviews, including activities aimed at the prevention and detection of fraud and other anomalies, in high risk areas that are susceptible to fraud, corruption and other wrongdoing.
49. EIO receives, from UNIDO personnel and third parties, complaints or information concerning the possible existence of irregularities, fraud, violations of the Code of Ethical Conduct² and/or other wrongdoing within the Organization (generally referred to as "wrongdoing"). UNIDO personnel should report allegations in accordance with the procedures set out in the policy on protection against retaliation,³ the policy on fraud awareness and prevention,⁴ and the policy on harassment.⁵
50. In carrying out investigations, EIO establishes the existence (i.e. proves) or the non-existence (i.e. disproves) of the elements that constitute a wrongdoing. Facts are revealed through evidence gathering. The preponderance of the evidence standard is the minimum standard applied by EIO when making findings and reaching conclusions on allegations of wrongdoing.

¹ Director-General's Administrative Instruction No.19, dated 16 January 2012, entitled "Office of Internal Oversight Services Investigation Guidelines".

² Director General's bulletin UNIDO/DGB/(M).115, dated 1 March 2010, entitled *Code of Ethical Conduct*.

³ Director General's bulletin UNIDO/DGB/(M).116, dated 1 March 2010, entitled *Protection against retaliation for reporting misconduct or cooperating with audits or investigations*.

⁴ Director General's bulletin UNIDO/DGB/(M).94/Rev.1, dated 21 February 2013, entitled *Policy on Fraud Awareness and Prevention*.

⁵ Director General's bulletin UNIDO/DGB/2016/13, dated 20 December 2016, entitled *Prohibition, prevention and resolution of harassment, including sexual harassment, discrimination and abuse of authority*.

51. EIO does not deal with staff grievances. If EIO is informed of such situations, they will be brought to the attention of the appropriate service (e.g. Department of Human Resources Management).
52. The Director, EIO may assign investigative activities to, or ask for the support of, individuals other than EIO staff, such as project managers, UNIDO Representatives, or officials of the United Nations Department of Safety and Security (UNDSS). In such cases, EIO may provide technical and methodological support and will, as required, receive any evidence gathered, as well as any report or note written on the matter. These individuals are bound by confidentiality and are forbidden to reveal or discuss any information relating to the matter, except with EIO.
53. EIO shall coordinate with other international organizations or national law enforcement bodies, as appropriate and as authorized by the Director General.

D. Additional Responsibilities

54. EIO shall establish and maintain a system to monitor progress in implementing recommendations made by internal audits. EIO shall also prepare periodic summaries for the Director General and the AAC on the status of implementation, underlining where adequate and timely corrective action has not been undertaken by management.
55. The Director, EIO shall promptly inform the Director General and, upon his direction, relevant managers, if and when significant evidence is reported to or discovered by internal oversight activities, which indicates the existence of:
 - A material failure or weakness in the Organization's internal control framework;
 - An activity of a criminal or unlawful nature involving the Organization's funds, property and/or staff members or other personnel; and
 - Improprieties or misconduct with the potential to cause material damage to the Organization's reputation.
56. Where required, EIO shall cooperate with other relevant internal audit, oversight or investigation services, including those of the United Nations system or multilateral financial institutions, with a view to: (a) harmonize and exchange information on internal audit or investigative policies, procedures and practices, and ensure implementation of best practices as appropriate; and (b) contribute to the oversight of joint activities.

VIII. Requirements to UNIDO Management and Personnel⁶

57. Within the budgetary resources available to the Organization, the Director General shall ensure that EIO is provided with the necessary resources in terms of appropriate staffing, adequate funding and suitable training to discharge its responsibilities. When EIO cannot fully discharge its responsibilities due to resource constraints, the Director, EIO should disclose this situation to the Director General and the AAC.
58. UNIDO personnel shall:
 - Cooperate fully and provide EIO with support at all levels;
 - Provide EIO with unrestricted access to all records, property and personnel under their

⁶ In this Charter, the term "personnel" shall mean, unless the context otherwise provides, all staff, holders of individual service agreements, individuals on reimbursable and non-reimbursable loan, Goodwill Ambassadors, interns, and other individuals associated with UNIDO.

responsibility, which is deemed relevant by EIO;

- Provide written responses to EIO reports submitted to them for their comments;
- Devise action plans to address recommendations made in EIO reports;
- Provide EIO, on a regular basis, with information on the status of implementation of such recommendations and action plans;
- Promptly advise the Director, EIO of any weakness or breakdown in the Organization's internal control framework which comes to their attention; and
- Promptly inform the Director, EIO of known or suspected irregularities and/or wrongdoing involving organizational funds, property, personnel or third parties in contractual relation to UNIDO, in line with the policy on fraud awareness and prevention.⁷

59. No action shall be taken against personnel or third parties who cooperate with or provide information to EIO, unless the information was willfully provided in the knowledge that it was false or with intent to misinform. In such cases, the matter will be referred to the Director General for appropriate action.⁸
60. Responsibility for complying with regulations, rules and applicable laws, as well as establishing and operating internal control and risk management systems and correcting deficiencies or mitigating actions thereof, rests with personnel and management. Deterrence of irregularity, wrongdoing, waste of resources, and violations of UNIDO's regulations and rules is the responsibility of management. The prevention of fraud and the protection of UNIDO's reputation and interests remain the responsibilities of all UNIDO personnel.
61. EIO activities do not in any way relieve personnel of the Organization of the responsibilities assigned to them.

IX. Relations with the External Auditor

62. The Director, EIO, shall have free and unrestricted access to the External Auditor.
63. Where appropriate, the Director, EIO and the External Auditor shall share information and coordinate their activities to ensure wide and effective coverage of the Organization's activities and to minimize duplication of effort, with due regard for each party's mandate and responsibilities.

X. Standards of Practice

64. The Director, EIO and IOD staff will conduct their internal audit work in conformity with the core principles of the Institute of Internal Auditors (IIA), including the International Standards for the Professional Practice of Internal Auditing, Code of Ethics and the Definition of Internal Auditing.
65. The Director, EIO and IOD staff shall conduct their investigations in accordance with investigation guidelines and in a manner that reflects best practices, taking into due consideration the provisions contained in the Uniform Principles and Guidelines for Investigations, adopted by the Conference of International Investigators in its latest version.

⁷ Director General's Bulletin UNIDO/DGB/(M).94/Rev.1, dated 21 February 2013, entitled "Policy on Fraud Awareness and Prevention."

⁸ UNIDO/DGB/(M).116", dated 1 March 2010, entitled "Protection against retaliation for reporting misconduct or cooperating with audits or investigations".

66. The Director, EIO and IED staff shall conduct evaluation work in compliance with the UNIDO Evaluation Policy and the United Nations Evaluation Group's Norms and Standards for evaluation in the United Nations system.

XI. Amendment and Revision to this Charter

67. The Director, EIO and/or the AAC may propose amendments to this Charter as required. This Charter shall be reviewed by the Director, EIO and the AAC at least every five years.
68. This Charter is promulgated by the Director General in due consultation with the AAC. A revised Charter may be submitted to the Board for approval in the next revision.